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The Oxford Democrat

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BY GEO. H. WATKINS,

Editor and Proprietor.

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BOHEMIA'S LAND.

A SONG OF THE SEASON.

Which is the way from the crowded city,
To a land of shadow and silent peace,
Where women can love and men can pity,
And tears from sorrowing eyes may cease?
For the tolling town is harsh and hollow,
And late points eastward an angry west;
Though many may fall yet some will follow
To a home of dreams and the heaven rest.

For the love of heaven stretch forth your hand
And point the way to Bohemia's land.
Where are the fields and their emerald cover,
The wayside flowers and the long-tried lover?
They are better by far than any feverish art,
We are sick unto death of jealousy's fever,
The secret dagger, the ceaseless strife;
There's triumph in fame, but freedom's better;
So give us a taste of wandering life.

The senses sicken as fancy's hand
Paints endless love in Bohemia's land.
Bohemia's ways are strewn with flowers,
Her children free from the revel of wine;
Her dust is shaken by the sweetest showers,
Neath covering trees they toast and dine.
When care creeps close, why away they wander
To seek whatever the world loves best;

For hope enures when the heart seems yonder
A purer life and a surer rest.
How many despise, but how few with-
stand,
The ceaseless joys of Bohemia's land.

To the fields away for Nature presses
On toiling orchards a balmy kiss;
There's nothing so sweet as her wild caresses,
No love more full to the lips than this.
God grant, my brothers, when all is over,
And holiday hours cut short by fate,
That the sense of flowers and scent of clover
May soften sorrow and silent hate.

Old Time soon measures the fatal sand,
And the curtain falls on Bohemia's land.
CLEMENT SCOTT.

THE MAN WITH A PAIL.

HOW THE 'SQUIRE WAKED UP THE WRONG

PASSENGER.

I.

WHAT THE 'SQUIRE TOLD THE MAN.

(EASTERN ARGUMENT.)

Now comes a certain theorist, who

tells us that "under the national law

banking is now free, on equal terms to

all citizens, and the people are managing

their own business in their own way;

and that if a man wishes to turn his capital

into circulating notes, the government

insists that he shall deposit securities to

ensure the payment of the notes." What

most astonished the theorist was the dis-

trust of the people to manage their own

affairs, which any question of the advan-

tage and universal availability of such a

system of enriching everybody indicated;

and that it was not as well known that

Jefferson was the first author and promul-

gator of such free banking, as he was of

the declaration of independence.

When we read this beneficent theory

in an evening paper, by the light of the

gloaming, either it or the ruddy sunset

made our heart so glow with sympathy

and good-will, that we felt impelled to

rush out and communicate the gospel to

our fellow men. Some laborers were

coming down the street from their day's

work, with covered tin pails in their

hands, and they looked weary and de-

jected. We stopped one of the men,

plucking by the slack of his overalls,

and began to explain to him the merits

of free-banking under the national law.

We asked him why he did not turn his

gold bullion into coin and lend it and

keep lending it; and why he did not

turn his capital into circulating notes and

keep circulating them. In turn, he asked

what amount of capital he must have for

such a business, and we told him that

he could go in with \$50,000, but now

the competition was so great, there was

no great chance of success, unless he

went in with ten times that amount.

