

THE
PRINCETON REVIEW.

JULY, 1864.

No. III.

ART. I.—*The Donatist Controversy.*

. 1. *The External History.*

DONATISM was by far the most important schism in the history of the ancient church, and involved important principles and measures concerning the true nature and discipline of the church, which reappear from time to time in active conflict, although under ever new forms and aspects; since history never repeats itself except in its general laws of Divine appointment and under providential control, and in its general tendencies of human nature and Christian life. For a whole century this schism divided the Christians of North Africa into two hostile camps. Like the earlier schisms in the preceding age of Cyprian, during the middle of the third century, it arose from the conflict of the more rigid and the more indulgent theories of discipline in reference to the restoration of the lapsed. But through the intervention of the nominally Christianized state since Constantine, it assumed at the same time an ecclesiastico-political character. The rigoristic penitential discipline had been represented in the previous period, especially by the Montanists and Novatians, who were still living;

Rev. Gen. Andrew A. Bruce

ART. IV.—*The War and National Wealth.*

THE opposite extremes of financial opinion in regard to the war, and the vast importance of the subject in every point of view, call for a discussion of it in the light of first principles. This will show whether the war is running us into the vortex of national bankruptcy, as some maintain, or whether it is productive of unequalled national prosperity, and warrants an unprecedented profusion of private expenditure, as others appear, both by words and actions, to believe. We think it easy to show the fallacy of both these extremes of opinion, and that the nation is able to furnish the means to carry on the war, and discharge all the obligations incurred by it, both interest and principal; while, at the same time, it cannot afford an unusual extravagance, or even its ordinary freedom of expenditure in living. Quite the contrary. The only condition on which the people can sustain themselves, or the government, together with the great institutions of religion, education, and charity, through the war, if long continued, is by a stringent and thorough economy, quite beyond any standard which has of late years been necessary. Thus they can, and, when they see its necessity, undoubtedly will do.

It is undeniable, that all war, in proportion to its magnitude and continuance, consumes the treasure and resources of the nation waging it. And, besides the cost of sustaining it, it works incalculable havoc and devastation on the territory occupied by the contending armies. From both these causes, the South has been utterly impoverished by the present war. It has given every sign of financial exhaustion. The country is stripped of all but the barest necessities of life, and these in such stinted supply, that a large part of the people are on short allowance. The energy with which they protract the contest, is simply the energy of desperation, which, urging them to the sacrifice of the last man and the last dollar, cannot replenish their armies and military stores, after the complete exhaustion now apparently impending.

It is equally certain, that the war, by its magnitude and duration, has been an immense drain on the resources of the United States, though as yet quite within our ability to bear. At the same time, the draught upon our industrial agents and products has been, and still is, and, while the war continues on such a gigantic scale, must be prodigious. For three years an average of probably six hundred thousand men have been in the military service of the government. Including losses in battle and by sickness, it is probable that not less than ten or twelve hundred thousand men have been called from the productive occupations of industry to serve in the army, or in the various civil offices arising out of the war. These have been withdrawn from the population of the loyal states, which amounts in round numbers to twenty millions. Making due consideration of losses in battle, by camp and other diseases incident to military life, by wounds which permanently maim or disable, as compared with the losses which would have occurred in times of peace, and it cannot be questioned that a virtual yearly average of seven hundred thousand able-bodied men has been withdrawn from peaceful occupations to the war. They are at the period of life most robust and capable of efficient labour. We cannot compute, with accuracy, the precise proportion which such a number bears to the entire productive force, or number of labourers in all the spheres of industry—agricultural, mechanical, mercantile, and professional—without reference to statistical tables beyond our reach. But taking into view the number of women, children, aged, and infirm, who must be counted out, and it will probably be a liberal estimate, if we reckon the whole amount of productive labour in the loyal states, as equal to that which could be performed by five millions of able-bodied men between the ages of twenty and forty-five. Each one can satisfy himself in regard to the justness of this estimate, by looking over the sphere of his own acquaintance. If the foregoing estimates are approximately correct, the army absorbs one-seventh of our productive force. We say nothing as to its being provided with food and raiment by the residue; for the same men would require to be fed and clothed out of the products of the industry of the country in time of peace. So far as, from various causes, their support costs more at the seat of

war than at home, this is so much further drain upon the resources of the country.

But, besides the men who constitute the *personel* of our armies, and the increased outlay for their support, a very large proportion of the productive force remaining behind is occupied in preparing the arms, equipments, and munitions of war, or in building and furnishing our great iron navy. If we take into view the immense amount of coal, iron, lead, lumber, horses, forage, required for these purposes, the vast numbers engaged in manufacturing and adapting them for use, we shall find another large draught upon our industry and its products, together with an explanation of the scarcity and dearness of many of these commodities. It is of necessity a conjecture, but far from an extravagant one, we think, that all this, added to the one-seventh of our able-bodied productive force in the army, would increase it to one-fourth—*i. e.*, in round numbers, the war is consuming one-fourth of the annual production of the loyal states. This estimate, if not rigidly accurate, is sufficiently so for practical purposes.

Another process conducted on the footing of figures which we have at hand, leads to results surprisingly similar, *i. e.*, by comparing the value of the annual produce of the country, in all the branches of industry, with the national debt, added to the taxes, caused by the war. We give below the national debt, semi-officially published as we are penning this page.* It appears thus, that the public debt of the United States, contracted during the war, is, in round numbers, \$1,700,000,000. If we add to this what is now maturing, and matured, but not

* The following is a statement of the amount of the public debt of the United States on the 10th of May, 1864:

Debt bearing interest in coin.	Principal.	Interest.
4 per cent. Temporary Loan,	\$4,450 00	\$178 00
5½ per cent. Old Public Debt,	66,429,812 55	3,664,639 69
5 per cent.—5 per cent. 10-40 Bonds,	44,608,100 00	2,230,305 00
6 per cent.—6 per cent. 5-20 Bonds	510,780,450 00	30,646,827 00
6 per cent. 20-year Loan of 1861,	50,000,000 00	3,000,000 00
6 per cent. 20-year Bonds exchanged,	3,857,500 00	231,450 00
6 per cent. Oregon War Debt,	1,016,000 00	60,960 00
7 3-10 per cent.—3 years 7.30,	136,141,850 00	9,638,355 05
Total,	\$812,836,162 55	\$49,472,714 74

officially ascertained and certified, it will be safe to estimate our public debt on the 1st of July, 1864, due in fact, if not in form, at \$2,000,000,000. And it will be safe to assume that, as our expenditures are now on a scale vaster than heretofore, something like \$800,000,000 of this has accrued during the present fiscal year. If we add to this the means furnished by the United States tax and excise laws; the debts incurred by states, counties, towns, and cities, in enlisting, equipping, and sustaining soldiers; the donations and contributions of every sort from private liberality, and through the Sanitary and Christian Commissions, the cost of the war for the present year can scarcely be less than \$1,000,000,000. How close an approximation to this the outlay of each of the two previous years was, cannot be precisely known; but we doubt whether the war can be maintained on its present scale at a less average annual cost than this. Now we find the total product of the free states for the year 1859 estimated at \$4,150,000,000. Our authority is that distinguished statist and financier, the Hon. Robert J. Walker. His computations are founded on the census tables, and appear in the *Continental Monthly* for May,

Debt bearing interest in lawful money.	Principal.	Interest.
4 per cent.—4 per cent. Temporary Loan,	\$724,292 22	\$43,457 53
5 per cent.—5 per cent. Temporary Loan,	33,313,755 61	1,655,687 71
5 per cent.—1 year Treasury Notes,	43,000,000 00	2,580,000 00
5 per cent.—2 years' Treasury Notes,	180,894,887 40	9,044,744 37
6 per cent. Certificates of Indebtedness,	146,259,000 00	8,775,540 00
Total,	\$404,191,935 13	\$22,109,429 67

Debt bearing no interest.	Principal.	Interest.
United States Notes,	\$441,254,290 12	
Fractional Currency,	20,547,173 85	
Treasury Notes, part due,	77,850 00	
Requisitions,	47,341,000 00	
Total,	\$509,220,313 97	

RECAPITULATION.

