No. 334) to remove the political disabilities of William L. Cabell, of Texas.

The message further announced that the House had concurred in the amendment of the Senate to the bill (H. R. No. 1762) concerning the practice in territorial courts and appeals therefrom.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills; and they were thereupon signed by the President *pro tempore:*

A bill (H. R. No. 485) to authorize the Secretary of the Treasury to issue an American register to the schooner Carrie, of Eastport, Maine;

A bill (H. R. No. 1954) granting a pension to Henry B. Ryder; and

A bill (H. R. No. 2651) reappropriating certain unexpended balances of appropriations for removal of Indians.

CURRENCY AND BANKING.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. No. 617) to provide for the redemption and reissue of United States notes and for free banking.

The PRESIDENT *pro tempore.* The question is on the amendment offered by the Senator from Maine [Mr. HAMLIN] to the second section.

Mr. FERRY, of Michigan. I rise to a point of order on that. I do it under the ruling of to-day and in order to preserve consistency.

The PRESIDENT *pro tempore.* The Chair is reminded that the Senator from Delaware [Mr. SAULSBURY] was awarded the floor and was requested to suspend for the purpose of submitting the question in regard to the removal of the railing.

Mr. CAMERON. I ask the Senator from Delaware to give way until I make a motion to go into executive session.

Mr. SAULSBURY. I yield.

Mr. CAMERON. I move that the Senate proceed to the consideration of executive business.

Mr. MORTON. I ask the Senator to withdraw that motion for a moment.

The PRESIDENT *pro tempore.* Does the Senator from Pennsylvania withdraw his motion?

Mr. CAMERON. For a moment.

The PRESIDENT *pro tempore.* Then the Senator from Delaware is entitled to the floor.

Mr. MORTON. Will the Senator from Delaware yield to me?

Mr. SAULSBURY. Yes, sir.

Mr. MORTON. I move to reconsider the vote by which the Senate resolved to adjourn over until Monday.

The PRESIDENT *pro tempore.* That motion is not in order at present.

Mr. SAULSBURY. I shall only occupy the attention of the Senate for two or three moments in reference to this amendment, and as it is likely that we shall be here for some time, perhaps I had better go on now.

Mr. President, if I could have any assurance that the second section of this bill would bring about specie payments, I should certainly vote for it; but I cannot agree with the views expressed by the Senator from Ohio, the chairman of the Finance Committee, that it would have that result. While I think it would increase the interest-bearing portion of the public debt, I do not believe it would bring us any nearer to the day of the redemption of our currency.

There is one other clause in this section to which I wish to direct attention. It provides for paying to the holders of greenbacks who may bring them to the Treasury in sums of $1,000, or any multiple of that sum, "an equal amount of the gold coin of the United States." The greenbacks to-day are not worth exceeding eighty-eight cents on the dollar, and if I have $1,000 in greenbacks, under the provisions of this bill I can take them to the Secretary of the Treasury and demand, according to my interpretation of that language, $1,000 in gold.

Mr. SHERMAN. Or a bond.

Mr. SAULSBURY. Then the provision is to give to the holder of $1,000 in greenbacks, which are worth not exceeding $888, $1,000 in coin.

Mr. SHERMAN. That is, on the 1st of January, 1876.

Mr. SAULSBURY. What assurance have we that they will be worth that sum on the 1st day of January, 1876? In my opinion your greenbacks to-day are worth as much as will be their average in the next ten years. We have embarked on the sea of inflation and where are we to stop? You may legislate all you please in reference to this subject, but while you continue to increase the volume of greenbacks their depreciation will be marked and will also increase.

I therefore am opposed to that provision of this bill. If a modification were made allowing the Secretary of the Treasury to pay to the holder of these greenbacks when he carried them to the Treasury their marketable value, it would take away that objection; but as it now stands, under the provisions of this bill, if $1,000 of greenbacks are not worth $700 in the markets of the country the holder of those greenbacks can take them to the Treasury and demand $1,000 in coin, if the Treasury is in receipt of coin, or he can demand it in interest-bearing bonds if the Secretary is not able to pay the coin. That, in my opinion, is an objection to the provisions of this section as it stands.

But now will it bring about specie payments provided there should be a modification of that language? The Senator from Ohio assures us that he believes it will, and other gentlemen have expressed the opinion that the period fixed as the time when we are to arrive at specie payments in this section, the 1st day of January, 1876, is too soon. I think they may dispel all their fears on that point. We shall not reach specie payments by that time by any legislation that may be had. There is not enough coin in the country relatively to the amount of currency in the country to make it possible—I use that language and emphasize it—to make it possible to reach specie payments on the 1st day of January, 1876.

I concur in the views of the Senator from Ohio that this Government is bound by every consideration that ought to bind any Government on earth to redeem its plighted pledge. It ought to have been redeemed long ago. But when we see the tendency of things, as we have seen it in the Senate yesterday and to-day, a disposition to increase the volume of the currency, when and where are we to arrive at specie payments?

I heard the language of one Senator, I believe the Senator from Vermont, [Mr. MORRILL,] yesterday, that we were about to bid farewell to specie payments. Yes, sir; we shall bid a final farewell to specie payments so far as the present generation is concerned if we continue to increase the volume of irredeemable paper currency. The next generation may possibly arrive at specie payments, but so far as the present generation is concerned, I see no hope that we shall arrive at specie payments if this system of continual expansion is pursued.

But the Senator from Ohio supposes that the provision of this bill which authorizes the Secretary of the Treasury to use the greenbacks which come into the Treasury in the purchase of bonds is to bring about specie payments. Why, sir, that has been the policy pursued by the Secretary of the Treasury for the last four or five years. He has used the currency or the coin which has come into the Treasury in purchasing the bonds of the country. He has attempted to strengthen, and perhaps has strengthened, the credit of the country abroad; he has enhanced the value of the bonds in foreign markets; but he has not brought us one step nearer to the specie payment of the greenbacks. That will continue to be the effect of it. If the greenbacks were converted into bonds or paid out for the purchase of other bonds of the Government, it would have no effect whatever to bring about specie payments. It might have the effect to increase and continue the price of bonds in the foreign market and even in this country, but it would have no tendency whatever to bring about specie payments for our currency. For that reason I do not see that there is much objection to striking out that provision. At any rate I do not feel that I can vote for it, and I therefore wished before voting to make this explanation of the reasons which will induce me to vote against it.

Mr. ANTHONY. As the order which the Senate has passed I suppose will require the Sergeant-at-Arms and his assistants to work not only to-morrow but to do something to-night, I move that the Senate adjourn.

Mr. SARGENT. Let us have an executive session.

Mr. ANTHONY. Very well.

Mr. MORTON. I believe there is a motion pending to reconsider the vote to adjourn over until Monday.

Mr. CONKLING. Not at all; that motion is not in order.

Mr. ANTHONY. And even if it were pending, my motion is first in order.

The PRESIDENT *pro tempore.* The motion of the Senator from Rhode Island is in order; but before putting the question the Chair will lay before the Senate a House bill for reference.

HOUSE BILL REFERRED.

The bill (H. R. No. 2193) to ratify an agreement with certain Ute Indians in Colorado, and to make an appropriation for carrying out the same, was read twice by its title, and referred to the Committee on Indian Affairs.

EXECUTIVE SESSION.

Mr. ANTHONY. I now renew my motion for an executive session.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After seventeen minutes spent in executive session the doors were reopened, and (at four o'clock and fifty-three minutes p. m.) the Senate adjourned.

HOUSE OF REPRESENTATIVES.

FRIDAY, *March* 27, 1874.

The House met at twelve o'clock m. Prayer by the Chaplain, Rev. J. G. BUTLER, D. D.

The Journal of yesterday was read and approved.

CONTRACTORS FOR WAR VESSELS.

Mr. HAZELTON, of Wisconsin, by unanimous consent, from the Committee on War Claims, submitted a report to accompany House bill No. 217 for the relief of certain contractors for the construction of vessels of war and steam machinery; which was ordered to be printed and recommitted to the Committee on War Claims.

MERCY ANN HALL.

Mr. SAYLER, of Ohio, by unanimous consent, presented the petition of Mercy Ann Hall, widow of Captain Charles F. Hall, late commander of the Polaris expedition, praying for relief; which was referred to the Committee on Education and Labor.

WELLS'S PATENT FOR HAT-BODIES.

Mr. SAYLER, of Ohio, also by unanimous consent, presented the memorial of hat-dealers in Cincinnati, protesting against a further extension of Wells's patent for the manufacture of hat-bodies; which was referred to the Committee on Patents.

ORDER OF BUSINESS.

Mr. HAWLEY, of Illinois. I now call for the regular order.

The SPEAKER. The regular order being called for, the morning hour begins at eighteen minutes past twelve o'clock. This being Friday, the first business in order in the morning hour is the call of committees for reports of a private nature, commencing with the Committee on Invalid Pensions.

REPORTS FROM COMMITTEE ON INVALID PENSIONS.

Mr. RUSK, from the Committee on Invalid Pensions, reported adversely on House bill No. 25, restoring Edward O. Driscoll to the pension-rolls; which was laid on the table.

He also, from the same committee, reported adversely upon the petition of James Quigly, father and guardian of Patrick J. Quigly, an insane soldier, asking for a pension; which was laid on the table.

He also, from the same committee, reported back the following bills; which were referred to the Committee of the Whole on the Private Calendar, and the reports accompanying the same ordered to be printed:

A bill (H. R. No. 1145) granting a pension to Martin Lafflin;

A bill (H. R. No. 1673) granting a pension to Isaac Stevens; and

A bill (H. R. No. 1439) granting a pension to John Folger.

Mr. RUSK also, from the same committee, reported a bill (H. R. No. 2668) granting a pension to William J. Uhlen, minor child of Nelson M. Uhlen, late a private of Company B, Twenty-first Regiment Ohio Volunteers; which was read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

Mr. MARTIN, from the same committee, reported back the following bills; which were referred to the Committee of the Whole on the Private Calendar, and the reports accompanying the same ordered to be printed:

A bill (H. R. No. 1843) granting a pension to Lucinda Jones, widow of Thompson M. Jones, late a private of Company G, Twenty-second Regiment Illinois Volunteers; and

A bill (H. R. No. 2181) granting a pension to Jennet H. Nesbit.

Mr. MARTIN also, from the same committee, reported the following bills; which were read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying reports, ordered to be printed:

A bill (H. R. No. 2669) granting a pension to Deborah Swan, widow of Levi Swan, late private Company D, Fifty-eighth Regiment Illinois Volunteers;

A bill (H. R. No. 2670) granting a pension to Mary S. Howe, widow of David Howe, late special agent of the provost-marshal's office of the district of Massachusetts;

A bill (H. R. No. 2671) granting a pension to General H. C. Voris, late colonel of the Sixty-seventh Regiment Ohio Volunteers; and

A bill (H. R. No. 2672) granting a pension to Mary A. S. Loomis, widow of Colonel Gustavus Loomis, late of the United States Army.

Mr. BARRY, from the same committee, reported the following bills; which were read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying reports, ordered to be printed:

A bill (H. R. No. 2673) to restore the name of Hannah B. Eaton, of Kingsville, Ohio, to the pension-rolls; and

A bill (H. R. No. 2674) granting a pension to John W. Wright, now at the National Military Asylum, Dayton, Ohio.

Mr. BARRY also, from the same committee, reported adversely on the petition of Louis Markgraf, captain of the Eighth Ohio Regiment Independent Battery, for a pension; which was laid upon the table.

Mr. WALLACE, from the same committee, reported back the following bills; which were referred to the Committee of the Whole on the Private Calendar, and the reports accompanying the same ordered to be printed:

A bill (H. R. No. 1866) granting a pension to Dennis McCarthy, a soldier of the Mexican war; and

A bill (H. R. No. 580) granting a pension to Rosalie C. P. Lisle.

Mr. YOUNG, of Kentucky, from the same committee, reported the following bills; which were read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying reports, ordered to be printed:

A bill (H. R. No. 2675) granting a pension to Mrs. Elizabeth J. King; and

A bill (H. R. No. 2676) granting a pension to Thomas McKinster.

Mr. YOUNG, of Kentucky, from the same committee, reported adversely upon a bill (H. R. No. 331) granting a pension to Mrs. Nancy Brooks, of Tennessee, widow of Stephen P. Brooks, late a private of Company F, Fourth Tennessee Infantry Volunteers; which was laid upon the table, and the report accompanying the same ordered to be printed.

Mr. O'BRIEN, from the same committee, reported back adversely the petition of Nathaniel S. Green for a pension; which was laid on the table, and the report ordered to be printed.

He also, from the same committee, reported back, with a favorable recommendation, bills of the following titles; which were referred to the Committee of the Whole on the Private Calendar, and, with the accompanying reports, ordered to be printed:

A bill (H. R. No. 1335) granting a pension to Guadaloupe Torres;

A bill (H. R. No. 1799) granting a pension to Angelica Hammond; and

A bill (H. R. No. 2119) for the relief of Elizabeth McCluney.

Mr. O'BRIEN also, from the same committee, reported bills of the following titles; which were severally read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying reports, ordered to be printed:

A bill (H. R. No. 2677) granting a pension to Mrs. Mary G. Harris, widow of John Harris, late commandant of the United States Marine Corps;

A bill (H. R. No. 2678) granting a pension to Charles Herbert;

A bill (H. R. No. 2679) granting a pension to George Dayspring; and

A bill (H. R. No. 2680) granting a pension to Mrs. Jane Dulaney.

Mr. SMART, from the same committee, reported back, with a favorable recommendation, the bill (H. R. No. 870) to place the name of Mr. Mary E. Murphy on the pension-roll; which was referred to the Committee of the Whole on the Private Calendar, and the accompanying report ordered to be printed.

JOSIAH KIRBY.

Mr. SMITH, of Ohio, from the Committee on Patents, reported back adversely the memorial of Josiah Kirby, of Cincinnati, for an extension of his patent; which was laid on the table, and the report ordered to be printed.

FIRST NATIONAL BANK, WASHINGTON, DISTRICT OF COLUMBIA, ETC.

Mr. FARWELL. The Committee on Banking and Currency, to whom was referred a resolution of the House, adopted February 10, 1874, directing the committee "to inquire into the condition of the First National Bank, of the city of Washington, at the time of its failure, and into its prior transactions and general management," have directed me to present the report of a sub-committee, together with a bill to amend the act entitled "An act to provide a national currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof," approved June 3, 1864.

The bill (H. R. No. 2681) was read a first and second time.

Mr. FARWELL. I move that the report and bill be ordered to be printed and recommitted.

The motion was agreed to.

REPORTS FROM THE COMMITTEE ON CLAIMS.

Mr. HAWLEY, of Illinois, from the Committee on Claims, reported back adversely the memorial of Eliza T. Moorhead for compensation for slaves under the act of April 16, 1862; which was laid on the table, and the report ordered to be printed.

He also, from the same committee, reported a bill (H. R. No. 2682) for the relief of Martha A. Ashburn, widow of George W. Ashburn; which was read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

He also, from the same committee, reported back, with a favorable recommendation, the bill (S. No. 439) to provide for the payment of D. B. Allen & Co. for services in carrying the United States mails; which was referred to the Committee of the Whole on the Private Calendar, and the accompanying report ordered to be printed.

He also, from the same committee, reported back the following petitions, bills, and joint resolution; which were referred to the Committee on War Claims:

Petition of Issachar Zacharie, praying payment for services as chiropodist, rendered to soldiers of the United States Army during the war of the rebellion;

Petition of J. Bloomstein, of Nashville, Tennessee, praying compensation for imprisonment and for seizing of goods by the military authorities at Nashville, Tennessee, in 1863;

Petition of Charles Shimmons, praying compensation for imprisonment by rebels while in employ of the Government;

A bill (H. R. No. 2378) for the relief of Alexander Cooper, Jesse Williams, John McMerrill, Nancy Patton, and Littleton Lytle, of Buncombe County, North Carolina;

A bill (H. R. No. 2486) for the relief of Colonel Napoleon B. Giddings, of Savannah, Missouri;

A bill (H. R. No. 2498) for the relief of J. A. Warren, of Tyler County, Texas, for property taken for the use of the United States during the late war;

A bill (H. R. No. 2506) for the relief of John R. Hamilton;

A bill (H. R. No. 2523) for the relief of John Kelly;

A bill (H. R. No. 2619) for the relief of Almira H. Thompson; and

A joint resolution (H. R. No. 74) for the relief of Thomas Worthington.

Mr. LANSING, from the same committee, reported a bill (H. R. No. 2682) for the relief of Joseph S. Read; which was read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

Mr. DUNNELL, from the same committee, reported back, with a favorable recommendation, the bill (H. R. No. 565) for the relief of Peters and Reed, naval contractors at the Norfolk navy-yard in the year 1860; which was referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

Mr. SMITH, of Ohio, from the same committee, reported back, with a favorable recommendation, a bill (H. R. No. 955) for the relief of J. L. Tedrow, of Clarke County, Iowa; which was referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

Mr. SMITH, of Ohio, also, from the same committee, reported back adversely the memorial of Joseph Nock; which was laid on the table, and the report ordered to be printed.

DUNCAN MARR.

Mr. BURROWS, from the Committee on Claims, reported a bill (H. R. No. 2683) for the relief of Duncan Marr, a loyal citizen of Montgomery County, Tennessee; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

ADVERSE REPORTS.

Mr. HAMILTON, from the Committee on Claims, reported adversely on the following cases; which were laid upon the table, and the accompanying reports ordered to be printed:

The claim of William Saunders;

A bill (H. R. No. 1972) for the relief of R. W. Clark; and

The case of Henry K. Sanger.

S. D. HICKS.

Mr. HOWE, from the Committee on Claims, reported back a bill (H. R. No. 2332) for the relief of S. D. Hicks, administrator of R. M. Harvey, with the recommendation that it do pass; which was referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

DANFORD MOTT.

Mr. HOWE also, from the same committee, reported a bill (H. R. No. 2684) for the relief of Danford Mott; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

JOHN ALDREDGE.

Mr. LAWRENCE, from the Committee on War Claims, reported a bill (H. R. No. 2685) for the relief of John Aldredge; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

MONEYS BELONGING TO LOYAL CREDITORS.

Mr. LAWRENCE also, from the same committee, reported a bill (H. R. No. 2686) to provide for the relief of certain loyal creditors whose moneys were confiscated by the confederate congress in the State of Louisiana; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

THE MORGAN RAID.

Mr. LAWRENCE also, from the same committee, reported a bill (H. R. No. 2687) making compensation for supplies taken by the Union forces during the "Morgan raid;" which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

EVIDENCE IN WAR CLAIMS.

Mr. LAWRENCE. I am instructed by the Committee on War Claims to report the following resolution.

The SPEAKER. It is not in order during this call, but the Chair will entertain it if there is no objection.

The Clerk read as follows:

Resolved, That the Committee on War Claims be, and they are hereby, authorized to send for persons and papers whenever in the judgment of said committee it shall be necessary to obtain additional evidence in regard to any claim before it.

The SPEAKER. Is there objection?

Mr. HALE, of Maine. I object.

Mr. HAWLEY, of Illinois. Is that resolution objected to?

Mr. HALE, of Maine. I object to it, because it gives too much power to the committee.

ALFRED F. YERBY.

Mr. SCUDDER, of New Jersey, from the Committee on War Claims, reported a bill (H. R. No. 2688) for the relief of Alfred F. Yerby, administrator of Addison O. Yerby, deceased, or whom it may concern; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

EMILLE LAPAGE.

Mr. SCUDDER, of New Jersey, also, from the same committee, reported a bill (H. R. No. 2689) for the relief of Emille Lapage, the surviving partner of Lapage Brothers; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and, with the accompanying report, ordered to be printed.

WILLIAM J. M'INTYRE.

Mr. KELLOGG, from the same committee, reported back a bill (H. R. No. 311) for the relief of William J. McIntyre, with the recommendation that it do pass; which was referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

MARK DAVIS.

Mr. KELLOGG also, from the same committee, reported a bill (H. R. No. 2690) for the relief of Mark Davis; which was read a first and second time, referred to the Committee of the Whole House on the Private Calendar, and ordered to be printed.

MESSENGER FOR THE COMMITTEE ON WAR CLAIMS.

Mr. KELLOGG. I am instructed by the Committee on War Claims to report the following resolution for reference only:

Resolved, That the Committee on War Claims be, and are hereby, authorized to employ a messenger for the present session, to be paid out of the contingent fund of the House, at such rate of compensation as may be fixed by the chairman, provided the same shall be approved by the Committee on Accounts.

The resolution was referred to the Committee on Accounts.

RANDALL BROWN.

Mr. WILSON, of Iowa, from the Committee on War Claims, reported back a bill (H. R. No. 633) for the relief of Randall Brown, of Nashville, Tennessee, with the recommendation that it do pass; which was referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

MRS. FLORA A. DARLING.

Mr. WILSON, of Iowa, also, from the same committee, reported a bill (H. R. No. 2691) for the relief of Mrs. Flora A. Darling, of New Hampshire; which was read a first and second time, and, with the accompanying report, referred to the Committee of the Whole on the Private Calendar, and ordered to be printed.

THOMAS DAY.

Mr. WILSON, of Iowa, also, from the same committee, reported back, with the recommendation that it do pass, the bill (H. R. No. 1283) for the relief of Thomas Day, of Indiana; which was referred to the Committee of the Whole on the Private Calendar, and the accompanying report ordered to be printed.

DAVID KLEIM.

Mr. WILSON, of Iowa, also, from the same committee, made an adverse report on the petition of David Kleim; and the same was laid on the table, and the accompanying report ordered to be printed.

FRANCIS PRIEST.

Mr. HOLMAN, from the Committee on War Claims, made an adverse report on the petition of Francis Priest; and the same was laid on the table, and the accompanying report ordered to be printed.

LIEUTENANT SIDNEY TINKER.

Mr. HOLMAN also, from the same committee, reported back, with the recommendation that it do pass, the bill (H. R. No. 840) for the relief of Lieutenant Sidney Tinker; which was referred to the Committee of the Whole on the Private Calendar, and the accompanying report ordered to be printed.

ADVERSE REPORTS.

Mr. HARRIS, of Virginia, from the same committee, reported adversely on the following petitions and bill; and the same were severally laid on the table, and the accompanying reports ordered to be printed:

The petition of James L. McPhail;

The petition of George Calvert; and

The bill (H. R. No. 981) for the relief of John M. Lamb, of Saint Paul, Minnesota.

INLAND AND SEA-BOARD COASTING COMPANY OF THE DISTRICT.

Mr. WHEELER, from the Committee on Commerce, reported back, with the recommendation that it do pass, the bill (H. R. No. 2179) to incorporate the Inland and Sea-board Coasting Company of the District of Columbia.

The bill was read.

Mr. WILLARD, of Vermont. I desire to ask the Chair if this is a private bill?

The SPEAKER. Does the gentleman from Vermont raise that point?

Mr. WILLARD, of Vermont. I do.

The SPEAKER. The Clerk will read the portion of the rule in regard to the line of distinction between public and private bills which is applicable to this case.

The Clerk read as follows:

Bills for the incorporation of companies, and whose operations are confined within the District of Columbia, have been treated as private; but where such companies are authorized to have agencies and transact business outside of the limits of the District, they are treated as public.

The SPEAKER. The Clerk will now read the second section of the bill.

The Clerk read as follows:

SEC. 2. That the capital stock of the said company shall not be less than $100,000 nor more than $1,000,000, to be divided into shares of $100 each; and the said company is authorized and empowered to run vessels propelled by steam or other power between the cities of Washington, Georgetown, Alexandria, and New York, including the ports on the Potomac River and Chesapeake Bay, and the tributaries thereof, and to prosecute a general coasting trade in the transportation of passengers and freight of every description, subject to the rules and regulations and laws of the United States; and the said company is also authorized to purchase, hold, and convey such real and personal estate as may be necessary to carry into effect the purposes of this act, and to purchase and construct such docks, wharves, and buildings as may be necessary for its own use. It shall not issue any note, token, device, scrip, or other evidence of debt to be used as a currency.

The SPEAKER. This section enlarges the operations of the company beyond the District of Columbia, and makes the bill amenable to the point of order. Does the gentleman from Vermont insist on it?

Mr. WILLARD, of Vermont. I do.

The SPEAKER. The gentleman from Vermont insists upon the point of order, and objects to the consideration of the bill under the private call. The Chair sustains the point of order, and the bill will be returned to the chairman of the Committee on Commerce.

CHANGE OF NAME OF SCHOONER-YACHT QUARANTINE.

Mr. CONGER, from the Committee on Commerce, reported a bill (H. R. No. 2692) to change the name of the schooner-yacht Quarantine to Welcome; which was read a first and second time.

The bill authorizes the Secretary of the Treasury to change the name of the schooner-yacht Quarantine, owned by Michael J. Driscoll, of Boston, and to issue a register under the name of Welcome.

Mr. CONGER. I ask the Clerk to read the petition.

The Clerk read as follows:

To the honorable the Senate and House of Representatives in Congress of the United States assembled:

The petition of Michael J. Driscoll, of Boston, Massachusetts, shows that in June, 1871, he became the owner of the schooner Quarantine, of the city of Boston, measuring 23.5 tons, and having two masts; that he uses her solely for pleasure purposes and in the local waters of Boston harbor; that her name is associated with disease, and is a serious hinderance to his business and an injury to his property. Wherefore he asks that her name may be changed to Welcome.

MICHAEL J. DRISCOLL.

BOSTON, *February* 11, 1874.

Sworn before me.

JOHN RUSSELL,
Justice of the Peace.

The bill was ordered to be engrossed for a third reading; and being engrossed, it was accordingly read the third time, and passed.

Mr. CONGER moved to reconsider the vote by which the bill was passed; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

BRIG HATTIE EATON.

Mr. CONGER also, from the Committee on Commerce, reported back, with the recommendation that it do pass, the bill (H. R. No. 1600) directing the Secretary of the Treasury to issue an American register to the English-built brig Hattie Eaton.

The bill directs the Secretary of the Treasury to issue an American register and enrollment to the English-built brig Hattie Eaton, which brig was repaired in an American port, and became the property of an American citizen in payment of the expense of said repairs.

Mr. CONGER. In the case of the vessel named in the bill a bottomry bond was given to citizens of the United States who advanced money for repairs of the vessel after its shipwreck at a point outside the United States to the amount of $7,000. After the return of the vessel to the United States she was repaired to the amount of between eight and nine thousand dollars in Boston and New York. The case comes within that class of cases in which the committee have recommended favorable action in the granting of a registry under our laws on account of the ownership of the vessel by American citizens and the extent of repairs. I have here a letter from the Secretary of the Treasury, which is as follows:

TREASURY DEPARTMENT,
Washington, D. C., February 27, 1874.

SIR: I have the honor to return herewith a statement made by Messrs. Addison, Gage & Co., of Boston, in regard to the sums expended by them in repairs and labor upon the brig Hattie Eaton. It appears that this brig was built at Saint John, New Brunswick, and was purchased in 1865 by Francisco Rodrigues, a Portuguese subject residing at Demerara, British Guiana, the register standing, however, in the name of Charles Hollingsworth, a British subject in the service of Rodrigues, who employed the vessel in business between Boston and Demerara. In a voyage from the latter port to Boston, in 1871, she was seriously damaged by heavy weather and put into Saint George's, Bermuda, where she was repaired at an expense of $12,938.96, gold, which was advanced by the applicants. Upon a settlement on general average papers by all parties interested in 1872, the vessel was found indebted to the applicants in the sum of $9,028.26, currency, which sum by authority of Rodrigues was secured to them on a bottomry bond. In 1872 the vessel returned, after further repairs by applicants, to Demerara, and Rodrigues being unable to meet the bond, she was sold at public auction and bought in by agents of the applicants under instructions not to exceed $7,000 in gold in the purchase. She returned to New York in February, in 1873, the register standing in the name of a member of the firm that acted as agents of the applicants, but a British subject. During the ownership of Rodrigues, and since the purchase at auction in Demerara, the applicants allege that they have expended upon her in the aggregate the sum of $8,238.11, all in the employment of American labor.

If the statement submitted be intended to be presented as a basis for the issue of an American register or enrollment, I must say that it affords no ground for the authorizing of such papers by this Department. But in view of the large sum expended upon her by the applicants, which seems to have exceeded her market value, the case appears to be one similar to many others in which relief has been very properly granted by Congress, and in which that body has authorized the issue of American papers.

Very respectfully,

WM. A. RICHARDSON,
Secretary.

Hon. SAMUEL HOOPER,
House of Representatives.

The committee are of the opinion that this is an exceptional case in which it would be proper to grant relief. I move the previous question.

The previous question was seconded and the main question ordered; and under the operation thereof the bill was ordered to be engrossed and read a third time; and being engrossed, it was accordingly read the third time, and passed.

Mr. CONGER moved to reconsider the vote by which the bill was passed; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

MEMPHIS AND KANSAS CITY RAILROAD.

Mr. BUNDY. I am instructed by the Committee on the Public Lands to report back, with a recommendation that it do pass, the bill (H. R. No. 2200) to declare the Memphis and Kansas City and the Kansas City and Memphis Railroad military and post roads, and for other purposes.

The bill was read.

Mr. WILLARD, of Vermont. I make the point of order that that bill makes an appropriation of public property.

The SPEAKER. The bill is liable to two points of order: one is that it is a public bill, and the other that it proposes to appropriate public property.

Mr. WILLARD, of Vermont. Well, I make both points.

The SPEAKER. On the first point the bill is not before the House. Public bills cannot be reported on this call.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. SYMPSON, one of their clerks, announced that the Senate had passed a bill (S. No. 334) to remove the disabilities of William L. Cabell, of Texas; in which he was directed to ask the concurrence of the House.

The message further announced that the Senate had passed, without amendment, the bill (H. R. No. 2547) for the removal of the political disabilities of Thomas Hardeman, jr., of Georgia.

BENJAMIN W. REYNOLDS.

Mr. DUNNELL, from the Committee on the Public Lands, reported a bill (H. R. No. 2694) for the relief of Benjamin W. Reynolds; which was read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

THOMAS RIDGWAY.

Mr. CLYMER, from the same committee, reported back, with the recommendation that it do pass, the bill (H. R. No. 1691) for the relief of Thomas Ridgway.

The bill was read. It confirms the title of Thomas Ridgway, late of Linn County, Missouri, to the northeast quarter of section 29, in township 58, in range 19 north, in Linn County, Missouri, and directs the Secretary of the Interior to issue and deliver to the legal representatives of said Thomas Ridgway, deceased, a patent for said land.

Mr. CLYMER. I ask for the reading of the letter which I send to the Clerk's desk from the Acting Commissioner of the General Land Office.

The Clerk read as follows:

DEPARTMENT OF THE INTERIOR, GENERAL LAND OFFICE,
Washington, D. C., March 16, 1874.

SIR: Referring to bill H. R. No. 1691, referred to this office for report, I have to state that the tract described in the bill, namely, northeast quarter, section 29, township 58, range 19 north, Missouri, was located by Thomas Ridgway with warrant in 1849, and the warrant was in transmission by mail lost, and has not been heard from since.

There is no other disposition of the tract shown by the records of this office; and I recommend the passage of the bill in its present form.

I have the honor to be, very respectfully, &c.,

W. W. CURTIS,
Acting Commissioner.

Hon. H. CLYMER,
House of Representatives.

Mr. CLYMER. It appears by the letter of the Commissioner that this land was located in 1849 by a warrant, which warrant was transmitted to the person to whom it belonged, and was lost during its transmission. The Commissioner says that the bill is right, and the committee have therefore recommended its passage. I move the previous question.

The previous question was seconded and the main question ordered, and under the operation thereof the bill was ordered to be engrossed and read a third time; and being engrossed, it was accordingly read the third time, and passed.

Mr. CLYMER moved to reconsider the vote by which the bill was passed; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

The SPEAKER. The Chair begs to remark, lest this should be drawn into a precedent in a similar case, that the bill was liable to a point of order, as it appropriates public property.

REPORTS FROM THE COMMITTEE ON MILITARY AFFAIRS.

Mr. YOUNG, of Georgia, from the Committee on Military Affairs, reported back, with the recommendation that it do pass, the bill (H. R. No. 2245) to appropriate $1,000 for the purchase of a piece of land in the State of Florida; which was referred to the Committee of the Whole on the state of the Union, and ordered to be printed.

He also, from the same committee, reported a bill (H. R. No. 2695) for the relief of Ely Cameron; which was read a first and second time.

The bill, which was read, directs the Secretary of War to correct the record in his Department, so as to remove the charge of desertion from Ely Cameron, a private in Company D, Thirty-fourth Regiment New York State Volunteer Infantry.

The bill was ordered to be engrossed and read a third time; and being engrossed, it was accordingly read the third time, and passed.

Mr. YOUNG, of Georgia, moved to reconsider the vote by which the bill was passed; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

Mr. HUNTON, from the same committee, reported back with amendments the bill (H. R. No. 1253) for the relief of the heirs of George Fisher; which was referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

He also, from the same committee, reported adversely upon the following petitions; which were laid upon the table, and the accompanying reports ordered to be printed:

The petition of John S. Evans, for the removal of the charge of desertion, &c.; and

The petition of Allamirah Bronson, asking pay and allowances for her deceased husband as a soldier of Company D, First Tennessee Light Artillery.

Mr. GUNCKEL, from the same committee, reported back the bill (H. R. No. 1193) for the relief of the estate of the late Major C. S. Underwood, paymaster United States Army; which was referred to the Committee of the Whole on the Private Calendar, and the report accompanying the same ordered to be printed.

Mr. NESMITH, from the same committee, reported back the bill (H. R. No. 1219) for the relief of Charles W. Barry, late private Thirty-sixth Regiment Wisconsin Volunteers; which was referred to the Committee of the Whole on the Private Calendar, and the report accompanying the same ordered to be printed.

He also, from the same committee, reported the following bills; which were read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying reports, ordered to be printed:

A bill (H. R. No. 2696) for the relief of John F. Wheeler; and

A bill (H. R. No. 2697) to create an additional major of artillery, and to promote Captain James M. Robertson.

OREGON AND CALIFORNIA INDIAN-WAR CLAIMS.

Mr. NESMITH, from the Committee on Military Affairs, reported a bill (H. R. No. 2698) to authorize the Secretary of War to ascertain the amount of expenses incurred by the States of Oregon and California in the suppression of Indian hostilities in the years 1872 and 1873; which was read a first and second time.

The bill requires the Secretary of War to ascertain, or cause to be ascertained, the amount of expenses claimed to be necessarily incurred by the States of Oregon and California, or the citizens thereof, for arms, ammunition, supplies and transportation, and services of the volunteer forces in the suppression of Indian hostilities in said States in the years 1872 and 1873, and to report the same to Congress at the next session, with the names of the persons who claim to be entitled to relief, together with a statement of the facts and sums upon which said report may be based.

Mr. HOLMAN. The reference to the Court of Claims of a claim against the Government has been held to come within the rule. I think this bill comes within the rule as involving an appropriation.

Mr. NESMITH. There is no appropriation in this bill. It merely directs the Secretary of War to ascertain certain facts.

The SPEAKER. The Chair does not think the point is a good one.

