

CONTENTS

CHAPTER I

THE ORIGIN OF THE GREENBACKS 3

Early legislation and the demand notes, 3. Modification of the sub-treasury system, 5. The \$150-million loan, 7. The Trent Affair, 10. Suspension of Specie Payments, 12. Should greenbacks be issued? 15. The argument of necessity, 19. Enactment of the first legal tender measure, 24.

CHAPTER II

THE SUPPOSED NECESSITY OF THE GREENBACKS 25

Appleton and Hooper, 25. Temporary deposits, 27. Taxation, 35. The sale of bonds, 41. Bankers' plans, 48. Plan of the minority of the ways and means committee, 52. Conclusion, 56.

CHAPTER III

FURTHER ISSUES OF GREENBACKS AND THE STATE OF THE CURRENCY 58

The second legal tender act, 58. The third legal tender act, 62. Issues of greenbacks avoided in 1864 and 1865, 68. The state of the currency, 73.

CHAPTER IV

EVIL EFFECTS OF PAPER MONEY 79

Nature of paper money, 79. Speculation in gold and "Black Friday," 84. The greenbacks and price fluctuation, 95. The quantity theory of money, 104. Conclusion, 106.

CHAPTER V

RESUMPTION POSSIBLE, 1865-66 108

Speculative dealings, fluctuations in prices, and the gold premium, 108. Effects of price fluctuations on incomes of different economic classes, 112. Condition of each economic class and resumption in 1865-66, 114. Business men, 114. Landlords, 118. Lending capitalists, 121. Wage-earners, 123. The way to resume is to resume, 128. Necessary preliminary preparation, 131.

CHAPTER VI

THE POSSIBILITY OF BRITISH LOANS, 1865-66 138

Sources of information, 138. Ability of English to lend, 140. Condition of trade and industry; cotton, harvests, industry and trade in general, 140. The new trade of lending, 146. Overend, Gurney failure, 147. Willingness of English to lend, 150. Favorable attitude after the war, 151. Conclusion, 158.

CHAPTER VII

A DECADE OF DEBATE AND DELAY, 1865-75 159

Economic conditions 1865-75, 159. McCulloch and contraction, 161. Reaction and tendency toward inflation, 165. The crisis of 1873, 173. The inflation movement and veto of the inflation bill by President Grant, 175.

CHAPTER VIII

THE RESUMPTION ACT: ITS ORIGIN AND INTERPRETATION 181

Defeated republicans face toward a resumption act, 181. Senator Edmunds, not Sherman, author of the act, 181. Correspondence with Edmunds, 182. Sherman as chairman of finance committee introduces bill in the Senate, 184. Provisions of the act, 185. Controversy over their meaning, 187. Extraordinary powers given to the secretary, 190. Hostility to the act, 192.

CHAPTER IX

RESUMPTION ACCOMPLISHED, 1877-79 194

John Sherman, 194. Gold reserve plan adopted, 197. Difficulties to be overcome, 200. Various aids and supports, 203. Actual process of resumption, 205. Attitude of Sherman's predecessors, 206. Contract with syndicate of bankers, 207. Influence of the silver question and the attempts to repeal the resumption act, 209. Financial and economic conditions, 1877-78, 213. Sherman's first annual report and his policy, 216. Eliminating the premium on gold, 222. Resumption believed to be assured, 223. Attacks upon Sherman and final preparations for resumption, 224.

CHAPTER X

COULD SPECIE PAYMENTS BE MAINTAINED? 229

The problem not yet definitely solved, 229. Refunding the debt and resumption, 230. Demand for gold and the status of the gold reserve, 232. Gold exports threatened in the spring of 1879, 238. Harvests at home and abroad avert the danger, 242. Success of resumption—final problems, 246.

INDEX 249

**THE GREENBACKS AND RESUMPTION OF
SPECIE PAYMENTS, 1862-1879**