	Principal.	Interest.
Debt bearing interest in coin,	\$812,836,162 55	\$49,472,714 74
Debt bearing interest in lawful money,	404,191,935 13	22,109,429 67
Debt bearing no interest,	509,220,313 97	
Total,	\$1,726,248,411 75	\$71,582,144 41

Washington, Friday, May 13, 1864.

1864. Supposing the war then to cost the nation about \$1,000,000,000 annually, and we arrive at the result that it consumes one-quarter of the annual product of our industry. It is true that the loyal slave states add some three hundred million to this annual produce; but the ravages of war on their territory have more than balanced the account, and caused, either by arresting industrial pursuits, or destroying and pillaging their fruits, a diminution of at least one-fourth their annual product—probably much more.

These estimates are confirmed by another class of facts—we mean the comparative scarcity and dearness of all the products of industry. The inflation of the currency accounts only in part for the vast increase of the price of the necessaries, comforts, and luxuries of life. Our opulent classes, and those who have profited largely by the war, including fortunate contractors and speculators, have not generally curtailed their expenditures or their luxuries. Many who have become suddenly rich, have outrun all precedent in voluptuous self-indulgence, vulgar extravagance, and ostentatious expenditure. But the great mass of the people are obliged to procure and consume fewer articles of comfort and luxury, to spend less in constructing and repairing buildings, improvements upon their houses and furniture, their means of culture, refinement, social enjoyment, and harmful self-indulgence, than formerly. The most numerous class of our own or any people, consists of labourers, skilled and unskilled. Now, greatly as their wages have been increased, they have not been advanced at all in proportion to the increased cost of the articles which this class have been accustomed to consume, whether articles of necessity or comfort. If we pass to the farmer, the advanced price of his products is little beyond the increased price he pays for labour and the increase of his direct and indirect taxes. It does not at all approach the increased cost of tea, coffee, and sugar, of imported fabrics, cotton goods—nearly everything he desires to purchase. The result is, that large numbers who once used them freely, now stint their use of some, and have altogether dropped the use of others—of these so recently ranked among the universal necessaries, or at least necessary comforts of life. All have now, without stint, whatever is absolutely necessary to

support life. But the use of these comforts, (tea, coffee, sugar, &c.,) hitherto ranked among the ordinary necessities of life, is greatly abridged. The great body of the people are earnestly inquiring, not as formerly, what they can have, but what they can do without. But they can bear to task their ingenuity still further in this direction without injury. A vast margin of imaginary wants will yet bear to be pared down, and this without cutting to the quick. But of this, more hereafter. Our present object is to show the inroad which the war makes upon the wealth of the nation, or the products of its industry.

But we are told that the country never exhibited so many evidences of the rapid increase of wealth; that bankers, merchants, manufacturers—the great centres of exchange, trade, and finance—have never grown rich so fast as within the past two years. To which we reply, that temporary phenomena of this sort may arise as well from the impoverishment as from the augmentation of the wealth of the country. This is easily evinced. Suppose that a scarcity of the articles of subsistence, comfort, or luxury in a country be induced by any cause—earthquake, tornado, pestilence, failure of crops, the devastation of war—what is the necessary effect? Prices inevitably rise in consequence of this very destruction or diminution of property. Consequently all dealers in such articles, who have any quantity of them in possession, receive the large profits arising from the rapid rise of the commodities in their possession, and of trading in a rising market. This benefit will accrue to all of every class of producers and dealers, in proportion to the amounts of goods they have on hand, and the period and extent of the business they can do, at rising prices. The impoverishment of the country then may for a time increase the profits of merchants and manufacturers enormously, by enabling them to exact prodigious profits from their customers; in other words, to levy large contributions upon all consumers, for their own aggrandizement. The few are enriched by taxing the many. Extraordinary prosperity, therefore, *for a time*, among traders or manufacturers, so far from proving an increase of national wealth, *may* flow from its diminution. The secret is, *rise of prices*, which always favours sellers of the articles so advanced in price. Whatever causes prices to rise, there-

fore, stimulates for a time speculative and commercial prosperity.

This result often arises from other causes than actual scarcity—especially of domestic productions. In time of war or civil convulsion, several of these causes are apt to concur. Thus prices may be advanced by an increase of duties and imposts. If this be confined to imported goods, it affects only them and such domestic products as enter into competition with them. But none the less it enriches those dealers who bought the goods at the prices ruling before the duties were laid. But, as in the former instance, they are enriched by contributions or increased prices paid by all consumers of the articles. The same principle applies also to excise duties on domestic manufactures. Those who owned the kind of articles so taxed, at such a time that, without being burthened with the tax, they experienced the benefit of the advance in price occasioned by it, of course, profit to that extent. But, after the prices become adjusted to the increased imposts laid upon products, whether foreign or domestic, then the advance is simply a contribution by all consumers to the government. All duties, imposts, taxes, or domestic loans, are simply contributions to that amount of the substance, the earnings, the products, the wealth of the people, to the government and the support of the war. They draw so much upon the resources of the nation.

Another obvious cause of the enhancement of prices, and its consequent effects, for the time, in stimulating trade and speculation to a preternatural activity and prosperity, is found in the expansion and dilution of the currency. The substitution of paper for the precious metals, as a legal tender, of course renders money abundant and cheap, in proportion to its excess beyond what would be in use, if it were kept to a specie basis. So far as it is thus diluted, it falls below the standard of gold-value, and the prices of all things sooner or later rise proportionably. Other subtle and mighty effects of this substitution of paper for gold, as a legal tender, we shall have occasion soon to trace. We are now looking at it as a means of enhancing prices, and consequently, of promoting mercantile and speculative prosperity, while confessedly it adds nothing whatever to the real wealth of the country. Mere engraved bits of paper

are certainly not in themselves any addition to the national resources. But, by enhancing prices, they may enable merchants, and all having stocks of goods on hand, to thrive, by levying a contribution upon all consumers. Of course, when the inflation has reached its maximum, and become stable, then the enhancement of prices from this cause is arrested. The speculative prosperity consequent upon it is also arrested. If merchants sell at high rates, they are obliged to purchase at high rates, and so the account is balanced.

In reality, however, it is impossible to measure the whole effect of the substitution of an irredeemable for a redeemable paper currency, by the mere amount of what is in circulation as money, or by its excess above what would be in circulation, were it redeemable. As we have shown in a former article, on "Money, and Credit as its Substitute,"* bills of circulation, whether of banks or the government, are but a form of credit used as a substitute for money; and they are but one form of credit so used. Checks, bills of exchange, inland and foreign, and all forms of indebtedness, within certain limits, are substitutes for money, and, so far as they possess and exert purchasing power, have the same effect as an increased plentifulness of money, exerting the same purchasing power, would have in inflating prices. Now it cannot be denied, that it is easier to expand credit as a substitute for money in its various forms, on the basis of an irredeemable than a redeemable paper currency, in which the whole is constantly subjected to the strain of contraction to the gold standard. That this has operated so, in our present circumstances, with regard to easing and enlarging credits for stock speculation and gambling, cannot be denied. That it has also given an unprecedented harvest to stock speculators and gamblers, is also past all doubt. But while it has thus inflated stocks, and lifted up the most reckless speculators, it may be questioned whether its influence in other spheres is not less than in normal times. The payments for which no form of checks or other sorts of credit, nothing short of what is legal money will serve, are vastly more numerous than in ordinary times. Of this sort are all the payments to soldiers.

* See number for April, 1862, Art. VI.