The man with the pail said he had not

even the \$50,000 he could lay his hands

on, and he thought the number of men

in this city or in this whole State, who

had lying around loose \$500,000 or even

\$50,000, was so small, compared with

the rest of the people, that they could be

counted on his fingers, and that if the

advantage of banking was only open to

that small class, it was not a matter that

much concerned him, but he would have

shuffled off home; but we held him

tightly by his overalls till we made him

own that banking was perfectly free to

all citizens, and that Jefferson approved

it. The man with the pail seemed to

with, and for; and there are millions in

it. Not always money; your non-inter-

est-bearing note is only money when you

swap it off for some other note. It is

good enough cash to pay all your debts

with, but when it comes nearly gratuitously

from the government to you, then it has

no character of money, it is only your

debt which, poor fellow, you are asking

your gentle creditors to extend from day

to day till the fine day comes, when you

can conveniently pay it." We thought

the man with a pail looked interested,

for he asked quite intelligently: "But

what can I do when I have exhausted

my stock of demand notes, limited by

the number of my bonds?" "Well," we

replied, "get more bonds; or stop—you

need not be at that expense, the very

notes you swap off for a three months

draft in the morning, come back as a de-

posit in the afternoon and you lend them

over again. Some enterprising free-

bankers lend their capital thus five times

over." The man seemed excited, and

the pail dropped upon the side-walk

with a loud bang. He picked it up and

asked nervously if that was really a con-

trivance of Jefferson. "I wonder," he

said, "that anybody ever speaks of the

declaration of independence."

We went on to enlighten him further.

We asked to which of the watering places

he was going to take his family next

summer, and spoke of the comparative

advantages of Mount Desert, Long

Branch and Saratoga. He asked if these

things were free to all citizens too. Just

as free, we assured him, as banking.

"There is the little requisite of the \$500,-

000 capital in the one case; the only re-

quisite in the other is that you shall

wear good clothes, and eat with

your fork. Or perhaps," we suggested,

"you prefer to go the grand tour to

Switzerland and the Nile by an ocean

steamer, or to Salt Lake and Yosemite in

a palace car. The White Star line is the

most comfortable. You can wear any-

thing but overalls. It is expensive, but

less so than free-banking. It has sprung

up since Jefferson's day, but, no doubt

he would approve of it.

"But really, my good fellow, these

are slow ways of doing thing. Do you

see how stocks, Western Union, Lake

Shore, C. B. and Q. go up and down in

the papers, and how wheat, cotton and

pork fluctuate between high and low. Buy

when they are low and sell when they

are high, and instead of bolting

your dinner in ten minutes out of that

tin pail, you may spend as many hours

chasing its fifteen elaborate courses down

your delighted palate on the glowing tide

of generous wine, as you have been spend-

ing in doing your days work."

"And is that free to all citizens too?"

he asked now fairly aroused. "Just as

free," we told him, "as banking, and if

Jefferson did not in terms approve of it

it is quite in the spirit of Jefferson."

"How much capital must I have for such

an occupation? "You can go in," we

told him, "with a million, but with only

so much, you must take the chances of

the tide up or down; the chance a little

against you. With \$100,000,000 like

Gould and Vanderbilt and Sage you can

raise or fall your own tides and make

success and fortune a dead certainty."

We released our clutch of overalls,

and the man with the pail marched

homeward nursed by sweet dreams. We

did not talk politics with him, but when

the time comes we pledge our reputation

upon it, he will vote for Jefferson and

free-banking.

(Portland Advertiser.)

II.

WHAT THE MAN TOLD HIS WIFE.

The Man with a Pail turned the cor-

ner, laughing silently. "Well," said he,

winking at a lamp-post, "the Squire

don't appear to know that I am in the

banking business a little myself."

When he got home he took his wife

by the shoulders, looked admiringly in

her face, laughed again, and said,

"Mary, do you know that you were

worth \$50,000?"

"Now, John what do you mean?"

"Fact, not a cent less. Met a man

just now who told me so."

"Told you what, you provoking crea-

ture?"

"Told me that nobody could go into

the banking business with less than \$50,-

000; perfect impossibility, you know;

proved it to me; and I knew all the

time that your father left you a share in

the Casco bank and you've got it now.

Dividends have been mighty handy

sometimes, too."

"Well, what of it?"

"Don't you see? Nobody can go in-

to the banking business with less than

his lifetime saved a few hundred dollars

The Oxford Democrat.

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PARIS, MAINE, TUESDAY, JUNE 6, 1882.

NUMBER 22.

