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# Letter Written by Hon. Lewis Barker to the Hon. Wm. B. Snell, of the State Senate of Maine, January 30th, 1868

Lewis Barker

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# LETTER

WRITTEN BY

# HON. LEWIS BARKER

TO THE

# HON. WM. B. SNELL,

OF THE STATE SENATE

OF MAINE,

JANUARY 30TH, 1868.

# LETTER.

SIR: Taking up the Journal a few days ago, I saw you had offered some resolutions in the Senate and, had them referred to the committee on *Federal Relations*. Among them was one alleging that "*right and justice, the public honor and our national reputation*" require "the payment of the public debt in coin." You evidently propose through that committee and the subsequent action of the Legislature to pledge the Republican party of Maine to that measure. Before you do that, Mr. Senator, will you allow me a familiar chat with you upon the subject. A National Convention is called, one of whose duties it will be to shape a political platform for the coming Presidential campaign. Pardon the suggestion that Maine would do well to await the action of that convention before she assumes to speak authoritatively upon the question of National politics.

But to your resolution: You say the "public debt" &c. Mr. Senator, the public debt of the American Government does not all take the same form. The 10-40 debt, as it is called, is one form. The act authorizing that loan in so many words, provided that the debt, principal and interest, should be paid in coin, and it gave the government the right to pay it in ten or forty years as it might see fit. The bond issued under the act was drawn in conformity to it. When that matures, whether the Government shall have resumed specie payment or not, I agree with you that "*right and justice, the public honor and our national reputation*" demand its payment in coin. The Government agreed to do that, Mr. Senator, in the law which her Congress passed authorizing the loan and in the contract drawn under that law. To do less than that would be a breach of national faith, because it would be a breach of the national contract—were bold repudiation. National faith like state faith, and city faith and town faith and individual faith, simply requires that the party does as it agrees. No more, or no less. I am as sensitive

to the national honor as you, Mr. Senator, and therefore say to the Government—"pay your 10-40 indebtedness in coin—you agreed to do so—it was so written in your law—it was so nominated in your bond. The term of credit was long and the rate of interest was low—only five per-cent.—and that was the inducement to your special promise to pay coin. Now do exactly as you agreed, selecting your own time for the payment."

But, Mr. Senator, there is another form of public indebtedness. Under another act of the American Congress another loan was invited, called the 7-30 loan, which was largely accepted. In that act and by the terms of the contract or loan drawn under it, the lender was to receive 7-3-10 per-cent. interest for a given time, and at its maturity, at his option, take his pay, or convert his bond into one of a different form, of which I will speak presently and which represents the largest portion of our public debt. When you say "the public debt" do you mean to include the 7-30 bonds? As they mature, if the holder prefers payment to conversion, do you mean to say they must be paid in coin? They are part of your "public debt," and in your resolution you make no distinction. Do you mean that, Mr. Senator? If not, then say what you do mean.

But there is a third form of indebtedness called the 5-20 loan, and I conclude that you must mean that when you speak of the public debt. Taking it for granted that is what you do mean, let us see for a moment what "*right and justice, public honor, and our national reputation*" require as to that debt. Do they require anything more than as under the 10-40 and 7-30 indebtedness, that the nation shall simply fulfil its contract? When you have done just as you agreed, Mr. Senator, does right or justice, or individual honor, or personal reputation demand that you do more? Is the national honor more sacred than personal honor? must a government do bet-

ter than it agrees to preserve its honor, when the states, or cities, or towns, or individuals composing it, may preserve theirs by doing just as they agree?

But to the 5-20 debt. When that loan was provided for specie payment had been suspended. No man knew when it was to be resumed. The American Congress had provided a currency in its stead, and declared it should be received as money in all our business transactions. All forms of indebtedness could be extinguished by it, except certain dues to the government, *and the interest on the public debt.* In that condition of financial affairs the government invited this loan. National contracts are only made in pursuance of national law. Its congress passed a law authorizing this loan. In that law was a special provision that the *interest should be paid in coin*, but no provision as to the mode of paying the principal. What was that distinction between principal and interest made in the law for, Mr Senator? When the contract on bonds was drawn by the agents of the government, it was drawn in conformity to the law authorizing it. The interest coupons were made payable in coin, while the principal was made payable as all debts, public or private were payable, to wit, in whatever might be the legal currency of the country at the maturity of the bonds. It was to be paid as state bonds, or city bonds, or town bonds were to be paid. It was to be paid as John Doe was to pay his debt to Richard Roe—viz, in whatever might be money when the bond or debt matured. It was hoped, I know, that the country would come back to specie payment before the maturity of the bond, and that hope was doubtless a great incentive to the lender in taking the loan; but neither the law nor the contract provided for it. What members of Congress may have said while discussing the measure, or what the brawling broker at Bangor, the paid peddler at Portland, or the hired hawker at Hamburg, may have said or advertised in selling the bonds, is no part of the contract. The bond speaks for itself, and the law back of it does the same.