Since, too, we have a national currency, it is now often used for travelling, and distant remittances, where drafts were formerly employed. But still further, the ordinary business of the country, which was formerly done on long credits, is now done exclusively for cash, or on short credits, virtually equivalent to money. There is no doubt, however, that the substitution of an irredeemable for a redeemable currency, and the facilities it affords for the expansion of credit, have had a principal agency in enhancing prices, and, during the rise, the prosperity of sound traders and speculators, without in itself adding a dollar to the real wealth of the country.* Other bearings of our present paper-money system on the economics of the war, will soon be considered.

A fourth cause of the unexampled prosperity of certain producing or mercantile interests, is the immense consumption by the government, in the war, of the articles they are engaged in producing. This applies to the whole round of government and army contracts, on which such numbers have suddenly grown rich. Of course, this immense demand for the army has put prices and profits very much under the control of those able to supply it. It has proportionably advanced the cost to all consumers of like articles in the country. This applies with especial force to whatever articles are more largely consumed or wasted by the army, than would be if its soldiers were occupied with peaceful pursuits; and, therefore, in its degree, to nearly all the articles used in our army. But it applies particularly to coal and iron, of both which, in naval and land operations—in iron ships, the munitions of war, in the movement of our navy and the army by steam—the consumption is immense. One great steamship will consume as much coal in a year as a considerable town. The effect is

* It is impossible, however, to determine how far this cause alone is responsible for advanced prices, when viewed aside of other causes, and the influence of speculation in intensifying them. In one sense, the premium on gold is the measure of the excess of the currency; but it must be remembered that gold, and all articles of import and export, and of immediate consumption, are matters of commercial speculation, and have their prices affected by it. If we take lands, buildings, and improved real estate, which is outside of commerce, prices have not sensibly advanced through the country as a whole, beyond the standard of 1859.

to advance prices prodigiously, on the ground of a substantial scarcity, because the vast amount consumed by government reduces the proportion left for the use of the people to the neighbourhood of actual scarcity. All this is known and felt to the quick by the great mass of the people, in regard to those articles of prime necessity, iron and fuel, which are types of a numerous class of things. Of course iron and coal companies thrive on what stints supplies to the people, beyond all former example. But it can hardly be pretended that the nation is enriched in this way, however individuals or corporations may be, at the nation's expense. Many railroads have been made temporarily more profitable by the immense amount of government business done upon them; but the nation pays it, thus reducing its own resources to that extent. In regard to many objects, the whole or a number of the foregoing causes act in combination to enhance prices, and produce the consequent effects.

We will, before leaving this branch of our subject, briefly advert to two other causes of an advance in prices, and the consequent stimulus to trading and commercial prosperity, at the expense of the people generally. The first of these is the blight upon the crop of Indian corn in the West, through the untimely frosts of last year, together with the great injury done to the crop of cereals and hay, by the excessive rains which prevailed through the harvest. This has not operated to raise the price of wheat, as it would in ordinary years, on account of the bountiful grain crops of Europe, which diminished the export demand. This apparent advantage, however, has more than a counterpoise in the fact, that the diminution of exports of the produce of the country leaves so much more of our foreign indebtedness to be liquidated in gold; this increases the demand for gold, and raises its price, and with it, the price of everything imported, and, sooner or later, of every domestic commodity. But the comparative failure of the maize crop not only serves to increase the scarcity and thus the price of the article itself, but the price of whatever is produced from it or substituted for it, such as animals, meats, alcohol, oats, hay, &c., *i. e.*, all these articles become scarcer,

but it will hardly be claimed that the country thereby is made richer. Quite the reverse.

The other cause of enhanced prices to which we refer, is a general rise in the markets of the world in the price of many, if not most, of our chief imports. This we are assured by eminent importers is the case. Indeed, no other hypothesis would be consistent with facts. The premium on gold and the increase of duties will explain the doubling of prices; but it will not account for their being threefold and fourfold what they were, as in the case of coffee and cotton goods. Now this rise in prices may enrich merchants who had large stocks of such articles purchased before the rise, but it is at the expense of consumers. It will hardly be claimed that an advance in what we pay foreigners for goods purchased of them, enriches the country. How far this addition to the prices of foreign commodities and fabrics extends precisely, we are unable to say; and we cannot tell how far it may be due directly and indirectly to our war; but in some cases the connection is very obvious and direct. The destruction of the cotton crop in this country of course advances the price of this article, and all fabrics made of it, or that are substituted for it, and in greater demand, in consequence of its scarcity, in all the markets of the world. It thus directly and indirectly advances the prices of nearly every species of dry-goods. Not only so, but, by greatly increasing the profits of cotton-planting, it may tempt planters in warm and tropical climates to abandon the culture of coffee, fruits, sugar, &c., in order to reap these profits. Analogous effects, in their measure, may proceed from the loss of the export crop of tobacco, rice, and sugar from the South. It is not improbable, moreover, that the increased production of the precious metals in the world may have some influence in rendering money plenty and cheap, and other things proportionally dear. This is, of course, independent of the war. It implies no decrease of the actual wealth of the world, and as our own is a gold-producing country, yields us its share not only of advanced prices, but of compensatory means to meet them. So far, however, as the stock of bullion or coin, which we were wont to employ as money, has been displaced by legal-tenders, and sent to swell

the accumulation of gold, and increase its abundance in the markets of the world, so far it has promoted expansion of prices. This is due to the war; but the effect is slight, probably too much so to be sensibly appreciated.

We have thus far shown that the war is an immense drain upon the industrial resources and products of the nation—consuming at least one-fourth of its annual product. Probably we have estimated rather under than over the reality. We have shown that the temporary prosperity of commercial and financial centres is entirely consistent with this view. We now proceed to show the sources from whence the nation has been able to provide means, to be consumed in the war, equal to one-fourth or one-third of the annual produce of its industry.

1. It has the normal profits of its industry, or the average annual excess of its gains over its expenditures, as a perennial fund upon which to draw. The amount of this cannot be reached with exactness. But the prodigiously rapid increase of the national wealth, coupled with the lavish habits of expenditure among the people, show that the ratio of annual profits beyond these expenses must be very great. Now whatever the ordinary annual increase of wealth is, might be consumed in the war, and still leave the nation as rich as before. The Hon. Robert J. Walker, in the article before alluded to, estimates “the total value of all the property, real and personal, in the free states, in 1860, at \$10,852,081,081, and the annual gross profits of capital thirty-nine per cent. This gives, in round numbers, over \$4,000,000,000 as the annual gross profit.” We suppose that by “gross profit,” must be meant the value of the products of the nation before the expenses of living, including all outlays of the people which enter into the consumption of that year, and leave no valuable product behind them, are deducted. This would make the gross annual product equal to about \$200 for each man, woman, and child, from which their support is to come first, and their savings next. It is to be considered, that the dollars here in question are gold dollars. Now it is undoubtedly true that great numbers spend on a vastly larger scale than this. But if we look at the cost of living to labourers and artisans, and their families, who constitute the great majority of our people, it will, of course,

fall far below this sum. How, striking the balance, the average cost of living for our people would turn out to be, we have no data for determining. But that a wide margin is thus afforded for the increase of national wealth, and for sparing the surplus in an emergency, without diminishing our previous stock, or our style of living, is undeniable. And if we look at the amount of the gross annual earnings or profits of the nation, is there the shadow of a doubt of its perfect ability to pay with ease the interest, and accumulate a sufficient sinking fund for a few thousand millions of national debt?