CARRIAGES!



We have at our Repository on DEERING STREET, the finest stock of home made and western CARRIAGES, ever offered for sale in Norway, consisting in part of

Phaetons, Tompkin, Brewster and End Spring TOP BUGGIES! SIDE SPRING.

CONCORD AND BEACH WAGONS, Light Box Wagons,

Hanging on the celebrated Edward Thorne and Side Springs. In order to meet the expenses caused by the late fire we must get rid of this large stock, and will sell at prices which

Defy Competition!

LIBBY & MIXER.

EARS for the MILLION!

For Cho's Balsam of Shark's Oil

Positively Restores the Hearing, and is the only Absolute Cure for Deafness.

This Oil is abstracted from peculiar species of small White Shark, caught in the Yellow Sea, known as CARCHARODON BORDOLETH. Every Chinese fisherman knows it. Its virtues as a restorative of hearing were discovered by a Buddhist Priest about the year 1410. Its cures were numerous and many so seemingly miraculous, that the remedy was officially proclaimed over the sea by the Emperor of China. It is now becoming so universal that for over 30 years no deafness has existed among the Chinese people. Sent, charges prepaid, to any address at \$1.00 per bottle.

Hear What the Deaf Say!

I have performed a miracle in my case. I have no earthly noise in my head and hear quite better.

I have been greatly benefited. My deafness being a great deal—think another bottle will cure me.

As virtues are unquestionable and its curative character absolute, as the writer can personally testify, both from experience and observation. Write at once to HAYLOCK & JENNEY, 7 Day St. New York, enclosing \$1.00, and you will receive by return a remedy that will enable you to hear like anybody else, and whose curative effects will be permanent. You will never regret doing so.

—EDITOR OF MERCANTILE REVIEW.

Age to avoid loss in the Maine please send money by REGISTERED LETTER.

Only imported by HAYLOCK & JENNEY, 7 Day St., New York.

Sole Agents for America.

NEW

SPRING AND SUMMER

GOODS.

N. D. BOLSTER'S

SACKING.

DOLMAN CLOTHS,

CHEAP DRESS GOODS,

BLACK CASHMERES,

CAMBRIC,

GINGHAMS,

SUMMER UNDERWEAR,

Print Remnants, 5c. per yard

All best Prints, 7c. per yard

HOSIERY,

AT ALL PRICES.

Corsets,

Gloves,

Laces.

Buttons

Etc. Etc.

So. Paris, May 10, 1882.

SPRING STYLE

Nobby Stiff Hats for old men

young men and boys. A large

variety of the new shapes just

received at

H. N. BOLSTER'S,

South Paris.

Mrs. A. B. CHASE

OF

NORWAY.

Wishes to announce to her customers that she has just returned from Boston with her usual large stock of Spring and Summer Millinery, together with a great variety of Fancy Goods.

Remember that

Laces of all kinds

Hamburgs and

Embroideries.

Are to be found here in large quantities. A full list of

Corsets and Hosiery

CONSTANTLY ON HAND.

Have been found all the new shades in Silks, Ribbons and Bows.

Never before was there seen in this vicinity such a splendid selection of

FLOWERS AND FEATHERS,

LADIES CANNOT FAIL TO FIND BECOMING HATS AND BONNETS.

We take pleasure in announcing that MRS. CHASE'S services are secured for the Summer season.

Don't fail to call and see the new goods to be found at the old place of business.

I HAVE this day given to my son, WILLIAM CROCKETT, the remainder of his time to trade and not for himself, and I shall claim none of his earnings nor pay any of his debts after this date.

GEO. W. CROCKETT.

Witness—R. T. ALLEN,

Woodstock, May 22, 1882.

SWAYNES



AN UNFAILING REMEDY FOR ALL SKIN DISEASES. TETTER, ITCH, SORES, PIMPLES, ERYSIPELAS, RING WORM, &c.