The bill was ordered to be engrossed and read a third time; and being engrossed, it was accordingly read the third time, and passed.

Mr. NESMITH moved to reconsider the vote by which bill was passed; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

Mr. RANDALL. Mr. Speaker, has not the morning hour expired?

The SPEAKER. It has not.

Mr. RANDALL. It has been running more than an hour, I believe.

The SPEAKER. That may be; but the morning hour never closes till it is terminated by the coming up of some business more highly privileged.

REPORTS FROM THE COMMITTEE ON MILITARY AFFAIRS.

Mr. THORNBURGH, from the Committee on Military Affairs, reported back, with a favorable recommendation, the bill (S. No. 100) for the relief of Lieutenant Alonzo B. Richards; which was referred to the Committee of the Whole on the Private Calendar.

He also, from the same committee, reported a bill (H. R. No. 2698) for the relief of Joseph C. Breckinridge, for services in the United States Army; which was read a first and second time, referred to the Committee of the Whole on the Private Calendar, and, with the accompanying report, ordered to be printed.

He also, from the same committee, reported back adversely the petition of Joseph R. Waggoner; which was laid on the table, and the report ordered to be printed.

He also, from the same committee, reported back adversely a bill (H. R. No. 1022) for the relief of Lewis J. Boyer; which was laid on the table, and the report ordered to be printed.

Mr. MACDOUGALL, from the same committee, reported back a petition and bill for the relief of Dr. Mary E. Walker, moved that the committee be discharged from the further consideration of the same, and that they be referred to the Committee on War Claims.

The motion was agreed to.

Mr. MACDOUGALL also, from the same committee, reported back adversely bills of the following titles; which were laid on the table, and the reports ordered to be printed:

A bill (H. R. No. 1086) for the relief of William O. Cory; and

A bill (H. R. No. 1651) for the relief of Lieutenant John S. Manning.

Mr. MACDOUGALL also, from the same committee, reported back, with a favorable recommendation, the bill (H. R. No. 1844) for the relief of John Heberer; which was referred to the Committee of the Whole on the Private Calendar, and the accompanying report ordered to be printed.

ORDER OF BUSINESS.

The SPEAKER. The hour of half-past one having arrived, the morning hour expires, and the bill from the Committee on Banking and Currency, which is the special order at this hour, comes up for consideration.

Mr. KASSON. I suggest that bills on the Speaker's table may be taken up and referred, so that the committees may be able to act on them.

The SPEAKER. If there be no objection, bills on the Speaker's table will be taken up for reference.

There was no objection.

WILLIAM L. CABELL.

The first bill on the Speaker's table was the bill (S. No. 334) to remove the disabilities of William L. Cabell, of Texas.

Mr. ELDREDGE. I ask unanimous consent that this bill be taken up and passed.

There being no objection, the bill was read three times, and passed; two-thirds voting in favor thereof.

PENSION BILLS REFERRED.

The following Senate bills were severally taken from the Speaker's table, read a first and second time, and referred to the Committee on Invalid Pensions:

A bill (S. No. 245) for the relief of William Rood, late a private of the Thirty-sixth Regiment of Wisconsin Volunteers;

A bill (S. No. 548) granting a pension to Christiana Bailey;

A bill (S. No. 566) granting a pension to Lucinda Schrum, a widow of Jacob R. Schrum, late of Company A, Forty-ninth Regiment Missouri Volunteers;

A bill (S. No. 567) granting a pension to Mary E. Naylor, widow of Osborn Naylor, late a private in Company C, Second Kansas Volunteers; and

A bill (S. No. 568) granting a pension to Hugh P. Lytle, late a private in Company H, Thirty-second Regiment Ohio Volunteers.

REMOVAL OF INDIANS.

The next business on the Speaker's table was the bill (S. No. 212) authorizing the Secretary of the Interior to use, for the removal of the Kickapoos and other Indians, on the borders of Texas and Mexico, to the Indian Territory, and for their support after such removal, the unexpended balance of appropriations made for the above purpose by acts approved July 15, 1870, and March 3, 1871; which was read a first and second time.

Mr. GARFIELD. I thought that bill had passed both Houses.

The SPEAKER. The Chair knows nothing about it. It will be referred to the Committee on Appropriations.

TERRITORIAL COURTS.

The next business on the Speaker's table was the Senate amendment to the bill (H. R. No. 1762) concerning the practice in territorial courts and appeals therefrom.

The amendment was read, as follows:

At the end of the bill add the following:

And that this act shall not apply to cases now pending in the Supreme Court of the United States where the record has already been filed.

Mr. POLAND. The Committee on the Judiciary have considered this amendment, and desire that it may be concurred in.

Mr. COX. What bill is this?

Mr. POLAND. It is a bill concerning the practice in territorial courts and appeals therefrom. It has been drawn by a member of the Supreme Court.

Mr. G. F. HOAR. I should like to hear some explanation of this matter from the gentleman from Vermont, [Mr. POLAND.]

Mr. POLAND. I am willing to make an explanation of the matter if there be no objection.

The SPEAKER. If it takes time the Chair will have to return the bill to the Speaker's table.

Mr. G. F. HOAR. We ought not to act on this subject without some explanation.

The SPEAKER. The bill and amendment of the Senate will be returned to the Speaker's table.

Subsequently,

Mr. G. F. HOAR said: Mr. Speaker, allow me to say, in regard to the bill sent to the Speaker's table on my objection, that I have since then read the bill, and am willing to withdraw my objection.

The SPEAKER. Is there any other objection to taking the bill concerning the practice in territorial courts and appeals therefrom from the Speaker's table and concurring in the amendment of the Senate?

There was no objection, and the amendment of the Senate was concurred in.

RECONSIDERATION.

Mr. RANDALL. I move to reconsider all the votes taken this morning; and also to lay the motion to reconsider upon the table.

The latter motion was agreed to.

FOREIGN IMMIGRATION.

Mr. MILLS. I ask unanimous consent to introduce a preamble and resolution for reference to the Committee on Commerce.

Mr. MAYNARD. If it takes time I will be obliged to object.

The Clerk read as follows:

Whereas the dimensions of foreign immigration to the United States have made it a matter of national importance and concern, and the bulk of such immigration passes through the port of New York where, by the operation of local laws, it is made subject to a capitation tax ostensibly levied for the protection of the people of the State from the influx of foreign population and to the more effectual guarding of the immigrants themselves; and whereas such capitation taxes, coming as they do from the pocket of the immigrant, are regarded with suspicion and dislike by a large part of the country, and by all commercial and business interests, as oppressive to the immigrant and tending directly to check immigration, and should, if imposed at all, be imposed by Congress for the benefit of the whole country and not of a single State; and whereas the present board of commissioners of immigration of the State of New York is seeking an increase of the capitation tax from \$1.50 to \$2, although such increase is opposed by leading interests in that city, and the said board accused of culpable mismanagement and gross extravagance in the matter of salaries: Therefore, be it

Resolved, That the Committee on Commerce be directed to investigate the manner in which the State of New York provides for the immigrant and disburses the amount collected in capitation taxes in rendering assistance restricted by State laws to the limits of the State; and that such committee be empowered to send for persons and papers, and be required to report without delay.

Mr. CREAMER. I object.

EVENING SESSION.

Mr. MAYNARD. I desire to say to the House that it has been intimated to me by one or two persons they would like to speak on this bill to-night, and therefore, if during the morning a sufficient number can be found who are willing to speak to-night, I give notice that I will move to have an evening session for debate only.

Mr. GARFIELD. Do I understand the gentleman from Tennessee to move that there be an evening session?

The SPEAKER. He did not make that motion, but he gave notice that if he found a sufficient number of members willing to speak to-night, he will, at a later period of the day, move for an evening session for debate.

Mr. GARFIELD. I hope there will be an evening session for debate.

CURRENCY AND FREE BANKING.

The SPEAKER. The House proceeds to consider the bill (H. R. No. 1572) to amend the several acts providing a national currency and to establish free banking, and for other purposes. The gentleman from Wisconsin [Mr. MITCHELL] is entitled to the floor.

Mr. FARWELL. I desire to say that I yield the remaining portion of my hour to the gentleman from Illinois, [Mr. BURCHARD,] after the members of the Committee on Banking and Currency have been heard.

Mr. WHITEHOUSE. I desire to offer an amendment to the bill.

The SPEAKER. The bill is not open to amendment, but the gentleman can have read what it is that he desires to offer.

Mr. WHITEHOUSE. If I get an opportunity I propose to offer the following amendment.

The Clerk read as follows:

Section 3, line 31, strike out "four hundred," and insert in lieu thereof "three hundred and fifty-six."

Mr. WHITEHOUSE. I have prepared some remarks, Mr. Speaker, on that amendment; but inasmuch as I cannot get the floor I ask permission of the House to print them in the RECORD.

There was no objection, and it was ordered accordingly. (See Appendix.)

Mr. POLAND. I also desire to offer an amendment in the nature of a substitute for section 2, which I ask the Clerk to read.

The SPEAKER. Does the gentleman from Wisconsin yield for that purpose?

Mr. MITCHELL. I do.

The Clerk read as follows:

SEC. 2. That it shall be the duty of the Secretary of the Treasury, as fast as practicable, to retire and cancel United States notes in any mode warranted by law, until the amount outstanding shall be reduced to \$300,000,000; that as fast as United States notes shall be retired, circulating notes to an equal amount shall be issued to banking associations which may be duly organized under and in accordance with existing laws; and in authorizing such new banking associations, and issuing such circulating notes, preference shall be given to banking associations in such States as have not now their proper proportion of bank circulation; and when the amount of United States notes outstanding shall be reduced to \$300,000,000, all banking associations formed under and in accordance with existing laws shall be entitled to receive circulating notes in the manner now provided by law; and all acts limiting the amount of such circulation are hereby repealed.

Mr. DEWITT. I ask the gentleman from Wisconsin to yield to me for the purpose of offering an amendment.

Mr. MITCHELL. I cannot yield any further.

Mr. Speaker, notwithstanding the recent action of the House in legalizing the issue of United States legal-tender notes to the extent of \$400,000,000, it is none the less necessary that in considering the bill now before the House the monetary question should be discussed in all its bearings, both in reference to what the currency now is and what it ought to be.

While the few observations I am about to make will be to some extent general in their character, yet I trust they will be found to have a direct bearing on the bill under consideration.

The difficulty with which the subject of the finances and the currency is surrounded is only equaled by its importance.

It is true that of late extraordinary progress has been made in the study of political economy and in the elucidation of the principles underlying the production and distribution of a nation's wealth. Yet it is equally true that so subtile, and oftentimes remote, are the different influences to be considered, arising not only from the laws of trade but also from the still more uncertain movements of men, as they may be dictated by reason, interest, or feeling, that there is probably no science where there are so many differences of opinion, and consequently so many erroneous opinions, as in the science of political economy. Especially is this the case with that branch of it which refers to the currency, and which, on account of the events of the last few months, it is expected by the people that this Congress will most carefully consider.

NO LEGISLATION CAN PREVENT PANICS.

The opinion which is more or less prevalent in the minds of the people, that it is in the power of Congress to so regulate the circulating medium of the country as forever in the future to prevent a commercial crisis similar to that through which we have passed, may well be set down as a popular delusion. It matters not with what wisdom and care the laws regulating the currency are framed, and the innumerable contingencies which may arise, be foreseen and provided for, we can never by any enactments of ours so overrule the irrevocable, inevitable laws of political economy as to enable those who live beyond their incomes "to make both ends meet," or to insure profitable returns to those who invest their means in undertakings which can never pay interest. Such financial disasters have occurred in all commercial nations, and under very different circumstances, and they probably will continue to occur while human nature remains as it is. It is also likely that the more commercial a nation is, the more sharp and general will these revulsions be.

The producer of raw material sells it to the manufacturer, the manufacturer to the wholesale dealer, who in turn sells it to the retail dealer, and he to the farmer. There are hundreds and thousands of such chains in the business transactions of this country, and each link of the chain depends on the others. The inability of any one of the links in the chain to meet its liability creates distrust, and when distrust becomes general a panic ensues. Every man wants to get what is due him, being afraid that his debtors may fail; the deposits in the banks being payable on demand are most attainable, and a rush is made for them, to the great injury of the mercantile and manufacturing interests which have received assistance from the banks. Such panics have occurred from the failure of crops, whereby the farmer has been prevented from paying the retail merchant, who in turn could not pay the jobber, and so on.

Again, overproduction, or the falling off in demand, has rendered the manufacturer unable to dispose of his products, and thereby he has not only failed to pay what he owed to the producer of raw material, but has been under the necessity of reducing the number of his workmen, causing ruin and destitution to thousands. After a number of prosperous years the surplus of capital seeking investment becomes larger, and in consequence it is with more difficulty that it can be invested so as to bring in the large returns which it produced when there was less capital seeking investment. People then go out of the ordinary channels and seek for increased profits from all kinds of speculative and doubtful schemes. Much capital is thereby soon lost or sunk in enterprises which are not only non-productive, but from which it is impossible to get back the principal which has been put in; much movable, active capital becomes fixed and immovable, and of no use whatever in carrying on the business of the country.

We can each judge for himself which, if any, of these causes produced the collapse of last fall. Some have attributed it to the sinking of capital in building unproductive railroads through unsettled portions of the country; others see the cause in the large amount of funds lying idle during summer in our commercial centers, which idle money sought investment in speculations from which it could not be withdrawn without producing a crash.

However different our views may be as to the cause of the recent revulsion, we cannot but be unanimous that it is our duty to do all that is legitimately in our power to place the finances of the nation in such a shape as to discourage the return of such a disaster, and in case of their occurrence to render their duration as short as possible.

WHAT DID NOT CAUSE THE CRISIS.

As having an important bearing on the action to be taken by Congress, I cannot refrain from giving it as my opinion that our recent financial troubles were *not* caused by an insufficiency of currency. After the panic was fairly under way, and people were withdrawing currency and hoarding it, then the panic was no doubt aggravated by the scarcity of currency brought about by such action, and the desideratum of the hour was some means by which the gap made by the hoarded currency could be filled, some resource whence what had been withdrawn from circulation could be made good.

Had our currency been on a specie basis, and on a par with that of the specie-paying countries of Europe, we could soon have drawn from the clearing-house of the world enough to supply the vacuum caused by those who had withdrawn money for the purpose of hoarding it. But the gold which did actually come to us, notwithstanding the fact that our currency was not on a specie basis, was of no use; it could not pass into circulation. It may be questioned if its importation was not, as matters stood, an actual damage to us by causing a flurry in the London money market and leading the Bank of England to raise its rate of interest, and thereby reacting unfavorably on the money market here, and on the values of our exportable commodities.

WE HAVE TOO MUCH CURRENCY.

But the very fact that our currency is not at par with gold, shows that it is not only not too small in volume, but that it is actually excessive. Our dollar notes are promises to pay a dollar. Our laws define a dollar to be a coin of a certain weight and fineness. Our paper promises, if not excessive and depreciated, should be good for the coin whose name they bear. But that it may be still more apparent that a lack of currency was not the cause of our recent financial troubles, let us compare the amount of our present circulation with that of our own country before the war and with what it is in England at the present time.

The following table will show at a glance the population, wealth, and circulation in the United States in 1850, 1860, and 1870, and will completely set at rest any doubt as to whether our currency is excessive in quantity or not:

Year.	Population.	Assessed wealth.	Circulation.	Per head.
1850	23,764,706	$7,135,780,228	$150,000,000 notes. 100,000,000 coin.	$10 50
1860	31,127,000	12,084,560,000	200,000,000 notes. 150,000,000 coin.	11 30
1870	38,115,641	14,178,986,732	700,000,000 notes.	18 42

From the circulation of 1870, exclusively irredeemable paper, I make no deduction for so-called bank reserves, because those reserves, held against deposits, form a necessary part of the circulation of the nation, and are doing, in the coffers of the banks, duty as such equally with currency in the pocket of the citizen.

From this it appears that our circulation has been increased out of all due proportion to both our population and wealth.

By extending our research still further we would find that the note circulation of England to-day is actually less than it was in 1819 by $50,000,000, and amounts to only $6.50 per head of the population; the total increase of circulation being an increase of specie.

It is to be remembered, in comparing the circulation *per capita* of England with that of the United States, that the wealth of England is much greater than that of this country, and that a far greater proportion of it is in personal property, and so entering more largely into commercial transactions. Moreover, England is both the money and mercantile broker of all nations. A large proportion of the foreign trade of the United States is carried on through her.

CIRCULATION SHOULD NOT INCREASE IN THE SAME RATIO WITH WEALTH OR POPULATION.

If $11.30 per head of circulation were sufficient for this country in 1860, the same ratio ought to be sufficient now, for the reason that population and wealth increase faster than should circulation. Every year witnesses new modes of economizing circulation. Bills of exchange, checks, deposits, clearing-houses, telegraphs, railroads, and many other economizing devices and substitutes continually tend to lessen the work which circulation has to perform. The statistics of England are a most remarkable proof of this.

In 1819 the exports and imports were not twice the amount of note circulation; in 1844 they were about four times as much. In 1872 they were fourteen times as much. In 1844 the note circulation of England was £1.15*s*.8*d*. per head, while in 1872 it was £1.6*s*. per head, showing that the circulation keeps pace neither with the amount of business nor the increase of population or of wealth.

We no longer look to the volume of circulation to ascertain the increase or decrease of business, but to the transactions of the clearing-house. In 1844, the sums passed through the London clearing-house were only about forty times the amount of note circulation, while in 1872 they were one hundred and thirty-five times as large. The same is seen in our own country.

In 1837 the circulation of the banks of the United States was $149,000,000; in 1851 it was $202,000,000, being an increase of 35 per cent. By comparing this with the increase of wealth and population from 1840 to 1860, it will be seen that the increase of our population was 82 per cent., and of our wealth 330 per cent.; the one being more than twice as great as the increase of circulation, and the other nearly ten times as great; showing by the experience of our own country, as well as that of England, that circulation does not need to keep pace with population or wealth.

We often hear it remarked that before the war the country was flooded with State-bank notes of all kinds; yet the highest amount ever reached was in 1857, when it was $215,000,000, and even that amount caused an excessive expansion of credits which found relief in a financial crash.

I think, in view of all these and many other facts which might be brought forward, that there is no ground for the assertion made by some, that the recent monetary revulsion was caused by a lack of circulation.

Any increase that might be made to the currency, to gratify the present clamor of some, would in the long run make it no more efficient for the carrying on of business. If you add to its quantity you lessen its value. There would be an apparent increase of prices; it would take more paper promises to buy a given quantity of gold, wheat, lumber, or iron; these commodities would be worth no more, but the currency would be worth less, and it would take more currency to represent an equal quantity of them.

If a bushel of wheat be to-day worth one dollar, and to-morrow you double the volume of paper notes in circulation, the bushel of wheat will bring two dollars in such currency; but your doubled depreciated circulation does no more business than half its quantity did before.

A recent writer on political economy put this in the following lucid form:

Ten persons were at play. For greater ease they had adopted a plan of each taking ten counters, and against these they had placed a hundred francs under a candlestick, so that each counter corresponded to ten francs. After a game the winnings were adjusted, and the players drew from the candlestick as many ten francs as would represent the number of counters. Seeing this, one of them, a great arithmetician, perhaps, but an indifferent reasoner, said, "Gentlemen, experience invariably teaches me that at the end of the game I find myself a gainer in proportion to the number of my counters; have you not observed the same with regard to yourselves? Thus, what is true of me must be true of each of you, and what is true of each must be true of all. We should, therefore, all of us gain more at the end of the game if we had all more counters. Now nothing can be easier; we have only to distribute twice the number."

This was done; but when the game was finished and they came to adjust the winnings it was found that the thousand francs under the candlestick had not been miraculously multiplied according to the general expectation. They had to be divided accordingly, and the only result obtained was this: every one had doubled the number of counters, but every counter, instead of representing ten francs, only represented five.

Now those who clamor for an increase of note circulation want more counters; but each counter will, if its circulation be doubled, have but half its previous purchasing power.

It would be an easy matter to enlarge the volume of currency so that it would take ten paper dollars to buy a bushel of wheat or one gold dollar, but no sane man will contend that the farmer would be getting any more value for his wheat than he gets to-day.

The reckless issue of vast quantities of paper currency which is irredeemable will soon cause the subversion of all values, and inflict serious injury on every business interest of the country. Every new issue diminishes the value, and the demand for still further issues will continue. Of course the prices of commodities may not be affected uniformly or immediately; but it is only a matter of time.

Believing as I do that our present paper circulation is abnormal and redundant, (facts sufficiently attested by its depreciation,) and while I beg to be understood as not advocating any rapid or sudden contraction, I would not be true to my own convictions if I did not emphatically record my opinion that instead of increasing the issue of legal-tender inconvertible notes, (a measure, in my judgment, fraught with the greatest danger to the business of the country,) the true remedy for the existing state of affairs is to be found in the adoption by Congress of a fixed policy for the gradual withdrawal, at stated periods, of these notes by funding them into bonds or otherwise paying and canceling them. The extent of the reduction that may be necessary in order to make them equivalent to coin is a matter of opinion and estimate; but it is safe to say that if we were to begin at once with small monthly withdrawals during the periods of the year when currency can best be spared, we shall reach the specie point sooner and easier than most people now imagine.

It is in my judgment not so important that a long step, as that *some* step, however small, should be taken in the direction of restoring the currency to the coin standard; and that the country should understand that the policy thus adopted will be inflexibly followed out until the desired result is attained.

It is claimed by some that the increase of population and business will of itself soon bring us into a condition of specie payments; but this I regard as a delusion. A geological period will be insufficient to achieve this result so long as we pursue, as now, a system that effectually banishes the precious metals from among us.

So long as the Government furnishes a forced irredeemable currency there can be no stability or certainty as to its volume or its value, and the pressure now being brought to bear on Congress for further issues of depreciated paper compels me to avow myself a recent and somewhat reluctant convert to the doctrine that the sooner the Government can be wholly divorced from the business of issuing a forced paper circulation the better it will be for our country. The United States notes have effectually blocked the way to the coin standard, and still do so.

THE EVILS OF INFLATED CURRENCY.

The history of commerce shows that false theories regarding currency, whereby extraordinary issues of paper money have been imposed on confiding peoples, have produced financial convulsions which have shaken the nations to their foundations, and produced ruin and misery more wide-spread than have ever been inflicted by famine or war.

The power to issue an irredeemable paper currency has probably never been granted or assumed without sooner or later being abused. It is an old adage that a man thinks all men mortal but himself; so we are apt to think our nation will be an exception in regard to the abuses arising from an exorbitant issue of paper currency. From recent events I am led to think that our danger is greater than it should be.

I am aware that examples and illustrations drawn from the financial experiences of other countries are deemed by some to be inapplicable to us, and therefore undeserving of consideration. For myself I think it is well to utilize the dearly bought experience of others, and to those who think it does not become us to look to other countries I have to say that the laws of trade, of supply and demand, of money and of currency, are as fixed and immutable and of as universal application as are the laws of gravitation.

It may not be unprofitable to briefly notice some of the instances in the past where great evils have resulted from false ideas of the nature and work of currency.

The French government gave power to issue an inconvertible paper currency to Law's Bank in February, 1720; by the beginning of May they had issued notes of the nominal value of about $6,000,000,000, and one hundred livres in paper were worth about one in silver.

In 1790 the French government itself assumed such power, and authorized the issue of $80,000,000 of *assignats* based on the security of the public domains, estimated to be worth $1,500,000,000. In September of the same year further issues to the amount of $160,000,000 were authorized. France was then a perfect paradise for inflationists; the country was on the high road to prosperity; everybody was to have all the money he wanted.

Talleyrand and a few other leaders opposed those issues as certain to cause depreciation; but Mirabeau and others ridiculed the idea of their becoming depreciated; for were they not based on land, and what more secure and solid as a foundation for currency could there be than land. And besides it was not possible to set afloat more than the business wants of the nation would absorb.

Said Mirabeau:

It is vain to assimilate *assignats* secured on the solid basis of these domains to an ordinary paper currency possessing a forced circulation. They represent real property, the most secure of all possessions, the land on which we tread. Why is a metallic circulation solid? Because it is based on subjects of real and durable value as is the land which is directly or indirectly the source of all wealth. Paper money we are told will become superabundant; it will drive the metallic out of circulation. Of what paper do you speak? If of paper without a solid basis, undoubtedly; if of one based on the firm foundation of landed property, never. There cannot be a greater error than the terrors so generally prevalent as to the overissue of *assignats*. It is thus alone you will pay your debts, pay your troops, advance the revolution. Reabsorbed progressively in the purchase of the national domains, this paper money can never become redundant any more than the humidity of the atmosphere can become excessive which descends in rills, finds the river, and is at length lost in the mighty ocean.

We hear at the present time many speeches similar to Mirabeau's, and they appear very plausible, yet we all know how the stern events of the future demolished the fine rhetoric of Mirabeau. Although these *assignats* bore 4 per cent. interest, they had in a twelvemonth lost one-third their value. On the 11th of April, 1793, the severest penalties were decreed against any one who bought or sold *assignats* for any sum in specie different from their nominal value, or made any difference between a specie price and a paper price in the purchase or sale of goods. But it is folly to attempt by legislative enactments to overrule the great laws of trade. In four months the *assignats* had fallen to one-sixth of their nominal value; and in 1796 they had fallen to one-thousandth part of their nominal value, notwithstanding the fact that they were secured by the public lands. The ruin and misery caused by the issue of these *assignats* you all know. At length in July, 1796, the great paper fabric was wiped out with one stroke. Immense hoards of specie came forth from their hiding-places; the exchanges turned in favor of France, and during all the Napoleonic wars the specie standard was maintained at its full value.

The history of similar experiments in other countries, if such were needed, shows that irredeemable paper money incapable of issue in foreign countries, and redundant at home from overissue, becomes depreciated.

The paper money of the Danish government exchanged in 1813, at the rate of one dollar in silver for sixteen hundred in paper; in Austria, in 1810, a silver florin was worth thirteen in government paper.

At the beginning of the present century the Bank of England was led, to a limited extent, into the same mistake.

In 1797 there was a hue-and-cry, similar to what we hear at the present time in this country, that the circulation was not sufficient for the business wants of the community, and should be increased.

On March 16th, in the year 1797, the merchants of London held a meeting and resolved—

That it is the opinion of this meeting that the accommodation afforded to the trade of the kingdom by the Bank of England, in discount of bills and notes, has been found very inadequate to the present extended commerce of the country; that it is the opinion of this meeting that without an extension of the circulating medium of the kingdom by the discount of mercantile bills and notes, the general commerce of the country will be exposed to the most serious, immediate, and alarming evils.

Lord King and others of the ablest financiers of England showed the fallacy of this assumption of the merchants, that the amount of currency should be increased with the increased demand for discounts; the bank, however, enlarged its issues, and its paper became depreciated. The depreciation was greatest from 1809 to 1815. In 1814 and 1815 there was a great diminution of bank paper. In that period many country banks became bankrupt, or at least stopped payment, and it is estimated by the best authorities that in 1814, 1815, and 1816 the currency was contracted at least $100,000,000. This decrease of the paper currency rendered the resumption of specie payments in 1819 possible.

An expanded depreciated currency cannot be made interchangeable with the currency of other nations, and so attain that elasticity which is so much demanded.

A currency which is not larger in volume than the minimum wants of trade demand would be on a par with specie, even if it were not convertible into specie; but in that case it would not have that elasticity so necessary in the functions of a circulating medium.

INTEREST NOT REGULATED BY QUANTITY OF CURRENCY.

There is an impression in the minds of many, and I have seen it expressed in the reports of more than one public meeting, that the rate of interest depends on the quantity of currency in circulation. Nothing can be more erroneous. The rate of interest chiefly depends on the profits which can be made from the use of money. Of course there are other elements which affect the rate of interest, such as the character of the security offered; but the great controlling element which regulates the rate of interest on money is the profits which can be made from its employment.

If a man sees where he can, by the use of money, make 20 per cent., he can afford to pay 10 per cent. for its use. When many men see where they can use money to advantage, borrowers become many, and the rate of interest rises; but the quantity of currency in circulation has nothing whatever to do with the profits which result from the use of money. The increase of the quantity of circulation may raise the price of commodities, but can never increase the percentage of the profits of its employment.

Of course if the currency be so increased in quantity as to become almost worthless, men may lend it cheaper to get rid of it, especially if the borrower is likely to have to repay it in a more valuable currency at some future time; but in any normal condition of the circulation its quantity has nothing whatever to do with the rate of interest—at any rate in the direction to which I have alluded.

The financial history both of England and of this country would seem to show that the rate of interest is apt to be highest when the circulation is the largest. An increase of circulation tends to raise prices, and a rise in prices encourages speculation and stimulates borrowing, which tend to raise the rate of interest rather than to lower it.

Those, then, who think that an increase of currency would enable them to borrow money at lower rates are, I believe, greatly mistaken.

NO LIMIT TO THE CURRENCY THAT MAY BE SET AFLOAT

There is another opinion held in some quarters, which I believe to be erroneous, namely, that it is impossible to have an overissue of our present irredeemable currency, so long as the business of the country is ready to take it up and use it in the channels of trade; which is as much as to say that it is impossible for our banks to issue too much money so long as they find parties willing to borrow from them. The falsity of this is, I think, plain on the face of it.

Every mercantile transaction is capable of becoming the foundation of a bill of exchange; if, therefore, the issue of bank-notes is to continue as long as there is a bill offered for discount, there is not a bale of cloth, a bushel of wheat, or a chest of tea which may not, during its progress through the hands of successive dealers, be represented at every step to its full value by an issue of currency, and it would soon take a wheelbarrow-load of notes to buy a barrel of flour.

THE BALANCE OF TRADE BUGBEAR.

We are sometimes told that we cannot get our currency back to an equality with coin till the balance of trade be in our favor, and by that is meant that the custom-house reports must show an excess of exports over imports.

One would suppose that this ghost called the balance of trade, which was such a terror to our fathers a century ago, had in these latter days of light been forever put down; but it seems to trouble many timid minds yet. If there be a nation in the world which may safely be said to have made money out of its foreign trade and had a balance in its favor, that nation is England. Yet, taking the published statistics of her trade, and the balance of trade doctrine would show that she had been losing money at a fearful rate by her commerce; and the wonder is that the nation was not bankrupt long ago, or at least that her foreign trade was not long since abandoned as a losing business.

In a paper of Palgrave, communicated to the Statistical Society of London, I find the exports and imports of Britain for the last five years to have been—

Year.	Imports.	Exports.
1868	£294, 000, 000	£179, 000, 000
1869	295, 000, 000	189, 000, 000
1870	303, 000, 000	199. 000, 000
1871	329, 000, 000	222. 000, 000
1872	353, 000, 000	255. 000, 000
Total	1, 574, 000, 000	1, 044, 000, 000

From these figures it would appear that during the last five years the imports of Great Britain have exceeded her exports in the enormous sum of £500,000,000, or nearly $2,500,000,000, being more than the amount of our entire national debt.

I think this alone would show the absurdity of the balance of trade theory as it is usually applied, and be a sufficient answer to those who assert that we cannot maintain currency at par with specie till our exports exceed our imports.

The fact that the imports of Great Britain have largely exceeded her exports shows that she has been carrying on a profitable foreign trade, and that she brings more value to her shores than she sends away. When foreign commerce is profitable, the result must always be such.

If a New York merchant sends a cargo to China worth $100,000, and the ship, after the absence of a year, returns with another cargo, it must net him more than $100,000, or the merchant will make nothing. Suppose it nets him $200,000, and that he has a clear gain of $50,000, then he is so much richer and the country is so much better off; yet on the books of the custom-house that transaction is put down as making a balance of trade of $100,000 against this country. If the vessel had gone down in mid-ocean, and he had lost all his investment, the custom-house books would show an export of $100,000, with no corresponding import; and the transaction would be heralded abroad as $100,000 balance in favor of this country. Could anything be more absurd? Yet we find sensible men seriously opposing a return to a specie standard, because we are not sending more out of the country than we are drawing into it.

Of the same character with the balance of trade bugbear is that sometimes urged, to the effect that we can never return to a specie standard so long as we have so much interest to pay abroad. That objection is based on the exploded idea that we cannot pay our interest abroad in anything but specie, as if our wheat and corn, our cotton and petroleum, our pork and lumber, will not give us a credit balance in London just as readily as the gold of California. We may rest assured that gold is exported only when the nation can spare it better than anything else. We are a gold-producing country, and it is proper that we should export the productions of our gold mines, as well as the productions of our iron mines or petroleum wells. Moreover, gold is more likely to be drawn from us now than when it is used as currency, or the basis of our currency.

I might go into this branch of the subject at much greater length; but I have said all which at present it seems necessary to say.

THE BILL REPORTED FROM THE COMMITTEE ON BANKING AND CURRENCY.

This bill embraces several proposed amendments to the national-banking law, but its most important provision is that contained in section 2, by which certain existing restrictions on bank-note circulation are to be removed and what has been termed "free banking" authorized.

Now, "free banking" and "anti-monopoly" sound well, and as a general proposition are of themselves good things; yet measures of themselves good it may not always be wise to put in operation irrespective of time and circumstances.

Free banking might, no doubt, be safely and properly adopted if the circulating medium of the country were on a specie basis and equivalent to coin; but, in the present abnormal and exceptional situation of the finances, with a currency depreciated and irredeemable, I am compelled to regard such a measure as a dangerous experiment.

It will not surely be the part of wisdom thus to surrender all control over the volume of the currency, and to open the door for new issues of depreciated paper to an indefinite and unknown extent. It is to be hoped that no such rash experiment will be tried. Let us rather shut the door against any addition to the currency until we shall have dealt with, and brought to the true standard value, the circulation we already have.

The provisions of section 3, making it obligatory on the banks to provide for the redemption of their notes, are, I am aware, considered by the friends of free banking to be sufficient to prevent excessive issues; but from this view, entertained by a majority of my honorable colleagues on the Committee on Banking and Currency, I regret to be obliged to dissent.

We have now, or I fear are likely soon to have, say four hundred millions of United States notes, or legal-tenders, with which may be redeemed the present circulation of three hundred and fifty-four millions of bank-notes; and I hazard nothing in saying that the issues of the banks may be doubled and still the so-called system of redemdtion be, without difficulty, maintained.

It is a moderate estimate to say that on a basis of four hundred millions of United States notes nearly double that amount of bank-note circulation may be sustained and redemption be at the same time kept up.

The obligation to redeem, with such a basis, will count for little in the estimation of bankers, and if they do not largely increase their issues, should section 2 become a law, it will be for the reasons that Government bonds cannot be obtained at satisfactory prices, or that circulation has ceased to be profitable irrespective of redemption, and not on account of the requirement to redeem.

I will here call attention to the fact that there will be greater profit than heretofore in the issue of bank-notes if, hereafter, as provided in section 1 of the bill, no reserve is to be kept on circulation. It is true that I was myself in favor of dispensing with the reserve or circulation as an offset to and compensation for another and no doubt a wise provision of the bill requiring banks to keep the reserve or their other liabilities in their own vaults; but if free banking is to be authorized, I deem it to be my duty to point out that the effect of this provision will be to make circulation more of an object with bankers than it has yet been, and that they will be apt to avail themselves of the opportunity thus presented to increase their note circulation.