2. The previously accumulated wealth of the nation constitutes a vast fund on which it can draw, and has drawn for the support of the war. One obvious item of this is the coin, which being the only legal money of the country, was stored and hoarded to the amount of two or three hundred millions. By the substitution of legal-tender United States notes in its place, this amount is liberated to add to our other means of purchasing what the army or the people need, in the markets of the world. Another item is found in the articles and commodities ready for use, whether agricultural or manufactured, foreign or domestic, in the possession of the country, when the war commenced. This was immense, and has been undergoing a constant reduction until now. Compare the stocks of sugars, teas, coffee, the whole range of groceries, fruits, drugs, dry goods, and other articles of use, comfort, or luxury, imported from abroad, and then in the country, with the amounts of similar articles now on hand, and the truth of what we say will be evident. Compare, too, the amount of domestic produce in the form of food and provisions, or the amount of manufactured goods, whether for clothing, furniture, ornament, implements of utility and convenience, instruments of labour for rendering industry effective, and we shall find the stock of these things greatly reduced. We have been sustaining the war in part by an incessant drain upon these accumulations. The difference is, that their production was ahead of consumption and stocks accumulated. Now production scarcely keeps pace with consumption, and useful commodities are needed and procured by the consumer before they have a chance to accumulate.

Besides this circulative wealth, or capital, which is directly

available for use, and the support of labour, in our own country, and, if in excess, by exchanging it for needful foreign commodities, there is, thirdly, what may be called the fixed capital of the country, which has been made largely tributary to the war. By fixed capital we mean products of labour which, whether in legal technicality ranked as real estate or not, are substantially fixed to the soil, and incapable of transportation, or of being made articles of commerce without partial or complete destruction of value. Of this sort are all buildings, and machinery or instruments of production virtually inseparable from such buildings, manufactories, stores, roads, canals, and railways, mines, all outlays and improvements in farms fitted to increase or preserve their products, or to facilitate their transportation to the points of consumption or distribution. Now this sort of wealth is of two kinds, one of which aids the nation in sustaining itself and sustaining the army; the other belongs to the department of luxury, elegance, refinement, but no way helps the nation to sustain itself or the war: *e. g.* all that immense amount of fixed improvements which consists in magnificent mansions and palaces, elegant grounds, &c. This sort of wealth cannot be drawn upon to support the war or the nation. It is rather a tax on the industry of the people to preserve it from decay or deterioration. More or less of the circulative personal property of the country is of this description, such as splendid ornaments, equipage, furniture, &c. But there is this difference between such luxurious circulative and fixed capital. The former is moveable, and, if new, may be made an article of commerce in exchange for really necessary goods. Or in extremity, many of them may be made to do service in supporting life, health, and strength, or the war instead of luxury; *e. g.*, many horses which were a while ago kept for luxurious riding, are now employed in the army, or other needful service. In the South, even the carpets have been turned into blankets for the soldiers. Now this fixed capital which helps to support the nation, consists either of houses for the shelter, comfort, and health of the people, or of *means of production*, in the shape of agricultural improvements, factories, storehouses, fixed machinery, &c., as above enumerated.

It consists not in products finished and ready for the support of the nation or army, but in the instruments and potentialities for making and multiplying such products. All the buildings and machinery for manufacture, for mining, the railways, the accumulated fertility of the soil, the fences, buildings, and other improvements for turning that fertility to account, constitute a large part of the accumulated national wealth which has been drawn upon during the war. The amount of contribution from this source is, in its very nature, impossible to be estimated; it can be even guessed only approximately. On the one side, we have to look at the extent to which this sort of property has been suffered to decay, wear out, or otherwise become exhausted without renovation; on the other, the amount of improvements and additions to such capital, factories, railways, farm culture and fixtures, which would have been made in three years of peace by the vast body of men now occupied by the war. We can only thus suggest this fund of accumulated wealth which has contributed, and still contributes, to support the war and the nation.

A third source of means to sustain the war is economy, or diminished private expenditure. We are aware that it is said that prosperity was never so great, and extravagance of expenditure never so rife as now. But as we have shown in regard to prosperity, so in regard to extravagance, the remark is true only in certain quarters, and to a limited extent. If meant to be of wide and general application, it is founded on a narrow and superficial view of things. The unwonted extravagance prevails in quarters where the unwonted prosperity prevails, which stimulates it. But the great mass of the people find themselves under the absolute necessity of curtailing their expenditures, of lessening the comforts and luxuries they have been accustomed to enjoy. This, with vast numbers, extends to the quality of food and raiment. But it reaches still more widely to furniture and equipage—especially of an expensive kind. The quantity of these and like things procured for use during the last three years, is immensely less than in any previous three years among the great mass of the people. These strain a point to make their existing supplies of such things answer for the present, and

inquire, not so much what they can have, as what they can do without. This is seen preëminently in the few costly edifices built during the last three years, as compared with any preceding three of the last decade.

All this is entirely consistent with another fact, *i. e.*, that the latter portion of the second and the first part of the third years of the war were characterized by great activity and prosperity in these branches of trade. But the secret is, that to a considerable extent, in these things, the purchases for three years were largely made in one. During the first year of the war, financial timidity and uncertainty prevailed, thus producing an entire stagnation of trade in costly furniture, equipage, and ornaments. After this state of suspense, and the abundance of money following the substitution of paper for specie, the harvest for jewellers, cabinet-makers, etc., came. But now that two dollars will purchase little more of these things than could formerly be procured with one, the tide must ebb again, and the great body of the people will postpone purchases of what is not absolutely indispensable, to a more convenient season. There is a wide margin yet for such economy and retrenchment; and every dollar so saved is so much really added to the ability of the country to maintain the war with continued and unabated vigour; and every dollar that can be so saved is needed for the purpose.

A fourth resource for meeting the unparalleled drain upon our resources, has been the increased efficiency of industry, through improved implements, machinery, and more skilful management and organization. It is impossible even to conjecture the probable extent of this. The present state of things, with its extraordinary demand for the products of industry, stimulates that industry, and the fertility of inventions to render it effective. It would probably be impossible to cultivate and harvest the great crops of the country now, without those machines and utensils which enable animals so largely, rapidly, and economically, to do the work of man.* In manufactures, the unconscious forces of nature are har-

* The public journals state, that if an average crop is harvested the present year in the West, it must be done largely by the labour of females.

nessed on an ever-widening scale, and with continually increasing ingenuity and efficiency, to do the work of man. The extent to which the use of labour-saving inventions has increased during the last few years, we have no means of ascertaining; but it may be added, that there are fewer drones and idlers than ever before. All who can labour are utilized—stimulated to exertion by high prices and dire necessity—and it is, economically considered, some offset for the great drain of men to the war, that it has drawn into itself not only the industrious, but many of the indolent and vicious, who burdened society more than they helped it.

Having pointed out the sources of national wealth which have hitherto sustained the war, we will now inquire how the government has been able to command it.

The first and most obvious resource is taxes and imposts. These have hitherto defrayed but a small part of the expense of the war. They have covered the ordinary expenses of government, the interest on the public debt, and somewhat—we know not how much—of the cost of the war. They are now about to be laid on a scale that will, it is hoped, yield some \$400,000,000 annually, and discharge not only ordinary governmental expenses, but the interest on the public debt, and a large fraction of current war expenditures. If continued on the return of peace, they would form a sinking fund which would rapidly discharge the public debt. We have only one criticism to make upon the mode of taxation. It is so framed as to bear with prodigious severity on all salaried and other men of fixed money incomes, not in gold, but in legal-tender. Taxes in all other forms, on articles of consumption, take hold of this class in their full force. The three per cent. income tax upon all annual incomes above \$600, added to all this, was sufficiently severe, at the outset, upon all whose salaries and incomes were not above \$3000, since, within this figure, they are pretty severely adjusted to the necessary expenses of the position of those who receive them. But now, when \$1000 is worth scarcely more than \$600 was when the tax was originally laid, and when all other taxes are largely increased, it is to be increased to five per cent. This must cut severely, and often to the quick, into the means of support of a multitude of

families, of widows, orphans, professors, and ministers of the gospel.