THE GREAT CURE FOR ITCHING PILES

Symptoms are moderate, itching, itching, worse at night, sometimes the pain is so severe that the patient is unable to sit or stand. The private parts are often affected. As a pleasant, economical and positive cure, Swaynes' Ointment is superior to any article in the market. Sold by druggists, or sent 30 cts. in U.S. Stamp, 2 Boxes, \$1.25. Adm. Dr. Swaynes, New York.

CUT THIS OUT!

AGENTS \$15 to \$40 PER WEEK.

We have stores in 15 leading cities, from which our agents obtain their supplies quickly.

For Factories and Principal Offices are at New York, N.Y. Send for our New Catalogue and Agents to Agents.

M. N. LOVELL

Battle Square, BOSTON, MASS.

THE PHOTOGRAPHER

AT NORWAY, MAINE.

Is prepared to receive orders for Christmas PHOTOGRAPHS.

The styles of frames this year, are varied and very beautiful. Now if you wish to make a present of this kind, and what more acceptable than your portrait beautifully framed, please call at my rooms and give your order.

The days are so short now please come early. If you have a picture to be enlarged and finished, or in color please come with it. Remember we have a month more only to work up pictures assigned for Christmas.

J. U. P. BURNHAM.

Rooms near THE BEAL HOUSE, Norway, Maine.

Maine Steamship Co.

Semi-Weekly Line to New York

Steamers Eleanor and Franconia

Will sail further notice leave Franklin Wharf, Portland, every MONDAY and THURSDAY, at 5 P. M., and leave Pier 34 East River, New York, every MONDAY and THURSDAY at 4 P. M.

During the summer months these steamers will touch at Vineyard Haven on their passage to and from New York. Price, including Steamer, \$5.00.

These steamers are fitted up with fine accommodations for passengers, making this a very desirable route for travelers between New York and Maine. Goods destined beyond Portland or New York forwarded to destination at once.

From Dec. 1st to May 1st, no passengers will be taken by this line.

HENRY FOX, General Agent, Portland.

J. F. A. MRS. A. J. PIER 34 E. R., New York.

Tickets and State Rooms can be obtained at 24 Exchange Street.

JUST OUT!

Morris & Ireland's

NEW IMPROVED

EIGHT-FLANGE

Fire-Proof Safes.

The only 8-Flange Safe in the World

AND CONTAINING

More Improvements than any

Safe made, such as

THE PATENT

Inside Bolt Work,

More secure from Burglars than any other Fire

Proof Safe, and no expense in repairing

Patent Hinged Cap,

Four-Wheel Locks,

Inside Iron Linings,

Solid Angle Corners.

These Safes are now being sold in this State in

LARGE NUMBERS,

AND GIVE THE

Greatest Satisfaction,

Being the Most Highly Finished,

Best Made, and Cheapest First-

Class SAFE ever

produced.

These Celebrated Safes had the

CHAMPION RECORD

IN THE

Great Boston Fire

and since that time GREAT AND IMPORTANT

IMPROVEMENTS have been made.

Before giving your order to any other concern,

send for prices and descriptive Catalogue.

MORRIS & IRELAND

64 SUDBURY ST.,

BOSTON, MASS.

NATIONAL BANKING SYSTEM.

SYNOPSIS OF SPEECH OF CONGRESSMAN DINGLEY, IN THE HOUSE OF REPRESENTATIVES, MAY 17, 1882.

[We condense from the speech of Congressman Dingley on the National Banking System, as reported in full in the Congressional Record, the following synopsis:]

After giving a history of the national banking system, and showing that it was established on the earnest recommendation of Secretary Chase and President Lincoln to furnish the permanent credit currency of the nation, and that it received the earnest support of such patriotic statesmen as Senators Fessenden, Sumner, and Wilson, Mr. Dingley said that the system had now become closely interwoven with the business and industries of the country, and is universally conceded to be the best banking system ever devised. Senator Bayard, Representative Hewitt and other distinguished Democrats concurred with Republican statesmen that the system as a whole is of this character, although its details will require such changes from time to time as may be found necessary.