The present capital stock of the national banks is about five hundred millions; and their circulation, as before stated, three hundred and fifty-four millions. If section 2 becomes a law, there is no reason why the existing banks on their present capital may not issue one hundred millions additional circulation; and they will be very likely to do so if they see, as I think they will, profit in it.

If as a basis of the calculation we put Government bonds and coin at the present market price, and the use of money at 7 per cent., the net profit on circulation under this bill will be 2¾ per cent.; being about 1 per cent. more than it has hitherto been. In this calculation I make no charge for management, because the expenses properly chargeable to circulation of a bank doing, like all national banks, a general business, would be quite infinitesimal. I take into account, however, the 5 per cent. in circulation which it is proposed the banks shall lodge with the Secretary of the Treasury.

But in truth there has not been, and cannot be, any effective redemption of bank-notes in the present condition of the currency, because there is neither object nor motive to prompt it. What does this so-called redemption of bank-notes mean, and what does it amount to? It means the swapping of one kind of irredeemable paper for another kind, of no higher value; for the United States note, as a representative of value, is inferior to the bank-note, and is superior in one respect only, by the force of arbitrary law, and it amounts to nothing; for the holder of a bank-note, after he has taken the trouble to exchange it for a United States note, is no nearer coin value than he was before. It is a misnomer to call this redemption, and the operation is a farce, the performance of which the business community and the public will, as now, regard with utter indifference.

I am aware that as to the New York City banks there are certain brief periods every year when they would prefer to have bank-notes replaced by United States notes; but this is to a limited extent, and is felt nowhere out of that city, and the banks there have the remedy in their own hands if they choose to use it.

It is my confident opinion that, if section 2 becomes a law, a large addition to the bank-note circulation will take place, and that any system of redemption will be powerless to prevent it; that with whatever gravity the law may provide for going "through the motions" of so-called redemption by exchanging one piece of depreciated paper for another of no higher representative value, nothing effective or controlling on the condition of the currency will result from it. Further inflation and depreciation of the currency must necessarily ensue.

If the friends of this measure are willing to put it beyond question that no further inflation can occur if it is passed, this can easily be done by an amendment to the effect that, as fast as additional bank-notes are issued beyond the present authorized limit, the Secretary of the Treasury shall, *pari passu*, retire and cancel legal-tender notes until the coin standard is reached. With such an amendment the chief objections to the measure would be obviated; and I now give notice that at the proper time I shall offer an amendment to section 2 of this purport.

Congress is absolutely powerless to fix the amount of circulating medium the country requires and ought to have. It is simply the right and duty of Congress to carry us back to the coin standard; and, this done, the laws of trade, to which I have before referred, will then govern with unerring accuracy the volume of the circulation both of paper and coin.

The mode of redemption proposed in section 3 is such as I feel sure cannot be sanctioned by Congress. It is neither more nor less than to make the Government the redeeming agent of the banks—a position manifestly improper for it to occupy. It was not instituted for any such purpose, and the idea of involving it in daily business transactions with nearly two thousand banks is a curious proof of the tendency of legislation in these days. I really wonder what the Government will be asked to undertake next.

Although no system of redemption would, in my opinion, prevent, in the existing situation, an increase of the bank-note circulation if free banking is authorized, yet I admit it is, or will, I hope, soon be, an important matter that all banks should be required, in a way they cannot disregard, to redeem their notes in New York; and if the law is not now sufficient for this purpose, it can easily be made so. Besides, the New York City banks have always had it in their power to enforce, as they at one time contemplated doing, bank-note redemption there, if they deem it necessary to do so.

I am aware that some delay has occurred in executing the law of 12th of January, 1870, for the more equitable distribution of the currency, by which law twenty-five millions of circulation were to be withdrawn from certain eastern banks and distributed to Western and Southern States entitled to it, and that in consequence honorable members from such States may feel under some degree of constraint to vote for this so-called free banking in order to obtain relief. To such I would say that the present Congress will no doubt remove any technical difficulty that has hitherto stood in the way of the prompt execution of the law in question, and thus place twenty-five millions of circulation within the reach of the States West and South now deficient in their apportionment. Besides, it appears by the last annual report of the Comptroller of the Currency, dated 28th of November last, that he expected that all obstacles to the due execution of the law here referred to would be removed in three months from that time. Section 2 of this bill, therefore, is not needed as a measure of present relief to the West and South.

If the West and South have the means to establish more banks, and desire to do so, the opportunity cannot, under the existing unequal distribution of bank capital and circulation, be fairly denied them. A bank properly conducted is a convenient and useful institution; it cannot, however, make wealth prevail where poverty does now, any more than it can put money in the pockets of those who have nothing wherewith to buy it; neither can a bank localize the use of its circulation.

If all the national banks were located in a single State, it does not necessarily follow that the average circulation *per capita* actually in use by the people of that State would be greater, or even as great, as that in use in other States unblessed by the existence of a single bank of issue.

The proper business of a bank is to facilitate the marketing of the products of the soil; to lend aid to the manufacturer in transforming raw into manufactured material, and to the merchant in distributing the goods so manufactured. If a bank uses its loanable means for purposes other than these, its business is illegitimate, unsafe for itself, and useless to the public.

For these reasons I cannot vote for sections 2 and 3 of the bill as they stand. The remaining sections I can willingly support, particularly section 8, wherein the first step is taken toward the retirement of the notes of the Government. It is, indeed, a small step, but it is a step in the right direction; and the retirement of the United States notes therein contemplated is so gradual that I cannot see how it can work to the prejudice of any meritorious industry. By this process, we shall reach a specie basis long before half of the United States notes are redeemed; and although it is too slow to prevent the inflation of which I have spoken in case section 2 becomes a law, it will, no doubt, tend to check it.

Some such action ought to have been taken long ago; for the gradual withdrawal of United States notes means a gradual return to the coin standard. No people were ever better situated for a return to the currency of the world than we have been.

Gold and silver are as much productions of our soil as are wheat and cotton. Since the war closed over six hundred millions of specie have been drawn from our mines, yet we have miserably failed to utilize this vast product. We must fail to do so no longer.

I regard the return to a specie basis as of the most vital importance to the stability and permanent prosperity of the industrial and commercial interests of our country, and any prosperity that may result from an opposite policy cannot but be of the most ephemeral kind.

In conclusion let me reassert the position which I hold on this great and important issue, which is that we should set our faces steadily and persistently toward such a reduction of our currency as will bring it to par with gold; at the same time let us not go into any hasty and rapid contraction. Let the reduction of the volume of our circulating medium be gradual, and it matters not how gradual we make it we must be prepared to find that it is far from agreeable to go through the ordeal.

The man who has been living on stimulants finds that it requires much moral courage and self-denial to return to solid food; so we must be prepared to hear a great outcry to the effect that the business of the country is being ruined; for the decline in prices, which must ensue to some extent, is likely to call out vigorous protests from many quarters.

When once our currency becomes convertible into coin, that elasticity which is now so much sought after will also be attained. Whenever our currency becomes superabundant, then will it be cheaper to export gold than anything else, and the surplus coin leaving this country will compel the reduction of the currency to its normal proportions. On the other hand when our currency is too small in quantity, we will draw coin from abroad.

During the panic through which we have just passed coin was drawn from abroad even when it could not be used as currency. If it could have been so used, relief would have been more speedily obtained.

Our currency, in its present depreciated state, proves a great drawback to the farmer and all others the price of whose productions is governed by what is exported to foreign markets. The farmer's expenses are regulated under an inflated depreciated currency, while he sells his products in the markets of the Old World where prices are regulated by a currency at par with specie.

Our present inflated currency encourages speculation and extravagance; increases the amount of credits; unduly stimulates importations, causing an adverse state of the exchanges and the exportation of coin; and has a tendency to feed a panic as well as to render it very serious when it occurs.

The currency of the United States was largest in 1837 and 1857, and the result was an over-extension of credits, the extension of credits and the inflation of the currency acting and reacting on each other till a very wide-spread and serious financial crisis brought us back to a sound basis.

As I said, it will require some self-denial and real courage for our people to face a reduction of the currency; but it is much better to meet some small discomfort at present, rather than to rush on headlong to certain and very great loss at no remote future.

It would be very agreeable to expand the currency, raise prices, and sail along in our balloon through an exhilarating atmosphere for a few years; but we would sooner or later be brought down to solid ground by a fearful collapse. Such a result is just as sure as it is that the laws of trade and the principles of political science are not to be trifled with and cannot be overborne.

Let us be guided in the solution of this question solely by what we consider will be for the ultimate, permanent, and lasting good of this nation; and not merely seek to do what will please for the time with no regard to the future consequences.

It is not more essential that the atmosphere which we breathe should be pure than it is that the life-blood of commerce should be wholesome.

I will only add further, that the views I have now presented, while they are my own earnest convictions, are also, I believe, in substance the views of a large majority of the people I have the honor to represent on this floor. And I must take leave to deny that the industrious, intelligent people of the Northwest, whether engaged in agricultural, manufacturing, or mercantile pursuits, are generally, or to any great extent, in favor of additional issues of depreciated paper.

Mr. MERRIAM. Mr. Speaker, when Congress assembled, nearly four months ago, our country was agitated with a new experience. Never before had a panic fallen upon a people banking upon and making all its exchanges with paper money. Our industries had been in the fullness of prosperity; the earth had yielded prodigally of its bounties; our granaries were full to overflowing, and from short crops in other countries prosperous nations stood ready purchasers at high prices. The farmer, the merchant, the banker, the manufacturer, the laborer, were busy in their respective occupations. In a moment, without warning to the common observer, the crash of distrust fell upon us, suspending or crippling all our illimitable industries. A nation used to and *willing* to labor, stood without employment, *paralyzed* with that vague and indescribable dread that fills men's minds when overtaken with fright.

When Congress assembled the people everywhere looked to us for immediate relief.

The problem to be solved was one of no ordinary responsibility.

You, Mr. Speaker, placed upon the committee, specially assigned to this duty Representatives from different sections of our country, and of diverse financial views.

It is but just to the committee to say that with one accord they devoted themselves laboriously to the subject with a full appreciation of their responsibility; but without *pressing* unduly their own pet schemes. That we might the better apply the spirit of a representative government, we invited to our counsels eminent financial thinkers, eminent bankers and business men, from various sections of our country. With great patience and impartiality we have endeavored to weigh their diverse views and interests, seeking only a result for the common good of our country.

With these aims, and with these gathered experiences, added to the years of practical experience the committee themselves have had, we have been able to present a bill for the consideration of this House, the main features of which, I trust, will commend themselves to the approval of this body. It will be no surprise to this House nor to the country to be told that the committee were not unanimous upon all its sections. As God has made no two human faces alike, neither has He created two minds alike. In those great fields of religion, politics, and finance, the views of men seldom harmonize, but rather seem to delight in asserting a self-individuality of opinionated stubbornness.

PERSONAL ALLUSIONS.

I may be pardoned for alluding to a subject somewhat personal, in consideration of a statement having been made on this floor, that "the bank interests of members of this House would prevent impartial legislation," and the still more remarkable statement of the gentleman from Kentucky, [Mr. BECK,] found in the RECORD of March 8, which reads:

I have no doubt a majority of the Senate, and a large minority in the House, are *personally* interested in the passage of laws inimical to the interests of the masses.

And the further insinuation of a New York financial paper, (when attempting to account for our delay in legislation when the accumulating capital of the country stands idle and unwanted by enterprise, until some financial *policy* is determined upon by Congress)—

That Congressmen dabble in stocks, creating an influence one day for expansion, and another day for contraction, for their own advantage in speculation.

As a general belief in the truth of these insinuations would lower the dignity of legislation and tend to demoralize and weaken the confidence of our people, I feel it due to the Committee on Banking and Currency to state that nine of its eleven members have no *personal* interest whatever in national banks, and so far as I know, *no member* has bought or sold a share of stock within ten years, and in answer to inquiries from all sections of the country as to what the probable action of Congress would be on the subject of finances, my invariable reply has been that "it was one of those things no person could find out" *in advance of our final action*. While all men will agree that no dishonor attaches to legitimate accumulations, to the extent men are willing to assume its burdens and cares, yet if any representative of a free people, honored to guard and make his country's laws, should use this sacred position of trust to make money, he commits a hated crime, and should be characterized by honorable men as a *national pickpocket*, and be doomed to ignominy and perpetual exile in the penitentiary; but I am inclined to believe, in the absence of evidence of guilt, that all such insinuations are baseless as slander.

Mr. Speaker, all civilized men are, from the very nature of existence, students by experience in the economies of self-support. They are hourly *practicing* the laws of economical philosophy without instruction from theoretic teachers of the science.

Men everywhere are stimulated to labor and the accumulation of property and money for the independence they know it will purchase. They hold it as a symbol of their past industry, knowing that with it man carries about with him an evidence that he has been a participant in those activities of civilization, busy and breathless as the moments. The farther behind we leave the primitive ages, when men used the rude materials of wampum-beads and shells as money, the more universal is the desire to find the most convenient and reliable money to act as their *servant* for exchanges. It is no strange instinct in the breast of mankind; it is the instinct of self-protection; for money, like the air we breathe, is man's companion from the cradle to the grave.

UNIVERSAL INTEREST IN THE SUBJECT.

The universal interest in the action of this Congress, when dealing with the subject of banking and currency, is evidence that the people realize that every vote we cast will touch *directly* the personal interest of every one of our forty millions of people. It is *to* the magnitude and *importance* of the subject we trace the innumerable volunteer essays on finance thrust upon us from early morn to dewy eve by those financial tinkers *more* fortunate than all the rest in solving the mysteries of this branch of political economy. It is also *to* the magnitude and importance of the subject we trace the taxed ingenuity of legislators in framing measures of relief to lift the nation from its financial perplexity. We find, printed, and in embryo, bills for the gradual, and bills for the immediate, resumption of specie payments, bills for the immediate and bills for gradual funding of legal-tender notes, bills for the recall of national-bank notes and their substitution by legal-tender notes, bills for the conversion of *both* to par by their acceptance for customs dues, bills for the abolition of bank-notes and the interchangeability of legal-tenders into three sixty-five United States bonds, bills authorizing the Treasury to sell two hundred millions Government bonds in foreign markets for gold to supplant our paper currency. Now, Mr. Speaker, it must be evident to the ordinary human intellect that no financial alchemist can transmute this medley of contradictions to a garden of financial roses.

THE PEOPLE AVERSE TO FINANCIAL EXPERIMENTS.

The American people are eminently practical; they are averse to new and untried experiments. Their interests are too vast and too *sacred* to be launched into unknown and uncertain seas. We are working out on this continent the highest problem of civilization. God has furnished in generous prodigality all the material elements. From this, the final earth-rest in the march of empire westward, we are to gather up for our own happiness a new and broader civilization, and by example throw it back to revivify the exhausted elements of life to the furthermost nations of the East. Comprehending our mission, our people are *jealous* of experiments that may prove a delusion and a snare.

WAR IMPOVERISHES A NATION.

That stupendous war of Slavery against Freedom, that greatest battle of ideas of all the ages, settling *forever* man's right to his own labor in the triumph of democracy over aristocracy, buried in blood four years of toil and a million stalwart producers, temporarily impoverishing the nation, as all great wars have hitherto impoverished other nations; and, turning the balance of trade against us, it took away our gold. The financial results of great wars are much the same as when idleness and luxury of an entire nation mortgage it to those whose labors supply the luxuries idleness consumes. All modern wars produce this result. Some Americans profess humiliation at our long specie suspension, forgetting that the proudest and richest of nations from 1797 to 1824, a period of thirty years, stood as we stand to-day.

WAR NECESSITATES A NEW SYSTEM OF BANKING AND CURRENCY.

Absence of gold necessitated the creation of a more extended paper currency. Fortunately for the welfare of our country the inventive genius of those able financiers who managed the nation's Treasury through the war invented a system of banking, and adapted to it a currency which may truly be called one of the richest legacies of the war; for by it the people obtained a medium of exchanges so guarded for safety, that it grew at once into the entire confidence of *all* our people—a currency so in harmony with American character, that the long-sought desire for a nationalized paper currency was attained. Through it, under a restored Union, energy, industry, and genius, stimulated as if by inspiration, has doubled our wealth and activity in a single decade.

THE SYSTEM A SUCCESS.

It is something more than a sentiment when the humblest citizen of the Republic carries in his pocket a currency bearing the impress of nationality that is at par everywhere within our borders, and whose purchasing power is unaffected by mismanagement of bank officers whose issue it is. A bank may fail, but the currency is good all the same; it may *well* be called the "people's money;" but, with all the advantages of our national banking system, the time has arrived when the country demands that it can be perfected and enlarged to the necessities of our growth. It was created ten years ago, and ten years in our lives is more than the life of any one generation gone before. The experiences of last fall have taught us its defects. *These* our bill has sought to remedy.

EVIDENCES THAT WE NEED MORE CURRENCY.

The near approach to a panic two years ago gave evidence that the increase of our population and business required more currency. We saw it in the fact that the locking up of ten millions of our seven hundred millions of currency by unprincipled speculators created a stringency in money centers that distressed the entire commercial community. It was for this reason that I introduced into Congress, two years ago, a bill to suspend the cancellation of the 3 per cent. certificates, which served in our system of reserves the purpose of currency; but Congress was not *then* educated as *now*, by the panic, to the dangers of contraction. Apprehending the danger of too little currency to perform the legitimate exchanges of a rapidly enlarged necessity, I last year pressed free banking, but Congress was not educated then, as now, to its necessity. The panic came and brought losses untold to our people. In this bill we remove all restrictions of limit to circulation, and call it free banking; *i. e.*, freedom for all to enter the banking business who pledge United States bonds as security for circulation and comply with all the requirements of the national banking law. Through this we overcome the objection to our present system, that "we have outgrown our currency." It has been the almost unanimous expression of those who have appeared before our committee that at certain periods of the year our currency was inadequate to perform our necessary exchanges. The associated banks of New York, and at the other financial centers, expressed it in the necessity of pooling their assets and issuing certificates, in New York alone to the amount of $23,200,000 during the panic, which, though bearing interest and within authority of law, was, in reality, as so much additional currency. I do not allude to it complainingly, because it was a necessity of the hour; and the able managers of the New York clearing-house, who first inaugurated this measure successfully in 1857, and adopted it again in September last, by it checked and destroyed the panic, and hence are deserving of public gratitude. When war drove away our silver currency, cities, towns, individuals and corporations issued fractional promises to pay "shin-plasters;" they were an indispensable necessity of trade. When Government issued its fractional currency then local issues disappeared, but under contraction from increase of population and wealth, we find that in sections of our country where banks are few, "shin-plasters" again predominate. General Spinner who has just visited the South, says, "The South is plastered all over with shin-plasters." It is proposed to introduce a bill to make these issues a penal offense, but without free banking and capital accumulation through it, I fear an attempt to deprive the people of the means of small exchanges would create a revolution. Our present experience in these local issues reflects the baneful influences of any policy depriving our entire people of ample currency. I hope the day is not far distant when silver will be used everywhere for our small exchange.

Those earnest appeals of the leading bankers and merchants of New York to the President and Secretary of the Treasury during the panic for more currency were also significant. That eminent and practical merchant, Mr. A. A. Low, of Brooklyn, New York, engaged in the China trade for more than thirty years, and whose personal interests would naturally lead him to advocate specie resumption, said, in his most interesting remarks before our committee:

Our currency meets all the requirements of the merchant and manufacturer, and I do not know what more is wanted. During all our panic no man had apprehension of the safety of national-bank notes or legal-tender. I would be in favor of free banking under certain restrictions. *I think it is manifest that there has been too little rather than too much currency.* Everybody carries more or less in his pocket, and in some portions of the country it is hoarded. With the growth of the country more currency will be needed. I am in favor of more currency, but it should be redeemable, if not in gold, *certainly* in legal-tenders. Why there should be any restrictions in this country, under proper safeguards, I do not understand. The national-bank notes are based on gold bonds, and the liabilities of stockholders added thereto *give them absolute security*.

And he might have added that, although the national-bank notes are not based directly upon gold, their basis (United States bonds) commands gold *at par* (10 per cent. above the pledge for circulation) in the markets of the world.

We have evidence from other eminent merchants in New York, men pursuing large and legitimate business, who also tell us "that it is manifest that there has been too little rather than too much currency."

ARGUMENTS AND APPEALS FOR MORE CURRENCY.

I append a letter from a careful thinker and writer on finance, whose views are in accord with my own observations. He says:

I pray you, glance at the table below. Once a year, generally in the dog-days, the reserve of the city banks is swelled to its maximum by the flow of idle country money to its center; and once a year, sometimes in October, when the western crops are being "moved," sometimes in December, when the cotton crop requires money, and sometimes in April, when the spring settlements and the opening of navigation call for currency, that reserve falls to its minimum. The following table gives in round millions the maximum and minimum of the reserve for each of the past eight years, the period during which our currency system has been fairly on trial:

Statement showing the maximum and minimum of the reserve from 1866 *to* 1873.

Date.	Maximum.	Date.	Minimum.
1866, September 1	$92,000,000	March 3	$58,000,000
1867, August 10	76,000,000	November 23	57,000,000
1868, August 8	74,000,000	December 26	48,000,000
1869, May 29	58,000,000	December 24	44,000,000
1870, June 4	61,000,000	December 31	45,000,000
1871, August 9	73,000,000	December 30	40,000,000
1872, June 15	55,000,000	April 13	36,000,000
1873, August 2	50,000,000	October —	5,000,000

You perceive that in these eight years the maximum reserve had fallen from ninety-two to fifty millions, and the minimum from fifty-eight to five millions. The minimum of 1866 was eight millions in excess of the maximum of 1873. In other words, the amount of money drawn from bank and hoarded by individuals had increased steadily year by year until, in 1873, the reserve was exhausted.

The effect of the gradual withdrawal of money from the banks to individual hoards was faithfully reflected by the money market. In December, 1871, when the reserve first fell to fifty millions, money became worth from 90 to 100 per cent. per annum—a rate which no legitimate business could pay and live. In the following autumn the reserves fell to forty-one millions in October, and to thirty-six millions in the subsequent April; and in consequence there never was a day during these seven months when money was not worth over 7 per cent., and there were weeks together when it commanded from 25 to 50 per cent., rates which no merchant can pay without ruin. This winter the rate of interest would have been even higher, but that, on the 20th of September, 1873, the reserve fell to the unprecedented figure of $31,000,000; and this, occurring at a period when conspicuous failures had created a general distrust, led naturally to a general run on the banks. On the 20th of September the banks lost twelve millions out of their slender reserve, and though they nominally suspended payments on the next business day, they lost during the three weeks following fourteen millions more—reducing their greenback reserve, about the middle of October, to the pitiful sum of about $5,000,000. At this period there was no money market. It was simply impossible to sell paper or borrow on call. The crash was the result.

If, as I believe, these are the facts of the case, it follows—

First. That the panic and the bank suspension were due to the steadily increasing amount of money withdrawn from bank—where it was used in facilitating commercial exchanges—to individual hoards, where it lay dead.

Secondly. That the amount of money liable to be so withdrawn increases in the ratio of the development of the country, and the acquisition of wealth by persons residing far from the great cities, and indisposed—from want of financial knowledge—to trust their money out of their own possession.

And from these two the corollary would seem to follow that a general panic and bank suspension must occur hereafter at least once a year, unless—

1. The individuals who have been for the past eight years withdrawing money from the banks and hoarding it can be so educated as to abandon the practice hereafter; or,

2. They be deprived of the means of withdrawing money from the bank by a general crop failure; or,

3. The volume of the currency be periodically increased so as to fill the vacuum created by rural hoarding.

How long it would take to so far educate the thousands of Germans, Norwegians, &c., who grow wheat and corn in the Northwest, and the thousands of negroes, mulattoes, and ignorant whites, who raise cotton in the South, in the laws of political economy, that they should understand the grave injury they inflict on the community at large when they hoard the money they receive for their produce, you can judge better than I. If it cannot be done, and at once, and the crops do not fail, perhaps you will point out how an annual panic can be averted without an increase of the currency in some shape or other.

The following memorial was read in the Senate March 17 by Senator LOGAN, "signed," he says, "by two hundred business men in New York"—I presume all borrowers and not lenders of money, as the memorial came unheralded by that high-sounding authority of "$460,000,000 representation:"

To the honorable the Senate and House of Representatives in Congress assembled:

Your petitioners beg leave respectfully to represent that they are greatly alarmed at the efforts being made by money-lenders to induce your honorable body to put a stop to the further issue of legal-tenders by the Secretary of the Treasury, and to compel him to increase the bonded indebtedness of the Government, in order to cancel and destroy the too limited and only currency on which the whole people draw interest; thus increasing taxation for the benefit of the foreign bondholder, while reducing the means and ability to pay.

The rapid and immense increase of the industry, resources, and wealth of the country, under the beneficent influence of this safe currency, in which all have confidence and interest, demands its increase rather than destruction. The experience of the last few years, especially in the fall, when the agricultural products of the year must be marketed, has demonstrated that there is insufficient currency to do the legitimate business of the country. Hence there has been increasing stringency in the market, causing great distress and alarm, by which money-lenders have been able to profit for weeks and months, to the extent of ½ to ¾ of one per cent. per day, and in extreme cases even as high as 2 per cent. per day, or from 45 to 700 per cent. per annum, and this in the money center of the continent. This has enabled a few men at such times, by locking up money, to aggravate the difficulty, and thus command their own terms, not a few of whom are now asking your honorable body to contract the currency that they may more effectually ply their infamous traffic.

These causes produced the late disastrous and ruinous panic, which will undoubtedly be reproduced with still more prostrating effects unless relief be afforded.

Your petitioners therefore respectfully ask that the volume of the currency be increased, especially the legal-tenders, and that provision of elasticity be made, so that business may again be safely resumed.

Mr. Ward, of Michigan, who for years has done so much to develop the great West, and who for many years has given employment to thousands in lumbering, mining, and manufacturing, said to our committee that the rates of money, and the difficulty of procuring it, upon the very best of security, had constantly increased since our policy of contraction began, until within the last two years the business of the West was crippled and almost paralyzed. He adds:

It is not probable that many members of Congress can fully appreciate the sad and desolate condition of most of our manufacturing communities, and no one can, unless he is placed in a position to realize from his own experience the difficulties that surround the managers of these great and beneficent establishments, many of them with thousands of able-bodied men, with their dependent families, and the managers utterly unable to procure the means for their monthly pay; and if they could possibly run their mills or factories for a time, the country is so depressed that there is no safe market for their products. Put yourselves in their place, and remember these are the men who are to protect and perpetuate this Government, and that their children are to be the future voters as well as workers of this nation. Treat them as human beings; give them work and pay; and they will bear with patience all the other ills of life, and bless the land that gives them liberty and plenty. Starve and degrade them, and the curses of broken faith and base ingratitude will haunt the authors of their wrongs to their everlasting homes.

The urgency with which I make this appeal is prompted by the fact that nearly four thousand idle men, and ten thousand of their dependents, to a great extent rely upon my simple efforts to supply the necessary means to pay for the maintenance and labor necessary for their support.

The testimony of all men from the South and West was of like import, except those representatives of trade unions, who confessed that they were "middle-men," brokers between the producer and the foreign consumer, making all their settlements in gold, they occasionally lose and occasionally make money in the fluctuations of the gold market. Hence they and the importers have argued for resumption. Selfishness dictates the argument. In the height of the panic I was in New York, and the metallic-currency bankers thought *then* was the opportune moment for resumption. They seemed to have forgotten that they had been banking upon a basis of $356,000,000, *equal* in all its relations to business and finance *to* gold, because they could with it pay their debts; and yet at a moment when they were nominally broken, as if to show that bullionists are always wiser and more *solid* in argument than other men, they proposed to accept as a panacea for all their woes a basis of $135,000,000,* in place of $356,000,000, for all their banking operations, because it *was* gold. This was reversing the rule of three, and could work successfully in no other place in this world outside of Wall street; and to add to the impressiveness of the metallic argument, we were told that our "depreciated," "irredeemable," "dishonored" paper currency was the cause of overtrading and the wild speculations resulting disastrously in a financial crisis. They forgot that they themselves, by paying interest on deposits and by the natural laws of trade, held centralized within their own vaults, (and as positively within the control of the bank officers of New York as if they owned it,) all those vast millions, *which if they did not loan* there *could* be no "wild speculation" resulting in financial crises.

Calm men outside that sea of speculation willn aturally ask, what guarantee has the country that when we reach specie resumption they will not, all the same, lend this centralized money, and with it will all the same bring about those "wild speculations" resulting in financial crises, as in 1857, when it came upon a gold basis?

But there is a class of American citizens who did not come before the Banking and Currency Committee, that vast army of hard-fisted, large-hearted laborers of our country, who are the real sufferers from contraction—I will further along consult that tell-tale of a nation's realities, the census report, and let it speak for them—every one of whom finds use for and handles more currency in a year than any one of those memorialists "representing $460,000,000," whose petition for resumption my colleague from New York [Mr. POTTER] presented with so much modesty a few days since. Merchants, importers, and bankers, in large cities, settle every transaction with bank-checks, even the payment of market-bills, pew-rent, carriage-hire, and clothing. I have myself transacted many millions of business in a single year, and never saw in twelve months as much actual currency as a farmer in my country finds it necessary to use in the same time. Men whose business is with foreign countries will memorialize for resumption because the law of selfishness governs mankind.

FORCED RESUMPTION.

But resumption with the balance of trade so much against us as it is now is an impossibility, *unless all experience and history are false.* We might resume for a day or a week, but we should fail in every attempt, as England failed, in repeated disaster, when forcing resumption over the unchangeable laws of trade.

*$135,000,000 estimated gold now in the United States.

We find in the North British Daily Mail opinions of our currency system expressed by Hon. George Anderson, a member of Parliament. It reads:

If America attempt to resume specie payments we may rely upon seeing within a few years as complete a break-down as followed our own adoption of that policy after 1819 up to 1825. If America is rich enough to adopt such a policy now without most serious difficulty, one thing is quite clear, there can have been no good ground for a financial crisis. To take a severe financial crisis as the fittest opportunity for resuming specie payments looks like insanity. It may, however, have another interpretation. The crisis may be solely the artificial result of an international scarcening of the currency in order to bring it equal with gold with a view to resume. Currency reformers on this side would view such retrogression with regret. America in her currency had made such a forward stride that it might have been expected she would have found out the real error in her system, and perfected it, instead of going back. That one error is its being rigidly inelastic.

We might legislate immediate resumption, but the result—*inevitable*—of another panic would make the experiment too expensive a luxury even for the metallic-currency mind.

Pennsylvania banks suspended September 10, 1839. The Pennsylvania Legislature, by law of April 3, 1840, required the Pennsylvania banks to resume on the 1st day of December, 1840, under penalty of forfeiture of charter. The banks resumed, but suspended again February 6, 1841. Commercial requirements overrode legislative commands. From 1817 to 1824 three attempts were made at resumption by the Bank of England, and three failures ensued with wide-spread bankruptcy attending each.

It is my solemn judgment, determined after years of study of the attempts of legislation by nations and States to override the unchangeable laws of trade, that we might as reasonably look for the millennium of man's honesty through congressional enactment "that all men *should* be honest," as to, by statutory enactment, resume specie payment successfully and permanently before the conditions of trade should prepare the way. We can legislate in that *direction*, and this we propose to do, because without it we stand in unnatural relations to the trade of the world, which recognizes gold as the representative of values between nations.

IMPORTS AND EXPORTS OF GOLD.

I append a table, prepared by Mr. Young, of the Bureau of Statistics, full of interest to the student of our economies. It shows our imports and exports from 1821 to the present time, including coin and bullion. This, however, gives no exhibit of the Government, State, and municipal bonds sent abroad during the past ten years, representing $1,500,000,000, upon which we pay gold interest amounting to $100,000,000 per annum. It will be evident to reflecting minds analyzing this table that our loss of gold arises from our too prodigal importations. This table tells of our excess of importations over exports, from 1831 to 1840, of $210,334,149; from 1841 to 1850, $7,223,504; from 1850 to 1860, $37,731,773; from 1860 to 1870, $317,409,390—an excess of imports in forty years amounting to $572,698,816; and that our exports of gold and merchandise for 1871, 1872, and 1873 exceeded our imports $172,740,883. Our imports of gold, from 1850 to 1873 amounted to $316,132,996, and our export of *foreign* coin and bullion for the same time amounted to $160,543,847. We exported of domestic coin and bullion, from 1850 to 1873, $1,247,360,067. We have taken from our mines of gold and silver, since 1850, $60,000,000 per annum, but it is estimated that our people resident in Europe and traveling in foreign lands spend there about the same amount annually that we take from our mines. (See table on page 3541.)

The genius and energy of our countrymen in inventions and manufactures are now competing successfully in many of the markets of the world; but we cannot reasonably expect to overcome the balance of trade if we cripple these industries through contraction. If we import more than we export, we must pay the balance in something; if not in our products, then it must be in gold, or in our Government, State, and municipal bonds. Let us not by a mistaken financial policy prolong the desired result of resumption, but rather by a liberal and safe policy restore it.

FREE BANKING.

The spirit of our institutions is antagonistic to monopolies; the spirit of liberality is antagonistic to special corporate advantages; hence the almost universal demand for free banking. This, too, is the spirit of trade throughout the world.

When the joint-stock banks of England discovered a clause in the law whereby they could issue currency, the managers of the Bank of England, who had so long enjoyed the monopoly of circulation, applied to Parliament for more restrictive legislation to prevent the issues from joint-stock banks but a majority of Parliament, more than thirty years ago, said to the Bank of England, "The day of monopolies is past." If there are men in this House who from their interest in national banks would hesitate to aid us in removing the monopoly, I say to them in all kindness, *beware*, for the spirit of freedom abroad in our land will not long tolerate any system whereby a portion of our people are deprived of its advantages; and their persistence in sustaining the monopoly will at no distant day cause the people to sweep this best of all banking systems from off our statute-books.

ELASTICITY.

One of the chief merits of gold as a medium of exchanges between nations is its quality of elasticity. If we were banking upon a gold basis, and needed more currency to move the crops, it would flow in from other countries, because we could afford to pay for it by the gain its immediate use would afford, just as it now flows, when needed, from one European country to another.

Our present *fixed* amount of currency does not possess this elastic quality, and never can, without the amendment we propose in this bill for *practical redemptions*. Fortunately in our two paper currencies there exists a power to create this elastic quality, and we have applied it. Accepting the necessity of elasticity of currency from the fact that the great earth products of our land ripen and must be forwarded to market in a short period of time, and that through free banking we can obtain currency enough for its greatest necessity, and that in periods of rest, after the crops are moved, the surplus of currency afloat on the country would tend to stimulate unhealthy speculation, we, by the machinery of *redemptions* where it accumulates in our large centers, take it up and send it back to the vaults of the banks, there to remain until the legitimate commerce of the country again warrants its issue. We here obtain the desired elasticity in our currency.

REDEMPTION.