No man need to have been deceived, and, I dare say, no man fit to handle money was deceived in the contract he made. The government had the right to pay in five or twenty years at her option. If she says twenty, and gold is the only legal currency, let her pay in gold. If she says she will pay the whole or a part, as may be convenient, in five years, and specie payment is not resumed at that time, what principle of right and justice is outraged, what honor violated; how is the reputation tarnished if she pays in the legal currency of the country? Who can complain of a violation of national faith? None but the bondholder surely. Can

he do so? Let me speak of him, as I happen to be a creditor of this government. In the dark hour of our struggles for national existence, when money was the necessity of the hour, prompted, as I hope, by patriotic motives, I lent the government a little money. Let me state the case to you Mr. Senator, as this will illustrate the case of every holder of a 5-20 bond to-day, whether at home, or in Europe.

I had in my safe, \$1000 in gold which I wanted my Government to have. She was behind-hand in paying my red-shirted neighbors their \$15 a month for being pelted with shot and shrapnel upon the fire-sheeted battle-fields of the Republic, while I sat at home "like Rabelais, laughing in my easy chair.

The wolves of want were crouching upon the door-sills of the cabin that sheltered the wives and the little ones of these unpaid heroes, who were cutting their swaths of death through the "wilderness," fighting a month of battles in a month of days. The Government needed money to pay these men their wages, and I offered her my gold; but I found that she did not want gold for her gallant defenders—she didn't pay any of her debts in gold,—she merely wanted currency—that her Congress had enacted to be money. Under all the loans she effected, she never borrowed one dollar in gold—but merely her own notes—currency. So taking my \$1000 in gold, I went into the market and sold it for \$2.40, and so got \$2400 in currency, and lent that to the Government, taking her bonds for that sum, agreeing to pay me 6 per cent. interest semi-annually in coin so long as she kept my money, reserving the right to pay me the principal in 5 or 20 years, as she might see fit. Five years go by; specie payment is not resumed. She has paid me my interest in coin twice a year, just as she agreed, and now proposes to pay me my principal as the law and bond both provide, in just such money as I lent her, and in just such money as she paid every 'boy in blue' who went out to fight for an imperilled Republic. No other, no different. Again I say, it was so written in the law—it was so nominated in the bond. Were I a loser in the transaction, have I any cause of complaint against the Government? Has she broke her faith, violated any principles of right and justice, or tarnished her honor?

But am I the loser? Let us see, Mr. Senator, how the account stands with my debtor. Remember, I started with \$1000 in gold. I changed it, as every bond purchaser did, into currency. It brought me \$2400, which was the sum I lent, and they paid me \$2400. I take it, and again go into the money market, and with gold at its present prices, say \$1.40, I get just \$1714.28 in good solid gold, clearing \$714.28 on my \$1000, besides, receiving during the 5 years the sum of \$720 in gold as interest on my

\$1000, and have paid no dollar of taxes in all that time on my investment. In a word, my \$1000 in gold comes back to me in five years with the snug profit of \$1434.28 in gold, making \$2434.28 in all, without taxation, and without reckoning interest upon the interest paid during the time. My patriotism has been a paying thing, Mr. Senator, much more profitable than that of the battle-scarred hero to whom we paid his \$15 a month in greenbacks when they were worth 40 cents on the dollar. The history of that \$1000 presents the precise case of every bondholder to-day, except that some parties may have sold their gold higher and some lower than I did.

Now why should the 5-20 bondholder be made an exception and his debt paid in gold, while every other form of indebtedness has been and is extinguished by currency? Congress has said what a dollar should be. Why not make them like dollars to all? Is there one interpretation for the soldier and another for the Shylocks? Does a legal dollar mean 40 cents to the former, and \$1.00 to the latter? Having robbed our dead heroes in their bloody shroud, shall we now robe the living ones in ragged shirts? Your proposition pledges the Republican party to do both, and that not by making the government do as it has agreed, but by making it do better and more than it has agreed.

Mr. Senator, that won't do. There are two parties to this indebtedment, the debtor and the creditor. The one should no more repudiate his obligation than the other. The debtor does this when he prepares to pay less, the creditor does the same thing when he demands more than is stipulated in the contract. Each is alike a *repudiator*. Their dishonor differs only in degree. The one may plead grief, the other can only plead greed.

Mr. Senator, there are two parties to-day in American politics. The one represents the conscience, the other the crime of the country. They are unfurling their banners and marshaling their battalions for the coming conflict. It behooves the party that has saved the Republic to see that it does not now dishonor it, or by defeat again imperil it.

The blotted banner of Democracy that flapped its bloody folds in triumph over the windows of our dead boys on the fatal fields of Chancellorville, Bull Run and Chickamauga, that floated still more proudly in the sin-burdened air over its pet posterns at Libby and at Andersonville, and that fluttered in a fierce fervor of delight as it drank the delicious breezes of Fort Pillow and Ford's Theatre, of Memphis and New Orleans, has received an added stain in its later inscription of "NATIONAL REPUDIATION." Of all the select infamies of modern Democracy this will continue to be the crowning one, until the time shall come, as come it will, when it will demand payment for the coals on which it sought to roast the Republic.

If the cheek of the nation ought to wear a tinge of shame at a proposition so full of dishonor, how much deeper should it redden with indignation, when, in the interests of a conscienceless cupidity, it is attempted to inscribe the same motto upon the unstained ensign of the Republican party, and so connect it into the blotched banner of the buccaneer. Mr. Senator, let me predict that any party that shall venture out on the sea of American politics under such a flag as that will find its craft blown out of water, with its shivered timbers blown into the air.!

A REPUBLICAN

5-20 BOND-HOLDER.