The law now requires that the security fund shall be invested in national bonds, but whenever the existing 1,500 millions of national bonds are so far reduced as to necessitate other security, the law may be modified so as to accept State bonds which have been steadily above par since resumption, or so as to require a small deposit of bonds and 10 per cent. of coin as recommended by Congressman Hewitt.

Mr. Dingley said that any one who proposes to overthrow a currency system that works so admirably, must show good reasons, and must formulate a clearly better system.

WHAT IS PROPOSED AS A SUBSTITUTE.

The opponents of the national banking system, however, do not agree on a substitute and cannot agree.

A large portion of the South want to return to the old and unsatisfactory State bank system. Five bills to repeal the 10 per cent. tax on State bank circulation—all that stands in the way of a State bank currency—were presented in the last Congress.

The Greenback members of Congress have formulated their plan in the bills submitted by Mr. Brumm, of Pennsylvania, and Mr. Hazlett, of Missouri, to substitute for national bank notes a new issue of legal tender greenbacks, without any coin redemption fund behind them.

The former proposes to commence with 360 millions, the latter with 1,509 millions. Unfortunately, said Mr. Dingley, a paper currency without a coin redemption fund behind it cannot be sustained. Science and experience are against it.

Those Democrats who oppose the national banking system, accept the proposition of Mr. Buckner, of Missouri, to substitute for national bank notes, with a coin redemption fund behind them, coupled with a surrender of the tax on deposits, as well as circulation.

The chief advantage claimed for the proposed substitution of treasury notes for bank notes, is that thereby millions of dollars, (twelve millions annually, Mr. Buckner alleges,) may be saved.

PROFIT AND LOSS.

Now compare this claim with the actual facts. On the 1st of January, the 2,163 national banks in the United States had an issue in round numbers of 330 millions in bank notes, for whose security they had on deposit 368½ millions of United States bonds. About 32 millions of national bank notes secured by a deposit of legal tenders were outstanding in addition to this; but as they were the issues of insolvent banks and banks in liquidation, and were being redeemed with legal tenders already deposited, and destroyed as fast as they were returned, they must of course be excluded from the computation. As 5 per cent., or 16½ millions, of the 330 millions of the issues of existing national banks must be kept in the United States Treasury as a part of the permanent redemption fund, in the form of coin or greenbacks, the actual available issues of these banks for which new Treasury notes could be substituted was only 313½ millions.

Observe further that this new issue of 313½ millions of Treasury notes could not be all used in paying off the 3½ per cent. bonds held by the banks, for the reason that a portion of it must be devoted to the purchase of a coin redemption fund sufficient to maintain it at par—a fact which is willfully ignored by gentlemen who allege that an issue of Treasury notes would cost nothing. The highest authorities in monetary science agree that the smallest redemption fund consistent with safety in those times of trial which are sure to come, and which are postponed in proportion to the strength of the coin reserve, is 33½ per cent. Even the Treasury-note measure proposed by the gentleman from Missouri as a substitute for the national banking system

looks to a 25 per cent. redemption fund. Certainly the business men of the country would not consent to a coin reserve of less than 100 millions as a basis for the issue of the 313½ millions of new Treasury notes to take the place of the national bank notes. As 100 millions must be taken to purchase this fund, there would remain only 213½ millions of Treasury notes to be devoted to redeeming an equal amount of 3½ per cent. bonds.

The annual interest saved on these called bonds would be \$7,475,000, instead of \$12,000,000.

But even this is only one side of the account. Now turn to the other side and note the taxes lost and expenses incurred by the proposed substitution.

First. There would be the loss of the annual tax of \$3,300,000 on circulation.

