

**Thomas Jefferson to James Madison, October 15, 1814,  
with Table , from The Works of Thomas Jefferson in  
Twelve Volumes. Federal Edition. Collected and Edited  
by Paul Leicester Ford.**

**TO JAMES MADISON J. MSS.**

Monticello, October 15, 1814.

Dear Sir, —I thank you for the information of your letter of the 10th. It gives, at length, a fixed character to our prospects. The war, undertaken, on both sides, to settle the questions of impressment, and the orders of council, now that these are done away by events, is declared by Great Britain to have changed its object, and to have become a war of conquest, to be waged until she conquers from us our fisheries, the province of Maine, the lakes, States and territories north of the Ohio, and the navigation of the Mississippi; in other words, till she reduces us to unconditional submission. On our part, then, we ought to propose, as a counterchange of object, the establishment of the meridian of the mouth of the Sorel northwardly, as the western boundary of all her possessions. Two measures will enable us to effect it, and without these, we cannot even defend ourselves. 1. To organize the militia into classes, assigning to each class the duties for which it is fitted, (which, had it been done when proposed, years ago, would have prevented all our misfortunes,) abolishing by a declaratory law the doubts which abstract scruples in some, and cowardice and treachery in others, have conjured up about passing imaginary lines, and limiting, at the same time, their services to the *contiguous* provinces of the enemy. The 2d is the ways and means. You have seen my ideas on this subject, and I shall add nothing but a rectification of what either I have ill expressed, or you have misapprehended. If I have used any expression restraining the emissions of treasury notes

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to a *sufficient* medium, as your letter seems to imply, I have done it inadvertently, and under the impression then possessing me, that the war would be very short. A *sufficient* medium would not, on the principles of any writer, exceed thirty millions of dollars, and on those of some not ten millions. Our experience has proved it may be run up to two or three hundred millions, without more than doubling what would be the prices of things under a *sufficient medium*, or say a metallic one, which would always keep itself at the *sufficient* point; and, if they rise to this term, and the descent from it be gradual, it would not produce sensible revolutions in private fortunes. I shall be able to explain my views more definitely by the use of numbers. Suppose we require, to carry on the war, an annual loan of twenty millions, then I propose that, in the first year, you shall lay a tax of two millions, and emit twenty millions of treasury notes, of a size proper for circulation, and bearing no interest, to the redemption of which the proceeds of that tax shall be inviolably pledged and applied, by recalling annually their amount of the identical bills funded on them. The second year lay another tax of two millions, and emit twenty millions more. The third year the same, and so on, until you have reached the maximum of taxes which ought to be imposed. Let me suppose this maximum to be one dollar a head, or ten millions of dollars, merely as an exemplification more familiar than would be the algebraical symbols  $x$  or  $y$ . You would reach this in five years. The sixth year, then, still emit twenty millions of treasury notes, and continue all the taxes two years longer. The seventh year twenty millions more, and continue the whole taxes another two years;

and so on. Observe, that although you emit twenty millions of dollars a year, you call in ten millions, and, consequently, add but ten millions annually to the circulation. It would be in thirty years, then, *primâ facie*, that you would reach the present circulation of three hundred millions, or the ultimate term to which we might adventure. But observe, also, that in that time we shall have become thirty millions of people to whom three hundred millions of dollars would be no more than one hundred millions to us now; which sum would probably not have raised prices more than fifty per cent. on what may be deemed the standard, or metallic prices. This increased population and consumption, while it would

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be increasing the proceeds of the redemption tax, and lessening the balance annually thrown into circulation, would also absorb, without saturation, more of the surplus medium, and enable us to push the same process to a much higher term, to one which we might safely call indefinite, because extending so far beyond the limits, either in time or expense, of any supposable war. All we should have to do would be, when the war should be ended, to leave the gradual extinction of these notes to the operation of the taxes pledged for their redemption; not to suffer a dollar of paper to be emitted either by public or private authority, but let the metallic medium flow back into the channels of circulation, and occupy them until another war should oblige us to recur, for its support, to the same resource, and the same process, on the circulating medium.

The citizens of a country like ours will never have unemployed capital. Too many enterprises are open, offering high profits, to permit them to lend their capitals on a regular and moderate interest. They are too enterprising and sanguine themselves not to believe they can do better with it. I never did believe you could have gone beyond a first or a second loan, not from a want of confidence in the public faith, which is perfectly sound, but from a want of disposable funds in individuals. The circulating fund is the only one we can ever command with certainty. It is sufficient for all our wants; and the impossibility of even defending the country without its aid as a borrowing fund, renders it indispensable that the nation should take and keep it in their own hands, as their exclusive resource.

I have trespassed on your time so far, for explanation only. I will do it no further than by adding the assurances of my affectionate and respectful attachment.

Years. Emissions. Taxes & Redemptions. Bal. in circulation at end of year. 1815 20 millions 2 millions 18 millions. 1816 20 " 4 " 34 " 1817 20 " 6 " 48 " 1818 20 " 8 " 60 " 1819 20 " 10 " 70 " 1820 20 " 10 " 80 " 1821 20 " 10 " 90 " 140

Suppose the war to terminate here, to wit, at the end of seven years, the reduction will proceed as follows:

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Years. Taxes & Redemptions. Bal. in cir. at end of year. 1822 10 millions 80 millions 1823  
10 " 70 " 1824 10 " 60 " 1825 10 " 50 " 1826 10 " 40 " 1827 10 " 30 " 1828 10 " 20 " 1829 10  
" 10 " 1830 10 " 0 " 140

This is a tabular statement of the amount of emissions, taxes, redemptions, and balances left in circulation every year, on the plan above sketched.