The second principal resource of the government for commanding the means of the people, is loans—temporary and permanent, direct and indirect. Of this, \$460,000,000 is in the form of circulating notes and fractional currency, which are lawful money, bearing no interest, and the legal substitute for coin in discharging all debts, and redeeming whatever other issues or credits may pass current as money. Something over \$200,000,000, in addition, are legal-tender notes, running one and two years, and bearing five per cent. interest in currency. These in reality serve to swell the volume of government paper money. For although holders will incline to keep, instead of circulating them, if convenient, on account of the interest, yet they go to form that reserve fund of ready money so indispensable to banks and individuals. If they require to be paid out, they are good as money at all times for the face of their principal; and if they can be kept for six months, they draw their semi-annual interest. They naturally, therefore, fall into the reserved funds before spoken of, and thus liberate from this predicament, for current circulation, an equal amount of the other species of legal-tenders. We have thus between six and seven hundred millions of government paper money, which is an indirect loan from the people, most of it without interest, and the residue at a very low rate of interest. As this has far more to do with the financial phenomena of the country, and the ability of the government to command the resources of the people, than the simple amount itself involved, we will endeavour to trace its operation somewhat more in detail.

1. It is hardly necessary to reiterate, that mere engraved pieces of paper are not in themselves wealth, and cannot make any addition to the resources of a nation. They may fill the place of money, and pass as money, but they are not money proper. But, inasmuch as they may take the place, and discharge functions of money as a circulating medium and legal tender, as between ourselves, though not as between us and foreign nations, they may and do produce prodigious effects on the production and distribution of wealth, and in rendering it accessible to the government. These effects vary with circum-

stances. They are far different in the incipient stages, and with the moderate expansion of an exclusive paper-currency, from what they are in its later stages, and under its reckless dilution.

2. In the present case, the emission of paper money by the government, when it began, obviously raised the credit of the government, by giving assurance of payment to its creditors. Thus it stimulated activity in producing the supplies needed for the government, and so infused confidence and activity into every branch of industry. The rise of prices, too, due to this and other causes, by which, for a time, the increase of the market value of products was more rapid than the increase of the cost of their production, likewise greatly stimulated production, turning the North into a vast work-shop and laboratory, and bringing its vast accumulation of materials and means of production into active and profitable requisition. It is well known, that prior to the issue of this paper-money, the suspension of specie payments, and the gloomy war prospects, had seriously embarrassed the government, impaired its credit, and rendered it impossible to negotiate loans. The finances of the government were in a dead-lock. This threatened to arrest the production of supplies to the government. If capitalists feared to trust money to the government, others feared to trust commodities. Thus these industries, and others implicated with them, or dependent upon them, were in danger of coming to a pause.

3. Not only did it warm productive industry into fresh life; it also liquefied the capital of the country, so that it would flow freely into the national treasury. The abundance of money rendered it easy to convert all kinds of property into money, to sell other securities at high rates, and invest in government stocks. It has also led to the extensive discharge of mortgages and other forms of private indebtedness, leaving the lenders no resource for investment but United States securities. Another result of the plentifulness of money, aided by the uncertainty and distrust induced by the national convulsions, is, that very little credit is given in sound, ordinary mercantile business. Business is done mostly for cash. Borrowing is resorted to largely for speculation, especially stock-gambling. Hence the

banks, and other lenders, have been perplexed to find any sound borrower but the government. A large part of the capital of banks, insurance, savings, and other like companies, and indeed of the productive funds of most public institutions, has been invested in United States securities. Men are putting their savings, accumulations, and unproductive funds in these securities, as the only sound ones to be had at less than exorbitant prices. Thus, while private debts are so largely cancelled, government becomes the great debtor. The nation is indebted to its own members—the whole people to such individuals as have lent them their savings, secured by a lien on all the property and future earnings of the whole. Amid all the evils incident to a great national debt, there is one, indeed there are many, compensating benefits. But that to which we especially refer, is the wide-spread interest which it must beget, to preserve the integrity and stability of the government. We have heard gentlemen of Southern origin and proclivities say, that had there been a large national debt, extensively owned among the people of the South, the present rebellion would not have been organized. We believe this to be true. The immense national debt of Great Britain, onerous as it is, yet being due chiefly to her own citizens, is a mighty bond of national stability and perpetuity. Another advantage is, that it is a great stimulus to public economy, and a check to corrupt expenditure on the part of the national legislature and executive.

4. The effects of paper money on the distribution of property are curious. What under a normal currency is deemed the most secure and solid form of productive property, bond and mortgage, becomes not only largely liquefied, but evaporated, under this magic influence. The income is shrunk to the full extent of the premium on gold. But this is not the worst. They are sure to be paid unless put at a low rate of interest. The only alternative is either government stocks, or other securities at an enormous price. On the other hand, fancy stocks of mere nominal, fluctuating, speculative, capricious value, become suddenly elevated to the very summit—and often bear enormous premiums. A vast quantity of railroad securities have gone through this metamorphosis, and raised their holders to sudden and unexpected wealth. So universally, the rise in

prices of all commodities, as we have before remarked, goes to make the owners of them richer, and the buyers so far forth poorer. It also obviously favours debtors whose obligations were contracted when money was at its normal value, at the expense of their creditors, who are compelled to accept payment in a depreciated currency. Thus vast amounts of indebtedness have been liquidated.

Closely connected with this facility of raising money and paying debts, is the remarkable fact that church-debts have been liquidated during the last two years to an unprecedented extent. Indeed, there are comparatively few churches in debt that have not been relieved of these depressing, often crushing and fatal burthens. In connection also with the spirit of self-sacrificing beneficence, which has been developed, on a scale the most stupendous and unparalleled, during the war, more has been done for the endowment of literary, religious, and charitable institutions, than during any equal period in the nation's history. This is explained by the fact that some of these institutions were so shaken by the war, in their finances, that their friends were thoroughly convinced of the imperious and overbearing necessity of coming to their rescue, and straining a point to ensure their safety; by the habit of giving, which has so grown upon the people during the war; and by the large prosperity of individuals, from causes already mentioned, who have been led to discern the blessedness of doing good, and devote large sums to the noble purpose of endowing the great institutions of Christian charity and high education. This development of Christian liberality to relieve soldiers and others suffering from the war, has been immense. These calls were indeed too imperious to admit of refusal. Yet they have never been so met, or begun to be so met, in any previous wars. And, so far from drying up the streams of beneficence to other objects, they have only given these a larger volume and swifter current. It is to be hoped that one of the national virtues which will be permanently invigorated by the war, and long survive it, will be this free and large Christian liberality.

An obvious consequence of the substitution of paper money for gold, is the premium at which gold is held over currency

in the market—a premium variously fluctuating, but, on the whole, continually rising with the progress of the war, until it has now reached a serious and appalling magnitude—as we now write, oscillating from 190 to 200. This premium represents the redundancy of paper money, or various credit substitutes for money, above the specie standard, that is, above the amount that would be current if all paper money were convertible into coin. That is to say, if the amount of paper currency that would be in circulation, if redeemable in coin, be represented by unity, then the relative amount of irredeemable paper money now current, is represented by the fraction $\frac{19}{10}$. This, however, cannot be taken absolutely; it is qualified by certain conditions. Sometimes trade is inactive; very little property is exchanged—a diminished amount of money is sufficient for all transactions. Then, again, when it is brisk, sometimes it is done very much by money; sometimes by checks in place of money; sometimes by notes of hand, or other forms of credit. Thus, even at the specie standard, the same amount of money may at one time amount to a scarcity; at another, to a glut in the market. The same phenomena, of course, are possible under a currency exclusively metallic. Our impression is, that at present, and thus far through the war, real estate has been inactive, taking the whole country over, and a small amount of money has sufficed for all transactions in it. On the other hand, business was never so much done for cash. Payments to the army require to be made in cash; and speculation in stocks and commodities, never so rife, absorbs large amounts of money—all the larger, let it be observed, as it succeeds in inflating prices. How far these and other elements may mutually balance each other, and leave the present premium on specie a true exponent of the excess of our present irredeemable currency over the normal amount, is uncertain. There is a single disturbing element, however, of prodigious power to produce a temporary interference with this relation between the market premium on gold and the excess of irredeemable currency. We refer to speculation and gambling in gold. It is enough to call attention to the fact, that the premium on gold fluctuates ten or fifteen per cent. every few days, through the reckless and gambling manœuvres of specu-