Second. The Government would have to pay the expenses of the redemption and issuing of notes to take the place of mutilated currency now borne by the banks, which have averaged \$263,000 per annum the last five years.

Third. There would be a loss of \$2,790,000 of State municipal taxes, growing out of the fact that \$155,000,000 of the capital stock of national banks, now invested in bonds as security for circulation and paying an average local tax of 1.8 per cent., would no longer be needed for that purpose, and would consequently drop from the capital of the banks as soon as they should become simply banks of deposit and discount, and be no longer taxable.

To make this clear it should be borne in mind that 368½ millions of the capital stock of the national banks is invested in the bonds deposited for the security of their circulation. The Treasury would deliver to these banks 213½ millions of Government notes in exchange for that amount of their bonds. This would leave the banks with 155 millions of bonds, representing a similar amount of capital stock liable to local taxation, which would no longer be needed, as the 213½ millions would be all the capital that would be required to carry on their operations as banks of deposit and discount. The first step of these banks, in the event of the retirement of their circulation, would be to reduce their capital stock to the extent of at least the 155 millions of bonds not exchanged for Treasury notes, which bonds would then be freed from the local taxation to which they are subject so long as they form a part of the capital of banks. Practically the reduction would be greater than this, as many national banks in rural communities would find it impossible to do an exclusive deposit and discount business.

Fourth. There would be a loss of \$7,887,851 in the annual tax on deposits, which the substitute offered by the gentleman from Missouri proposed to surrender, \$4,940,645 having been paid last year by national banks, and \$2,946,906 by private bankers and State banks. The profit and loss account of the proposed substitution would stand thus:—

Interest saved on called bonds	\$7,475,000
Tax on circulation lost	\$3,300,000
State and municipal tax lost	2,790,000
Expenses of redemption, etc.	263,000
Tax on deposits surrendered	7,887,851
Total	14,240,851

The Treasury-note substitute for national bank currency on the plan proposed by the gentleman from Missouri would surrender taxes and incur expenses aggregating \$14,240,851, and would save in interest on called bonds only \$7,475,000; direct annual loss to the Treasury and people, \$6,765,851, instead of a saving of \$12,000,000 as claimed.

THE TAX ON DEPOSITS.

It is said, however, that the tax on the deposits of banks and bankers should not be included in the losses by the substitution of Treasury notes for bank notes on the plan proposed by the gentleman from Missouri, for the reason that this tax will be and should be in any event repealed.

I am unable to see on what principle of equity the opponents of the national banking system maintain that the taxes paid by national banks for the only privilege they enjoy not possessed by private bankers, that of issuing and loaning circulating notes, are so small as to give them undue advantages, while at the same time they claim that the tax on the privilege of receiving and loaning deposits is too large and ought to be repealed.

It appears from the reports of the Comptroller that the average annual net earnings of all the national banks for the past four years was a little less than 7 per cent. on capital and surplus; or, after deducting the local tax paid in about half the States by the shareholders, and not by the banks, about 6 per cent. Of the net earnings to shareholders about 1½ per cent. was on circulation and 4½ per cent. on deposits. On the first of January, for example, of the loans of national banks only 284 millions were their circulating notes, while 666 millions were their deposits. Yet for the privilege of issuing and loaning 284 millions of their own circulating notes, the banks paid a na-

tional and local tax of over 3 per cent.—\$3,000,000 to the Government and \$6,621,000 to States and municipalities. On the other hand, for the privilege of receiving and loaning 666 millions of deposits, the banks paid a tax of \$4,940,945, or only ¾ of 1 per cent.

If, however, the tax on deposits should be dropped from the calculation of profit and loss in the proposed substitution of Treasury notes for national bank notes, there would still remain a loss of \$6,353,034 in taxes, against a saving of \$7,475,000, leaving an apparent profit of only about one million of dollars for the labor, expense, responsibility and risk involved in issuing 313½ millions of Government notes. And with a 3 per cent. bond the profit would entirely disappear.