We propose to remove the reserve on circulation—which is amply secured without it—and to create a *fund* in the United States Treasury by a deposit equal to 5 per cent. of circulation, to be always kept full and specially held by the Treasury to redeem bank-notes when presented for redemption.

The defects in our banking system made more apparent by the experiences of last fall's panic have suggested a necessity for some radical change to withdraw from the great moneyed centers of our country those vast periodical accumulations which by use in speculation hazard general prosperity.

It has been said that if the accumulations of currency in New York were burdensome, the banks themselves would create a clearing-house for redemptions; but we know from sad experience that three such attempts have failed, notwithstanding a periodical plethora which causes national-bank notes to sell at a discount of from $\frac{1}{8}$ to $\frac{1}{4}$ per cent. below legal-tender notes. It has been urged that our proposed measure would prove a burden upon our banks; but as an offset to all such objections we propose to relieve the banks of the still heavier burden attending present redemptions of mutilated notes.

Many of our banks have hitherto employed an agent in Washington to count and destroy their mutilated notes. We find a practice has grown up of each bank depositing a few thousand dollars, *without interest*, with an agent here and elsewhere, as a *compensation* for the labor attending the destruction of their mutilated notes and replacement with new.

The failure of the First National Bank of Washington reveals such deposits from five hundred and forty-five banks, amounting to $872,440.61, "wholly on account of mutilated currency;" and from sixty-three other banks, "for mutilated currency and other business," $143,973.27. A calculation of interest upon average deposits with this bank, say $900,000, at the rate money commands in the District, (10 per cent.,) and we find that one-third of the national banks of this country have been in this way subjected to an annual tax equal to $90,000, and a *possible* loss from the *failure* of the bank performing these redemptions of $250,000 more. This unnecessary burden upon our banking system we entirely overcome by redemption through the Treasury, where all mutilated notes go now, and *must* always finally go.

The assorting and replacement of new notes in place of the worn and mutilated, which will so much add to the safety and respectability of our currency, can be done in our Treasury with more rapidity and at less cost than elsewhere, for we have the machinery now in operation and competent female experts employed at moderate salaries, ready and competent from long experience. About $35,000,000 of mutilated national-bank notes are now annually replaced with new, and yet much of our currency is in a condition not altogether creditable to our civilization. This proposed method will place in the hands of the people new notes and prevent large accumulations in New York.

RESERVES TO BE KEPT AT HOME.

We propose, as another measure to prevent an undue accumulation of money in New York and consequent speculations inducing panics, that the reserves of our banks required upon deposits shall be kept in the vaults of the banks where the deposits are made. This measure needs no comment, as it is universally approved.

TREASURY DEPOSITS OF RESERVES.

The law we passed in the last Congress, allowing banks to deposit in the United States Treasury their reserves, to be held as a special deposit, and for which the Treasury issued certificates of deposit payable on demand, proved to be a measure of great advantage and safety to the country banks, many of whose vaults were insecure against modern burglars. The amount so deposited before the panic exceeded $30,000,000. When the panic came the banks in our large centers found that the people had drawn away all their legal-tenders and bank-notes. Hence they could not respond to the calls of country-bank depositors, and much distress was brought upon country banks whose deposits were in the New York banks; but all those country banks holding Treasury certificates drew their legal-tenders from the Treasury, and were able, without embarrassment, to accommodate their home customers. In many places in New York State where the banks were so fortified business went on as usual, and the people knew nothing of the panic beyond what they saw in the newspapers. So apparent was this advantage that these deposits in the

Statistics of the value of the foreign trade of the United States (gold values) from 1821 *to* 1872.

Period of time.	IMPORTS.			EXPORTS.									Estimated population of the United States.*	Annual consumption per capita.		Imports per cent. of total exports.
				Domestic.			Foreign.			Total.						
	Merchandise.	Coin, bullion.	Total.	Merchandise.	Coin, bullion.	Total.	Merchandise.	Coin, bullion.	Total.	Merchandise.	Coin, bullion.	Total.		Imports.	Total exp'ts	
Dec. 31, 1821, to Dec. 31, 1830	$729, 489, 650	$69, 143, 780	$798, 633, 430	$532, 212, 385	$3, 892, 533	$536, 104, 918	$161, 997, 911	$67, 645, 923	$229, 643, 834	$694, 210, 296	$71, 538, 456	$765, 748, 752	11, 249, 921	......	......	104. 29
Annual average	72, 948, 965	6, 914, 378	79, 863, 343	53, 221, 239	389, 253	53, 610, 492	16, 199, 791	6, 764, 592	22, 964, 383	69, 421, 030	7, 153, 845	76, 574, 875	....	$7 10	$6 81	
Dec. 31, 1831, to Sept. 30, 1840	1, 195, 206, 786	107, 469, 296	1, 302, 676, 082	881, 677, 922	11, 211, 987	892, 889, 909	153, 824, 088	45, 627, 906	199, 451, 994	1, 035, 502, 010	56, 839, 893	1, 092, 341, 903	14, 967, 736	......	......	119. 25
Annual average	122, 585, 311	11, 022, 492	133, 607, 803	90, 428, 505	1, 149, 945	91, 578, 452	15, 776, 830	4, 679, 785	20, 456, 615	106, 205, 535	5, 829, 732	112, 035, 067	....	8 93	7 49	
Sept. 30, 1841, to June 30, 1850	1, 180, 947, 790	86, 835, 992	1, 267, 783, 782	1, 120, 215, 845	11, 242, 956	1, 131, 458, 801	75, 333, 512	53, 767, 965	129, 101, 477	1, 195, 549, 357	65, 010, 921	1, 260, 560, 278	20, 130, 664	......	......	100. 57
Annual average	121, 112, 849	8, 906, 256	130, 019, 105	114, 893, 933	1, 153, 123	116, 047, 056	7, 726, 514	5, 514, 663	13, 241, 177	122, 620, 447	6, 667, 787	129, 288, 234	....	6 46	6 42	
June 30, 1851, to June 30, 1860	2, 848, 001, 318	71, 187, 934	2, 919, 189, 252	2, 321, 487, 128	432, 158, 973	2, 753, 646, 101	164, 858, 538	62, 952, 840	227, 811, 378	2, 486, 345, 666	495, 111, 813	2, 981, 457, 479	27, 317, 598	......	......	97. 91
Annual average	284, 800, 132	7, 118, 793	291, 918, 925	232, 148, 713	43, 215, 897	275, 364, 610	16, 485, 854	6, 295, 284	22, 781, 138	248, 634, 567	49, 511, 181	298, 145, 748	....	10 69	10 91	
June 30, 1860, to June 30, 1870	3, 318, 672, 294	188, 450, 442	3, 507, 122, 736	2, 376, 053, 356	584, 095, 082	2, 960, 148, 438	153, 794, 297	75, 770, 601	229, 564, 898	2, 529, 847, 653	659, 865, 683	3, 189, 713, 336	35, 000, 896	......	......	109. 95
Annual average	331, 867, 229	18, 845, 044	350, 712, 273	237, 605, 336	58, 409, 508	296, 014, 844	15, 379, 430	7, 577, 060	22, 956, 490	252, 984, 766	65, 986, 568	318, 971, 334	....	10 02	9 11	
1860-'61	289, 310, 542	46, 339, 611	335, 650, 153	204, 899, 616	23, 799, 870	228, 699, 486	14, 654, 217	5, 991, 210	20, 645, 427	219, 533, 833	29, 791, 080	249, 344, 913	32, 154, 826	10 44	7 75	134. 61
1861-'62	189, 356, 681	16, 415, 052	205, 711, 733	169, 923, 415	31, 044, 651	200, 968, 066	11, 026, 477	5, 842, 989	16, 869, 466	180, 949, 892	36, 887, 640	217, 837, 532	24, 649, 749	8 35	8 84	94. 46
1862-'63	243, 335, 815	9, 584, 105	252, 919, 920	184, 097, 194	55, 993, 562	240, 090, 756	17, 960, 535	8, 163, 049	26, 123, 584	202, 057, 729	64, 156, 611	266, 214, 340	25, 183, 377	10 04	10 57	95. 01
1863-'64	316, 447, 283	13, 115, 612	329, 562, 895	143, 758, 253	100, 473, 562	243, 931, 815	15, 333, 961	4, 922, 979	20, 256, 940	158, 792, 214	105, 396, 541	264, 188, 755	25, 717, 005	12 81	10 27	124. 74
1864-'65	238, 745, 580	9, 810, 072	248, 555, 652	135, 892, 699	64, 618, 124	200, 510, 823	29, 089, 055	3, 025, 102	32, 114, 157	164, 981, 754	67, 643, 226	232, 624, 980	26, 250, 635	9 47	8 86	106. 84
1865-'66	434, 812, 066	10, 700, 092	445, 512, 158	334, 729, 149	82, 643, 374	417, 372, 523	11, 341, 420	3, 400, 697	14, 442, 117	346, 070, 569	86, 044, 071	432, 114, 640	35, 712, 351	12 47	12 10	103. 10
1866-'67	395, 763, 100	22, 070, 475	417, 833, 575	282, 143, 193	54, 976, 196	337, 119, 389	14, 719, 332	5, 892, 176	20, 611, 508	296, 862, 525	60, 868, 372	357, 730, 897	36, 423, 852	11 47	9 82	116. 80
1867-'68	357, 436, 440	14, 188, 368	371, 624, 808	269, 135, 723	83, 745, 975	352, 881, 698	12, 563, 005	10, 038, 121	22, 601, 126	281, 698, 728	93, 784, 096	375, 482, 824	37, 135, 361	10 01	10 11	98. 97
1868-'69	417, 506, 379	19, 807, 876	437, 314, 255	275, 122, 658	42, 915, 966	318, 038, 624	10, 951, 000	14, 222, 414	25, 173, 414	286, 073, 658	57, 138, 380	343, 212, 038	37, 846, 866	11 55	9 07	127. 42
1869-'70	435, 958, 408	26, 419, 179	462, 377, 587	376, 651, 456	43, 883, 802	420, 535, 258	16, 155, 295	14, 271, 864	30, 427, 159	392, 806, 751	58, 155, 666	450, 962, 417	38, 558, 371	11 99	11 69	102. 53
1860 to 1870	3, 318, 672, 294	188, 450, 442	3, 507, 122, 736	2, 376, 053, 356	584, 095, 082	2, 960, 148, 438	153, 794, 297	75, 770, 601	229, 564, 898	2, 529, 847, 653	659, 865, 683	3, 189, 713, 336	35, 000, 896	10 02	9 11	109. 95
1870-'71	520, 223, 684	21, 270, 024	541, 493, 708	728, 359, 011	84, 405, 256	512, 864, 267	14, 421. 270	14, 038, 629	28, 459, 899	442, 480, 281	98, 543, 885	541, 324, 166	39, 400, 000	13 74	13 73	100. 03
1871-'72	626, 595, 077	13, 743, 689	640, 338, 766	428, 623, 447	72, 798, 240	501, 421, 687	15, 690, 455	7, 079, 749	22, 769, 749	444, 313, 902	79, 877, 534	524, 191, 436	40, 200, 000	15 93	13 04	122. 16
1872-'73	642, 030, 539	21, 480, 937	663, 511, 476	505, 033, 439	73, 905, 546	578, 938, 985	17, 445, 453	10, 703, 028	28, 148, 481	522, 478, 892	84, 608, 574	607, 087, 466	....	......	......	......

**Estimated population of the United States.*

Years.	Population.	Years.	Population.	Years.	Population.	Years.	Population.	Years.	Population.
1820	9, 633, 822	1830	12, 866, 020	1840	17, 069, 453	1850	23, 191, 876	1860	31, 443, 321
1830	12, 866, 020	1840	17, 069, 453	1850	23, 191, 876	1860	31, 443, 321	1870	38, 558, 371
Total	22, 499, 842	Total	29, 935, 473	Total	40, 261, 329	Total	54, 635, 197	Total	70, 001, 692
Average, 1820-'30	11, 249, 921	Average 1830-'40	14, 967, 736	Average 1840-'50	20, 130, 664	Average 1850-'60	27, 317, 598	Average 1860-'70	35, 000, 896

In estimating the population for the decade from 1860 to 1870, an equal distribution of increase has been assumed, while for the war years (1862 to 1865 inclusive) about three-fourths of the population are supposed to share in the consumption. This gives 1861, 32,154,826; 1862, 32,866,331, (24,649,749;) 1863, 33,577,836, (25.183.377;) 1864, 34,289,341. (25.717,005;) 1865. 35,000,846, (26,250,635;) 1866, 35,712,351; 1867, 36,423,856; 1868, 37,135,361; 1869, 37,846,866.

Treasury have increased since the panic to over $50,000,000. Statutory requirements (without doing away with these certificates) for banks to keep their reserves at home will work in this direction a much-needed reform. The section of our bill for stamping on each note the charter number of the bank is simply to facilitate their assorting.

GOLD NOTES AND CANCELLATION OF UNITED STATES NOTES.

The last section of our bill, providing for the retiring of two million legal-tender notes each month for Treasury notes, payable in gold two years after date, and the hoarding of gold to pay them at maturity, is open to such objections that I cannot approve of it. First, no nation ought to have more than two currencies. The hoarding of forty-eight millions of gold by the Treasury, with the present small amount of gold in the country, would of itself place the gold market entirely in the hands of merciless speculators, and the premium would pass beyond the control of the natural laws of trade, and would inevitably reach a price beyond what would be for the interests of the country.

As national banks increase under free banking, the legal-tender basis will be reduced by the requirements of reserves as rapidly as the trade of the country will bear. Under our laws, banks can only redeem their issues with legal-tenders or gold. Every new bank established reduces the outstanding legal-tenders in the legal necessity existing for reserves, and this process must inevitably bring us to specie payments in time.

Experience through many years proves that banks require no statutory laws to force them to keep on hand ready for any emergency reserves equal to about 20 per cent. in the country and 30 per cent. in the cities. *There is a higher law*, the law of self-preservation, which instinctively forces adequate reserves; and, if all arbitrary laws requiring reserves were abolished, I doubt if the amount held by banks would be decreased. From the reports of the Comptroller of the Currency we find that country banks, required by law to keep 15 per cent. reserve, held in 1868 an average of 22½ per cent.; for the years 1869 to 1872 an average of 21 per cent.; and in the redemption cities for the three years, 1868 to 1870, the average reserves exceeded 30 per cent.; for the year 1871, 29 per cent.; and for the year 1872 over 27 per cent.

We are told that free banking will put upon the country a circulation of 90 per cent. of our entire bond indebtedness, or about sixteen hundred millions of currency. Such men forget that under our national banking laws our banks must redeem their issues in legal-tender notes *or* gold, and that, when the outstanding legal-tenders are locked up as reserves, the banks can only redeem in gold. The national-bank deposits exceed the amount of circulation. Upon our present $356,000,000 circulation and deposits our banks lock up $150,000,000 legal-tenders as reserves. It will, therefore, become evident to every mind that we cannot reach a circulation of $800,000,000 without having reached specie payments. We shall, through free banking, approach resumption steadily and gradually, without shock to the natural business of the country, but as rapidly as our present condition will justify. This is the true road; any other is dangerous and impracticable.

BANK PROFITS.

An almost universal misapprehension exists in the public mind in regard to the profits of banking under the national banking act. Members of this House have repeatedly asserted that it is the most profitable business transacted in this country. This false impression sways their minds to-day in prejudice against our almost perfected *national* banking system. I regard it of vital importance to remove this misapprehension, because it is an instinct of all men to war against any business that gathers to itself an undue proportion of profits from the industries of our country. At the close of the war the nation found itself in debt more than $2,700,000,000, as a compensation for a change of the then existing State banks to the present system; and that the Government might place *at rest*, in the form of bonds, a portion of its indebtedness, many inducements and opportunities for profit were offered to banks *that do not exist to-day*, and from which large profits were accumulated during many years.

I trust that the desire of legislators to treat this subject with entire candor will induce them to examine the following returns of the *net earnings* and *dividends* of all our national banks, returned under oath of the bank officers to the Comptroller of the Currency, as required by the act of March 3, 1869, and then to contrast it with the appended table, showing the profits of banks in England, where capital is more abundant and the ways of its employment less than in our own comparatively new country. A careful study of these tables will dispel the erroneous impression so universal in the public mind.

The Comptroller says:

The national banks were required by the act of March 3, 1869, to make returns to this office of their dividends and earnings semi-annually. From these returns the following table has been compiled, exhibiting the aggregate capital and surplus, total dividends and total earnings of the national banks, with the ratio of dividends to capital, dividends to capital and surplus, and earnings to capital and surplus for each half-year, commencing March 1, 1869, and ending September 1, 1873:

Period of six months ending—	No. of banks.	Capital.	Average surplus.	Total dividends.	Total net earnings.	Ratios.		
						Dividends to capital.	Divid'nds to capital and surplus.	Earnings to capital and surplus.
						Per cent.	*Per cent.*	*Per cent.*
September 1, 1869	1,481	$401,650,802	$82,105,848	$21,767,831	$29,221,184	5.42	4.50	6.04
March 1, 1870	1,571	416,366,991	86,118,210	21,479,095	28,996,934	5.16	4.27	5.77
September 1, 1870	1,601	425,317,104	91,630,620	21,080,343	26,813,885	4.96	4.08	5.19
March 1, 1871	1,605	428,699,165	94,672,401	22,205,150	27,243,162	5.18	4.24	5.21
September 1, 1871	1,693	445,999,264	98,286,591	22,125,279	27,315,311	4.96	4.07	5.02
March 1, 1872	1,750	450,693,706	99.431,243	22,859,826	27,502,539	5.07	4.16	5.00
September 1, 1872	1,852	465,676,023	105,181,942	23,827,289	30,572,891	5.12	4.17	5.36
March 1, 1873	1,912	475,918,683	114,257,288	24,826,061	31,926,478	5.22	4.21	5.41
September 1, 1873	1,955	488,100,951	118,113,848	24,823,029	33,122,000	5.09	4.09	4.46

The following statements of the ten principal joint-stock banks of London, including their branches, exhibiting the capital, reserve, deposits, net profits, and dividends of each for the half-year previous to July 1, 1873, have been compiled from balance-sheets of the banks published in the London Economist of October 18, 1873:

Banks.	Capital and surplus.	Total deposits and acceptances.	Net profits.	Proportion of net profits to capital, per cent. per annum.	Amount of dividends for half-year.	Proportion of dividend to capital, per cent. per annum.			
						June 30, 1873.	December 31, 1872.	June 30, 1872.	December 31, 1871.
London and Westminster	£3,000,000	£29,548,770	£241,098	24.10	£200,000	20	*20	*20	*18
London Joint Stock	1,673,849	17,404,319	139,867	23.31	120,000	20	25	20	25⅝
London and County	1,800,000	20,936,233	169,384	28.23	100,000	20	20	20	19
Union	1,500,000	18,028,531	137,910	22.98	127,500	20	20	20	20
City	750,000	6,154,383	49,509	16.50	30,000	10	10	10	9
Imperial	740,000	2,919,237	46,634	13.82	27,000	8	8	8	6
London and Southwestern	172,680	758,314	7,101	8.54	4,985	6	6	5	5
Consolidated	876,125	3,258,035	69,895	16.47	36,000	9	9	8	7½
Central	109,000	669,018	8,004	16.00	4,000	8	8	8	6
Alliance	940,000	2,336,440	34,520	8.63	28,000	7	7	6	5
Total	11,561,654	102,013,280	903,922	20.68	677,485	15½	......	......	......
Bank of England, August 31, 1873	17,580,000	†2,080,534	785,221	10.80	764,032	10	10	......	......

* From the London Economist of March 15, 1873, page 84.

† Public and other deposits September 11, 1873.

The statistics of the Bank of England and its dividends were obtained from the report of the Bank of England published in the Economist for September 13, 1873. The usual dividends of this bank are 10 per cent. per annum, but the amount has varied for some years past from 8 to 13 per cent.

From these tables we glean the fact that the national banks of our country have earned for their stockholders, from 1869 to 1873, an average of *less than* 10 *per cent.* upon capital invested, and this through years of comparative prosperity, while the banks of England were able to earn and pay their stockholders an average of more than 15 per cent. Nor should we lose sight of the perilous nature of the banking business, because experience has shown that a single panic has swept away in a single day the profits of years, and sometimes annihilating capital and profits together.

Mr. ARCHER. I will ask the gentleman if the agricultural interest has yielded one-half that percentage to the owners of the soil?

Mr. MERRIAM. I think it would have yielded more had we not restricted the currency limit so low that agriculturists could not have all the advantages they ought to have had.

Mr. ARCHER. As the gentleman challenged the democrats on this side of the House to listen to him, I would say that the gentlemen on that side, having had control of the currency, have depressed the agricultural interest and built up bankers with these large percentages.

Mr. MERRIAM. We have done some things in regard to the currency that we should not have done. We have restricted the amount too long. We are going to correct it, and make you all happy.

I am aware that it is impossible for men easily to understand how national-bank profits can be so small, when they only see the one fact, that Government pays 5 per cent. interest upon bonds held by banks for a basis of circulation, and when it at the same time supplies the banks with currency which can be loaned at a higher rate of interest, which is so generally believed and expressed as "getting double interest upon capital." Let us examine the peculiar machinery of our banking law, adjusted with so much wisdom to perfect security to the public, and we ascertain *why* the profits are no larger than capital can earn and *does* earn in other branches of business.

First, we will consider the establishment of a bank in Illinois, where capital commands 10 per cent. interest. To establish a bank with $100,000 capital we buy of Government bonds, at 110, $100,000 5 per cent. gold interest-bearing bonds; when these are deposited with the Comptroller of the Currency he furnishes $90,000 circulation. The law requires an average reserve held idle in the banks of $18,000, say 20 per cent., which deducted from the $90,000 leaves $72,000 to loan at 10 per cent.

Therefore the result from the establishment of a national bank in Illinois will be—

Ten per cent. on $72,000 circulation	$7,200
Five per cent. gold interest on bonds	5,000
Premium on gold interest, say	500
	12,700
Deduct 1 per cent. national tax on circulation	900
Leaving a balance of	11,800

or $800 more than the same amount of cash ($110,000) would command any day if invested in that most perfect of all securities, a bond and mortgage upon real estate.

The higher the rate of interest in any locality the less the profits upon bank-note circulation, because of the loss of the difference of interest upon the amount taken from the capital by the necessity of an idle reserve; but this same necessity applies to any mode of banking, from the fact that with or without arbitrary laws self-preservation dictates to modern bankers the holding of a reserve fully equal to the amount required under the national banking act.

Permit me to bring the same test to New York, where the legal rate of interest is 7 per cent.

With the same cash, $110,000, we buy $100,000 of bonds. Upon this $100,000 we receive $90,000 circulation; deducting from which 20 per cent., ($18,000,) the average amount of idle money held as reserve, we have $72,000. Loaning this at 7 per cent. leaves a result of $5,040; 5 per cent. interest (gold) on Government bonds, $5,000; 10 per cent. premium on gold interest, $500; making a total of $10,540. Deduct national tax on circulation, $900, and the income from the $110,000 will be $9,640. We could receive at 7 per cent. on the $110,000, if loaned on bond and mortgage, $7,700; the difference between which and the $9,640 shows an excess of profit from banking in New York of $1,940, in Illinois of $800 more than the income would be from a bond and mortgage investment. Three per cent. difference as loss by reason of high rate of interest in the West between $110,000 and $72,000, or 3 per cent. on $38,000, gives $1,140 as the excess of New York banking profits over Illinois.

This exhibit would not of itself attract capital to free banking so rapidly as to "flood the land with irredeemable paper money." The great bugbear of inflation from free banking, *under* the restrictions of our national banking system, can become a reality only in the imaginations of men who have not carefully made this analysis.

The advantages and profit from banking under our national system come from the confidence its security inspires in the minds of the people, and which induces them to deposit with national banks everywhere their floating capital, and from which, mainly, banks derive their profits.

THE WEST AND SOUTH FEEL THE NECESSITY FOR ADDITIONAL BANK FACILITIES.

The West and South see the necessity *and advantage of more local bank facilities.* Hitherto the great West and South have been content to invest their surplus accumulations in enterprises promising greater returns than is possible from banking, and have been forced, in the absence of adequate local banking facilities, to borrow at high rates and great disadvantage in the East.

The advantages of banks in any busy community are seldom fully appreciated. They gather together, increasingly, more and more, year by year, the loose earnings of the people, and distribute them to the development of home enterprise, from which the people themselves find increased employment and happiness. Banking is the *only* mode of bringing cheap capital to labor; it always has proved a gentle fertilizing power in the great *social workshop,* and when conducted with safety to the bill-holder and depositor, it becomes one of the greatest of economic blessings to mankind. Free banking will be the great opportunity for the South and the West. In 1860, the South and Southwestern States had a bank circulation, issued under State laws, of $71,098,408. Under the national banking system the same States have now less than $40,000,000. New England had before the war a circulation of $65,576,155, now it has $110,489,960; and her representatives assert that she has none too much. New England has a circulation *per capita* of $31.68; the Middle States, $12.82; the West, $7.09; the South and Southwest, $2.91.

THE WEST AND SOUTH LONG AGO APPLIED FOR THEIR PROPORTION OF CIRCULATION.

These great undertakings required for the successful prosecution of the war turned western capital into other channels than banking. The stimulus to enterprise then aroused has intensified ever since, only in other undertakings, *all* promising greater rewards than banking; but as the accumulations from labor increased the West applied for the privilege of establishing more banks, only to find themselves shut out by the absorption to the legal limit of $356,000,000 by older and richer States.

Free banking will be her opportunity; the panic of last fall has unloosed millions of capital hitherto employed in those vast enterprises which have pushed the West to greater progress than any other people hitherto have reached in the same period of time. Her enterprises were carried forward under the disadvantages of dear money borrowed from the East. Give her free banking as she demands, and the thralldom of the West will be severed from the Shylocks of the East. The marvel is how, with money at 1 to $1\frac{1}{2}$ per cent. per month, she ever grew to such proportions. It shows the power of strong hands and vigorous minds working in generous soils.

NECESSITY OF HOME BANKS TO RETAIN CIRCULATION.

It has been argued that it was economy for the West to borrow of the East at exorbitant rates of interest rather than to take her capital from paying enterprises to establish banks; but borrowing from the East implies a continued inadequacy of currency in the West from the necessity of redeeming note obligations in currency, at the place where it was borrowed, at maturity of every discounted note, *except* in the season of moving the crops, when the crops themselves will pay the notes.

Loans from banks located in the West, paid every sixty or ninety days, enforce the continuance at home of what the West most needs, an adequate amount of currency issues.

A realizing sense of the heavy tax upon labor from dear money, added to the vexatious difficulties and delays in obtaining loans in a market ever distrustful of distant undertakings, has, beyond question, aroused the great workers of the South and West to appeal to Congress for relief through free banking.

OUR CURRENCY.

Advocates of a metallic currency assert that no dollar of currency can have value that has not cost a dollar to produce—hence, that our paper currency is "depreciated, worthless, and dangerous." Some men claiming to be American citizens characterize it as "dishonored trash." The "promises to pay" of a people having no habitation, honor, or virtue—mere wanderers in deserts or on mountains, without intelligence or the accumulations of industry—might with some degree of propriety be characterized as "dishonored trash;" but to say of a great, free, and vigorous nation like ours that its promises to pay are "worthless trash," is neither evidence of patriotism, financial acumen, or common sense. Chief Justice Chase, who was Secretary of the Treasury when the acts of February and July, 1862, and March 3, 1863, were passed authorizing the legal-tender issue, said in the case of the Banks *vs.* The Supervisors, (7 Wallace, 26,) that these acts contemplated a *permanent* circulation until resumption of payment in coin of $400,000,000, and, in 7 Wallace, 29, that the period of payment was left to be determined by public exigencies. In the act of 1869 Congress declared that the United States also "pledges its faith to make provision at the earliest practicable period for the redemption of United States notes in coin."

With the balance of trade against us, as I have shown, and the fifteen hundred million indebtedness abroad requiring an annual payment of $100,000,000 interest in gold, it is evident that the "practicable period" has not yet arrived, and hence that our "promises to pay" are not, never have been, and I say unhesitatingly never will be, "*dishonored.*" We pay our interest at home and abroad in gold. Our own currency we owe to ourselves. The American people require it for *permanent* circulation, and it will be so used long after gold mingles in and dollar equals dollar.

Mr. Speaker, there are men on this floor whose promise to pay will command gold in the note-markets of our country, *because back* of it stand long years of integrity, industry, and accumulation. So of the promises to pay of a nation, standing proud, free, and honored before the world. But we are told it is worthless because it costs nothing to make; that it is the mere creature of the printing-press. The same sophistry might be applied to the individual promise to pay; *the paper costs nothing;* but it binds houses and household goods, farms and cattle, all accumulations, past and future.

The labor of a few thousand men brings forth gold from our mines, but our promises to pay bear the impress of the *labor* of forty million people. It is this labor, that only producer of wealth, that stamps its credit and gives it the power of money within our own borders. Men who are afraid of our paper money forget our great past and have no conception of America's future.

There is not gold enough in the world to transact the business of modern commerce; hence, each nation invents its own paper currency. Nations not deprived of gold by exhaustion from war, pestilence, or famine, base such paper currency upon gold that it may float at par with the prices of the commodities of the world. In the absence of gold, our paper is based upon our nation's faith, and we shall bring it to par with gold when by stimulated industry we lift the mortgage upon our industries now held by other nations. I have no words adequate to express my admiration of the ingenuity of our paper system, which, when perfected by this bill, will measure and supply at all times all and no more currency than will be required by our vast commerce to compass the aims of our people to a grander civilization and progress than ever before.

Mr. George S. Coe, president of the New York Clearing-House, a banker of life-long experience—and I only express what is universally conceded when saying that he is one of the most able financial thinkers of our age—said to our committee that—

> If you adopt Mr. MERRIAM'S plan of redemptions, and allow the two systems of free banking and redemptions to go out together, *the volume of currency will regulate itself;* and while the crops are being moved it will expand, and afterward it will return again to the banks which issued it; for as you make redemptions practical you make bank-notes a more perfect representation of property. Free banking and practical redemption will result in supplying the amount required for the trade and commerce of the country when wanted.

It cannot be charged as an unjust interference with private rights, for, as Mr. Coe wisely remarks—

> When Government gives to banks this *living power*, it should enforce such provisions as the public require for safety.

The Commercial and Financial Chronicle and Hunt's Merchants' Magazine, of December 13, says, when commenting upon this bill:

> "All legislation should be based on a popular want," says a modern jurist, and the first question about a new law is, what is the real want it aims to meet? Applying this test to the new bill which is proposed to secure elasticity of the currency, we find, on the whole, a satisfactory response.
>
> This new measure will be presented in the House by Mr. CLINTON L. MERRIAM, who is a member of the Committee on Banking and Currency. The bill provides—
>
> First. That the present legal limit restricting the aggregate of the bank currency shall cease.
>
> Secondly. It enacts that a prompt redemption of the bank-note shall be secured by establishing an assorting-house at Washington, with a branch in New York. By this new mechanism the bank-notes are to be daily sent home for redemption to the banks issuing them, and at the expense of these banks.
>
> Thirdly. The Government is to redeem all bank-notes through this assorting-house; and to provide funds for this redemption, each bank must place in the Treasury a reserve of greenbacks equal to 5 per cent. of the aggregate of its outstanding notes. This 5 per cent. of its reserve must be kept good by the banks at all times.
>
> Fourthly. The banks on these conditions are to be relieved from the obligation to keep 15 or 25 per cent. of reserve on their circulation, but the reserve on their deposits must be maintained as at present.
>
> Such, in substance, is the proposed bill, which is, as will be seen, of a very novel character. The want it aims to meet is the notorious and urgent want of elasticity in the circulating medium. To confer this quality the banks are to be compelled to redeem their notes. This it is supposed will contract the outstanding aggregate of notes in the summer by the amount of fifty or sixty millions at least. These notes will go home for redemption. It will be impossible to keep them out. During the whole of the dull season, if the assorting machinery is efficient, the bank currency will be kept down to the normal amount wanted for the business of the country. At other seasons, when business is more brisk, the assorting-house will not get the notes for redemption. These notes will consequently stay out and will keep up the current of the circulation to its normal level. This new machinery of the assorting-house is so simple, and its purpose is so well understood, that we need spend no further time in describing either its functions or its necessity. Its operation is like that of the great dikes in certain parts of Holland. When the flood rises above the safe level and threatens trouble, it is seized and disposed of by powerful machinery. When it sinks below the point of danger, the mechanism is mute; and room is left for the natural streams which supply it to raise the current to the proper level of safety.

The New York Bulletin and the New York Financier, whose views are respected in financial circles, also editorially approve of the main features of this bill.

I hope it is not unparliamentary to quote the following from a speech delivered in another branch of Congress by an eminent Senator, February 27 last. I may be pardoned, because it has been quoted everywhere by the press as an embodiment of the metallic-currency sentiment of the country, and has been scattered broadly for reading by us all. In it are many mild though cleverly applied sophistries, deduced from experience when wandering hand in hand with that Venetian traveler, Marco Polo, to the home of an ancient tyrant who chose the novel mode of taxing the people through a compulsory acceptance of worthless paper promises, but he forgot to take from the great store-house of history those other innumerable methods of oppression resorted to through the ages to rob the people—"*forgot*," perhaps, because he could make no *practical* comparison between the power of a tyrant over ignorant masses, and the paper promises of a great, free nation themselves creating a paper promise, redeemable through taxation upon wealth and industry immeasurable, and whose application to our necessities has been tried through years—tried, though not "tried and exploded again."

We can forgive the logic of men so learned in Chinese experiences, but who, neglectful of modern history, overlook the experiences of the present which other men read in the statistics of the rewards of labor in our own country as compared with the rewards of the pauperized laborers of England, though he exclaims:

> Let us in this light compare England with the United States. In England, as well as in all European countries, the number of persons receiving salaries and wages is far greater in proportion than in the United States, and every one who is acquainted with those countries knows it. There are large armies there, large navies, which we have not. The number of private servants is much larger than here. The number of operatives and daily laborers is still greater. Now, although the population of the United Kingdom is only thirty-two millions, while ours is forty millions, yet the number of persons receiving salaries and wages is not only in proportion, but absolutely greater, much greater in England than here; and although wages rule higher here than they do there, yet I think I do not venture much when I say that the aggregate amount paid in wages and salaries in England is much larger than it is in the United States.

It is fearful to contemplate the exodus of American freemen from happy homes all over our land, especially from Missouri, after this advertisement that English servants and idle soldiers receive greater rewards than they. Still we can forgive many sophistries in those who arrive at one practical utterance like the following, where the graceful debater says:

> Now, sir, I do not wish to be understood as being absolutely opposed to free banking under any circumstances. I should be inclined to vote for it if it be coupled with an effectual system of redemption.