lators, through fictitious sales, long and short, "cornering" operations, and false rumours in regard to the war, and everything else that can further their nefarious schemes, by producing public distrust. Still further, very much depends upon the habitual feeling of the public mind in regard to the speedy termination of the war, and the probable future expansion or curtailment of the government issues of paper money. Thus, last summer, after the battle of Gettysburg and the capture of Vicksburg, the premium on gold, having been at seventy per cent., worked rapidly down to the neighbourhood of twenty per cent., whence it has been steadily ascending to its present height: All this shows that the premium on gold is not the sure barometer it is supposed to be of the dilution of the currency at any given time. Yet it is, as a whole, and taking any considerable periods together; for the prices of all imports, all imported and all exportable articles, are made up of their cost in gold, with its premium added. Now if this premium be permanently larger than the intrinsic difference in value between gold and paper, then there will be a profit in sending gold from foreign countries, or mining it here, to realize this excessive premium, until the equilibrium is restored. In other words, if gold is unduly dear, or will purchase more commodities here than elsewhere, it will flow here until this condition ceases, and there is no longer a profit on its importation. It is impossible for speculators permanently to impart a fictitious price to gold, any more than to butter or beef; but they may and do work the greatest mischief, by causing groundless fluctuations in the price, subjecting all business to the dominion of a ruinous caprice, which subverts all rational calculation, and making the interests of the community the sport of their own greed.

But as we have said, speculation in gold, as in other things, would soon collapse, unless supported by other and deeper causes. One dollar of gold commands nearly two dollars of currency, because it is wanted at these rates to do what nothing else will do—pay for our imports not paid for by our exports, and discharge custom-house duties; and because, in addition to articles of prime necessity, which the people and government must have at whatever price, there are innumerable articles of another sort, which people will have at this cost, rather than

go without them. As we have indicated, the plentiful supply of government legal-tenders, and of other paper money, checks, and credits, founded upon it, has made our currency cheap, and, along with other causes, other commodities high. The vast consumption and diminution of production caused by the war, creates a need and a demand for the productions of foreign countries, to the utmost extent of our ability to pay for them, while the diminished harvest here, and bountiful harvest of Europe for the last year, have thrown us back more especially on our gold reserves to pay for them. The high price of gold and other commodities, with the small purchasing power of our money, or the reduced amount of goods we can procure with it, are all so many diverse manifestations or symptoms of the comparative scarcity induced by the war, and the consequent necessity, on the part of the people, to use a plain phrase, of getting along with less than they have been wont.

Nor would it be otherwise for the better, if money had been kept rigorously to the specie standard. It would rather have been worse, although the privations and retrenchments might have been differently distributed. We do not mean by this to intimate that in peace or any normal state of things, we are advocates of a currency not on a strict specie basis. Quite the reverse. But in this matter preëminently war reverses the natural order of things, and *inter arma leges silent*. We wish it to be further understood, that even when it is necessary to suspend specie payments, every interest requires that the currency be kept at the closest approximation to the specie standard practicable; and that all divergence from this standard should be regarded as an evil, to be submitted to only for the prevention of greater evils, and to be restricted within the narrowest possible limits and the shortest possible time.

But the effect of adhering to specie payments through the war, would have been a constant panic or series of panics, which would have been fatal to public confidence. The drain of specie to pay for imports, would have obliged the banks to take in all their circulation, to refuse their wonted accommodations, in order to protect themselves. Thus government would have been unable to borrow, as it came to be, immediately before the first issue of legal tenders. Distrust and

alarm, would have destroyed business, paralyzed industry, and checked production; thus vastly aggravating the diminution and scarcity of products, which is the real cause of our present straits, in whatever form it may show itself—whether in the form of an increase of paper money and a still greater increase of prices; or in the form of diminished prices, and a still greater scarcity of money to pay them. This will be apparent if we examine the matter more closely.

How is it that the price of gold, and with it of all things else, at least all exportable commodities (and in due time of all others) are now forced up? It arises from the amount of our foreign imports, which must be paid for in coin or in exported goods, in either or both, and so far as either falls short, in the other. Now if the exported goods are insufficient, specie must be had for the balance, whatever it costs. In proportion then to the deficiency to be supplied, the price of gold must be forced up. But suppose it be too scarce to meet the whole deficit, what then? The price of gold goes up until other home products are so raised in price that only a smaller number of people can afford to use them, while still the price of them, if reduced to the gold standard, is no more than in foreign countries, and so renders them exportable. For example, if butter is selling at 25 cents in currency per pound, on the basis of the domestic supply and demand, and if it will command that price in gold across the seas, and expense of transportation, then if gold is stiffened to 160, butter will rise to 40 cents per pound here, being in demand at this rate for export. This actually occurred this last season, and on this basis speculators for a time forced the price up to 50 and 60 cents per pound, which widely arrested consumption, and suddenly precipitated them to a righteous destruction.

What now would have been the course of things on a specie currency? As has been shown, in this state of things the circulating medium would have experienced the most stringent contraction. Distrust, alarms and panics, would have greatly checked production, and aggravated the existing scarcity. The necessity for large importations would have been still more urgent. This would have caused the exportation of specie to pay for it, until the banks, to prevent its efflux, refused to

renew their loans, and thus still further increased the scarcity of money, and of credit as its substitute. This would have gone on until the prices of commodities sunk to the point at which they could be profitably exported. This would reduce prices, but it would be because the amount of money wherewith to purchase was much more reduced than the prices, so that far fewer persons would have the means of purchasing, since there would in fact be fewer commodities to purchase, than in the present state of things. But there would be a still greater difference in the distribution of the losses and privations. They would fall on another class of persons entirely. Those who had money would gain, while those who had commodities would lose. Those who owed money would suffer. Those to whom it was payable and paid would have had the vantage—the reverse of the existing condition of things. It must not be understood, however, that creditors gain by circumstances which bear with crushing severity upon their debtors. If it goes so far that debtors are unable to pay, then debtors and creditors alike are whelmed in a common ruin. This often happens in commercial panics, and would be constant in such a chronic panic as would arise from the attempt to enforce specie payments through a war of such unparalleled magnitude and continuance as the present.

We wish, however, to say very explicitly, that while we think the country can bear the strain of war, and stimulate production, and command its resources, better with than without an irredeemable paper currency, yet every consideration requires that this currency be kept as close to the normal specie standard as possible. Every effort should be made to accomplish this. The cost of interest-bearing loans, even to the government, is as nothing, compared with that of an excessive dilution of the currency. Such a currency may pay debts, but it loses its purchasing power. When this is gone, the sinews of war are gone. Financial confusion and disaster reign among the people. Let us beware of battering out our money to the thinness of Confederate currency.