LOST AND DESTROYED NOTES.

Uninformed persons have occasionally charged that banks obtain the benefit of their lost and destroyed notes. This is not so. The Government receives this benefit under the national banking system to the same extent that it would by a Treasury note issue. No bank can withdraw its bonds except on a deposit of coin or legal tenders faster than its notes are returned to the Treasury and canceled; and the bill before the House provides that when the circulating notes of any bank are reduced to 5 per cent. then the bank shall pay to the Treasury that amount of coin or legal tenders.

TREASURY NOTES EXEMPT FROM TAXATION.

There is another serious pecuniary disadvantage arising from the proposed substitution of Treasury notes or greenbacks for national bank notes to which I direct attention. National bank notes in the hands of citizens are taxable under State authority to the same extent and in the same manner as coin. But Treasury notes or greenbacks, as well as all other forms of national indebtedness, have been held by the United States Supreme Court to not be subject to such taxation. The Government receives the benefit of the exemption of national bonds from taxation in obtaining loans at a lower rate of interest. But the Government receives no such benefit from the exemption of greenbacks.

In view of the fact that an increasing number of taxpayers in all parts of the country convert their money into greenbacks at the time of assessment to escape taxation, the issue of \$3,000,000 more of Treasury notes exempt from taxation, involving a possible annual loss of \$9,500,000 of local taxes, would be a great injustice to farmers, merchants, manufacturers and others whose property is open to the assessors, and would make the loss by the substitution of greenbacks at least \$4,000,000 annually.

OTHER ALLEGED ADVANTAGES.

It is alleged that "the circulating medium belongs to the nation," and not to banks. And so it does in the sense that it should be coined or issued under the authority, imprint and regulation of the nation; but not in the sense that it should be owned by the nation and doled out as a majority of Congress may offer.

The Government does not buy gold bullion and fix the amount to be coined. It allows any holder of gold bullion to bring it to the mints and have it coined.

It is asked, "Would you have Congress surrender to banks the power to control the volume of money?" Government has no business to fix the volume of money, and never does so under a well-regulated currency. No government ever attempted to control the volume of money. The volume of money is always left to be determined by demand. The government does not determine the volume of gold coin. Holders of gold bullion, influenced by demand, do this. The same principle of regulation of volume by demand ought to apply to credit currency.

"Do you assume," asks the gentleman from Missouri, [Mr. Bland,] "that the directors of national banks can determine the volume of money needed better than a majority of Congress?" What I say is simply this: that neither Congressmen nor directors of banks can sit down beforehand and determine by any calculation how much money will be wanted by the people of this country a year or even six months hence. The volume of money required at a given time is determined by the unwritten law of demand; and no man, no body of men, is wise enough to determine what this will be until it begins to disclose itself through the pulses of business. The volume required varies at different seasons of the year, and by circumstances which no one can foresee.

I am met with the objection that if the response to this business demand for money is left to directors of banks they will refuse to increase their circulation when the demand enlarges in order to depress prices, and will inflate the currency when there is no demand in order to raise prices.

The simple answer to this objection is, that under wise regulations for the issue of circulation such a course of action would be contrary to the interest of the banks, and contrary to the rule of human conduct in all other affairs. It is for the interest of banks to increase their circulation when there is a legitimate demand for increased loans, on the supposition that the law is such as to give a moderate profit to circulation; just as it is for the interest of manufacturers to increase their products when buyers demand more. On the other hand it is for the interest of banks to reduce their circulation when there is a decreasing demand for loans, because, in that case, they would not only be obliged to pay taxes on unused circulation, but also be obliged to provide additional capital to redeem an excess of circulating notes.

