

ability to pay our debts. When I became Secretary of the Treasury I believed the debt could be reduced, and that our rate of interest could be lessened, though I had no idea how quickly and how easily the latter could be done. When I became Secretary of the Treasury we had about seven hundred millions of redeemable five and six per cent bonds outstanding, and there was a contract existing between a syndicate of bankers in this country and Europe for the sale of three hundred millions of bonds at $4\frac{1}{2}$ per cent. These bonds were to be sold for refunding purposes, and about \$500,000,000 worth had been sold before I became Secretary. I thought this could be reduced, and I wrote a letter to the Rothschilds shortly after I became Secretary telling them I proposed to withdraw these bonds as soon of their sale reached \$200,000,000, as I expected to put a four per cent bond on the market. At this time there didn't seem to be much of a demand for the $4\frac{1}{2}$ per cents. They were below par in Europe, and only a little above par here. The announcement of the prospective four per cents caused them to rise, and within about three months the whole two hundred millions were taken. The credit of the country rose, and I got par for my four per cent bonds. Then Congress met, and thirteen bills were introduced to repeal the resumption act, and a large number of other bills were brought forth to restore the unlimited coinage of the silver dollar, which was then worth eighty five cents in gold. This scared the investors, and the subscriptions to the four per cent bonds ceased. As Congress went on, however, it was seen that these bills could not pass, and during the next session the people saw that resumption was to be a fixed fact, and the four per cents again came up. I had sold enough to give me a sufficient gold reserve, and on the 1st of January, 1879, the government was ready to give coin for all legal tender notes. To our surprise no one seemed to want it. One well known financier of New York had said only a few months before that he would give \$50,000 to be at the head of the line on the day of resumption. He could have gotten his place for nothing. It was late in the day, only, that a few stragglers came in and asked for coin, and at the end of the first day of resumption the government really had more coin than it had in the morning."

"But how about the bonds, Senator?" I asked.

"They had been selling steadily," was the reply, "and after resumption the people were crazy to get them. One hundred and fifty million dollars' worth of the 4 per cents were sold during January, and this against \$25,000,000 the preceding month. We called in the 6 per cent bonds, and still the subscriptions increased. Along about the 1st of April the bonds began to appreciate, and there was a great rush to get them. One hundred and fifty million dollars' worth were taken in one day, and I received a telegram one morning at a cabinet meeting at the White House asking for \$40,000,000 worth of bonds. I opened it leisurely, and when I looked at it I thought there was a mistake. I supposed it must be \$4,000,000. I telegraphed at once to the man to repeat his telegram. It came back within an hour, and there was no mistake about it, for the words were written out. The man

wanted \$40,000,000 and he wanted to know whether he could have them. I replied that he could. This telegram came from the National Bank of Commerce of New York. Soon after another New York bank telegraphed for \$10,000,000, and following this we got two telegrams each asking for \$25,000,000 and another asking for \$30,000,000. We had to refuse \$60,000,000 worth of bonds that day because the requests came too late. It was about two weeks after this that I concluded to raise the price of the bonds, and to put them at a premium of one half of 1 per cent above par. I wanted to redeem the ten-forty bonds that were then outstanding, and I offered to sell \$150,000,000 of 4 per cent bonds at this premium. Most of the financiers of the United States thought this was too low. I asked a number of them what they thought of the plan, and they all told me I would never sell 4 per cent bonds at a premium. The day the loan was opened I had another surprise. The bonds were offered at noon on April 16, 1879, and before the close of banking hours I received a subscription for \$2,000,000 worth. The next afternoon the telegrams began to come. One was for \$10,000,000, and just before the close of business that day the First National Bank of New York telegraphed that they would take the entire \$150,000,000 and \$40,000,000 of refunding certificates in addition. We refused to give them the refunding certificates, and they got, I think, \$111,000,000 worth of the bonds, the remainder of the loan having been taken before their telegram came. There were \$75,000,000 more subscriptions to that loan that day than we could supply, and we closed out the whole of the bonds, and were able to call in the entire outstanding ten-forty loan. The amount of the subscription, and the rapidity with which they came in that day staggered me, and I remember I telegraphed the New York bankers that I would like to know if they were not all crazy.

"You are asking about the Rothschilds," Senator Sherman went on. "A curious incident happened in connection with the head of the London house in regard to one of these low bond issues. He had had the refusal of \$10,000,000 worth of the 4 per cent bonds in case they were not subscribed for in America. He was written to and asked if he would take them. He replied that he thought he would like a week to decide as to whether he would do so or not. In the meantime the great rush for the bonds occurred, and Rothschilds then wanted his \$10,000,000 worth. At this time, however, the bonds had been all sold, and I had to tell him that he could not have them. He made such a fuss about it that August Belmont and others of a New York syndicate who were dealing with him took \$10,000,000 worth of the bonds from their own purchases and sent them over to him. He was too proud to accept the bonds in this way, and he sent them back. At least this is the story that was told me. I tried to keep the bonds as far as possible in the United States and to favor our own purchasers over those of Europe."

"What was the difference in the interest paid by the government through these refunding operations?"

"It was enormous," replied Senator Sherman. "You see, the amount of the

public debt which was refunded in the above way was nearly \$850,000,000, and the savings in interest amounted to nearly \$15,000,000 a year."

I am very fortunate in my visit to Senator Sherman at the present time. I came to Mansfield because I had understood that he was writing his memoirs, and I knew that his collection of private papers was greater than that of any other man in public life. During my talk with him he told me that he was working among his papers, but he had not as yet decided whether he would publish a book or not, and that he could not allow me to state that he proposed doing so. He began the work, he said, with the idea of making a collection of his speeches, but he finds his material so vast and of such a varied and interesting nature that he is still at sea as to what he will do with it. His letters are numbered by the tens of thousands, and they embrace the names of every man who has been prominent in the United States during the last forty years, and of the greatest thinkers of all parts of the world. John Sherman has been a part of every public movement in the United States, and there is scarcely a millionaire, a scientist or a statesman who has not consulted with him. He has fifteen volumes of autograph letters, each of which is as big as a dictionary, which he has kept chiefly for the sake of the names appended to them; and his private correspondence embraces a large part of the unwritten history of the past generation. James G. Blaine was a man rather of speeches than of deeds. John Sherman has been a man of action, and still he has made more speeches than Blaine. His public work began when Frank Pierce was President, and he has been in the very thick of affairs from that time to this. He has always had a large correspondence. I doubt whether he has ever received a letter which he has not answered, and he has been so noted for his reserve that public men have opened their minds and hearts to him without restraint. In addition to his vast correspondence he has saved historical material of all kinds. He has the public speeches of the men of the past fifty years gathered from pamphlets and newspapers and bound into volumes, so that they make a library of themselves. He has dozens of volumes of newspaper scraps about himself, some lauding him to the skies and some damning him to hades. His congressional speeches fill a score or more of volumes, and, all to do he has perhaps the best collection of historical material in the United States.

During my stay with the Senator I spent some time in his library, and asked him some questions as to his habits of work. I have known him for years, and he is one of the most methodical public men I have ever met. He never wastes time, and during the whole of his life he has been saving the intellectual pennies. He has four great workshops—two here and two at Washington. At the top of this Mansfield house there is a room, perhaps thirty feet long, which is lined with shelves, and which is filled with congressional documents and scrap books. Here he goes when he wishes to get away from every one else, and here he has written many a speech. He has a similar workshop in his new house in Washington, and his library there is of the same character as the one here. Down stairs in his Washington