In carrying this discussion out to its practical conclusions, we observe,

1. It inspires the fullest confidence in the ability of the

nation to pay punctually the interest, and ultimately extinguish the principal of whatever national debt may be incurred by the necessary outlays of the war. This is evident in various ways. The amount of taxes imposed by the proposed law of Congress would discharge the present debt, interest and principal, in a dozen years. Yet they will be borne—nay, they are demanded by the people, however severely they may press. Those classes who complain that they are loaded with an undue proportion of the tax, nevertheless, not only bear it, but, notwithstanding any injustice to themselves, greatly prefer the tax as it is, to any weakening of the faith and credit of the government. But, if this be so now, what will be the state of things when our great armies are returned to productive occupations? when those now employed in fabricating instruments of destruction are occupied in producing means of subsistence, comfort, and luxury, adding to the national wealth, developing the immense agricultural and mineral resources of the country, which only await the hand of enterprise and industry to bring them forth? And, if we add to this the future inevitable rapid growth of the country, by natural increase and foreign immigration, as measured by the past, a growth all the more free and rapid when no longer hampered by the fetters of slavery, including also the prodigious productiveness of the South, as reclaimed and placed under the quickening regimen of free labour, it will have the amplest ability to carry the national debt without staggering. And if it can, it will. Every instinct of national pride and honour, every aspiration for national glory, every pulsation of the public conscience, every dictate of self-interest, will prompt and ensure the ready payment of the interest on this debt. Moreover, as we have already seen, the debt is so widely diffused, directly and indirectly, the property of the people so largely consists in it, that its repudiation would involve a catastrophe and a ruin at which the nation would stand aghast, and which it will never suffer to come.

A similar result is reached on the basis of figures already presented. The gross property of the free states in 1859 amounted to \$10,852,081,081. The product of the same year from agriculture, manufactories, mines, and fisheries, was

\$4,150,000,000, or thirty-nine per cent. on the capital. Now one-seventh of this annual income, in round numbers, paid in the form of taxes direct and indirect, would yield about \$600,000,000. This sum would discharge the interest of \$10,000,000,000, at six per cent., and \$12,000,000,000, at five per cent, at which, and even lower rates, loans can readily be obtained, when the permanent stability and solvency of the government are indisputably established. Now the proportion of the annual product of Britain paid in taxes, is three shillings on a pound sterling, or more than one-seventh. Of course, most of these taxes are indirect and unobserved; but the same is true of our own. Are we less willing and able to pay for the cost of the benefits and privileges of our own government, than the British for theirs? Besides, the income of the labour of the country will, in all probability, be immensely increased; but, whether this be so or not, we find a demonstrated ability to discharge the interest and principal, not only of our present national debt, but of triple that amount. The same view has constrained the assent of British economists, that have shown the most groundless and exuberant prejudices against our cause.*

* Not having within reach the *London Economist* and the *Saturday Review*, we quote an abstract of their views on this subject, as presented in the *New York Times* of May 31.

"The *London Economist* and the *Saturday Review*—neither of them at all partial to this country—have taken occasion lately to call attention to an important economical fact, developed by this war—the immense wealth of the population of the free states. The *Economist*, in a recent able article on the subject of our "ability to bear taxation," demonstrates, as if against the popular opinion of England, our capacity to bear easily \$600,000,000 annual taxation. The writer states that the great peculiarity of American society has not been understood in Europe—that is, the large number of people with an income say of \$500. There are not, he admits, a body of men representing, for instance, such an amount of property as is represented by the British Parliament, but there are a far larger number of small property-holders with taxable incomes than in England. Reckoning the average wages of the American labourers and small farmers at \$1.50 per day, which he believes to be a low estimate, and the number of families in the Union at five and a half millions, he thinks the wage-income of America would be equal to the property-income of Great Britain. The income of our middle class he estimates as equal to that of the British middle class, though the former possesses less accumulated property. Supposing a tax laid corresponding to the English, of three shillings on the pound, he concludes that £120,000,000 could be raised here from direct taxes, without counting the indirect taxes on

2. The real difficulty is, to obtain the means now needed to prosecute the war to a successful issue. The extent to which this has been, thus far, accomplished, almost entirely from the resources of our own people, and without spreading among them any serious privation, is one of the marvels of history. No instance can be found of such immense armies so long maintained in the field, so well fed, clothed, paid, and supplied, such a vast simultaneous increase of the navy, all without any appreciable aid from foreign loans, without faltering in the credit of the government, and with the prevalence of general plenty and comfort amongst the people. As we have seen, this plenty, and the surplus on which we have been drawing, begin to be seriously impaired. We are approaching that point in which retrenchment of superfluities, and a general economy among all classes, constitute the condition of a continued supply of the means for the prosecution of the war on its present vast scale, without oppressive stinting of the subsistence of the people. If the requisite means can be furnished to the government now, we feel little concern about the ability to pay hereafter. How shall these means be obtained? It can easily be done by the practice of an economy, it may be in some cases severe, but in very many simply salutary. In this way, the means could be furnished to sustain our present immense war expenditure, without in the least interfering with the supply of the substantial wants of the people. If tobacco and intoxicating drinks were given up by all to whom they are worse than useless, would not enough be saved to defray a

luxuries. With respect to the willingness of our people to pay, he entertains little doubt that where a debt is so universally held, and where a population is so well off, the tax would be paid with but little grumbling. He does not see why an American "farmer" or artisan should not be willing to pay for the American nationality, or dignity, or safety, or whatever we consider it, as much as the British banker's clerk for the British—namely, three shillings on the pound. Grumbings there would be, but there are grumbings also from English rate-payers, and yet the poorest pay with little opposition. There might be many difficulties in collecting, but experience and ingenuity would gradually perfect modes of raising the taxes which would be the most effective and the least annoying. And, as he justly argues, it is hard to fix a limit to the amount of indirect taxes on luxuries which might be raised from so rich a people. His final candid conclusion is, that the European public have not at all estimated correctly the American ability to bear taxation."

very considerable part of the expenses of the war, and generally with great advantage—certainly without injury to the people in their highest interests? But if those who indulge in the use or abuse of these, feel under an iron necessity of using them, what shall be said of theatres, operas, luxurious living, and extravagant outlays innumerable? What shall be said of those enormous expenditures for ostentatious dress, equipage, ornaments, which cost enough to support an immense army in the field, or to relieve the sufferings from poverty among the people? It has been said that an unexampled extravagance in these things has been prevalent of late. We think this has been very much confined to localities and parties where the war has concentrated sudden wealth; but all this flashy and dazzling display is the price of blood. It is a contribution towards disabling and dispiriting our own armies, and to “aid and comfort” the enemy in the most decisive way. It detracts so much of our means from the support of the people, or the uses of the government, thus embarrassing it with all those perplexities which are involved in the growing scarcity of useful commodities, and the rise in the price of gold. If it is thus unchristian and unpatriotic, it is none the less unseemly, and at war with all good taste and proper sensibility. Nero fiddled while Rome was burning, and all history signalizes this act as the climax of imperial brutality; but is not ostentatious extravagance, pompous gayety and frivolity, dazzling brilliancy of dress and equipage, among us, at this awful juncture, quite as monstrous? Is it not like dancing, frolicking, and parading brilliants at a funeral?

When the flower of our nation are mowed down, mangled, maimed, by thousands and tens of thousands, week after week, desolating so many households, filling the land with widows and orphans, and spreading over it a funereal gloom; when the nation is making such stupendous sacrifices, pouring out its best blood, in this dire struggle for existence, can sane persons luxuriate in a vain display, in ministering to the lust of the eye and the pride of life, thus aggravating the perils of the nation as really as the traitors in arms against it? Whoever occupies what is equivalent to the labour of a man in useless extravagance, virtually withdraws one soldier from the field,

or the services of one man in producing or forwarding supplies for the defence of the country. And this effect is inevitable, whether first seen in the increased premium on gold, or the enormous price of provisions.