I am aware that there have been a few instances in which banks have withdrawn circulation, not so much because of a diminished demand as because they could make a profit by taking advantage of a temporary advance in Government securities and selling their bonds. This shows the necessity of such an amendment of the banking laws as will make it impossible to have this done to an extent sufficient to affect the currency. The remedy, to be ultimately applied, however, is the establishment of a system of commercial redemption, and having thus secured a prompt return of every unused note to the bank issuing it, to provide that no circulation shall be withdrawn except on the return of the notes to the Treasury.

All kinds of business rest upon this inflexible rule of human conduct: the rule that men will make more cloth, raise more grain, and build more mills, stores and dwellings, and that banks will supply more of their circulating notes, when there is a profitable demand for them; and will manufacture, build, and supply less when the demand decreases.

The assumption that banks can ever find it for their interest, in a well-ordered currency system, to disarrange business and bankrupt their customers is too absurd to require refutation. To be sure, legislation which it was believed would directly or indirectly destroy the profits of circulation would induce them to withdraw their notes and contract their loans—for in this case legislation would take away the motive which moves all kinds of business. Banks have no interest in inflating or depressing prices; they do not deal in merchandise. On the contrary it is for their interest to have as stable prices as possible, because great fluctuations are liable to bankrupt some of their customers, and thus involve the banks in loss.

EVILS OF GOVERNMENT NOTES.

It is one of the most serious evils of Government notes issued for currency that their volume is not controlled by the laws of trade, but by the wants of the Treasury or the supposed necessities of party majorities in the legislative department. All experience shows that even if it were desirable, it is practically impossible to maintain a fixed volume of Government notes when these are the sole reliance for a credit currency, because of the great temptation to increase the volume when a financial stringency comes or the Government is in need. Many nations have issued government notes with the fixed determination to not increase their volume; but in every case resolutions have been broken and the volume has been increased again and again until disaster has overtaken the circulating medium and the business and industries dependent on a sound currency.

There is not an authority in monetary science who does not recognize the fact that government notes issued as currency in a volume sufficient for the wants of trade are the most dangerous circulating medium that can be devised; sure to sooner or later result in over issues and depreciations, and that they should never be resorted to except as a temporary expedient in necessity. Alexander Hamilton, the greatest finance minister that this country or perhaps any country ever had, in his exhaustive report on the currency in 1790, only gave expression to the concurrent judgment of the great statesmen and financiers of the century, when he said:

"The emitting of paper money by the authority of the government is wisely prohibited to the individual States by the national Constitution; and the spirit of that prohibition ought not to be disregarded by the Government of the United States. Though paper emissions under this general authority might have some advantages * * * yet they are of a nature so liable to abuse, and I may affirm, so certain of being abused, that the wisdom of government will be shown in never trusting itself with the use of so seducing and dangerous an experiment."

GOVERNMENT NOTES ENCOURAGE INFLATION.

Aside from the danger of excessive issues in consequence of the real or sup-

posed wants of the Treasury, to which Hamilton refers, Government notes issued as a currency have in the circumstances of their emission an irresistible tendency to redundancy and consequent inflation of prices, from which bank notes, under proper regulations, are in large measure free. The bank note is issued and loaned to meet the borrower, and represents property in processes of adaptation to or distribution for the satisfaction of man's wants at a fixed rental or interest, which insures first, that no more will be wanted by borrowers than their business actually requires; and, secondly, that the notes loaned will be returned to be retired when they are no longer wanted.

The Government note, on the other hand, is issued because of the necessities of the lender and not the borrower, and for property consumed, which cannot be used to satisfy the obligation. The person who receives the note from the Government comes into possession of it in satisfaction for a debt, and instead of returning it or its equivalent to the issuer, he adds it to the volume of circulation. There is thus no pressure for the return of Government notes to the issuer even when the circulation is redundant, while on the other hand every consideration which seemed to justify their original issue invites an increase.

I now come to the most serious, and in practice insurmountable objection to the use of Government notes as a permanent circulating medium; and that is the difficulty of maintaining their convertibility into coin on demand of the holder—an indispensable requisite of any safe credit currency.

South Park.

