SIX LETTERS ON THE NECESSITY AND PRACTICABILITY OF A NATIONAL CURRENCY, AND THE PRINCIPLES AND MEASURES ESSENTIAL TO IT

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Six Letters on the Necessity and Practicability of a National Currency, And the Principles and Measures essential to it by Eleazar Lord

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ELEAZAR LORD

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By ELEAZAR LORD.

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SIX LETTERS.

I.

PIERMONT, 5TH MARCH, 1862.

THE following observations concerning the necessity of a *uniform National currency* and the leading principles essential to its success, are submitted to the public in the form in which they were originally addressed to an individual.

Happily the public mind is now far better prepared for the adoption of a system founded on the principles referred to, than at any former period of our history. The first great step in the right direction has been taken in the act making Treasury notes a *legal tender*. The progress of opinion, both in and out of Congress, in favor of this novel and important measure, has been rapid and extensive. What now seems wanting to confirm the public confidence in the safety and utility of this provision, and lead to the application of it to Treasury notes for issue as permanent National currency, is information on the subject, and the proposal of an adequate and feasible plan.

I apprehend that the issue, in direct payments from the Treasury, of the hundred and fifty millions of notes now authorized, will work a profound conviction in the public mind of the perfect safety, as well as the utility and convenience, of those notes, and go far to satisfy the public that similar notes, duly sanctioned and secured, would constitute a perfect National currency. It will, I hope, become a matter of settled and abiding conviction:

1st, That a *uniform National* currency is indispensable to the interests and welfare of the people.

2d, That to possess constantly, now or hereafter, sufficient of the precious metals to constitute such a currency, is not possible.

3d, That a joint circulation of coin and paper cannot be made national, universally current, of uniform value, and in quantity constantly adequate to the demands of trade. The coin, the constant presence of which is necessary to maintain the circulation, safety and value of the paper, cannot be controlled. It is exportable, subject to the demands of foreign commerce, and to the exigencies of foreign nations; and were the coin *alone*, as formerly, to continue to be a legal tender, the country must inevitably continue subject to panics, contractions, sacrifices and distress, probably more than equivalent annually on an average—(in the positive destruction of values and hindrance of production, and in individual and social demoralization) — to the whole amount of currency yearly requisite to the welfare of the people. This system has been sufficiently tried, and ought to be abandoned by the people and by their legislative representatives, if any plan, by which its evils may be avoided, can be brought forward.

4th, That legal tender notes, secured by pledge of National stock, and issued by local Banks throughout the country, would constitute a uniform National currency exempt from the fluctuations and evils of the present system, and in all respects as safe as gold, were that abundant and always at hand.

But to promote and hasten these convictions, the subject must be discussed, and a plan must be proposed which will be acceptable to the public. The alternatives actually before us, are:

1st, An extension of the *legal tender* to secured Treasury notes to be issued by the local Banks instead of their own notes, as formerly,—so as to establish a truly National currency, receivable for all dues public and private, or,

2d, Two different currencies,—one for the Government, consisting of legal tender Treasury notes issuable and receivable by the Treasury Department for public dues; the other for the people, consisting of the notes of State Banks, or,

3d, A repeal of the *legal tender* clause of the recent act, as soon as the issues now authorized can be withdrawn, and a return be made to the former system of State Bank currency, with its acknowledged evils and uncertainties.

Some, it is understood, of those who voted for the provision making the Treasury notes lately authorized a legal tender, did so under the impression that it was justifiable because it was necessary, rather than from a conviction that it was in itself a safe and wholesome measure, independently of the present exigency of the Government. They supposed it to be a necessary expedient for the time; but they expected that, when the present emergency was passed, this novel expedient would cease to be necessary and would be dispensed with. Hence,—as if distrusting what by their own act they made a *legal tender* for all ordinary dues to and from the people,—they clogged the bill with the invidious and preposterous provision that the Government dues to a particular class of creditors, should be paid in another and wholly different legal tender, (gold, to be purchased at whatever sacrifice) the actual deficiency and want of which occasioned the necessity of issuing Treasury notes and making them a legal tender. And,—as if anxious to provide for and to hasten the withdrawment of those notes and extinguishment of their *legal tender* quality,—they provided for their conversion into Bonds, so that a relapse into the former condition of things might be facilitated and secured.

This course of action is, perhaps, more to be regretted than to be wondered at. The public, having suffered so much and so long from fluctuating and irredeemable bank notes, have imbibed strong prejudices against everything called paper money, and settled down on the assumption that bank notes promising to pay specie, though the promise cannot be fulfilled when coin is scarce and in demand, were the safest currency that can be had, and must, of course, be safer than notes from any quarter which bore no *promise* to pay coin. It may be hoped that these prejudices will be removed by actual experience in receiving and passing legal tender Treasury notes under the recent laws; and that the public will come to the conclusion that similar notes, issued on the same grounds of security as national bonds, must be as safe as gold, and safer than any corporate or individual *promise* to pay coin on demand.

In the mean time it is a grave question, whether the legal tender notes already authorized will not, in conjunction with the required payments in gold, render impracticable a re-