And when speaking of our currency, he admits that—

> A restraining influence, however, might be imparted to it even while we are under suspension of specie payments, by establishing between the Government legal-tender and the national-bank note the same relation which in suspension times existed in England between the Bank of England note and the country-bank note there; that is to say, if we give the Government legal-tender note a sphere of action superior to that of the national-bank note. This might be done by repealing that part of the national-bank act which provides that the national-bank currency shall be a legal tender in payment of taxes and other dues to the Government; and the system of redemption might be made effectual by establishing assorting-houses at the different business centers of the country. That, I think, would increase the demand for greenbacks in contradistinction to national-bank notes. It would make the conversion of national-bank notes into greenbacks an object of desire in the ordinary run of business, and it would oblige the issue of national-bank notes, if they are to remain at par with greenbacks, to stay within the limits prescribed by the possibility of actual redemption, made effectual by the establishment of assorting-houses. I throw this out as a suggestion to be considered by Senators.

LABOR, NOT GOLD, PRODUCES WEALTH AND HAPPINESS.

Never before in the history of the world has there been such an opportunity to test by experience the ability of a people to advance to happiness and wealth with no other medium of exchanges beyond paper "promises to pay." Fortunately, in our intelligence and *necessity*, we have escaped all those terrible catastrophes prostrating Spanish grandeur, so eloquently described by Macleod in his Principles of Economical Philosophy. He says:

> Spaniards were dazzled with the brilliant prospect of securing the greatest part of the wealth of the world without labor, imagining that the well-being of the country consisted in amassing enormous heaps of gold and silver, *mistaking the means to the end*, and not discerning that the precious metals are only precious so long as they are used for setting industry in motion—the tilling of land, the mother of increase, or the building of ships to promote the commerce of nations, or plying the loom to produce clothing for mankind.
>
> While the precious metals poured into the country in boundless quantities, which the statesmen of Spain thought would make them the rulers of the world, it began immediately to decline; its industry was paralyzed, and the most sanguinary penalties were unable to prevent their much-coveted treasures flying from the country, till at last it was reduced to the lowest depth of poverty, weakness dishonesty, and contempt. Next to Poland, Spain became the weakest and poorest nation of Europe. Scarcely ever has the world seen a country blessed with so many resources by nature so suddenly descend from so lofty an eminence to such a pitch of degradation.

We find that other than Spanish sovereigns believed that their chief *power* consisted in the accumulation of the precious metals. It became a cardinal point of their policy to import gold and prevent its export. From about the beginning of the fourteenth century the laws of nearly every country in Europe endeavored—but always in vain—to prevent its export. Statesmen and merchants alike were infected with this delusion; and this same delusion lives to-day and crops out all about us in the fallacious proposition to sell two hundred millions of our bonds to foreign nations for gold, which we could not retain six months against the inexorable laws of trade.

The experience of England, during her long suspension of specie payments, does not so well illustrate the results from the use of paper money as ours, though her progress in wealth through many years of her suspension was marvelous, because of her repeated drawbacks from premature attempts at resumption. Neither can the progress of Russia and other European powers, under a suspension of specie payments, illustrate as ours the capabilities for advancement during specie suspension, because political liberality, especially the freeing of serfs, became a powerful element in stimulating labor and the consequent increase of wealth.

It is only when an entire people marshal a paper servant to perform its internal exchanges, as ours has done for ten years past, that we can measure practical accomplishments attainable through its use, and then only by an inventory of the results. This inventory can be read of all men. He who ten years ago traversed this vast continent from ocean to ocean, from the great lakes of the North to the Gulf, and traverses it to-day, marvels at the almost magic upbuilding of cities, towns, villages, and happy homes, rich in all those modern aids to civilization and human happiness the inventive genius and activity of our people have created in places where ten years ago there were no cultivated farms, no schools, no churches, no railroads, no busy industries, no happy homes; but a waste as solemn and silent as a thousand years ago.

Here we are to-day with our old cities doubled; our new ones glowing with life; our millions of then unbroken acres teeming with life and yielding immeasurable bounties and blessings. The young life of our race, buoyant with hope, elastic with promise, is wrestling with the arts, the sciences, and with every promise of splendid rewards.

Bury in the ocean all the gold of the world, and these triumphs of labor and genius remain all the same. Theorists may in vain deride our "depreciated, irredeemable trash," but the great fact of *increase* stands before us to-day, and asserts that labor, and not the servant of exchanges, is wealth.

OUR PROGRESS WITH ONLY PAPER MEDIUM OF EXCHANGES.

No man can gainsay that, in no period of human history in one decade, has the willing laborer compassed so many blessings for himself and his family. In no other ten years has there been given such constant and well-paid employment, through which the humblest mechanics, who practiced ordinary economy, have so educated their children, been so well dressed and well fed, and bought and paid for so many homes, as through the period when we have had none other than "depreciated, irredeemable trash," and in the use of which I have never yet heard an honest toiler complain that it was so "worthless" that he was not willing to give his labor to obtain it. Witness the savings of the laborers of our country. We find that the savings-banks of New York and New England hold to-day more capital, representing their accumulated industries, than all the capital of all the two thousand national banks in our land.* It represents more wealth that could be converted into money than all the tyrants of old ever saw.

Turn a moment to the results of accumulations of the new-born freemen of the South, as illustrated through the beneficent influences of the Freedmen's Savings-Bank. They were taught by its managers the blessings of saving the rewards of their labor, and we find that $50,000,000 have come in, little by little, until each depositor had saved enough to buy a little home of his own, and forty-seven millions have gone out into fixed capital into land and cabins at present owned by the late slave, until all along the rivers and on the uplands of the South men and women, under God's blue sky and our country's stars and stripes, (stripes more redolent of joy than those of old,) are progressing to a better manhood, and in the new-born love of the soil, now their own, becoming useful citizens of our Republic. All this was accomplished from the sweat of honest brows even while using our "irredeemable, depreciated trash." Surely great blessings have followed, considering the disadvantages of the presence of so bad a currency.

Bury all the gold in the world, and these homes remain a living monument of patient industry. I am told that men have lived extravagantly and beyond their income, and that some have built beyond their means, because of the influence of paper money; but men in all ages have done this, and for all time will enter into profitless enterprises and reap disaster; and therefore that is no argument for others being kept idle. Railroads, those great civilizers and now indispensable instruments of material progress, have been pushed, it is true, too far into the next century for the happiness of some men, and yet that great accomplishment of modern times, the Pacific road, binds together the continent, making two republics an impossibility. It is a marvelous monument of the imbecility of men who use paper money.

In a recent *legislative* discussion on this floor, when in the heated wrestle for mastery through that high-school art of classical debate, my keen-witted friend from New Jersey, [Mr. PHELPS,] disclaiming forever his vast possessions, assumed the attitude of injured innocence, exiled from his hard-earned many millions, he stood before us a confessed and sorrowing pauper, and he said "paper money had done it." I confess for a moment I forgot the indiscretions of youth, and sorrowed with him over the betrayal of youthful confidence. The prairies of his opponent had wooed his last dime, still he said "paper money had done it." The great army of workers all over our land had grown rich and happy under the stimulus of our paper money, while he alone stood wretched and comfortless before us, and said "paper money had done it." I could but picture "what might have been" in his hard-earned money prudently saved in the Freedmen's Bank, uprearing for himself and little ones a cabin on the Suwanee River, and his soft voice exclaiming to us in the joy of a new-gained happiness, "and paper money did it."

CREDIT.

We now use for carrying the products of industry from the producer to the consumer United States notes, national-bank notes, and bank-checks. In our large centers 96¼ per cent. of all exchanges are made with checks, and the farther removed from large cities, where banks are numerous, the greater the necessity for the use of United States and bank-notes. Checks and bills of exchange are instruments of personal credit, and from their very nature are less secure than currency fortified by the seal of Government. Just in proportion as bank-notes and legal-tenders are inadequate to perform the vast exchanges of the country is the necessity for the use of the less valuable promises to pay; but the magnitude as well as the convenience of commerce demands the use of checks and bills of exchange. Of gold there is not enough in the world to make the exchanges of modern commerce; hence credit becomes the most gigantic species of property in all commercial countries.

*National-bank deposits average $625,000,000; national-bank discounts average $950,000,000; national-bank capital $491,000,000.

Says Daniel Webster:

> Credit is the vital air of the system of modern commerce. It has done more, a thousand times, to enrich nations than all the mines of all the world. It has excited labor, stimulated manufactures, pushed commerce over every sea, and brought every nation, every kingdom, and every small tribe among the races of men to be known to all the rest; it has raised armies, equipped navies, and triumphing over the gross power of mere numbers, it has established national superiority on the foundation of intelligence, wealth, and well-directed industry.

So also an able French writer, M. Gustave du Puynode, says:

> However fruitful have been the mines of Mexico and Peru, in which, for a long time after Columbus, seemed buried the fortune of the world, there is yet a discovery more precious for humanity, and which has already produced more wealth than that of America: that is the discovery of credit; a world altogether imaginary, but vast as space, as inexhaustible as the resources of the mind.

But, Mr. Speaker, credit unbridled has all along the ages wrought disaster and misery. Fortunately for the people of this day, private capital is sensitive, and experience has devised a system of banking which only needs the appliances we propose in this bill to give stability and safety to all our internal commerce; but credit in some form, either in bank-notes, checks, or bills of exchange equal to our necessities, is indispensable to progress. Had the bankers last fall, in our large centers, when pooling their assets as a buttress against disaster from a raging panic, instead of only attempting self-protection through credit contraction, but followed the example of the Bank of England in similar crises, extended credit to perfectly solvent customers, they would have checked disaster and panic together. Twenty-five millions thus loaned would have served the same purpose as the twenty-five millions of currency they besought the President to loan them, which he wisely declined, because, as he said, "the President cannot violate law."

If bankers only extend credits to merchants in times of abundant money, they become commercial traps to lure the merchant to extend his business under a fair sky, only to be wrecked in cloudy weather; for panics come so suddenly that commercial communities are wholly unprepared for them. The crises of 1857 and 1873 were more disastrous because not generally expected. We are aware that in England, in 1857, the ruin that followed was, as here, a stupendous loss to the country; that while the amount required to meet mercantile liabilities was vast, as it always is in England and America, yet the amount required for temporary relief was comparatively small; that what was most required was the credit which prudent loans would have readily supplied. Says that English author of the Blue Book and the History of the Bank of England, when describing the crisis of 1857 in London:

> The great American firm of Peabody & Co. was known to be on the point of suspending, though perfectly solvent; but, like so many other firms kept out of their money, were unable to meet their engagements. The help required was £800,000 sterling, and the act prevented the Bank of England from advancing this sum. No sooner was the act suspended, and the bank unfettered, than it advanced the $4,000,000, and Peabody & Co. were saved.

Saved for those great charities that so honor our humanity. He adds:

> The beneficial effects produced by the suspension of the act, and the resolution to extend its issues, were instantaneous. In four days after the suspension of the act, the panic had ceased throughout the kingdom. Many firms suspending for want of speedy relief resumed and paid in full, and they would have been saved enormous losses if monetary relief had been extended to them by an earlier suspension of the act. There is something whimsical in the fact that the question of bankruptcy to solvent firms should be dependent upon a change in the law of the land between half-past two and half-past three o'clock of one day, but that was the simple fact which saved Peabody & Co. between those afternoon hours on the 12th of November, 1857.

The senior partner of Peabody & Co. was held by the Bank of England to be so wealthy as to furnish of his own name sufficient security for the enormous amount of four millions of money, but other firms equally solvent "failed before the act was suspended."

LIBERAL FINANCIAL LEGISLATION LAST CONGRESS WOULD HAVE PREVENTED THE PANIC.

To thoughtful minds will come the suggestion that all the financial disasters of our country to-day could have been obviated had Congress a year ago, when it was so obvious that contraction threatened our industries, passed the bill now matured for its consideration. It is through credit alone that the young energy of American youth, born in poverty, but alive to work, finds entrance to those profitable fields of enterprise that make us rich by developing the hidden resources of our country. Whenever a country is overtaken by a financial crisis disasters fall not upon the rich lenders of money, but upon the workers, whose energies and accumulations are pledged to capital. Hence it is the highest duty of legislators to study the influences that work upon the minds of men to produce financial crises, and to so legislate as to obviate them. Panics furnish a harvest for the rich in the low forced sales of property. Large capitalists at such times only are able to buy. All legislation in the direction of financial stability is in the direction of protection to the many; the few who are rich can always protect themselves.

Legislators and students in the science of political economics can read in our own experiences the baneful results of inadequate currency to perform all the business of the country. In 1857, when the country was banking upon a specie basis, the balance of trade against us drew away our gold, and our banks suspended. It happened just at the season when the great cotton crop of the South was going forward to the markets of Europe at an average price of fifteen cents a pound. The bankers unwisely refused loans to customers, and those merchants who held cotton for advances made to the producers, unable to borrow, failed, and England, who stood ready to take our cotton at fifteen cents a pound, bought it under forced sales at from seven to nine cents a pound, and our nation, from want of a stable financial system, lost at least $50,000,000; and the people of our country were thereby made fifty millions poorer.

CONTRACTION THE CAUSE OF THE PANIC.

In 1873 we had a currency panic, from the contraction of our currency. From the 31st of August, 1865, when it was at its maximum, and stood on the books of the Treasury at $1,152,914,892.67, including legal-tender bank-notes, 3 per cent. certificates, and compound-interest notes, and when mercantile business was most healthy from its thirty-day credits, and when the ordinary small transactions between man and man, including paying of labor promptly, were made with cash, down to the fall of 1873, when our currency, including legal-tenders, three hundred and fifty-six millions; bank-notes, three hundred and forty-nine millions; and fractional currency, forty-eight millions, had been contracted to seven hundred and fifty-three millions, less one hundred and twenty-five millions held idle in the banks as reserves, and the estimated loss of fractional and other currency through the war as burned, destroyed, or lost on sea and land, of twenty-five millions, added to the estimated amount always *in transitu* over our great country in express and by other carriage, ten millions, and the money held by the collectors of the State, county, and municipal tax, amounting annually to nine hundred millions, at ten millions, and we have—

Available as actual circulation		$753,000,000
Less reserve	$125,000,000	
Loss by land and sea	25,000,000	
Hoarded	100,000,000	
In transitu	10,000,000	
Held for collected taxes	10,000,000	
		270,000,000
An actual contraction to		483,000,000

In 1860 we had—

Bank notes	249,000,000
Coined gold and silver	250,000,000
Total	499,000,000

Mint estimate, $300,000,000; Treasury estimate, $275,000,000.

To this actual contraction from funding compound-interest notes must be added the comparative contraction from the increase of population and wealth. In 1860 our population was thirty-one millions; in 1873, forty millions. In 1860 our wealth was $16,000,000,000; in 1873, $31,000,000,000. In 1860 our circulation was $499,000,000; in 1873, $483,000,000—$16,000,000 less than in 1860—with *four millions* of colored people now for the first time finding use for money. Add these four millions to our *nine millions* of actual increase of population, and we have *thirteen millions* more human beings to-day using money than we had in 1860. Can it be enough for all our diversified industries? It seems to me that any school-boy can tell the ablest teacher of political economy that *forty millions* of people, of like habits and industry, require more money to make the trade exchanges of the country than *thirty-one millions* of the same people.

AMOUNT OF OUR CURRENCY CONTRASTED WITH THAT OF OTHER NATIONS.

Let us contrast with our own available currency that used by other civilized nations; for something can be learned by contrast. The total amount of gold coin used as a circulating medium in the Kingdom of Great Britain and Ireland January 1, 1873, was £84,551,000; bronze, £1,148,000; silver, £15,000,000; and the excess of bank-notes over coin reserves £40,540,000 sterling—a total circulation of £141,239,000; being equivalent in United States gold coin to $686,421,540. And let us not forget that this old and financially conservative nation has but thirty-two million souls; that hers is an old and comparatively completed country, with no new enterprises, and with so small a territory, that her financial necessities can be compassed by railroads and the telegraph in twenty-four hours; while the United States, with her forty million people, all on fire with enterprise, extends over a territory three thousand miles wide, and over twenty parallels of latitude.

Then take France, with a population and wealth perhaps equaling but not exceeding ours, and she, too, an old completed country. France had, December 26, 1873, of currency, 4,000,000,000 francs, and paper notes of the Bank of France in circulation 2,807,689,625 francs—a total of 6,807,689,625 francs; from which deduct the metallic reserve in bank, 759,962,419 francs, and the currency circulation is 6,047,727,206, equivalent, in United States gold coin, at twenty cents to the franc, to $1,209,554,441.

Let every thoughtful, patriotic mind carefully analyze these statistics, for these rich old conservative nations have had experience.

HOARDING.

I may be asked upon what I base the $100,000,000 in my estimate as hoarded, and I answer that last spring, after Congress adjourned, I went through the South with a view of ascertaining how much currency was hoarded by the colored people; I went into cabins and by-ways. I talked with intelligent colored teachers and preachers, with the rich and the lowly, and I am convinced that fifty millions, hid away in cabins in safe places and buried in the ground, is a low estimate; for we must remember that the South has produced every year since the war from three to four million bales of cotton, netting over $200,000,000 per annum, which has brought cash, *and the colored man did all the work.* We must remember that these people had seldom seen gold; that the greenback was the first thing they ever earned they could call their own, the first thing, save our flag, that stood before them a symbol of their freedom. With it they soon learned a power to gather together long-broken families into a common happy home. To the colored men the greenback rose above the dignity of a language; to them it almost bore the dignity of religion. This precious-earned companion of the new freemen they gather and cherish as better than gold, the possession and power of which they never knew.

To my mind there is no mystery in their *hoarding* fifty millions of "greenbacks." It is no large estimate to say that fifty millions are hoarded by the whites of our country. It is an instinct of humanity to "lay away something for a rainy day." Away from thickly settled communities and savings-banks men hide it in safe places. It is the same instinct that led the millionaire and the humble to take all the currency from our banks last fall and hoard it as an anchor of safety until the storm of panic was past.

The history of all time teaches us that just in proportion as men have confidence in money they hoard it. During the reign of wild-cat money in the West the honest farmers were so often victimized forty to sixty cents on a dollar on all the bank-bills they held that they naturally became distrustful of all paper currency, and for years never brought their produce to market until ready to exchange for commodities required for family use. To-day these same farmers take advantage of the highest market prices, accepting our currency with a confidence that assures us they know it is the debt of a nation too proud and too great ever to repudiate; that it is the first mortgage upon all the property of a nation that will not always be in debt, and which has reduced the national mortgage from its maximum, August 31, 1865, $2,757,689,571.43, to $2,157,470,114.41 on the 1st of February, 1874, an average yearly payment for more than eight years of seventy-seven millions.

MISCHIEVOUS AND UNFAIR COMPARISON.

It is sad to contemplate how many able and ordinarily fair-minded men seek to unfairly and dishonestly deride our currency, telling us to *beware.* They compare it to the *assignats* of France based upon the confiscated unproductive lands of the clergy, which being unproductive possessed none of those economic attributes of life and warmth which justify confidence in the holder that they will ever be paid. They point to the *assignats* and tell us to beware. They compare it to the paper money of our Revolution, which, owing to our then imperfect arts, was so counterfeited by enemies and rogues as to render it impossible to distinguish the genuine from the counterfeit; they point to *it* and tell us to *beware.*

They compare it to the late confederate currency, based upon a triumph of aristocratic ideas over the generosity of a civilization reaching ever forward to greater liberty of thought and action, and which, with God's blessing, will never turn backward to blight the pathway of humanity. They point to confederate paper and tell us to *beware.*

They compare it with the paper promises to pay of that beggarly remnant of Spanish power on the shores of the western continent, and say, "Behold the Cuban currency," and cry "*Beware!*"

[Here the hammer fell.]

The SPEAKER *pro tempore,* (Mr. LAWSON in the chair.) The gentleman's hour has expired.

Mr. FORT. I move that the gentleman's time be extended.

The SPEAKER *pro tempore.* The Chair hears no objection.

Mr. MERRIAM. They tell us of the "South Sea bubble," where the cupidity of our usually stable cousins was excited by systematic fraud in which government and the people went mad and lost their senses and virtue in the vain hope of acquiring unearned riches from beyond the seas without toil, and tell us our paper currency will inflate and burst like the old bubble. But was it paper money that seated this dishonor upon the brow of English statesmen and English character, or was it that gambling propensity which poisons alike all mankind who are deluded by the fiction that riches can be obtained without honest toil? Is it in sincerity and honesty that intelligent men point us to the "South Sea bubble" and tell us to beware, when the great *power* of our currency is based upon a necessity for its use and in the mutual confidence of honorable men, without which there is no possibility of extended commerce, which is one of the master glories of civilization?

ASSERTED LOSSES TO THE PRODUCER FROM PAPER CURRENCY.

There is another fallacy and a cheat attempted to be practiced upon the *farmers* of our country, and which was effectually exploded in a speech by the late Secretary of the Treasury. They charge in one sweeping assertion that farmers can never grow rich while they sell their products of cotton, pork, cheese, and corn in foreign countries for gold, and pay for what they buy in gold and currency.

It is so obvious a deceit that it is scarcely deserving of contradiction. The farmers of our country possess more intelligence than many theorists. They can read, write, and cipher, and always use common sense. A farmer in my district produces cheese worth $10,000. He sells it for a price it commands in foreign markets in gold, less commissions and transportation. Suppose he dispensed with all middlemen and took it himself to England, receiving his pay in gold; suppose he consumes of foreign goods $1,000; he sells for gold and buys with gold. He suffers no loss. The $9,000 he brings home, and in turning it into currency gets the premium on his gold. The farmer sees no loss, for there is none. So we could extend the illustration to all the great products of cotton, grain, &c., that are paid for in gold.

PAPER CURRENCY DOES NOT INFLATE UNLESS BURDENSOME.

In connection with this fallacy bullionists tell us that paper money inflates. So it would if it were so abundant as to become depreciated or burdensome to the people. In the days of the *assignats* property rose to fabulous prices, because people preferred it to other property having real value, and that could be exchanged for something else they might want, and which they could not get with worthless *assignats;* but has it ever been so with our currency? Its trying day was in the panic of last September. Did men throw it away then for anything else they could get, or was it the only one thing they clutched and held?

Prices, it is true, are higher for many things (all those things not cheapened in production by the inventive arts) than they were in 1848, when all the civilized nations in the world held only $3,000,000,000 of gold. Since that day from the mines of California and Australia we have dug and thrown upon the world $2,000,000,000, lessening the purchasing power of gold two-fifths, and increasing the price of land and labor to the same ratio. All men have seen from 1848 to the present hour a gradual but certain increase in prices, not only in this country, but throughout the world.

GOLD THE GREAT INFLATOR.

Gold has been the great inflationist, and unless we can shut up our mines, pouring a hundred millions annually into the lap of mankind, it will continue the great inflator; and as hateful as has been the word "expansion," it will continue the great expansionist; but even then our intelligence will enable us to use it as the measure of values throughout the world, unless some other Michel Chevalier, alarmed at its increase, writes a book telling mankind that its abundance will demonetize gold, and it falls, as it did after his last book, to a discount of 3 per cent. below silver; for we all remember that this theorist's ideas so put up the price of silver that the bankers and merchants of Europe sold their gold at ninety-seven cents on the dollar to obtain silver with which to pay the Asiatic races for the luxuries Europe had imported.

We have almost ceased to import railroad iron, and under the natural laws of trade the balance is beginning to turn in our favor; gold ought not now command a premium of over 5 per cent., and would not but for the gold-room in New York and the incessant cries of the Chevaliers of our day constantly decrying our currency.

Mr. Speaker, your committee do not propose inflation; we have carefully guarded against it by presenting to the country a self-adjusting machine to regulate a supply at all times commensurate with the growing demands of our commerce, and men who read statistics will not be frightened if we have more banks and more paper money.

Let us glance at the tide of human increase among the nations and draw a lesson of what our necessities must soon be.

In 1854 and 1872 the population of the leading nations stood as follows:

Countries.	1854.	1872.
Great Britain	27, 620, 000	32, 000, 000
France	35, 750, 000	36, 100, 000
Germany	33, 500, 000	39, 400, 000
Austria	36, 500, 000	35, 900, 000
Russia (in Europe)	65, 000, 000	71, 000, 000
United States	27, 000, 000	40, 000, 000

Contraction will not prepare the way. The tide of empire flows in upon us! Intelligence of the masses keeps pace with our material progress. The post-office is a tell-tale. The postal revenues returned in 1860 were $9,218,067; in 1873, $22,996,747. The number of post-offices in 1860 were 28,498; in 1873, 32,244. Steamboats, railroads, and horses now carry our mails 256,210 miles, and reach all our people; and the nation's most enduring wealth keeps pace with our intelligence.

THE FARMING INTEREST.

The value of farms, farming implements, and machinery in the United States, as reported in the census returns, were as follows:

Year.	Farms.	Implements and machinery.
1850	$3, 271, 575, 426	$151, 587, 638
1860	6, 645, 045, 007	246, 118, 141
1870	9, 262, 803, 861	336, 878, 429

The total product of farms in 1870 was $2,447,538,658. No man can blind the farmer by whatever plausible sophistries he may conjure up, for he has as good eyes to see, and he sees every day with as clear a vision, as theoretic writers on finance. He has intellect, and he uses it. He has common sense, and he knows that to handle all the increased productions of an increasing population, all the tools and machinery required by modern husbandry in economizing labor, requires a proportionate increase of money. His very children know that it requires more money to handle much property than to handle a little.

I have many letters daily, from all over our country, asking us to legislate at once and set our industries in motion again, and in every instance urging free banking. I will give you but one letter; I received it but yesterday. It speaks for a mighty class of intelligent workers in our land; and although the writer is a stranger to me, I am proud that his home is in the district I have the honor to represent. There is more philosophy in his few words than was ever dreamed of in the schools. I proudly place this letter side by side with the utterances of many men in high places, those professed teachers of the science of economical philosophy. The farmer is the master teacher:

EAST RODMAN, JEFFERSON COUNTY, NEW YORK,
March 14, 1874.

DEAR SIR: Permit me to thank you for your article on the currency in the Watertown Reformer of March 12. *We Farmers* are glad to find *our Representative* on *our side* of this question. Although we have but *little to say* in this matter, we *think much.* We *know* that the indebtedness, both public and private, of this country was contracted when gold was *high.* The contractionists now wish to make us pay in gold, thereby paying more than we received. The *money-lenders* and those having a fixed income are the only classes *benefited* by contraction. As a *large manufactory* requires a *large stream* of water to set in motion all its spindles and looms, so this country requires *no contracted stream* of currency to set business in motion. We of the producing (and debtor) class *want* to *pay every* debt we owe. But we *must have currency* to pay *with,* or our business stops and we are bankrupt.

Please excuse this trespass on your time and patience, as it is not meant to be an effort to instruct you, but to inform you that the "common people" will "back you" in your efforts to assist them.

Very truly, yours,

O. D. HILL.

Hon. C. L. MERRIAM.

The farmer, in an intelligent liberality, applies the same rule of relative necessity to all the activities of all our people that he applies to his own experience. He sees that a great and industrious people have been crippled in their progress by statutory limit to our currency, when no legislation can limit the growth of his crops or the increase of the human family. He wants cheap money; and knowing that the price of money, like other property, is governed by demand and supply, he looks with suspicion upon those $460,000,000 memorialists of Wall street petitioning Congress for further contraction, thereby raising the price of money by decreasing its quantity. There are good men's names on that petition; unselfish, generous men. And as many are practical business men, I marvel all the more. Yet, absorbed in their own business of vast magnitude, having no time to study our census returns, the country has outgrown their knowledge.

THE RESPONSIBILITY UPON THE REPUBLICAN PARTY.

But the mission of the republican party is not to serve the interests of the few, *but the many.* The millionaires of the country, from their cushioned parlors and glowing fires, can, through the press and a million pamphlets, thick upon our desks as the leaves of the forest, read to us their version of political economy and advertise their varied panaceas for the ills we bear; while, silent and suffering, that great army of labor, with fires extinguished and hunger not afar off, plead to the party in power to set in motion again the now silent wheels of industry. The *people* hold in their hearts a precious memory for the great work it has done in the past; they will hold aloft the flag of the republican party so long as their representatives are pure and true to the interests of the masses. We must sweep away the Sanborns and burn the barnacles of selfishness that steal a festering presence to blister our fair fame. The republican party must rise to an appreciation of the financial necessities of to-day, and heeding the calls of our toiling millions, fearlessly lift the nation again to activity and prosperity. Now is our opportunity, and the nation holds us to the responsibility.

Perhaps I weary the House with statistics, but in no other way can a single eye pierce the activities of our land.

The total number of manufacturing establishments in the United States and Territories, in 1860, producing the value of $500 and upward, was	140, 433
For the year 1870	252, 148
Hands employed in 1860	1, 311, 246
Hands employed in 1870	2, 053, 966
Amount of wages paid in 1860	$378, 878, 966
Amount of wages paid in 1870	775, 584, 343
Value of materials used in 1860	1, 031, 665, 092
Value of materials used in 1870	2, 488, 427, 242

The value of products for the year 1860 was $1,885,861,676; and in 1870 it was $4,232,325,442.

The value of live stock in the country, in 1860, was $1,089 329,915; and in 1870, $1,525,560,457, an increase of 50 per cent. The amount of wheat produced in 1860, was 173,104,924 bushels; in 1870, 287,745,626 bushels. The amount of Indian corn in 1860, 838,792,742 bushels; in 1870 it was less—but that was an exceptional year, and should not be taken as a fair showing—it was 760,945,559 bushels; in 1872 it was 1,100,000,000 bushels.

The exports of Indian corn, rye, wheat, &c., in bushels, in 1860, was 8,800,000; in 1870, 39,000,000; and in 1871, 45,000,000. Flour not included.

HAS THE WEST CAPITAL TO ESTABLISH BANKS?

We are told that the great West—that future empire of the world—

pleads for more currency, but cannot take it if permitted through free banking; that currency cannot be given away by the nation; that they must first by industry earn wealth, and then they can establish banks and get currency. Let us turn to seven States of the West, and contrast their past and present wealth with seven Eastern States, and then judge of their ability to establish banks.

Comparative statement of the past and present wealth of seven Western States and seven Eastern States.

States.	Population.		Farm valuation.		National-bank circulation.	States.	Population.		Farm valuation.		National-bank circulation.
	1870.	1860.	1870.	1860.			1870.	1860.	1870.	1860.	
Illinois	2, 539, 891	1, 711, 951	$920, 506, 346	$408, 944, 033	$17, 824, 209	Connecticut	537, 454	460, 147	$124, 241, 382	$99, 830, 005	$17, 994, 648
Indiana	1, 680, 637	1, 350, 428	654, 804, 189	356, 712, 175	14, 706, 415	Maine	626, 915	628, 279	102, 961, 954	78, 688, 525	8, 029, 252
Iowa	1, 194, 020	674, 913	392, 662, 441	119, 890, 541	5, 674, 385	Massachusetts	1, 457, 351	1, 231, 066	116, 432, 874	123, 255, 948	59, 523, 671
Michigan	1, 184, 059	749, 113	398, 240, 578	160, 836, 495	7, 485, 043	New Hampshire	318, 300	326, 073	80, 589, 313	69, 680, 761	4, 624, 525
Missouri	1, 721, 295	1, 182, 012	392, 908, 047	230, 632, 126	6, 476, 193	Vermont	330, 558	315, 098	139, 367, 075	94, 289, 045	6, 932, 030
Wisconsin	1, 054, 670	775, 881	300, 014, 064	131, 117, 164	3, 253, 316	Rhode Island	217, 353	174, 620	21, 574, 968	19, 550, 553	13, 385, 840
Ohio	2, 665, 260	2, 339, 511	1, 054, 465, 226	678, 132, 991	23, 876, 370	New York	4, 382, 759	3, 880, 735	1, 272, 857, 766	833, 343, 593	60, 976, 006
Total	12, 039, 832	8, 783, 809	4, 113, 600, 891	2, 016, 265, 525	79, 295, 931	Total	7, 870, 687	7, 016, 018	1, 858, 025, 332	1, 318, 638, 430	171, 465, 972

Increase population, 3,256,023. Increase farm valuation, $2,027,335,360.

Increase population, 854,669. Increase farm valuation, $539,386,902.

To this exhibit I beg to call the special attention of my colleague on the committee from Connecticut, [Mr. HAWLEY,] who rises into sublime and eloquent disgust at the very mention of a greenback except when generously forgeting his antipathies over the asking of us to oil the wheels of his pet centennial with a few millions of them. His State has no such antipathies. She holds tight her $18,000,000. Illinois in one decade has added to her population 290,486 more than all the population of Connecticut; she has increased in ten years 827,940, and Connecticut has only 537,454. Missouri, too, has gained in ten years more population than Connecticut has to-day. I hope Connecticut's loyal sons will hold fast her anchorage; drifting toward the prairies she could be lost in a single corn-field; and yet she holds on to this detestable paper currency and will not yield a dollar to the West.

WE MUST ACCEPT THE SITUATION.

Intelligent, fair minds of our country will pause before this marvelous exhibit of the tide of empire, and discover at a glance the justice of the demands of our energetic countrymen of the West for the removal of these bank restrictions that shut them out from banking and currency facilities commensurate with their progress. Here we have seven Western States with 4,169,145 more population than seven Eastern States, and having $92,170,041 less bank circulation. Surely, if we regard the rights of all our citizens our duty is plain.

We also compare the valuation of real and personal estate of six Western States with six New England States.

States.	1860.	1870.
WESTERN STATES.		
Illinois	$871, 860, 282	$2, 121, 680, 579
Indiana	528, 835, 371	1, 268, 180, 543
Iowa	247, 338, 265	717, 644, 750
Michigan	257, 163, 983	719, 208, 118
Missouri	501, 214, 398	1, 284, 922, 897
Wisconsin	273, 671, 668	702, 307, 329
Total	2, 680, 083, 967	6, 813, 944, 216 2, 680, 083, 967
Increase of 6 Western States from 1860 to 1870	....	4, 133, 860, 249
NEW ENGLAND STATES.		
Connecticut	$444, 274, 114	$774, 631, 524
Maine	190, 211, 600	348, 155, 671
Massachusetts	815, 237, 433	2, 132, 148, 741
New Hampshire	156, 310, 860	252, 624, 112
Vermont	122, 477, 170	235, 349, 553
Rhode Island	135, 337, 588	296, 965, 646
Total	1, 863, 848, 765	4, 039, 875, 247 1, 863, 848, 765
Increase in 6 New England States in last decade	....	2, 176, 026, 485

We also find that six Eastern States have an excess of circulation upon apportionment on population and wealth of $70,690,046; five Middle States $9,416,503, while fourteen Southern and Southwestern States have a *deficiency* of circulation on like apportionment of $51,271,034, and nine Western States a deficiency of $21,423,811.

Figures like these are more eloquent than words.

The secret of the rapid accumulation of wealth, the progress in civilization, the triumphs of genius, the marvelous advances in human happiness of the men of our day and country, is to be found in the one fact that no other race has so grappled with the common, every-day realities of life, and measured the necessities of all the people by the experiences of individual life.

OUR PANIC AROSE FROM INADEQUATE PAPER MONEY AND NOT FROM WANT OF GOLD.

The panic of last fall—not unlooked for by many—came to blight our progress like a pestilence. Men in their fright rushed, *not for gold*, but for our paper promise to pay. Does any student of the schools of economics venture to tell us that if our vast growth had not absorbed our medium for exchange that willing labor would to-day stand idle on the streets? We can recover from the disasters of a mistaken financial policy through the operations of this bill, the main provisions of which are free banking, practical redemption, and the retention of reserves at home.