This view is, we are glad to say, beginning to touch and sway the female heart of the country, always alive to high motives, when properly presented. We have no doubt that the same patriotic and Christian spirit, which has led them to so many errands and ministries in behalf of our imperilled country, and the soldiers who are bleeding for it, will lead them to the further easy self-denial which foregoes all expensive or avoidable display and ornamentation at such a time as this. We are sure that when they come to understand the bearings and effects of it, their Christian principles and kindly impulses, will combine with elevated patriotism to overpower the pride of life in the premises. This is of fundamental importance. The standard of fashion and style, which involve so much of the expenses of living to which we are constrained, is mainly determined by ladies. And, inasmuch as these things derive their highest fascination, as much from being regarded as symbols of rank and social position, as from the love of beauty, so potent in the female mind, it follows that no movement in this direction can be successful, unless led by ladies uppermost in wealth and social position. So far as this whole matter is concerned, they are largely "masters of the situation," and on them devolves proportionate responsibility. What they treat as respectable, all classes will regard as respectable. We cannot doubt that, by example as well as precept, they will effectually promote the movement which has been inaugurated.

We have a single suggestion to offer in the hope of guarding against misdirection and failure. The movement thus far has been prominently, if not exclusively, against the use of imported finery and luxuries, prompted by the very natural impression that these add enormously to that foreign balance against us, which enhances the demand for gold to meet it, and therefore its price; and with it the price of all imported and exportable commodities. Hence, it is inferred with great confidence, that, if this class of importations were greatly re-

duced, there would be a corresponding reduction in our foreign indebtedness, the price of gold, with all its beneficial consequences. This reasoning is just on one simple condition: viz., that we do not undertake to replace foreign finery and luxuries with equivalent extravagance in articles of domestic manufacture. In order to afford real financial relief to the country, *the extravagance must be discarded altogether.* To continue it, simply by substituting the products of domestic industry for foreign importations, so far from mitigating, will only aggravate the evil. For why are they now imported from abroad, instead of being made here? Simply because they can thus be procured more cheaply, because our industry is more efficient and lucrative when employed in producing other things, and sending them abroad to pay for these fabrics, than in making them here. This is because of the greater facilities of every kind for producing them in other countries. Now if we undertake to fabricate them or their equivalents here, we divert so much industry from other useful products for the people or the army, in which it is now employed. This aggravates the present scarcity of those articles, and forces up prices in proportion—the very evil we are trying to lessen. A probable result would be importations of these articles from abroad to fill the void created by this diversion of our domestic industry from them. This would simply leave us where we were before, with only this difference, that we have the disadvantage of turning our labour out of channels of greater, to those of less efficiency—*i. e.*, so as to produce less for us, or leave us poorer than before. And indeed something like this would be inevitable, because the greater scarcity of useful products of our own industry would lift up prices so as to render it profitable to import them. The true remedy then, is not in any crusade exclusively against foreign luxuries and finery, but against all expensive display, and “shabby splendour,” and luxurious indulgence in products of whatever origin. Nothing less than GENERAL RETRENCHMENT of both sexes and of all classes will meet the crisis—such retrenchment as may easily be borne, and leave us still a people more largely supplied with all needful things than any nation on the globe. Can we hesitate to do this, which, at the worst, is but a tithe of what is borne by

our brothers who yield up not only every comfort of life, but life itself on the battle-field? If we refuse, do we deserve success? And have our people, as a whole, begun to suffer, or to feel the pressure of the war in their own comforts and privileges as yet? Is it not wonderful how little they have been obliged as yet to give up the substantial blessings of life? If we would know what war means, or what sacrifices it involves, let us go over the territory, and look at the homes and firesides of the rebellious states! Indeed, what could be so beneficial to our nation as to rid it of that profuse, luxurious indulgence, which so enervates and corrupts it?*

Another obvious remark is, that the financial calamities and losses so often and so lugubriously predicted from the return of peace, are groundless. Of course, we do not know what unforeseen events are in the womb of the future to baffle all human calculations. We only refer to causes now visible, or in prospect, from the operation of which such a catastrophe is predicted. What will be the effect of peace? Surely to release most of the productive force now in the field, and occupied at home in providing supplies for the army and navy, for the production of national wealth—for the subsistence, comfort, elevation, and refinement of the people. Is not this labour, and are not its products, now needed, and would they not diffuse among the people vastly more to use, enjoy, and accumulate against future want?

But it is said that prices would be brought down, money would be scarcer, and many traders would lose. What then? Even if some suffer, are not the great mass of the people enriched thereby? The reverse of the present course of things which enriches the few at the expense of the many. Besides, who are

* The following from Edward Everett is quite to the point. No person could say it better, and there could be no fitter person to say it:

“A reform is needed, on the part of both sexes, and in many things besides foreign luxury. Extravagance in the general style of living, in building, furniture, equipage, entertainment, amusements, hotels, watering-places,—*extravagance often as tasteless as it is otherwise reprehensible*,—is growing upon us, and consuming, worse than unproductively, the substance of the country. The waste at a fashionable private entertainment would support three or four men in the ranks of the army for a twelvemonth, and provide for the relief and comfort of a hundred wounded soldiers in a hospital.”

to lose? Honest and prudent merchants, in an unsettled state of the market, and with strong prospects of a decline in prices, are careful to avoid accumulating large stocks. They merely provide for present wants. Their course is the opposite when they anticipate a rise in prices. They therefore will lose little. And this little they can generally well afford to lose, after the rich harvests they have reaped from the rising markets of the last three years. Reckless speculators, who have blown up fortunes, consisting in fictitiously inflated stocks, which they have purchased with borrowed money for a larger inflation; who are striving to force up gold, and profit by depreciating the credit and strength of the government; who try to add to the distress of the people and difficulties of the government by forcing beyond their natural to a fictitious height the unavoidable cost of the necessaries of life, may totter to ruin and come to grief. And would not this be an unspeakable benefit to the country? The sooner the whole army of "operators" is broken up, the better for the nation. If they should be conscripted into the national armies, the national industry and resources would suffer no loss—but would be relieved of a foul parasitic growth which is consuming and withering them. It is a fair question for our national lawgivers, whether they can do a better or more righteous thing than to make the penalty of gambling speculations, particularly in gold and necessaries, immediate conscription into the national army. One of the conditions which always underlies every widespread commercial panic and collapse, is now wanting—viz., a wide-spread commercial and personal indebtedness among the people. Whatever speculators may owe, the great mass of the people, beyond all former example, have been paying their debts, although often at the expense of mortgages. Sound business is done mainly for cash. The great mass of indebtedness in the country is in the form of public securities, national, state, municipal, and corporate. Other debts and investments have flowed mostly into this channel. While the war, therefore, has largely consumed the national resources, yet the very uncertainty engendered by it has led to that general prudence and caution among the people, which guard against the exposures arising from large liabilities. Inasmuch as government is the great borrower, and so much of the property

of the people lies in its securities, the return of peace would certainly enhance the value of those securities, and with it general financial soundness and confidence. The conditions, therefore, aside from unforeseen contingencies, of an all-pervasive financial collapse, on the return of peace, seem to us to be wanting. This we deem important. For while we sustain the war, to all lengths and at whatever cost requisite to destroy the rebellion, we think it one of the worst of fallacies to suppose its continuance a source of national wealth, or condition of abiding prosperity. It may be so to speculators and those who thrive on government contracts. To the body of the people, peace cannot be otherwise than a blessing—unless purchased at the sacrifice of the national life, integrity, and honour, which would be the climax of evils.

We add, that since the foregoing went to press, the public statement of Senator Wilson, that one million eight hundred thousand men have been raised for the national armies—six hundred thousand within the past year—more than sustains the leading positions we have taken. We also see statements which give to our estimate of the cost of the war to the nation, for this current year, the look of extravagance. But it must be understood, that the present is the culminating year of the war, in regard to the vastness of its operations and expenditure; that it is conducted on the basis of prices nearly doubled; and that we estimate not only the outlays from the national treasury, but from states, counties, towns, cities, corporations, and all forms of public and private contributions to the cause—all which have been vast during the current year. This is but partially represented by the increase of the national debt.