would have given a dollar a *cord* for 5-20 bonds issued with such an understanding. The government never hinted at anything of the sort. It was never dreamed of until disunion demagogues began to cast about for some scheme of defalcation that would appear less glaring and indefensible on its face than a proposition of naked and hideous repudiation. Yet every man who supports the 12th plank in the Ohio Democratic platform knows that it means repudiation; that its practical effect would be to swindle the holders of the 5-20 bonds out of every dollar of their value.

Need I add another word to prove the preposterous and destructive character of the Democratic financial scheme? If Vallandigham could be called back to life and was shown General Ewing's speech on the New Departure, what do you think he would say? He would say, in the language of the amazed Irishman, *that he was glad he was dead.*

EXPANSION MAKES DEAR INTEREST.

General Ewing gives it as his opinion that his new wildcat currency will reduce the rates of interest. His language is:

"(4.) It will establish a moderate and nearly uniform rate of interest. As much will be issued at once as will command investments preferable on the whole to government 3 per cents. It will thus establish the average rates paid by business men at about 5 per cent. instead of 9, as now. Once established, these rates will be comparatively uniform, because as they tend to rise more currency will be issued, as they tend to fall more will be exchanged for bonds."

A greater financial fallacy never was uttered by any man entitled to a respectful hearing. The proposed bonds not being payable in gold or other valuable thing, will be nothing more than one form of irredeemable notes. Their issue will inflate the currency just the same as the issue of the notes. Inflation always increases the rates of interest, as all experience has demonstrated. Before the war the ruling rates of interest were far lower than after inflation, and consequent depreciation, set in. Inflation causes expansion of prices, and while the watering process goes on dealers seem to gain large profits. This stimulates speculation, and there is a reckless rush to borrow money; the lenders advance their rates on account of the extra demand, and the probability that the principal will be repaid in a less valuable currency. Thus inflation always results in higher rates of interest. Cheap dollars means dear interest. The more abundant the currency the less purchasing power it possesses, and the higher are the rates charged for its use.

Contraction, on the contrary, if not too sudden, produces a reduction of interest rates, because as the dollar becomes more valuable fewer dollars will transact the exchanges of the country, and the chances of being repaid in a better currency make capitalists anxious to loan money on the best attainable terms. Contraction also checks wild speculation, because, in reducing previous prices, the speculator is obliged to sell on a falling market. The borrowing demand thus falls off, and, with it, the high rates of interest. Men do less risky business, carry lighter stocks of goods, go less into debt, trade for cash, and do not spread so much sail for their ballast.