STAGNATION IN BUSINESS WHEN MONEY IS UNUSED.

Men point us to the fact that in all our large money centers money is accumulating in large quantities, and do so as an evidence that there is in the country currency enough, and much to spare.

This is true of to-day, and always is true after a panic, when the business of the country is in comparative liquidation, caused by a suspension of business. Every man knows that when the industries stand still, there is no use for money; but the nation would become impoverished and its revenues would shrink us to bankruptcy were they so to remain. We cannot safely longer delay putting them in motion, and when in motion again, "as they were before the panic," to use the language of my friend from Illinois, [Mr. WARD,] "there will not be money enough in the country to transact its business any more than there has been at times the last few years; hence the necessity of free banking to avoid another panic."

INTERCONVERTIBLE BONDS.

I find there is in the minds of some members of this House a deep-seated impression that it would be wise to destroy our present national banking system, and make the United States Treasury in reality a bank through which the whole country could get interest upon idle capital, and receive when wanted United States notes, *United States notes only;* for this policy proposes the destruction of bank-notes.

I have said that the American people are averse to any radical changes in our financial system, which they have tried, and to launch out into unknown and dangerous seas. We owe a large debt; and it is a maxim of history, the danger of changing front in the heat of battle.

The American people pride themselves upon the maintenance of their *pledged faith*. The people of this country were solicited in times of their country's peril to put $400,000,000 of their money into national banks. Charters for twenty years were granted by a solemn act of Congress. Banks, those beneficent institutions of society, carrying idle capital to industry, are organized and at work. It is proposed to break the nation's faith and take away their charters.

Mr. BUTLER, of Massachusetts. Will the gentleman yield to me for a moment?

Mr. MERRIAM. Yes, sir.

Mr. BUTLER, of Massachusetts. I believe that in 1869 I was the first to propose in an elaborate speech in this House the three sixty-five bonds. I did not propose, and do not now propose, that they shall break down or disturb the banks, except as their convenience and use as a better medium of circulation shall disturb any other business. I do not propose, and I do not know that anybody who believes with me proposes, to disturb the banking system.

Mr. MERRIAM. I will say to the gentleman from Massachusetts that he is not recognized on this floor by many of us who have been in the habit of talking over this matter, as the leader of the three sixty-five policy, though he was the originator of it. The gentleman from Pennsylvania, [Mr. KELLEY,] who is the recognized leader, proposes to break up the banks.

Mr. BUTLER, of Massachusetts. O, if it applies to him I do not care. [Laughter.]

Mr. MERRIAM. *More*, it proposes a machinery whereby the Government shall become custodians of the idle money of the land; *more*, to pay in the form of interest, for the privilege of keeping it; *more*, it creates the best machinery possible for man to invent for speculators to lock up the currency of the country, and any day bring panic and financial disaster. Congress has made it a crime to use a bank for this purpose; and yet only last winter we tried in vain to punish offenders. It was demonstrated that men will use their own money and lock it up when and where they please. A Wall street sharper, with ten million United States notes, (under this proposed machinery,) would get from the United States Treasury ten million three sixty-five bonds. Returning to New York, any national or State bank or private banker would loan at a high rate of interest ten million upon his ten million three sixty-five bonds, convertible on demand into United States notes. With this process repeated over and over again for ten days, a panic would be inevitable from the locking up of fifty or a hundred millions.

We are told that it would enable commerce to expand and contract the currency as needed. I confess that through it there would be expansion and there would at times be contraction, but *never* at the beck of commerce. Men want stability in finance before capital will leave its places of rest and enter the fields of industry. Take for illustration a city of twenty-five thousand population; the average amount of deposits gathered from the floating capital of the people is $1,000,000. It is the earnings of the farmer, the mechanic, the laborer. Its use through loans by the banks to citizens at home stimulates enterprise, from which all the people derive employment and wealth. This opportunity of interest in a safe investment, convertible into currency on demand, would take away one-half of the million owned and used at home to be locked up idle in Washington. To assert that this money would flow back when wanted by commerce is to assert an ignorance of the laws of individual necessities. A few patriotic citizens might respond to the wants of other people; but men owning money keep it to use for their own necessities, which may require it to-day, to-morrow, or next year.

The scheme is not new; it has been mooted for years. It is, at first impression, *fascinating* in the extreme, and has many votaries; but weigh it in probable experience, and it is dangerous and wicked. It would create financial anarchy in any country that should adopt it.

Its advocates tell us that the Government pays 5 per cent. on $400,000,000 of its bonds to banks which it could get in this way at 3.65. Let us see what interest the Government pays our banks. They hold $400,000,000 bonds, upon which the Government pays, at 5 per cent., $20,000,000. The banks hold also $150,000,000 in United States notes as reserves, upon which the Government pays no interest. The bonds are placed with them *at rest*, which is a great advantage for any government, for the market can never be disturbed by their presence, as it can be by bonds held in private hands, or in foreign lands, at the will of the holder. On this $550,000,000 Government indebtedness, held in repose by the banks, we pay 5 per cent. on the $400,000,000, which is equal to 3.63 per cent. interest upon the $550,000,000. Hence the old, tried, safe method underbids the new experiment by .02 per cent. Then, too, the national banks have paid $100,000,000 taxes to the Government since their charters were granted. Take this from the interest, and the rate is very low. I do not understand that the three sixty-five gentlemen propose to collect any taxes through their process. The banks themselves do their present business and pay their own expenses. The three sixty-five advocates propose that the Government pay its own expenses of cost of notes, counting, recounting, and do their business for nothing! I trust that the calm judgment of this House will not venture upon this new experiment. I feel kindly toward the advocates of this measure, for their *aims* are patriotic, though their policy would prove disastrous.

I entreat them to compass their aims through free banking and practical redemption. Let us as one man come to the rescue of our prostrate industries and idle willing labor, remembering that if we do not, others will take our places who will; for no power under heaven can chain down the determined energies and activities of the men whose homes are on the soil of this Republic, energies as irrepressible as the air we breathe. Nature, generous and free, toils no more unceasingly than they.

Willing material elements respond to willing hands. Elements of usefulness to mankind, buried through the ages in death-like slumber, leap to life and are harnessed for toil forevermore, through the quick flash of the genius of the workers of our day. Millionaire bullionists may cry "Stop!" "Stop!" but only in vain. Money is not the god of this age; it is only the obedient servant of progress.

Mr. HUNTER obtained the floor.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. SYMPSON, one of its clerks, informed the House that the Senate had passed without amendment the bill (H. R. No. 1224) for the relief of William H. Denniston, late an acting second lieutenant Seventieth New York Volunteers.

The message also informed the House that the Senate had passed bills of the following titles; in which the concurrence of the House was requested:

A bill (S. No. 108) to relinquish the interest of the United States in certain lands to the city and county of San Francisco, in the State of California;

A bill (S. No. 379) for the relief of Nathan Cole, late captain Twenty-third Regiment Veteran Reserve Corps; and

A bill (S. No. 381) to create an additional land district in the State of Oregon, to be called the Dalles land district.

SESSION FOR DEBATE.

Mr. MAYNARD. Before the gentleman from Indiana [Mr. HUNTER] proceeds, I desire to say that several gentlemen have expressed a desire to discuss this bill at an evening session. If my colleague will allow me, I will ask that after he shall have concluded his remarks, the House shall take a recess until half-past seven; the session to-night to be devoted to debate only upon this bill.

The SPEAKER. If there be no objection, that arrangement will be made. The Chair hears none.

Mr. RANDALL. I would suggest that the session of to-morrow be also for debate on this bill. I make that motion.

Mr. HAWLEY, of Illinois. I had understood that it was arranged that the Committee on Banking and Currency should have to-day, and that to-morrow would be given for the consideration of private bills. There has been nothing done with the Private Calendar for two weeks.

Mr. MAYNARD. I did not make the motion suggested by my colleague on the committee, the gentleman from Pennsylvania, [Mr. RANDALL;] not because I did not desire that the action of the House might take that direction, but because, to speak candidly, I was afraid of the gentleman from Illinois [Mr. HAWLEY] and his host of friends who were pressing the consideration of private bills.

Mr. HAWLEY, of Illinois. There was no disposition, so far as I know, to prevent the Committee on Banking and Currency from having this day; but I understood that the committee—and I conversed with a number of them—were entirely willing that to-morrow should be given to the Private Calendar. And I had supposed that that was the understanding which would be adhered to.

Mr. RANDALL. I make the motion which I have indicated.

The SPEAKER. The motion of the gentleman from Pennsylvania would require unanimous consent.

Mr. RANDALL. I wish to say that there are a great number of names down of gentlemen who desire to speak. The members of the committee may speak generally as they please, but if to-morrow should be devoted to debate only on this bill, it would give an opportunity to a great many gentlemen who desire to address the House upon it which they otherwise would not have.

Mr. HOLMAN. I trust that the gentleman from Illinois [Mr. HAWLEY] will consent to this arrangement, that the session of to-morrow shall be for debate only on this bill.

Mr. HAWLEY, of Illinois. I do not wish to be understood as myself opposing that arrangement. For myself I am quite willing that it should be made, if such is the general wish of the House. I feel the great importance of this subject, and I do not desire in any way to antagonize the progress of the bill. At the same time it is well known to the House that Friday and Saturday are the only days on which private business can be considered. We have given no attention at all to private bills for two weeks, and I need not suggest to the House that it is important that private business shall be proceeded with. As I have said, however, I have no desire to antagonize the pending bill.

Mr. HOLMAN. I would suggest that it would accomplish the object desired by the gentleman from Illinois [Mr. HAWLEY] if, along with the arrangement that to-morrow shall be devoted to debate on the banking and currency bill, there shall also be an understanding that Friday and Saturday of next week shall be devoted exclusively to private bills.

Mr. MYERS. That is right.

Mr. HAWLEY, of Illinois. I have no objection to the session of to-morrow being for debate only on the currency bill, on the understanding suggested by the gentleman from Indiana.

The SPEAKER. If there be no objection that arrangement will be made, and to-morrow will be devoted to debate only on the banking and currency bill, it being understood that Friday and Saturday of next week, which are objection days, shall be devoted to private bills. The Chair hears no objection to that arrangement, and it is made.

CURRENCY AND FREE BANKING.

The House resumed the consideration of the bill (H. R. No. 1572) to amend the several acts providing a national currency and to establish free banking, and for other purposes.

[Mr. HUNTER addressed the House. His remarks will appear in the Appendix.]

RELIEF OF CONTRACTORS.

Mr. HAZELTON, of Wisconsin, by unanimous consent, reported back from the Committee on War Claims, with the recommendation that it do pass, the bill (H. R. No. 217) for the relief of certain contractors for the construction of vessels of war and steam-machinery; which was referred to the Committee of the Whole on the Private Calendar, and the accompanying report ordered to be printed.

ROBERT TILLSON & CO.

Mr. HAZELTON, of Wisconsin, also, by unanimous consent, from the Committee on War Claims, reported a bill (H. R. No. 2699) for the relief of Robert Tillson & Co., of Quincy, Illinois; which was read a first and second time, and, with the accompanying report, referred to the Committee of the Whole on the Private Calendar, and ordered to be printed.

REPORT ON FORESTS OF THURINGIA.

Mr. CROUNSE, by unanimous consent, submitted the following resolution; which was read and referred to the Committee on Printing:

Resolved, That there be printed for the use of the House of Representatives one thousand copies of the Report on Forests and Forest Culture of Thuringia, by Henry J. Winser, United States consul at Sonneberg.

ALLOWANCE TO ARMY OFFICERS IN WASHINGTON.

Mr. RANDALL. I ask unanimous consent to offer the following resolution:

Resolved, That the Secretary of War be directed to furnish to this House a statement of all allowances of every kind made to officers of the Army stationed in the city of Washington, giving in detail the names and rank of the officers, the duties performed, the length of time each has been stationed in said city, the amount allowed to each, and the authority of law under which such allowance has been made.

Mr. COBURN. I object to the adoption of the resolution. That information has already been furnished.

Mr. RANDALL. No, sir.

The SPEAKER. Objection being made to the adoption of the resolution, it will be referred to the Committee on Military Affairs.

The resolution was referred accordingly.

HEIRS OF JAMES B. ARMSTRONG.

Mr. BUCKNER, by unanimous consent, introduced a bill (H. R. No. 2700) amendatory to an act entitled "An act for the relief of the heirs and next of kin of James B. Armstrong, deceased," approved March 3, 1873; which was read a first and second time, referred to the Committee on Claims, and ordered to be printed.

REMOVAL OF POLITICAL DISABILITIES.

Mr. BROMBERG, by unanimous consent, introduced bills of the following titles:

A bill (H. R. No. 2702) to relieve William G. Jones, of Alabama, of political disabilities; and

A bill (H. R. No. 2703) to relieve John Forsyth, of Alabama, of political disabilities.

Mr. MAYNARD. Why did not the gentleman put the two names in one bill?

Mr. BROMBERG. I put them in separate bills because the Senate is so critical in its action upon bills of this character.

Mr. MAYNARD. If the Senate object to one of the names they can strike it out.

Mr. BROMBERG. Well, that is the reason why I put the names in separate bills.

The bills received their several readings, and (two-thirds voting in favor thereof) were passed.

ENROLLED BILLS SIGNED.

Mr. DARRALL, from the Committee on Enrolled Bills, reported that the committee had examined and found truly enrolled bills of the following titles; when the Speaker signed the same:

A bill (H. R. No. 1037) making appropriations for the construction, preservation, and repair of certain fortifications and other works of defense, for the fiscal year ending June 30, 1875; and

A bill (H. R. No. 2451) to improve the mouth of the Mississippi River.

LEAVES OF ABSENCE.

Mr. TOWNSEND was granted leave of absence from to-morrow morning until April 4.

Mr. GLOVER was granted leave of absence for two weeks on account of sickness in his family.

PRINTING OF AN AMENDMENT.

Mr. HOLMAN. I ask unanimous consent that an amendment, in the nature of a substitute, which I propose to offer to the pending currency bill, be printed.

There was no objection, and it was so ordered.

SENATE BILLS REFERRED.

On motion of Mr. COTTON, by unanimous consent, bills from the Senate of the following titles were taken from the Speaker's table, read a first and second time, and referred as indicated below:

A bill (S. No. 108) to relinquish the interest of the United States in certain lands to the city and county of San Francisco, in the State of California, to the Committee on Military Affairs;

A bill (S. No. 379) for the relief of Nathan Cole, late captain Twenty-third Regiment Veteran Reserve Corps, to the Committee on Military Affairs; and

A bill (S. No. 381) to create an additional land district in the State of Oregon, to be called the Dalles land district, to the Committee on the Public Lands.

Mr. RANDALL moved to reconsider the vote by which the bills were severally referred; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

ORDER OF BUSINESS.

The SPEAKER. The House has ordered that there shall be a session this evening at half-past seven o'clock for debate only on the currency bill. The gentleman from Missouri, Mr. BUCKNER, will occupy the chair as Speaker *pro tempore*. The House has also ordered that the session of to-morrow shall be for the same purpose only, and the gentleman from New York, Mr. MACDOUGALL, will occupy the chair as Speaker *pro tempore*.

CHARGES AGAINST UNITED STATES MARSHALS IN GEORGIA.

Mr. YOUNG, of Georgia. I ask unanimous consent to offer the preamble and resolution which I send to the Clerk's desk, and which I desire to have acted on at once, as the matter is one of great importance.

The Clerk read the preamble and resolution, as follows:

Whereas complaints are made alleging improper, illegal, and oppressive conduct in the marshal's office for the northern district of Georgia, it being alleged that the deputy marshals harass and oppress the people by illegal arrests and the extortion of money from them unjustly for which they do not account and to which they are not entitled, and that they compromise cases with parties illegally, receiving money and charging exorbitant fees therefor, of which they make no returns: Therefore,

Resolved, That the Committee on Expenditures in the Department of Justice be, and it is hereby, instructed to inquire into the alleged abuses and report thereon to this House, and that, for the purpose of ascertaining the facts, said committee is hereby authorized to send for persons and papers.

Mr. DAWES. Is that before the House?

The SPEAKER. The gentleman from Georgia asks consent to offer it.

Mr. DAWES. I object, unless it be referred to the Committee on the Judiciary.

Mr. RANDALL. The Committee on Expenditures in the Department of Justice is the proper committee.

Mr. YOUNG, of Georgia. If the gentleman will allow it to come before the House I will strike out the preamble.

Mr. WHITELEY. I object to its reference to any committee, for this reason: the Department of Justice can have the truth or falsity of these charges investigated by a special agent much cheaper than it can be done by this process.

Mr. YOUNG, of Georgia. Well, I have a reason for offering it——

Mr. MAYNARD. It is not before the House, and I must object to debate.

Mr. YOUNG, of Georgia. I ask, then, that it be referred.

The SPEAKER. The gentleman's colleague [Mr. WHITELEY] objects to that.

EDWARD O'MAGHER CONDON.

Mr. BANNING, by unanimous consent, from the Committee on Foreign Affairs, submitted a report upon the petition of Edward O'Magher Condon, a citizen of the United States, now in prison in England; which was ordered to be printed, and recommitted to the Committee on Foreign Affairs.

Mr. MAYNARD. I move that the House now take a recess.

Mr. BANNING. I desire to enter a motion to reconsider the vote by which the report just submitted by me was recommitted.

The SPEAKER. It had better be understood that the motion to reconsider has been entered, because that makes the subject of the report a privileged question.

Mr. DAWES. I must object, because it will give it a preference over other business of the House.

The SPEAKER. It had better be settled now, because it may cause trouble in the House hereafter when the question is called up. Where a committee is regularly called and reports a matter for printing and recommitment, they have a privileged right to enter a motion to reconsider. But where unanimous consent is asked to make a motion for printing and recommitment, and that is immediately followed by entering a motion to reconsider, the Chair would consider that an objection would pertain to the whole matter.

Mr. DAWES. I will withdraw my objection, upon the statement of the gentleman that it refers to the personal liberty of an American citizen.

The SPEAKER. The Chair only wanted the matter fully understood.

Mr. DAWES. I only objected because I thought it would give this subject a preference over other matters, and to hear an explanation, if it should be given, why it should have that preference. Having heard that explanation I withdraw my objection.

Mr. G. F. HOAR. I renew the objection.

Mr. COX. This report will not be brought back into the House again except when the Committee on Foreign Affairs is called.

Mr. G. F. HOAR. Then why enter a motion to reconsider? I certainly must object, because the gentleman can accomplish all he wants in the regular order.

The SPEAKER. The Chair called the attention of the House to it so that there should not be any surprise in the matter.

Mr. COX. All we ask to do in this matter is what has been done so many times in the case of other committees, to have a report printed and recommitted.

The SPEAKER. Te gentleman from New York [Mr. COX] does not comprehend the point. The motion to print and recommit the report was made and agreed to without objection. Then the gentleman from Ohio [Mr. BANNING] asked leave to enter a motion to reconsider the vote by which the report was recommitted, which would make this subject privileged to the exclusion of everything else.

Mr. BANNING. As there seems to be objection, I will withdraw the motion to reconsider.

Mr. MAYNARD. I must insist upon my motion for a recess.

The motion was agreed to; and accordingly (at four o'clock and forty minutes p. m.) the House took a recess until half-past seven o'clock p. m.

EVENING SESSION.

The recess having expired, the House reassembled at half-past seven o'clock p. m., Mr. BUCKNER in the chair as Speaker *pro tempore*.

CURRENCY—FREE BANKING.

The SPEAKER *pro tempore*. By order of the House, the session of to-night will be for debate only on the bill (H. R. No. 1572) to amend the several acts providing a national currency and to establish free banking, and for other purposes. The gentleman from Michigan [Mr. FIELD] is entitled to the floor for one hour.

THE NATIONAL REVENUE—TAXATION ON FOREIGN PRODUCTIONS.

Mr. FIELD. Mr. Speaker, in considering revenue questions it should be borne in mind that since 1865 the public debt has been reduced over $600,000,000, and that fully one-third of this amount has been raised by internal-revenue taxation. And now, just emerging from a financial crisis, it appears to me plainly the duty of the House to consider whether taxation under the internal-revenue system shall not be reduced.

Internal taxation is paid wholly by the American people, and, having drawn during the past eight years this large amount, it is time I think for rest and recuperation.

THE SUICIDAL POLICY—THE SINKING FUND.

The rapid reduction of the public debt has been a favorite scheme of the Treasury Department, and to carry out the design Congress established a sinking fund to which the surplus revenues of the Treasury could be applied, and it was deemed advisable to make ample provision for this fund by taxation in order to secure "the extinguishment of the whole debt by the generation that created it." The wisdom of enforcing this policy so soon after the dreadful loss of life and productive labor, and the vast destruction of property North and South during the war, has been questioned by many thoughtful persons. The policy of drawing now upon an overburdened and exhausted people the means to liquidate a great debt, created to benefit and bless not only the present generation but succeeding generations of the Republic for all time to come, is at variance with the well-settled principles of political economy; besides, the proposition is unjust and wrong.

THE PUBLIC DEBT SHOULD NOT BE PAID BY THIS GENERATION.

In 1867, the Secretary of the Treasury in his annual report estimated that the population of the country in 1884 would be 60,978,838. Now, on that basis our population in 1890 will exceed eighty millions, and thus, by the increase of population alone, the debt becomes reduced one-half without the payment of a dollar. I think the present generation has done well enough, and, in my judgment, not another dollar should be raised to apply on the principal of the public debt until we are able to wipe out the whole internal-revenue system which now irritates the people with vexatious and inquisitorial taxation—a taxation wholly unjustifiable and unnecessary, except it be tolerated to gratify the vanity of some of our Treasury chiefs in the flourishing of trumpets over magnificent reductions of the public debt. They all take great glory in extracting means from the people by burdensome and crushing taxation in order to pay a debt not due for many years to come. I do not believe in the policy of bleeding the people for this purpose and at this time. Sir, if a man owes you his labor, would you by merciless blood-letting reduce him to a condition of weakness and helplessness, and thus make it impossible for him to perform the task? The public debt must be worked out, and therefore I favor the policy of lightening the burden of the people, and keeping the labor of the country in full exercise. Let the people gather strength, leave the capital and the earnings of labor in their hands for the present, and thus by aiding them in the production of individual and national wealth, the payment of the debt in the future is doubly assured.

I think, therefore, the large payments now required for the sinking fund might be postponed, and I have introduced a bill for that purpose. This would relieve the Treasury of about $25,000,000 per annum. If this be done, and a wise adjustment of the tariff be made, I think the entire internal-revenue system can be abolished within two years.

THE STAMP-TAX ON MATCHES.

Early in the session I submitted a bill for the repeal of the stamp-tax on friction matches and bank checks, and the Committee on Ways and Means having reported adversely upon the bill, it is now before the House for consideration. The tax on matches is almost wholly borne by the industrial classes. The poor laboring man consumes more matches than the millionaire, and eighty cents on every dollar's worth of matches is in the form of stamps; therefore on every ten boxes of matches the poor man pays the Government for eight boxes of internal-revenue stamps. The tax is exorbitant, unequally and unjustly levied, and should, in my judgment, be immediately repealed. And it should be borne in mind that honest manufacturers find a great deal of embarrassment in carrying on this industry on account of the dishonesty practiced by unscrupulous manufacturers, who cheat in putting up packages and in stamping their goods. This is an additional and powerful reason why this stamp-tax should be removed.

THE STAMP-TAX ON BANK-CHECKS.

The stamp-tax on bank checks, while it yields but an insignificant amount of revenue, is a very annoying and troublesome form of taxation. Each check or order for money requires a two-cent stamp on all sums over ten dollars. Now the stamp costs two cents, and the labor of attaching the stamp is worth at least two cents more. So the people are taxed $3,000,000, and the Treasury receives only about a million and a half dollars. Beside, in many cases in remote places, it is inconvenient, if not impossible, to obtain stamps, and in this way it is a chafing, vexatious, and annoying tax. And although the internal-revenue act provides for heavy penalties for violations of the law, yet it is often neglected either by necessity or design.

I see before me the report of the Commissioner of Internal Revenue, wherein it is stated that over five thousand suits or prosecutions are now pending for violations of the internal-revenue laws, and I am informed that a very large number of these cases are prosecutions for evading the stamp-tax on matches, druggists' goods, and bank checks.

THE STAMP-TAX ON PRESCRIPTIONS AND MEDICINES.

The stamp-tax required on druggists' goods is equally obnoxious. It is almost impossible, even for the most intelligent, to understand what goods require the stamp. And thousands of druggists, in their anxiety to obey the law, affix stamps to goods, which by others are sold without stamps, and it appears that internal-revenue officers, even, do not understand the law, and certain articles recently have been declared liable to a stamp-tax which for seven long years have been regarded as exempt. I see before me a great book to expound the law issued by the Commissioner of Internal Revenue, the object of which is to designate and define the goods required by existing laws to be stamped. If any law providing for taxation is so difficult to be understood as to require the Commissioner to issue a work of this description to explain its provisions it should be repealed, and inasmuch as these stamps yield but about $2,500,000, I am in favor of wiping out this tax on druggists' goods.

REDUCE TAXATION ON DOMESTIC PRODUCTS AND RAISE THE REQUIRED REVENUE BY TAXATION ON FOREIGN PRODUCTS.

We have thus far heard six members of the Committee on Ways and Means. They suggest no revenue measures, and they differ widely with reference to the receipts and expenditures for the current fiscal year, and in their estimate of the surplus or balance in the Treasury on the 1st of July. The chairman contends that we shall have not to exceed $20,000,000 surplus, not including the reserve of $44,000,000. Another member maintains with great clearness that we shall have at least $35,000,000. And still another member of the committee makes a showing so plain that no one can dispute it, that by the 1st of July we will have a surplus of at least $42,000,000. But, Mr. Speaker, should we have a surplus of not more than $10,000,000, I insist that this tax on matches, bank checks, and druggists' goods, and also the taxation on spirits distilled from apples, grapes, and peaches; the tax on leaf-tobacco produced and sold by our farmers, and the duties imposed on licorice imported—which is used so extensively by our manufacturers of plug tobacco—should be immediately repealed. The tax on spirits distilled from apples, peaches, and grapes, has a depressing effect on this young industry now growing into importance in thirty-one of the States and Territories of the Union. I favor the policy of reducing taxation on domestic products, having in view the repeal of the internal-revenue laws, and the raising of all the revenue required by taxation on foreign products.

THE LARGE REDUCTION EFFECTED BY ACT JUNE 6, 1872.

On the 6th of June, 1872, the duties on imports were reduced, which resulted in a dead loss to the Treasury for eleven months, ending the 30th of June, 1873, of $19,356,257, as shown by the report of the Bureau of Statistics. I have submitted a bill (H. R. No. 2399) "to increase the revenue from imports and to reduce internal-revenue taxation," which I hope may be adopted as a substitute to the pending bill. Now, estimating the reduction of internal revenue on the basis of the receipts for the last fiscal year, the aggregate reduction will not exceed $10,000,000; and for the information of the House I send to the Clerk to be read a statement of the Commissioner of Internal Revenue, which sustains the estimates I have made.

The Clerk read as follows:

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, January 28, 1874.

SIR: In reply to your telegram of yesterday, I have to inform you that the receipts for the last fiscal year from the two-cent tax on bank checks, drafts, or orders, from friction matches, and from medicines, cosmetics, &c., were, in round numbers, as follows:

Bank checks, &c	$1,600,000
Friction matches	2,450,000
Articles taxed under Schedule C, exclusive of matches	2,510,000
Spirits distilled from apples, peaches, and grapes	2,014,645

Very respectfully,

J. W. DOUGLASS,
Commissioner.

Hon. MOSES W. FIELD,
House of Representatives, Washington, D. C.

A REDUCTION OF $10,000,000 INTERNAL TAXATION AND AN INCREASE OF REVENUE BY RESTORATION OF "THE TEN PER CENT. REDUCTION," ETC., YIELDING $13,000,000 TO THE TREASURY.

Mr. FIELD. In urging the repeal of this amount of taxation on the one hand, I propose on the other an increase of the revenue from imports which will more than cover the proposed reduction; and I submit a statement, showing the large increase in the revenue which may be derived from an alteration of the tariff.

The report of the Bureau of Statistics, now on our tables, shows that the "10 per cent. reduction" in the act of the 6th of June, 1872, resulted in a loss to the Treasury, for eleven months, of over $9,000,000; and the duties on articles specified in section 1 of the same act were also reduced, resulting in a loss of revenue amounting to over $900,000; and on other commodities specified in the same act the loss to the Treasury by a reduction of duties was over $3,000,000; making the total loss of revenue under said act over $19,000,000. I propose a repeal of these reductions in part. I propose a repeal of sections 1 and 2 of the act referred to, which will increase the revenue for the coming fiscal year at least $9,889,419. The other alterations in the rates of duty, as proposed by the bill, are set forth in the statement which I shall submit, together with an estimate of the revenue which will be derived therefrom, making an aggregate increase of over $13,000,000 in the revenue for the next fiscal year. This estimate is made on the basis of the receipts on the articles mentioned during the last fiscal year; a statement of which in detail, together with the estimates of the amount of revenue each commodity is calculated to produce, I now submit, and ask to have printed in the RECORD.

Comparative statement of the reduction of revenue derived from duties on imports, computed on the basis of the returns of merchandise entered into consumption in the United States during the fiscal years ending June 30, 1871, 1872, and 11 months of 1873, under the act of June 6, 1872, and the estimated reduction of customs receipts, together with estimates of the increase of revenue by restoration of former rates of duty.

[Act of June 6 took effect August 1, 1872.]

Articles.	Rate of duty.		Quantity, value, or duty of merchandise entered into consumption during the—			Customs receipts.		
	Under—		Fiscal years ending June 30—		11 months of 1873, act of June 6, 1872.	Actual loss of revenue, and estimated increase by restoration of former rates of duty.		
	Acts prior to June 6, 1872.	Act of June 6, 1872.	1871.	1872.		1871.	1872.	11 months of 1873, act of June 6, 1872.
Bituminous coal and shale, (80 pounds to the bushel)...tons..	$1.25 per ton...	75 cents per ton...	$430, 508	485, 063. 3	411, 039¾	$215, 254 00	$242, 531 47	$205, 519
Salt, in bulk...pounds..	18 cents per 100 pounds.	8 cents per 100 pounds.	274, 730, 573	257, 637, 230	369, 908, 917	274, 730 00	257, 637 25	369, 908
Salt, in bags, sacks, barrels, or other packages...pounds..	24 cents per 100 pounds.	12 cents per 100 pounds.	283, 993, 799	258, 232, 807	334, 465, 685	340, 792 00	309, 879 38	401, 358
Oatmeal...	...	½ cent per pound...	cwt. 46, 650	lbs. 7, 060, 390	lbs. 3, 458, 098	...	...	...
Do...value..	10 per cent. ad valorem.	...	$138, 213. 12	$189, 519	$113, 848	...	...	...
Potatoes...bush..	25 cents per bushel...	15 cents per bushel...	431, 940	80, 222	323, 595⅓	43, 194 00	8, 0229 20	32, 35
Bend or belting leather, and on Spanish or other sole-leather...value..	35 per cent. ad valorem.	15 per cent. ad valorem.	$1, 405 11	$3, 497. 67	$8, 619. 92	281 05	69 53	17, 239
Calf-skins, tanned, or tanned and dressed...value..	30 per cent. ad valorem	25 per cent. ad valorem.	$4, 396, 841. 45	$4, 373, 730. 26	$4, 595, 659. 60	219, 842 07	218, 686 52	229, 782
Upper-leather of all other kinds, and on skins dressed and finished of all kinds, not otherwise provided for...value..	25 per cent. ad valorem.	20 per cent. ad valorem.	$1, 790, 497. 36	$2, 161, 743. 93	$2, 103, 834. 44	89, 524 87	108, 087 20	105, 191
Skins for morocco, tanned, but unfinished...value..	25 per cent. ad valorem.	10 per cent. ad valorem.	...	...	$496, 001. 20	...	...	...
Chiccory-root:								
Unground...pounds..	4 cents per pound...	1 cent per pound...	8, 243	54, 062	...	247 29	1, 621 86	...
Ground...do...	5 cents per pound...	...	2, 315, 822	3, 003, 241	3, 832, 773	92, 632 88	120, 129 64	153, 310
Timber, squared or sided, not otherwise provided for...cubic feet..	...	1 cent per cubic foot..	...	...	895, 971	...	...	...
Sawed boards, plank, deals, and other lumber of hemlock, white-wood, sycamore, and bass-wood...M feet..	...	$1 per M feet...	751, 063	681, 757	39, 789	559, 975 41	693, 962 97	30, 328
Do...value..	20 per cent. ad valorem.	...	$6, 555, 192. 03	$6, 878, 599. 86	$350, 586. 55			
Other varieties of sawed lumber. M ft..	...	$2 per M feet...	...	...	562, 912, 015	...	...	207, 541
Do...value..	20 per cent. ad valorem.	...	...	...	$6, 666, 827. 90			
Sawed lumber, planed or finished, an addition, for each side, of 50 cents per M feet...M feet..	...	$1.50 per M feet...	...	...	681½	...	...	442
Do...value..	35 per cent. ad volorem.	...	...	...	$4, 184			
Do...M feet..	...	$2 per M feet...	...	...	47, 470	...	...	117, 237
Do...value..	35 per cent. ad valorem.	...	...	...	$606, 222. 11			
Do...M feet..	...	$2.50 per M feet...	...	...	436⅓	...	...	314
Do...value..	35 per cent. ad valorem	...	Not specified.	Not specified.	$4, 014			
Sawed lumber, planed on one side, and tongued and grooved, $1 per M feet...M feet..	...	$3 per M feet...	...	...	461½	...	...	750
Do...value..	35 per cent. ad valorem.	...	Not specified.	Not specified.	$6, 100			
Sawed lumber, planed on two sides, and tongued and grooved, $1.50 per M feet...M feet..	...	$3.50 per M feet...	...	...	4. 3	...	...	*1 40
Do...value..	35 per cent. ad valorem.	...	Not specified.	Not specified.	$39			
Hubs for wheels, posts, last-blocks, wagon-blocks, oar-blocks, gun-blocks, heaking-blocks, and all like blocks or sticks, rough-hewn, or sawed only...value..	35 per cent. ad valorem.	20 per cent. ad valorem.	Not specified.	Not specified.	$43, 715. 14	...	...	6, 557
Pickets and palings...value..	20 per cent. ad valorem.	...	...	...	$58, 033. 61	...	...	...
Laths...M..	...	15 cents per M pieces..	144, 778	135, 597	168, 936. 3	12, 780 20	9, 492 39	12, 412
Do...value..	20 per cent. ad valorem.	...	$172, 484. 57	$149, 159. 75	188, 764. 98			
Shingles...M..	...	35 cents per M...	...	...	99, 002. 9	...	...	43, 121
Do...M..	35 per cent. ad valorem.	...	Not specified.	Not specified.	$222, 207. 89			
Pine clapboards...M..	...	$2 per M...	...	...	3, 126	...	...	2, 861
Do...value..	20 per cent. ad valorem	...	Not specified.	Not specified.	$45, 567. 07			
Spruce clapboards...M..	...	$1.50 per M...	...	...	820 4-5	...	...	1, 077
Do...value..	20 per cent. ad valorem.	...	Not specified.	Not specified.	$11, 545. 50			
House or cabinet furniture, in pieces or rough and not finished...value..	35 per cent. ad valorem.	30 per cent. ad valorem	Not specified.	Not specified.	$2, 518. 20	...	...	125
Cabinet-wares and house furniture, finished...	35 per cent. ad valorem.	35 per cent. ad valorem.	...	...	...	...	...	...
Casks and barrels, empty, sugar-box shooks, and packing-boxes of wood, not otherwise provided for...value..	35 per cent. ad valorem.	30 per cent. ad valorem.	...	...	$2, 518. 20	...	...	125
Fruit, shade, lawn, and ornamental trees, shrubs, plants, and flower-seeds, not otherwise provided for...value..	30 per cent. ad valorem.	20 per cent. ad valorem.	$37, 585. 67	$113, 224. 38	$61, 296. 01	3, 758 56	11, 322 44	6, 129
Garden-seeds, and all other seeds for agricultural and horticultural purposes not otherwise provided for...value..	30 per cent. ad valorem.	20 per cent. ad valorem.	$525, 655. 71	$295, 492. 40	$279, 229. 29	52, 565 57	29, 549 25	27, 922
Ginger:								
Ground...pounds..	5 cents per pound...	3 cents per pound...	5, 162	12, 112	377½	103 20	242 24	7
Preserved or pickled...value..	50 per cent. ad valorem.	35 per cent. ad valorem.	$12, 916. 11	$23, 862. 87	$4, 118	1, 937 42	3, 579 43	617
Essence of...do...	50 per cent. ad valorem	35 per cent. ad valorem.	...	...	$117	...	...	17
Chocolate...pounds..	7 cents per pound...	5 cents per pound...	29, 459½	28, 384	40. 993	589 20	567 70	819
Cocoa, ground or prepared...do...	5 cents per pound...	2 cents per pound...	...	19, 987	56, 838½	575 02	599 61	1, 705

Comparative statement of the reduction of revenue derived from duties on imports, &c.—Continued.

Articles.	Rate of duty. Under— Acts prior to June 6, 1872.	Rate of duty. Under— Act of June 6, 1872.	Quantity, value, or duty of merchandise entered into consumption during the— Fiscal years ending June 30— 1871.	Fiscal years ending June 30— 1872.	11 months of 1873, act of June 6, 1872.	Customs receipts. Actual loss of revenue, and estimated increase by restoration of former rates of duty. 1871.	1872.	11 months of 1873, act of June 6, 1872.
Cotton, manufactures of, of which cotton is a componet part of chief value ... duty..			$10, 773, 832. 48	$12, 306, 215. 47	$11, 124, 428. 71	$1,077,383 25	$1,230,621 54	$1, 286, 047
Wool, hair of the alpaca, goat, and other animals, and all manufactures wholly or in part of wool or hair of the alpaca and other like animals, not otherwise provided for.... duty..			$33, 582, 740. 30	$42, 031, 077. 19	$37, 688, 482. 70	3, 358, 274 03	4, 203, 107 71	4, 187, 609
Iron and steel, and manufactures of iron and steel, of which such metals, or either of them, shall be the component part of chief value, except cotton machinery. Iron, and manufactures of iron ... duty..			$13, 766, 121. 32	$15, 025, 144. 17	$9, 569, 700. 31	1, 376, 612 13	1, 502, 514 40	1, 063, 300
Steel, and manufactures of steel .. duty..			$4, 892, 562. 63	$6, 896, 983. 24	$6, 767, 233. 86	489, 256 26	689, 698 32	751, 914
Metals, not otherwise provided for, and manufactures of metals, of which either of them is the component part of chief value, excepting percussion-caps, watches, jewelry, and other articles of ornament... duty..			$3, 219, 753. 60	$3, 241, 765. 15	$3, 136, 083. 27	321 75 36	324, 176 51	348, 453
(Wire roap and wire strand or chain, made of iron wire, to pay the same rate of duty now levied on the iron wire of which it is made; wire rope and wire strand or chain, made of steel wire, to pay the same rate of duty now levied on the steel wire of which it is made.)		10 per cent. off of the former rates of duty.						
Paper, and manufactures of paper, excepting unsized printing-paper, books, and other printed matter, not otherwise provided for ... duty..			$544, 288	$1, 333, 077. 86	$957, 109. 03	54, 422 80	133, 307 79	106, 945
India-rubber, manufactures of ... do...			$532, 976. 11	$350, 111. 21	$179, 576. 25	53, 207 61	35, 011 12	19, 953
Gutta-percha, manufactures of ... do...			$, 109. 90	$10, 585. 20	$6, 157. 57	510 99	1, 058 52	684
Straw, manufactures of ... do...			$653, 475. 70	$637, 251. 95	$495, 108. 31	65, 347 57	63, 725 19	55, 012
Oil-cloths, of all descriptions ... do...			$27, 866. 11	$36, 277. 64	$43, 949. 12	2, 786 61	3, 627 76	4, 883
Glass and glass-ware ... do...			$2, 472, 412. 50	$3, 075, 507. 15	$2, 758, 639. 15	247, 241 25	307, 550 71	306, 515
Unwrought pipe-clay, fire ... do...			$54, 047. 40	$65, 405. 87	$57, 648. 30	5, 404 74	6, 540 59	6, 405
Fullers' earth ... do...			$870. 64	$821. 88	$676. 35	87 06	82 18	75
Leather, not otherwise provided .. do...			$18, 149. 16	$12, 768. 82	$11, 168. 50	1, 814 92	1, 276 88	1, 240
Manufactures of— Skins ...								
Bone ... duty..			$53, 980. 30	$88, 338. 68	$76, 728. 84	5, 398 03	8, 833 86	8, 525
Ivory, horn ... do...			$20, 439. 70	$5, 640. 60	$2, 827. 81	2, 043 97	564 06	314
And leather, (except gloves and mittens,) and of which either of said articles is the component part of chief value ... duty..			$235, 603	$257, 365. 46	$260, 212. 86	23, 560 30	25, 736 54	28, 912
Licorice paste or licorice juice ... do...			$266, 553. 60	$269, 055. 80	$179, 728. 83	26, 655 36	26, 905 58	19, 969
Do ... do...					$418. 82			46
Actual loss of revenue for eleven months ending June 30, 1873 ...								9, 128, 694
Add estimates for one month ...								760, 725
Total actual and estimated loss for one year ...								9, 889, 445

Estimated increase of revenue for the next fiscal year on the following commodities.

Articles.	Existing duty.	Quantity imported.	Proposed duty.	Increase.
Hops ...	5 cents per lb..	5, 608, 902 lb.	10 cents per lb..	$280, 445
Tin, in sheets or plate	15 per cent ...	$15, 686, 738	20 per cent ...	784, 337
Sal soda ...	¼ cent per lb...	26, 913, 319 lb.	½ cent per lb...	67, 283
Soda ash ...	¼ cent per lb...	185, 355, 308 lb.	½ cent per lb...	463, 388
Stone ...	$1. 50 per ton...	...	10 per cent ...	25, 000
Fire-wood ...	Free ...	$232, 861	20 per cent ...	46, 572
Railroad ties ...	Free ...	$511, 368	20 per cent ...	62, 273
Bologna sausage ...	Free ...	$20, 831	20 per cent ...	4, 166
Eggs ...	Free ...	$683, 689	10 per cent ...	68, 368
Macaroni and vermicelli ...	Free ...	$217, 260	30 per cent ...	65, 178
Fresh fish ...	Free ...	8, 386, 624 lb.	½ cent per lb...	41, 933
Hides ...	Free ...	$15, 109, 569	5 per cent ...	755, 458
Hemp, Russia, Manila, and India ...	$25 per ton ...	21, 518 tons.	$40 per ton ...	322, 775
Jute and sunn ...	$15 per ton ...	11, 050 tons.	$25 per ton ...	110, 500
Jute butts ...	Free ...	488 tons.	$6 per ton ...	29, 280
Codilla, or tow of hemp ...	Free ...	109 tons.	$10 per ton ...	1, 090
Coir yarn ...	Free ...	3, 270, 267 lb.	1½ cents per lb.	49, 054
Tin, in blocks, bars, or pigs ...	Free ...	$3, 033, 873	10 per cent ...	30, 338
Total increase ...				3, 207, 435
Sections 1 and 2 act June 6, 1872, repealing "the 10 per cent. reduction".				9, 889, 445
Total increase of revenue ...				13, 196, 883

THE 10 PER CENT. REDUCTION PUT OVER $9,000,000 INTO THE POCKETS OF FOREIGNERS.

I ask gentlemen to examine these statements with care, and I think it will appear plain that "the 10 per cent. reduction" should be restored. That reduction time has proven to have been a foolish cutting down of revenue, resulting in the loss to the Treasury of the large amount I have stated, and all the benefits falling into the hands of foreign producers just as plainly as an appropriation by Congress could transfer the money. The prices of the commodities in this country were not altered by the reduction of duties, and consequently all the benefits of this generous act fell into the hands of foreign producers. It is unnecessary for me to refer to the large number of petitions presented here from the farmers of Ohio, Wisconsin, Michigan, and New York in favor of higher duties on foreign hops, and I propose to increase the duties from five cents per pound to ten cents per pound. This modification will increase the revenue from hops, say, $280,445.

I propose, also, a slight increase in the duties on tin, hemp, soda ash, and sal soda.

The present duty on building stone is prohibitory, being $1.50 per ton. This rate appears in the statute, but undoubtedly it was a typographical error, as the "toi," a technical word used by masons, was intended instead of ton. I propose to fix the duty at 10 per cent. *ad valorem.*

PROPOSED REDUCTION OF TAXATION.

The reduction of internal-revenue taxation and the repeal of the existing duties on licorice are estimated as follows:

On licorice, juice, paste, and root, (customs) ...	$194, 080
Spirits, distilled from apples, peaches, and grapes ...	2, 014, 645
Bank checks ...	1, 600, 000

Friction matches	$2,450,000
Prescriptions, proprietary and other articles, Schedule C	2,510,000
Farmers' sales of leaf-tobacco	230,857
Total	10,000,000

TAXATION ON FOREIGN PRODUCTIONS THE TRUE POLICY.

As I have stated, the revenue derived from imports is paid almost wholly by foreign labor. I have heard gentlemen here speak of the burdens imposed upon the American people by tariff taxation, but this is a great mistake. The revenue derived from imports is wrung from the hands of foreign producers. When they approach our markets with the products of their labor, they are required to call at the captain's office and settle the duties which our tariff requires. It is like the toll which is sometimes paid in crossing a bridge that leads to a market. That toll comes from the person who seeks that market, the producer, not the consumer. And so with the products of foreign labor. Before they can be laid down or sold to consumers in our markets, the producer is required to call at the custom-house and settle the duties, and the receipts into the Treasury from this source during the last fiscal year have been $184,929,041.

COMMENTS ON MR. BECK'S FREE-TRADE SPEECH.

The gentleman from Kentucky, [Mr. BECK,] in a recent speech on the finances, made some reference to the tariff; and in the course of his remarks he characterized the collection of revenue on importations of foreign manufactures as "the outrageous system of tariff taxation that is bringing about all our financial and commercial troubles." I confess my surprise on hearing this remark, for the gentleman, being a member of the Committee on Ways and Means, must be familiar with the tariff, and the gentleman knows that the free list embraces all commodities not conveniently produced in the United States, and that duties under the existing tariff are imposed only on such manufactures and productions of foreign countries as compete with like productions in our own. I fail, therefore, to see how custom-house taxation on foreign products can disturb our finances, as such taxation, while yielding a large revenue to the Treasury, can only have the effect to stimulate labor and augment productions in this country.

SILK GOODS.

Now, if all the silk goods required to supply our markets could be produced in this country, more laborers would be employed here, creating greater demands for labor, and the money required to pay for the labor would be expended here instead of being shipped to foreign countries to reward and support labor there, while thousands remain idle in the United States for want of employment.

TAKING WORK OUT OF THE COUNTRY ROBBING AMERICAN LABORERS.

If I understand the gentleman, he is anxious to stop all the works now in operation in this country, and he favors a policy which would discharge the workmen now employed in our workshops and factories, and employ people in Europe and Asia to do the work to supply our markets; and the gentleman proposes to ship gold and silver to pay for their labor. If I understand the gentleman, the "remodeling of the tariff" so as to secure this result will, in his opinion, improve our finances and make us wealthy and prosperous. Considering that labor is wealth, I fail to perceive any advantage in the proposed transfer of our diversified employments to foreign countries; on the contrary, I affirm that if the policy of the gentleman be carried into execution it would lead us swiftly and with certainty to ruin and wide-spread disaster. It would, moreover, rob the Treasury of the required revenue and rob our industrious people of a large share of their labor.

I desire to comment further on another part of the gentleman's speech, and that I may do him no injustice, I will ask to have the paragraphs which I have marked read, and I send them to the Clerk's desk for that purpose.

The Clerk read as follows:

I rose principally for the purpose of calling attention to one portion of the tariff question. There is a highly respectable set of gentlemen here, or were lately, known as the representatives of the Silk Association of America, whose books are no doubt on all your tables, who are seeking in every way to increase the tariff on silk manufactures, which is now 60 per cent. in gold, equal on an average to 75 per cent. in the currency of the country. They are making complaint as though they were about to be ruined, because a few mixed ribbons that have some cotton or some wool in them have been allowed to come into the country at a tax on the consumer of 50 per cent. gold. They are here clamoring for Congress to increase the duties on them also to the 60 per cent. rule, in order, as they claim, to make the tax uniform, and protect them in their industries.

Several of these gentlemen, I will not say where, have been discussing this question in my presence. And when I was insisting upon putting the tariff upon all these articles down to 50 per cent. instead of allowing mixed ribbons to be advanced to 60, as being a sufficient protection and bonus to them, the cry was at once raised by them, "You will drive us out of business if you do that; we cannot live at that figure." The question was then asked, "What is the amount of your production of silk?" The answer was, "About $30,000,000 a year." What is the amount of silk imported? The books show that it is about $30,000,000; therefore the consumption of silk is about $60,000,000, $30,000,000 of it imported. Counting all the imports at 60 per cent., we get a revenue of about $18,000,000 out of a consumption of $60,000,000. Reduce the tariff to 50 per cent. and drive all these gentlemen out of the business if you please; the consumption of silk in this country will not be less, but by the natural operation of the increase of the people, and in consequence of the reduction of duty, the consumption would doubtless reach $70,000,000. Fifty per cent. upon $70,000,000 would produce $35,000,000 of revenue if all these manufacturers should quit the business.

They state that all their machinery, all their material, all their property, at the highest estimate they put upon it, will reach only $15,000,000. They employ, say twelve thousand men, beside women and children. It is obvious from their own statements, and will be apparent to every gentleman who looks at it, that if you reduce the duties on silk from 60 per cent. to 50 per cent., and, if you please, drive all these men out of the manufacture entirely, you would instantly get $35,000,000 of revenue instead of $18,000,000. In that way, in one year, you could get an excess of revenue which would enable you to pay them their $15,000,000, every dollar that they have invested in the business, and you would have $2,000,000, or enough to furnish $1,000 apiece to each man they employ, with which he could buy a farm in the West, and stock it. We would get $35,000,000 a year from the silk consumption alone, from which we are now getting only $18,000,000. And yet these men are clamoring for a still further increase of protection to their productions, which would result in diminishing our revenues. That is only one case; there are hundreds of others of the same sort, illustrating equally well the working of the present high protective, anti-revenue tariff taxation.

A DREARY SUGGESTION—A PLAN FOR IMPROVING THE FINANCES BY PAUPERIZING THE PEOPLE.

Mr. FIELD. Now, Mr. Speaker, the gentleman from Kentucky says it requires $60,000,000 worth of silk to supply the American markets, and at the present time our factories produce about one-half that quantity, the residue of the supply, say $30,000,000, coming from abroad, and yielding $18,000,000 revenue to the Treasury. Now, if the $30,000,000 worth of silk which we imported last year had been manufactured in the United States at least twelve thousand more laborers would have found employment here in the production of the work, and the shipment of $30,000,000 to pay the foreign laborers would not have drained the country of that amount of treasure. But the gentleman, not satisfied with robbing our people, with one-half of this labor, now proposes that all this work shall be done in foreign countries; and with that view he favors a reduction of the duties on silk goods as "a revenue measure," and to "help the finances." He says, "Put the duty at a point low enough to drive American manufacturers out of the business; in that event all the silk goods to supply our markets will be produced abroad, and although our people will send off gold across the Atlantic to pay for the labor employed there in making the silks for the American people, yet the duties on the importations of the goods would swell the revenues of the Treasury." He thinks it would help our financial situation to ship $60,000,000 in gold instead of the $30,000,000 now required to pay for such manufactures in Europe.

SNATCHING LABOR OUT OF THE HANDS OF THE AMERICAN PEOPLE.

This is the grand financial and economic scheme of the gentleman from Kentucky. He says, we now pay foreign labor $30,000,000 to make our silks in part; and in order to offer them more of our work, he proposes to say to the men and women at work in our great factories, "Get out; this is your country, but you have no rights here that your Representatives are bound to respect." The gentleman proposes to "drive out" by hostile legislation the manufacturers in our workshops producing $30,000,000 annually of silks in the United States, and consequently creating that much of wealth in our own country—this young industry, now maintaining here over two hundred firms in the business, employing over twelve thousand persons in the work, and paying over $6,000,000 in wages per annum to our people. Now, if the gentleman's theory be correct with regard to silks, it will apply to all other industries; and, if carried out, we should exhibit the spectacle of a great nation of intelligent laborers—laborers doing the voting and governing the country for their own welfare and independence—adopting a policy which would transfer all their useful industries to foreign lands, strip them completely of their work, leaving at home a vast multitude of idle people, without work, without morals, and without civilization.

MAY GOD SAVE US.

May God save us, Mr. Speaker, from such a deplorable condition of dependence and slavery. Sir, we want no ornamental figure-heads in this country. We want active, useful people, and the diversified pursuits to give employment for all, that from our many industries we may witness one prosperity. If our work be done at home it is wealth and gain, if done abroad it is poverty and loss; and the $30,000,000 sent abroad last year to pay for silk work drains our country of that much treasure and robs our countrymen of that amount of labor.

Which policy, sir, I ask, is the best for a nation of laborers—the policy which would strip them of their occupations and support labor in other countries, or that other policy which would secure to them the labor required to supply home demands and their home markets?

PRICES CHANGEABLE AS THE WEATHERCOCK.

The gentleman makes no calculation, too, for changes in the prices of silk goods should the plan he suggests be carried out. Let him buy up the silk-works in this country and destroy them as proposed, turn out of employment the twelve thousand people now supported by this industry, and what would be the result? Why, high prices for silk goods would be inevitable. The destruction of our silk manufactories would cause an advance in prices for silks in Europe; and instead of getting the silks for $60,000,000, undoubtedly 50 per cent. more money would be required, making the cost, say $90,000,000. Meanwhile, our people deprived of a large amount of work, and consequently suffering serious loss and inconvenience, the revenues of the Treasury, instead of increasing, would drop to the poverty line of repudiation and disgrace.

"KILLING THE GOOSE."

If the policy be worth anything, I say, it should be applied to all manufacturing industries; and in carrying out the death-dealing scheme we should plunder the people of their mechanical work, reduce them to rude and barbarous employments, and thus kill the goose that lays the golden egg, not only for the Treasury, but for the prosperity and happiness of the American people.

THE DUTY ON BUTTER PAID BY CANADIANS; PRICES FIXED BY "SUPPLY AND DEMAND."

I find by the statement of the Bureau of Statistics that for the last fiscal year the importations of butter were 4,178,224 pounds, which, with the duty at 4 cents per pound, yielded $167,128 revenue. Now the price of butter in our markets was not affected by this importation; but the Canadians or others who shipped this butter took the American price, the same price our farmers got for a like quality, paying a duty, however, of 4 cents per pound before the butter could be sold in our markets. If we remit the duty on butter, the foreign producer would realize just that much more. It cannot be claimed that by repealing the duty the price of butter in our markets would be 4 cents per pound less. Prices are not fixed by law; they are not regulated by treaties; they are controlled and fixed by the natural law of supply and demand. And as our domestic producers furnish the overwhelming supply, you will see that prices in American markets are fixed here, uninfluenced by the insignificant quantity which from year to year may be imported. The annual production of butter by the United States is estimated by the Department of Agriculture at 600,000,000 pounds, and with this supply in our own country, it is impossible for prices to be affected by the small quantity imported.

CHEESE, POULTRY, BACON, AND TALLOW.

Cheese was imported amounting to 3,440,436 pounds, paying a duty of 4 cents per pound, and yielding in the aggregate $137,618. This amount was paid into the Treasury by the foreign producer of cheese.

Poultry was imported amounting to $93,767. The duty being 10 per cent., the Canadians were obliged to pay $9,376 into the Treasury before they could sell their poultry in our markets.

The duty on hams is 2 cents per pound, and 118,852 pounds having been imported, the Treasury received $2,377 in gold on foreign bacon and hams.

The duty on tallow is 1 cent per pound, and the duty on lard is 2 cents per pound, yielding a handsome revenue to the Treasury.

FIRE-WOOD—THE REPEAL OF THE DUTY PUT FORTY THOUSAND DOLLARS INTO THE POCKETS OF CANADIANS.

Fire-wood was imported in 1872 to the amount of $201,960, paying a duty of 20 per cent., and yielding to the Treasury $40,392; but on the 1st of August, 1872, this duty was repealed, and since that time no revenue has been collected or received from this source. It was a great mistake, in my judgment, to repeal this duty, and I propose to reinstate it as it was prior to 1872. Living, as I do, upon the border, and seeing the Canadian and the American selling wood in the same market, I will speak of fire-wood as an illustration of the ground I have taken that customs duties are paid by foreigners. Prior to August 1, 1872, the duty was 20 per cent., and before the Canadian could dispose of his wood in our market he was obliged to call at the custom-house and pay the duties. It is hardly worth while for me to state, for it is a notorious fact, that in every case the foreign producer accepts the American market price for his wood. To illustrate, I will suppose the price to have been five dollars per cord, and the duty amounting to one dollar per cord; then the Canadian realizes four dollars per cord for his wood, while the American in the same market, for the same quality of wood, gets the full market price of five dollars, for he has no duty to pay. But after the 1st of August the Canadian disposed of his wood in our market, and, there being no longer a duty upon it, he went home with the entire avails, receiving the same price as the American for the same quality of wood. The market price was not altered by the reduction of duty. The price in the market continued, with slight variations, for a short time, and then the price went up. The Forty-second Congress, therefore, in repealing the duty on fire-wood, generously put into the pockets of the Canadians at least $40,000 in gold per annum.

HAY.

The duty on hay is 20 per cent., yielding to the Treasury last year $81,235, and in 1872 the revenue derived from this source was $140,432. Some gentlemen may think that the price is made by reason of this duty 20 per cent. higher all over the country. I wish it could be so. I should be very glad if by imposing high duties we could raise the price of the hay and the wheat and the potatoes produced in the West and all over this great country. But such is not the case. The quantity imported as compared with the domestic production is too insignificant to affect the price in any case or at any point. The total value of the hay imported last year was less than $500,000; whereas the value of the crop of the United States is estimated at $400,000,000. Therefore to assert that the quantity imported has any effect upon the prices in the American markets would be as absurd as to contend that a glass of lager-beer thrown into the river at the Point of Rocks would produce such a flood in the Potomac as to sweep the Washington Monument into the Chesapeake Bay.

HOPS—THE DUTY SHOULD BE TEN CENTS PER POUND.

The duty on hops is five cents per pound, and my desire is that it should be raised to ten cents per pound. Why should we allow the Canadians to come into our markets and glut them with their hops, paying only five cents per pound for the right and privilege of selling them here, when by imposing ten cents per pound we would double the revenue? And I propose that we shall, after the first of July next, charge the Canadians at least ten cents per pound for the privilege of selling their hops in our markets. These markets belong to the American people. The country is theirs, and the markets of the country belong to them; and they have a right to demand that foreigners, when they seek our markets, shall be required to call and pay duties before they can compete with the farmers here on their own ground. The farmers of Wisconsin, of Michigan, of New York, and Ohio, can supply our markets with hops. The production of these States during the past year has exceeded 30,000,000 pounds, but if we are to allow foreigners to crowd our producers out of our own markets by reducing the duties or making the duties ineffectual and non-productive, then our own farmers will be compelled to throw up their hands, and we shall, in this way, stimulate and augment foreign labor to the detriment of our own. The quantity of this staple imported is very small as compared with our domestic production, yet it is an injury to have so large a quantity thrown upon our markets, thereby delaying the sale possibly of the products of our own farmers. Hops must be sold when the crop is fresh, and if the market is to be glutted by Canadians, it may result in great injury to our own producers. But as the Government requires revenue, although we have the right as American producers to claim the whole market, yet, on the payment of ten cents per pound duty, the farmers of the West will be satisfied; and with this alteration we can calculate that for the next fiscal year the revenue from this source, instead of being $280,445, shall be at least $500,000.

HONEY.

The duty on honey is twenty cents a gallon, and the quantity imported last year was 102,736 gallons, yielding $20,547 revenue.

VEGETABLES.

The duty on vegetables is 10 per cent., and the quantity imported having been $495,952, the revenue derived from this source was $63,158. Now I am aware that some persons contend that the vegetables produced in the gardens and on the farms of the Dominion of Canada should be admitted free of duty; but I fail to see on what ground this claim is made. These markets certainly are ours, and if they are to be supplied by Canadians or any other foreign farmers, our own gardeners and farmers will be injured thereby. I believe the duty should be at least 20 per cent. on vegetables; and if by so doing we can check the importation, it will be as well for our own producers, and probably the Treasury will receive as much, if not more, money, by imposing 20 per cent. than it now receives while the duty is only 10 per cent. The question is, have not our own gardeners and farmers better rights here in our own markets than foreigners? Do foreigners pay our taxes to maintain our schools and libraries? Do they pay for carrying on this Government? Have they upon their shoulders the great debt incurred to save the Republic they have attempted twice to break down? Have we not the farmers and the gardeners in our own country who can supply our markets with vegetables? I think you, sir, will agree with me in concluding that we have. I insist then, that if foreigners are to be permitted to sell their truck and stuff in our markets, they shall be required, before doing so, to call at the custom-house and pay the duties required by our tariff.

POTATOES.

On the 1st of August, 1872, the duty on potatoes was reduced 10 cents per bushel, thereby putting into the pockets of the Canadians and the people of Bermuda 10 cents in cash on every bushel of potatoes which they have sold in our markets since that time. The revenue derived from this source in 1871, when the duty was 25 cents per bushel, was $107,985. I have no doubt there are some gentlemen here who would be willing to have this duty removed wholly; but I have to say to such gentlemen that in so doing we will put this money into the hands of those who come from abroad to sell their potatoes in our markets. Let the duty be raised to the former rate, which was 25 cents per bushel. It cannot be claimed that the price of potatoes is reduced in our markets by repealing the duty. Those who live on or near the frontier know that this is not so. The farmer from Canada, when he sells potatoes in our markets, accepts the market price, and when we exact a duty that duty must be deducted from the price in estimating the net avails of his crop. The quantity imported, you will perceive, has never exceeded 500,000 bushels, while the product of the United States is over 130,000,000 bushels per annum. I know that free-traders sometimes contend that the duties imposed by the tariff are paid by the American people; and they sometimes go even beyond that and claim that the amount of the duty is not only added to the price simply of the quantity of the commodity imported, but that the duty has the effect to advance the price of the entire product of the United States to the full extent of the duty. And the Free-Trade League have hired men to travel all over the United States to deliver lectures upon this question, paying their expenses and advertising them liberally. These men have contended, even in the city where I reside, that this is so. And while a doctor of divinity whom they had hired for such work was dilating on the enormous wrong done the American people by the tariff advancing the prices of commodities all over the United States to the extent of the duties imposed on the quantity imported, he happened to speak of potatoes, saying, "Look at this outrageous duty the monopolists have laid, of 25 cents per bushel on potatoes imported. It has the effect," he said, "to advance the price of potatoes 25 cents per bushel all over the United States." But, Mr. Speaker, it so happened that at that very time the price of potatoes in our market was only 22 cents per bushel; therefore, according to the theory advanced by this free-trade lecturer, the farmers were required to pay 3 cents per bushel to have their potatoes taken off their hands.

DRESSED HOGS.

The duty on dressed hogs is 1 cent per pound, and the amount imported was 90,214 pounds, yielding $9,902 revenue. You will see that when the Canadian brings his hogs to our market he gets the market price for them. If the price be $6 a hundred, he obtains that price; but before he can sell them he is required to pay 1 cent per pound at the custom-house. So in returning home he carries only $5 a hundred, while the American in the same market takes the same price, $6 per hundred; but he, having no duty to settle, carries home the $6 per hundred for his hogs. Do our farmers in Illinois, Wisconsin, and Iowa, or any other State, object to that? Are our farmers anxious that Canadians shall come over here and supply our markets, and sell their productions without paying any tax for the right to do so? Mr. Speaker, did you ever hear farmers in Missouri complain about this matter; and do you think the farmers out there would like to have the duty on dressed hogs repealed?

BEEF—BARLEY.

On beef the duty is 1 cent a pound, yielding last year $4,575 in gold.

The duty on barley is 15 cents a bushel, yielding last year the handsome sum of $647,661.

LIVE HOGS, HORSES, AND SHEEP.

The duty on live hogs, horses, and sheep is 20 per cent., yielding last year $648,296.

If we remit this duty the foreign producer will go home with just that much more money. It cannot be claimed that the number of these animals imported has any effect upon prices here, for the annual product of our own country is over $1,500,000,000.

COLD BISCUIT.

The duty on cold biscuit is 20 per cent., yielding $20,508. Does the gentleman from Kentucky [Mr. BECK] object to that? Would he have our own countrywomen robbed of that amount of labor? Would he prefer cold biscuit from London to the nice hot biscuit made by the gentlewomen of Kentucky? I know some gentlemen on this floor who wear clothing made in London. And it may give them as much satisfaction to rob American tailors of that amount of labor as it may to eat the cold biscuit produced by the London bakers instead of the better home-made. Nevertheless, on the $102,542 worth of biscuit imported during the last year, the Treasury received the handsome amount I have mentioned.

CORN.

The duty on corn is 10 cents per bushel, and the quantity imported was 61,539 bushels, yielding $6,153 in gold to the Treasury. Will any one say that corn is made 10 cents per bushel dearer thereby all over the United States, as the free-traders claim? I wish it could be so; for if it would secure that result I should favor a duty of 50 cents on every bushel of imported corn. But I think it can hardly be possible for any sane man to be humbugged by such shallow talk. In some of the Western States, for lack of a market, corn upon the farm does not bring even 10 cents per bushel to the hand of the farmer. As with other commodities, so with corn; the quantity imported, being only a drop in the bucket of our supply, does not affect our prices. The crop of the United States of over 900,000,000 bushels determines the price of this staple in our own markets; and any man must be either a knave or a fool to claim that the duty on the quantity imported affects prices in the American markets. When the Canadian brings his corn here he takes our market price, and goes home with that price after deducting the duties paid.

MACARONI AND VERMICELLI—SAINT LOUIS FLOUR TO LONDON AND BACK.

In 1871 the duty on macaroni and vermicelli was 35 per cent., yielding $29,061 revenue. By the act of June 6, 1872, the duty was repealed, and from that time the foreign producers have been benefited about $30,000 in gold per annum. And in this way we have not only robbed the Treasury, but we have robbed our own producers of macaroni and vermicelli to that extent. I know it suits some people very well to talk of having our work done in Europe. They gladly witness Saint Louis flour shipped all the way to England; and after being handled by London bakers the same flour, in neat boxes, with bright labels, is brought back to us in the shape of London crackers, vermicelli, and Italian macaroni. Is this good for the American workingman? Is it economy? Is it wise and profitable to ship Saint Louis flour to Europe, and bring back the same flour and a large amount of labor added to it in the value of the goods I have mentioned?

OATS.

The duty on oats is 10 cents per bushel, and the quantity imported last year having been 226,297 bushels, the revenue realized was $22,629 in gold. I think no one can dispute me when I assert that this amount of money was paid into the Treasury by foreign producers. This quantity certainly had no effect upon our prices, being less than a quarter of a million bushels, while the great product of the United States is 230,000,000 bushels. I repeat that the foreign producer, in selling commodities in our markets, accepts the market prices of our country; and when we require from him the payment of duties, they are paid out of his own pocket. And in this way we replenish the Treasury of our Government; restrain foreigners from monopolizing and glutting our markets with the products of their labor; shield and protect the American people, and reserve to them the national markets for their benefit.

OATMEAL.

Oatmeal was imported during the last fiscal year amounting to 3,468,000 pounds, paying a duty of ½ cent per pound, and yielding $19,657. Now, Mr. Speaker, we have factories in this country producing the finest oatmeal in the world. We do not want our markets to be crammed with Scotch groats; we want American oatmeal, the best food known for man. If the people of other countries wish to manufacture oatmeal for our markets, we only desire that they shall either come here to do the work or call and pay 1 cent per pound for the privilege of selling foreign make in our markets.

PEASE AND BEANS.

I come now to pease and beans, which pay a duty of 10 per cent., yielding to the Treasury last year $23,617. I find also that split pease pay a duty of 20 per cent., yielding a handsome revenue to the Treasury. We can split our own pease, as well as do any other kind of work that need be done; and if foreigners want to split pease for the American market, let us split 20 per cent. out of their pockets.

FURNITURE.

I find the importation of furniture to have been $448,543, which, at 35 per cent., yielded to the Treasury in gold $156,990. This amount was not paid by the American people, and I think it would be wise to charge 50 per cent. duty; but as it has been fixed at 35 per cent. I will not urge a change at the present time. We have in our country the wood, we have the material of every description, and we have the artisans and the workmen who can produce furniture suitable for any mansion in America. If foreign workers in furniture wish to sell their sofas and their tables and their chairs here, let them call at the captain's office and pay the duty of 35 per cent.

MILK.

The duty on milk is 20 per cent., and the importation having been to the value of $28,648, the receipts into the Treasury from this source were $5,609.

EGGS.

The duty on eggs in 1871 was 10 per cent., and the receipts into the Treasury from this source for the fiscal year ending June 30 were $27,867. This duty was removed by the act of June 6, 1872, and the Treasury has lost that much money during the past year from this source.

WHEAT.

The duty on wheat is 20 cents per bushel, and the quantity imported during the last fiscal year having been 1,056,345 bushels, the Treasury received $211,269 from this source. Now that amount of money was extracted from the foreign producer of wheat. It helps our Treasury, does no harm to our country, and, although our own farmers can raise wheat sufficient to supply our own market, yet we are willing, on account of the revenue which it is desirable to raise, that the Canadian shall sell wheat in our markets, provided he pays 20 cents on each bushel for the privilege of doing so. You will see that the quantity imported was a trifle over 1,000,000 bushels. The production of our country exceeds 275,000,000 bushels per annum.

When we ship wheat to England we meet there the producers of England, as well as the surplus from Germany and Russia, and we get the current price in Mark Lane, after paying all the transportation and other expenses, including the duty whenever the British Parliament levies a duty on importations of corn and wheat.

FLOUR, BRICK, AND BRUSHES.

The duty on flour is 20 per cent., yielding last fiscal year $63,522.

The duty on bricks is 20 per cent., yielding $13,484.

The duty on brushes is 40 per cent., yielding last year $157,279. If all these brushes had been made in America, over ten thousand persons would have been supported by the labor.

CARRIAGES.

The duty on carriages is 35 per cent. While we have carriage-makers competent to produce carriages of every description and of a quality superior to that of any foreign maker, yet during the past year the value of $71,572 was imported, yielding $25,050 revenue.

HYDRAULIC CEMENT.

The duty on hydraulic cement is 20 per cent., and the quantity imported last year was $209,076, yielding $41,819 revenue. We have cement in this country of every description and of superior quality. The cement produced in Kentucky, I do not hesitate to say, is superior to any imported cement; and while we have the ability to produce this article in our own country, having abundant labor here for the purpose, I think it is desirable to charge foreigners 20 per cent. on the amount imported.

GLUE, CIDER, AND WATCHES.

The duty on glue is 20 per cent., yielding $36,514 revenue.

The duty on cider is 20 per cent., and the duty on watches is 20 per cent., yielding during the last fiscal year, $787,671 revenue. If the duty on foreign watches was fixed at 50 per cent. it would cause the great factories of Europe to be transferred to our Western States, and in less than ten years the smoke of this industry would rise from many towns and villages in the West.

CLOTHING.

The value of imported clothing last year was $1,618,945, yielding $706,802 revenue to the Treasury. If this large amount of work had been reserved for our people many thousands would have obtained employment here, augmenting our labor, swelling the national wealth, and promoting the prosperity of the country. Give to the people the nation's work and we should have no poor-houses; for when the people find work they can support themselves without charity and without public work-houses.

CLOVER-SEED.

The duty on clover-seed is 20 per cent., yielding during the last year $55,844 revenue. This amount of revenue was contributed toward the support of our Government by the Canadian producers. They sell their clover-seed in our market and realize the market rate, after deducting the amount of duty paid, while the American sells clover-seed in the same market, and drives home to his farm with the whole market price in his pocket.

COAL—A PLOT TO ROB THE TREASURY, AND THROW OUR MINERS OUT OF WORK.

By the act of June 6, 1872, the duty on coal was reduced to 75 cents per ton; and during the past fiscal year 411,039 tons having been imported, the amount of revenue realized was only $308,279; while under the former duty of $1.25 per ton, in 1871, the revenue realized on 430,508 tons, was $538,135. In 1872, 485,063 tons were imported, paying a duty of $1.25 per ton, and yielding $606,329 in revenue. Therefore it will be seen that in reducing the duty 50 cents per ton we have reduced the revenue about one-half; and in so doing have put about $300,000 into the pockets of the people of Pictou and Cape Breton during the past year. This is the reason of so much cheerfulness in that country at this time, and accounts for the great rejoicing which occurred in Canada when the duty on coal was reduced 50 cents per ton. They sell no more coal in our markets than they did prior to the time the reduction took effect; but now they realize the full amount of that reduction when they ship coal to our ports. As I have said before, in legislating the tariff down we have legislated money into the hands of foreign producers. We have robbed our Treasury of a large amount of revenue, and we have encouraged labor in foreign lands, instead of supporting workingmen here at home. The price of coal was not reduced by the reduction of the duty. The price in the Boston market before and after the time the reduction took effect remained the same; but as soon as the reduction went into operation the Bluenoses of Nova Scotia went home with 50 cents a ton more money.

CONGRESS SHOULD PROTECT THE PEOPLE OF THE COUNTRY AGAINST THE LABOR OF ALL OTHERS—COAL ABUNDANT IN THE UNITED STATES.

We are here, Mr. Speaker, as I understand, to legislate for the benefit of the American people, and I fail to perceive how we are faithfully discharging our duty when we reduce the tariff, and in so doing snatch labor out of the hands of our workingmen, take money out of the Treasury of our Government, and lodge it in the pockets of foreigners. According to the statement of the Bureau of Education, we tax ourselves voluntarily in this country to the amount of $95,402,726 per annum for public libraries and for the public education of the young. Is it right to ask a people who are willing to submit to this large tax for the benefit of the rising generation, and for the future safety of the Republic, to allow foreigners to come in here and take possession of our markets, and sell the products of their labor without paying the tariff tax at the Treasury of our Government? Should foreign wars break upon us as they have in the past, can we require the coal-heavers of Cape Breton and Pictou to come here and fight our battles? Can we draft them to fill up the ranks of our depleted armies? Are we so interested in our foreign cousins that we can submit to this wrong which the American people would be compelled to suffer if we reduced the duties on imports? People who are acquainted with the business know that the price of coal in our markets is never affected by the duties imposed on foreign coal. It is only the ignorant, or the middle-men, and the Shylocks of trade, interested in foreign products and interested in the handling of such products in our markets, that attempt to poison the minds of the western people with the foolish notion that the American people pay these duties. They know that this is not so; they know that it is mischievous and shameful lying, and that they themselves are the only interested ones in a reduction of these duties. Here in our great importing cities the unfriendly Modocs may be found. They would willingly scalp American labor, and paralyze our industries, that they might take free and unrestricted possession of our markets. Now, the quantity of coal imported in any year would not supply a single industry in my State. The supply of coal in the United States is inexhaustible. Missouri alone has over 20,000 square miles of coal, and Kentucky, Ohio, Indiana, Illinois, Michigan, and scores of other States possess inexhaustible deposits. The miners working in our coal mines in the West, as well as at the East, can supply our markets with coal without the aid of foreign production, and they know, too, that if the demand for coal in any of our markets is supplied even in part by foreign labor, our miners will get that much less work here.

COPPER.

Copper pays a duty of 5 cents per pound, yielding the past year $436,363. Our mines are inexhaustible, and the revenue from duty on copper is so much clear gain to the Treasury. From 1857 to 1861 copper was admitted free of duty. The Treasury got no revenue from it, and the prices of copper in our markets were higher than they are to-day.

FISH—CANADIAN FISHERMEN WANT OUR MARKETS.

Before the 1st of July, 1873, foreign fish were subject to duty. I find that the importation of herring for the year ending June 30, 1873, was 63,497 barrels, duty $1 a barrel, yielding $63,497. Mackerel paid a duty of $2 per barrel, and yielded $141,302 revenue. The duty on salmon was $3 per barrel, and the duty on other fish was $1.50 per barrel. The total duty realized on fish imported was $251,008. This amount of money swelled the coffers of the Treasury, and prior to the 1st of July last was paid by foreign fishermen for the privilege of selling their fish in our markets. Unfortunately by the treaty of Washington this duty on all fish the product of the sea was removed on the 1st of July last; and from that time the Canadian fisherman sells his fish in our ports, and sails home with that price in his pocket. Prior to that time he was required to pay duties at the custom-house before he could get a permit to sell; therefore by the treaty of Washington the Treasury will lose at least $250,000 per annum, and the American fisherman on the sea-coast will suffer the annoyance and the inconvenience of an excessive supply of Canadian fish in his market, to his serious injury and loss. With reference to the price of fish I will here refer, in order to make the case plain, to the New York Mercantile Journal of June 26, 1873, which quotes the various descriptions of fish in that market; and the same journal, on the 3d of July, which was after the treaty took effect, quotes mackerel and other kinds of fish at the same prices. By this it will be seen that the removal of the duties from fish, which took effect on the 1st of July, 1873, had no effect on the prices, and that by the repeal of the duties on foreign fish we reduced the revenues of our Treasury, and gave more money to the foreigners who bring fish to sell in our markets; and on this account last July the fires of joy lit up the evening skies on the Bay of Chaleur and all along the Canadian coasts. Happily the fish of our lakes and rivers were not embraced in the article in relation to fish in the treaty of Washington; but by a recent act of Congress the duties on fresh white-fish and fish for bait were repealed. You will find, sir, by referring to my bill, that I have not omitted to include fish of all kinds, making the duty ½ cent per pound after the 1st of July next. I think our people prefer to fish as well as cut bait for supplying our markets with fresh fish.

IRON AND IRON WORKERS.

The duty on pig-iron is $7 per ton, less 10 per cent., and the quantity imported last year was 207,000 tons, yielding $1,264,349 revenue. Now the production of pig-iron in the United States is near 3,000,000 tons. The quantity imported, therefore, cannot affect our prices to consumers; but the importation lodges a vast amount of revenue in our Treasury. The iron-ore product of the mines of Michigan last year was over 1,250,000 tons. You will perceive by this that the importation of only 207,000 tons of pig is an insignificant quantity compared with the vast production of our own mines and furnaces. And when the duty on pig-iron was reduced from $9 to $7, which took effect on the 1st of January, 1871, the price of pig-iron in our market continued the same; but the price on the other side of the Atlantic went up $2 per ton. So, in reducing the duty on pig-iron, we took that much money out of the Treasury, amounting in a single year to over $400,000; and that large amount inured to the benefit and profit of foreigners. It stuck to the fingers of the bloated capitalists and monopolists of England.

LUMBER.

The foreign lumber imported during the last fiscal year yielded $1,483,799 revenue. The quantity imported altogether is not equal to the sales in one of our western cities in a single year. Nevertheless, a large revenue is realized from this source; and it might be increased, by advancing the duty, to the benefit of the Treasury and American producers. The value of the annual product of lumber in the United States is estimated to be $1,500,000,000.

THE CHICAGO FIRE AND THE CHICAGO RELIEF ACT.

In 1872 petitions were presented here for the repeal of duties on building material, and at that time many ignorant persons had a notion that our supply of building material was largely drawn from foreign countries; and soon after the Chicago fire Congress provided that in rebuilding that city a drawback should be granted to the extent of the duty on all imported building material.

And, sir, what was the result of that generous act? Now, deducting the plate-glass, the total amount of drawback realized by the people of Chicago on all imported material was only $46,869—not so much as the expense of the two Houses of Congress for the time consumed in the consideration of the measure. It was called the "Chicago relief bill," and no doubt many persons supposed this act of Congress would aid that fire-stricken city to the extent of many millions of dollars. And, sir, I only refer to this for the purpose of calling the attention of the House to the fact that American producers furnish more than nineteen-twentieths of the commodities required to supply all domestic demands in the United States.

DOMESTIC PRODUCTIONS IN GENERAL USE.

You might travel, sir, for months through our factories and upon our farms without seeing a single tool or implement of foreign make, and you will rarely if ever find any of the imported fabrics or fineries in the homes of our industrious people; you will find the productions of American looms and American factories in common use all over the United States.

AMERICAN FREE-TRADERS—BRITISH BODKINS.

But, sir, we have a few British bodkins in America, and you have heard our free-trade orators dilate on the advantage to workingmen of a residence in Europe; and although they admit that the wages of labor are less than one-half the compensation realized in this country, yet they say the laborer with the wages in Europe can buy more tools and blankets than he can obtain here for the same money.

The point might be good if the laborer had no food to buy, if he could live on *air* or *free-trade* sentiment; but inasmuch as a chest of tools or a pair of blankets will last half a century, the laborer is not required very often to buy such things. His daily necessities for food require the largest part of his earnings, and therefore this central idea in the free-trade argument disappears like the fiction of a dream. Aside from the daily cost of food, the expenditures for other necessaries of life are only occasional and comparatively insignificant.

Why, sir, I have blankets that cover my own children that were woven by my grandmother, and they are better to-day than the blankets produced in the shoddy factories of England.

THE COST OF FOOD THE CHIEF EXPENSE OF LIVING—THE SUPERIOR CONDITION OF AMERICAN WORKINGMEN—IMMIGRATION.

Now, Mr. Speaker, in point of fact, over seven-eighths of the total expenditures for living of a large majority of the American people are required for subsistence alone, and as food is cheaper here than in any country of Europe, even admitting, for illustration, that the price of some manufactured articles is higher in this country at the present time, yet the workingman, realizing double compensation for his labor, can afford to pay higher prices for the remaining one-eighth part of his disbursements, and make money by emigrating to the United States. And, sir, I think the intelligent and practical laboring people of Europe understand this matter far better than our theoretical political economists of the free-trade school; for during the past year about four hundred thousand emigrants have arrived here from Great Britain and the continent of Europe—those countries where the workingman has limited opportunities for improving his condition, and few chances for lifting himself out of the bondage of poverty; a condition of dependence which differs only in name from chattel slavery.

SALT—FREE LABOR VS. SLAVES AND PAUPERS.

The revenue derived from imported salt in 1872 was $1,083,505. But on the 1st of August, 1872, a reduction of about 33 per cent. was made in the duty, resulting in a large reduction in the revenue from this source during the fiscal year ending June 30, 1873, being only $742,395. This reduction gave great satisfaction, and occasioned great rejoicing in foreign countries. It should be borne in mind that salt may be found in nearly every State in the Union. The material from which it is produced is not considered of any value, and a barrel of salt as seen in our markets is nothing more nor less than a barrel of labor. I can take you to the State of Michigan, where salt is found in great abundance, and the people there will give you acres of land if you will only establish salt works. In Louisiana I saw pure, solid rock-salt in inexhaustible quantity. Nearly all the States of the West produce salt, and the supply for the American market should be obtained from our own country. We now produce more than three-fourths of all the salt we consume, and as the price of salt is fixed by the law of supply and demand, the foreigner gets the American price after deducting the duties required to be paid.

WE HAVE NO STATUTES OR TREATIES FIXING PRICES—THEY ARE FIXED BY THE NATURAL LAW OF SUPPLY AND DEMAND.

As I said before, there are no laws fixing prices. The prices of commodities are as changeable as the sands of the sea. If we remit the duty, the foreigner would get that much more for his salt. Although a large reduction occurred on the 1st of August, 1872, yet, as will be seen by the report of the Bureau of Statistics, the prices of salt in our markets were not affected thereby. It is interesting to notice the changes that have occurred in the production of American salt since the great tariff act of 1862. The importation of salt for 1860 was 14,000,000 bushels, yielding only $214,000 revenue. This was under a free-trade or "revenue-reform" tariff. In 1871, under the highest rates of duty, the importation was only about 9,000,000, but yielding $1,176,587 revenue. The quantity was 5,000,000 less than the importation under the free-trade tariff above mentioned; yet under the protective tariff we obtained over $900,000 more revenue. It is interesting also to note that since 1860 we have more than doubled the production of salt in this country, and in this single industry employment is given to over 50,000 men. Before the tariff act of 1861 our manufactures were unable to supply the markets of the sea-board with a single bushel; but in 1871 over 2,000,000 bushels of domestic salt was sold in the city of New York. The $1,176,587 in gold which foreigners, in 1871, were required to pay into the Treasury for the privilege of selling their salt in our markets causes the shoes of foreign producers to pinch, and the Spaniard driving his slaves and the Englishmen working paupers in Liverpool are anxious that the tariff should be repealed. I am not surprised that they hire people to come over here to give us good advice, and try to produce a change in our tariff laws to suit themselves, under the name of "revenue reform."

[Here the hammer fell.]

The SPEAKER *pro tempore.* The hour of the gentleman has expired.

Mr. MAYNARD. I hope the gentleman will be allowed to proceed and conclude his remarks, for he is certainly instructing us very handsomely.

No objection was made, and leave was accordingly granted.

Mr. FIELD. Now I take the ground that salt is not affected in price by the quantity imported. Ohio alone produces over 8,000,000 bushels of salt, and Michigan produces not less; and prices to-day in our markets are less than they were in 1860, when we imported nearly all we consumed in the United States, and when we were entirely dependent on foreigners for our supply.

WOOL AND THE RIGHTS OF OUR WOOL-GROWERS.

The duty on raw wool and manufactures of wool for the last fiscal year was $38,496,628. The duty on wool is about ten cents per pound. The quantity of wool imported does not materially affect prices in our markets, as our farmers produce over 177,000,000 pounds. And if the half-naked herdsmen of South America wish to compete with our farmers in selling wool in our markets we only require them to walk up and settle the regular duty at the custom-house. The duty comes out of the foreign producer, the people of La Plata and Buenos Ayres, and other places, who wish to sell their wool in the American markets.

Should the duty be repealed the effect would be to crush our own wool-growers, for the influx of foreign wool would glut and spoil our home markets, and the home market is the chief if not the only support to the wool-grower as well as labor in any other department of industry.

OTHER MANUFACTURES IMPORTED YIELDING A LARGE REVENUE.

The value of wools and woolen goods imported during the past fiscal year was $72,692,742, yielding $38,490,628 revenue; the value of iron and steel goods was $57,333,157, yielding $18,237,388 revenue; and the value of cotton manufactures was $31,810,680, yielding $11,557,173 revenue; the value of leather was $11,812,147, yielding $3,734,828 revenue; the value of flax goods was $21,724,807, yielding $7,212,791 revenue; the value of hemp goods was $7,862,444, yielding $1,648,089 revenue; the value of lead goods was $3,413,393, yielding $1,365,848 revenue. The aggregate revenue derived from the above eight classes of commodities was $82,246,752. As I have already shown with reference to other staples, so, in like manner, the foreign producer of these goods pays the duty required by the tariff into the Treasury of the United States. If we remit these duties, or any part of the duty, we shall lodge the amount in the hands of the foreign producer, making a heavy loss to our Treasury, and doing our workingmen an irreparable injury. We possess the raw material, the machinery, and the artisans capable of producing all these commodities, and when we allow foreigners to bring their goods into our markets it is right and proper that we should levy protective duties upon them for the encouragement of our home manufactures, and for the purpose of enlarging and diversifying our industries.

THE SHOEMAKERS OF NEW ENGLAND.

Some short-sighted shoemakers in New England want the duties on leather repealed. They are so blind that they do not see that the price of leather would not be reduced by a reduction of the duties, and they forget that for fifty years a duty of $1.50 was levied on every pair of boots imported into the United States. Under protection, and by the aid of skill and machinery, their industries have reached a point of perfection to defy foreign competition. Prices have been so reduced by domestic competition that even without a tariff foreigners could not sell much of their work in our markets; but notwithstanding this historical tariff fact before them, we now hear these shoemakers raising their voices against our tanners. They want to kill off our tanners for the temporary benefit which they imagine would accrue to them. They forget that by striking down even *one* home industry so great as that of the leather manufacturers would cripple all others, and paralyze and destroy the prosperity of the country, and consequently the shoemakers would suffer as well as all others by the general calamity.

THE DESTRUCTION OF INDUSTRY THE DESTRUCTION OF WEALTH.

You remember, sir, the destruction of the city of Chicago by fire. It was a national calamity, on account of the vast destruction of wealth, and the injurious effects of the great loss were felt far and near; but sir, this calamity, affecting as it did so many thousands of our people, was a mere bagatelle compared to the destruction of a great home industry, producing in a single year more than twenty times the wealth that was destroyed when Chicago burned. The shoemakers should understand that the industries are dependent; their interests are mutual, and an injury to one is quickly felt by another. If you saw off a man's leg the whole body is injured and its successful working impaired; and so it is with the whole body or association of industries, the co-operation of each is essential to the well-being of all. They should remember that the permanent success of one industry is only assured by the prosperity of all. All efforts, therefore, on the part of one trade or industry to assail and injure another are supremely mean and selfish.

A SELFISH DISPOSITION.

I have, Mr. Speaker, some fine Essex pigs on my farm; they are undoubtedly as well-bred as pigs can be, but I have often seen one pig try to root another out of the trough. So it is with the consumers of leather, and the consumers of steel, in fighting the leather and steel manufactures of the United States. They display a disposition of hoggish meanness, only deserving the contempt and disgust of all fair-minded men. The New England shoemakers have enjoyed the blessing of protection for more than half a century. If all manufacturing industries shall continue to be protected in this country for half that time, we shall see a greater number of industries established on the fertile prairies of the West than we now find in operation on the sterile rocks of New England; for "westward the course of empire takes its way;" and the industries, the graceful companions of our civilization, are now taking their congenial and profitable places in all the villages and cities of the West.

INDEPENDENCE FOR THE MASSES—RESERVE THE NATIONAL MARKETS TO THE NATIONAL LABOR.

This Government was organized in behalf of independent labor. It is a workingmen's country, and they control and regulate its affairs by the ballot; and the question returns, shall we legislate here to benefit and bless the American people, or for the benefit and for the advantage of foreign nations? The country is ours, the markets of the country belong to us, and the people have a right to demand of their representatives here that the markets of the country shall be reserved for the benefit of the American people. I do not fail, however, to consider that the Treasury of the Government requires revenue, and, notwithstanding it is great injury to our labor to tolerate the importation of manufactures which we have the ability to produce here, we are willing to submit to this injury and to this damage in order to secure to the Treasury the means of carrying on the Government. If the Treasury required no revenue from such sources I should insist upon it as a representative of the American people that not a dollar's worth of imported manufactures which we have the ability to produce here should be admitted into the country. On all products which we cannot successfully and conveniently produce we are willing they should be admitted free; but on all other products the rights and the interests of the American people require that if we allow them to enter at all we should require protective duties, and by so doing encourage home industry, secure to our people a diversity of pursuits and abundance of employments, which will enable them to secure better rewards for toil, and lift them out of a condition of helplessness to that of independence and wealth. The workingman has labor to sell; it is his capital and dependence for support, and whoever proposes to destroy his employment, reduce his work, or cut down his wages must be looked upon as an enemy to his vital interests.

LABOR IS WEALTH; WHEN IN EXERCISE GAIN; WHEN UNEMPLOYED A DREADFUL LOSS.

Labor, too, is the only source of wealth. And when the labor of our country is in full exercise the accumulations are very great. But on the other hand every day's work lost is a dead loss to the workingman. Every idle day is a loss which he can never recover, and a loss of fifty-three days' work by the workers of America would be a loss equal to the national debt. The debt, too, must be worked out; it cannot be settled by any device or trick, nor by legerdemain; it is a matter of work, and it seems to be a matter of the highest importance to foster, encourage, and stimulate the labor of the nation.

THE FOLLY AND INJUSTICE OF HIRING LABOR IN EUROPE TO DO OUR MECHANICAL WORK WHILE AMERICANS NEED EMPLOYMENT.

The commodities imported during the past fiscal year consisted almost wholly of manufactures which can be successfully produced in the United States. The total amount of imports, as may be seen by the report of the Bureau of Statistics, was $684,633,735. Deducting from this amount the tea, coffee, and some other articles not produced in this country, we find the value of the other products imported to be $484,746,861. These manufactures and productions compete directly with our home labor, as we are producing like commodities in the United States, and to produce that amount furnished employment to at least 1,200,000 hands, embracing the work of over 500 distinct trades and occupations. You will perceive, therefore, that notwithstanding the impediments and restraints of the existing tariff the capitalists and manufacturers of other countries sent over during the past year this vast amount of their mechanical work, consisting mainly of leather, furniture, cigars, machinery, saws, edge-tools, iron and steel manufactures of every description, clothing, cotton and woolen goods, and other goods, all of which ought to be manufactured here at home, as we possess the raw material as well as the skill and machinery to perform the work.

THE FARMER'S QUESTION—THE GREAT OUTLET FOR FOOD.

If all these commodities consumed by our market had been manufactured in the United States, over 1,200,000 hands would have been employed here, to the manifest advantage of our workingmen, increasing the demands for labor, and securing a better, near-by market to the farmer.

But I desire now to call the attention of the House and of the country to the fact that this large number of laborers consumed more food than our total exports of breadstuffs and provisions to foreign countries during the same time. And if this large number were engaged in factories and workshops in this country, turning out the same mechanical work which we import, they would consume this food in our own country. About 30 per cent. of the value of manufactured commodities may be estimated as the food consumed by the laborers while at work in their production, and I desire the members from the West, and the South, and the Southwest, to consider the importance of seeking this, the greatest of all outlets for their surplus food. We need the factory and the farm to be placed side by side, and thus we shall secure strength and wealth for both. We have had conventions at the West and at the South seeking to provide outlets for food; and I have heard gentlemen make long speeches on the importance of providing foreign outlets for our food. I would have them consider the importance of seeking that greatest of all outlets—the consumers of the food, the men who do our mechanical work in Europe, brought out and lodged near by these farms, and in this way secure to our country a greater degree of happiness, a larger amount of wealth, and thus make the desert and the waste places blossom and bloom as the rose.

Herein may be found a solution in a philosophical and practical mode for the difficult "transportation question"—the bringing of the producer and consumer near together, and thus removing the necessity for the expensive and needless movement to and fro of bulky and heavy commodities.

THE GREAT NEED OF THE WEST AND SOUTH.

The great need of the country to-day in the West and South is a diversity of employments. They require more factories, more mechanical works, and the farmers are beginning to see this. You will find in any county of any of the Western States that the farmers are quite willing to contribute by subscription and by subsidies in establishing factories in their midst. The watch factory at Elgin, Illinois, is a greater benefit to that State than all her trade with a country like France. I have a farm in Iowa; it is good land, as rich in soil as any in that State, and well situated; yet I will give two-thirds of it to any man who will establish a factory near by.

THE FARM AND THE FACTORY CLOSE TOGETHER.

The farmer wants a market not only for wheat and corn, but for all the other products of the soil, the dairy, and the farm; and to secure that condition he must secure a near-by market, and to sustain such a market mechanical manufactures are required. The importance of this question cannot be overestimated, and in its discussion we must bear in mind that over nineteen-twentieths of the people of this country depend on labor for maintenance and happiness. The national Legislature, therefore, should so frame the laws of the country that the dignity and the independence of workingmen may be maintained, and the greatest good to the greatest number assured; for it is for the happiness and prosperity of a majority of the people that this popular Government was organized.

THE IMPORTATION OF FOOD IN MANUFACTURES—THE PEOPLE OF THE UNITED STATES THE LARGEST IMPORTERS OF FOOD IN THE WORLD.

I wish to place before our farmers and gardeners the fact that when we import manufactures we import food, as food is one of the largest items in the cost of producing manufactures, and during the past year we have imported more food in that shape than we have ever exported in a single year, and thus the people of the United States, notwithstanding all our boasting, are the largest importers of food in the world. You cannot make goods without men eat bread, and about 30 per cent. of the cost of manufactures is expended for food. In every ton of pig-iron there is at least $11.60 worth of food. The English free-traders want to tickle our vanity, and they say, "The United States is the granary of the world." They wish to make our farmers believe that it would be profitable and well for them to raise grain for shipment to England, losing six bushels in every seven in the cost of transportation, and bring back the same food in the shape of manufactures, together with a much larger amount produced on the farms of Russia, Germany, and England.

OUR FARMERS AND GARDENERS.

Our farmers and gardeners are faithful toilers from early dawn till late at dewy eve. I know their difficulties and vexations at times are great. They often suffer from the injury and devastations of the insect, the drought, the floods, and the frosts; yet they can overcome all these impediments and losses; but should they be compelled also to face the blighting and destroying effects of free trade, they would be forced to abandon the field and throw up their hands in despair. Without customers and without any demand for his products, the farmer would fill up his corn-crib only to see his crop rot; and his cabbages, turnips, and potatoes would waste ungathered for want of a market. He could shovel his grain into the fire, and bake his meat over the burning corn, as we have seen on the western prairies in free-trade times. His old customers, forced out of employment in the workshops, now cultivate the soil too, and both farmer and mechanic languish and fall together.

THE FREE-TRADE SWINDLE AND THE GRANGERS OF THE WEST.

The farmers and gardeners will puncture this bubble, for they must, I think, see through this swindling free-trade scheme at a glance. The mechanics of a single manufacturing city I can name consume more of our farm productions than our foreign customers ever take. Double the number of mechanics in this country to-morrow, and you would double the value of the lands of our farmers and gardeners, and the prices of farm products would bring to them a better reward for their toil. On the other hand, strike down home manufactures, throw the operatives out of employment, let all the mechanical work they are now doing be done in England or elsewhere, and let population fall off, as it would, one-half, what would the gardener's land be worth, and what prices would farm products fetch in a community stricken with paralysis and pauperism?

Why, I ask, is it that the business of farming in the State of New Jersey, or Pennsylvania, or Michigan, is more profitable than in the far-off States of the West? The reason is, that the farm and the factory lie side by side, and the one furnishes a profitable and desirable customer for the other. Let the mechanical work which we are now employing England and other countries to do be performed in the States of the West and of the South, and we shall not have the large surplus of food to be shipped to the other end of the world in search of a market.

MONOPOLIES IN GENERAL AND PARTICULAR.

I have heard some gentlemen remark that by imposing taxation on the products of foreign labor we encourage monopolies in this country; but I fail to see how monopolies are built up in this way, as there are no restrictions to labor, and I know of no industrial monopoly in our country. The channels of labor and trade are open and free to all; a fair field and no favor is the practice everywhere. The success of one man stimulates others to embark in the same industry, and every additional factory and workshop increases the demand for labor, and the pleasant sounds of industry will soon be heard in every village and hamlet of the country. It might be said with as much reason that one man monopolizes the air because he may be able to breathe more of the air than another. So it is with music or anything else; one man may appreciate and enjoy more than another, but there is no monopoly. All have the right to embark in industrial enterprises in this country, and the tariff taxation on foreign products only prevents our industries being swept away; it prevents raids upon our markets, and has a tendency to secure to our own industries stability and the support of the home markets of our country.

THE PEOPLE'S MONOPOLY OF AMERICAN WORK.

Mr. Speaker, I have always been opposed, and I am to-day opposed, to all monopolies save one. I am opposed to the national banking monopoly, because it is a benefit to a few; and I am opposed to other monopolies which have been created by legislation, and which are injurious to the best interests of the country. But, sir, there is one monopoly which I favor, and which I stand here to defend and sustain, and that is the people's monopoly of American work. I hope to see the day when the American people may be able to monopolize the whole labor of our great country. This monopoly will benefit the toiling millions, for over nineteen-twentieths of our population are laboring people. And, sir, as we are here to legislate for the greatest good to the greatest number, I think no one will assert that we fail to do our duty if we, by tariff legislation, encourage the industries of our own country, and secure to the workingmen and the workingwomen of the land, so far as possible, the complete monopoly of the nation's labor. English statesmen are statesmen for England; they watch and guard well the interests of British subjects. May God raise up in our own country statesmen who shall be statesmen for America. Let us guard well the interests of our own people; other nations may guard and care for their own.

THE HOME MARKET A BOON TO PRODUCERS—IMPORTING MECHANICAL WORK GLUTS OUR MARKET AND ROBS OUR PEOPLE OF THEIR LABOR.

It is the markets of the country that sustain labor, they are the priceless boon of our producers; and when these markets become glutted and overstocked the wheels of our machinery begin to move more slowly; and when the market utterly fails the work stops, and the employer and employé go out of the factory together. Destroy our home markets and you knock the bottom out of domestic employments.

You take my house, when you do take the prop
That doth sustain my house: you take my life,
When you do take the means whereby I live.

The markets of our country require a certain supply of products to meet all demands, and if we allow foreigners to supply those markets one-half, then our own people can only do the other half of the work. Every day's work of imported manufactures practically robs our people of that amount of labor. Therefore the more we protect them and shield our markets from foreign invasion, the more we sustain labor here and secure prosperity for our beloved country.

CIGARS.

Now, a few years ago we had free trade in cigars, and at that time the Spaniards, driving slaves in Cuba, made our cigars, and the cigar factory was almost unknown in this country; but under the protective tariff of 1862 this industry has been shielded as against the work of slaves, and cigar factories may be found to-day in every village and every city of the country. In my district the cigar-makers consume the food produced on the farms of many townships around Detroit. Here is the solution of the statement that a gardener near a great market can lay up more money off five acres than the farmer in Iowa, situated hundreds of miles from market, can accumulate on five hundred acres.

OUR UNEQUALED FACILITIES FOR MANUFACTURERS—RAW MATERIAL AND OTHER ADVANTAGES.

We have heard it said that some countries have natural advantages, and that they have extraordinary facilities for the production of manufactures. But with reference to the United States, we have a variety of soils, varied climate, and raw materials—all those conditions required to sustain the life and independence of a great nation. We possess unequaled facilities for the production of all those commodities which civilized life requires; and the only question which remains is, shall the American people do their own work? Is it wise for us to hire foreigners to do our mechanical work, and grab this labor out of the hands of our own people; or is it not wiser and more statesmanlike for us to stand by our countrymen, and give to them the labor required to supply the needs of our countrymen for every description of work?

BUY WHERE YOU CAN BUY THE CHEAPEST.

Mr. Speaker, I have heard gentlemen say that it is desirable for people to buy where they can buy cheapest. I would have our people buy where they can buy cheapest in our own country. And with reference to foreign countries, my notion is that in buying our mechanical work abroad, no matter what the price may be, it is dear. If we are to hire people in foreign countries to do our work, I say it is not cheap; on the contrary, it is dear. We pay dearly for what we buy abroad, because we rob our own countrymen of that amount of labor and we send away the treasure to pay the mechanics doing the work there. Domestic competition is the best leveler of prices, and if they are to be reduced let the reduction come, not by excessive importations of the products of foreign labor, nor by cutting down wages in the United States, but rather let it come by improved mechanism, new methods, new inventions, and new processes in manufacture by the aid of science and the employment of machinery. This is a "Government of the people, by the people, and for the people;" and Congress is like the head of a family with 40,000,000 children; and it is our duty and our interest to give the work of our country to the children of the country. No other country possesses superior facilities to ours; and our artisans and mechanics can do as much work, if not more, in a day than foreigners.

NOT CHEAP TO HIRE PEOPLE IN EUROPE TO DO OUR MECHANICAL WORK—A PLOT TO ROB US OF OUR MECHANICAL WORK.

If we are to go to Europe; if we are to be dependent, and beg to have our work done there, sir, you may think it is cheap, but it is a dear and exhaustive operation, and will cost more in the long run than you have calculated. England has been able for many years to pit her skill and machinery against our raw materials and rude labor. She wishes us to get out red cedar logs for shipment to England, and buy back lead-pencils. She will buy our corn and give us back poplins; she will take our rags and give us back embossed paper; she will take our square timber and give us back silk stockings and spool thread; she will take our raw cotton and give us back thimbles and hair-pins; she will take our bones and send back superphosphates; she will take our tar and turpentine and give us gravy and plum pudding; she will take our "whole skins for a sixpence and sell us back the tails for a shilling." Such trade is exhaustive and weakening. It secures to them the "workshops of the world," and to us that other rude work fit only for barbarians and slaves, the raising of raw products for distant and unfavorable markets. England is the great blood-sucker of the world; she has sucked the very life out of Ireland, Turkey, India, Spain, and Canada, and now she proposes to draw upon the United States. But the plot to rob us of our mechanical work will be exposed, and a brave, intelligent, and free people will spring to their feet in defense of their industries, as they would in defense of the flag should foreign foes invade our soil. We shall resist at all hazards every effort of British hirelings to befog and beguile the people of this country with their free-trade heresies.

RUDE WORK VS. MECHANICAL WORK—BARBARISM VS. CIVILIZATION.

If we are to do rude work, which is labor begging at forty or sixty cents per day, England will do the mechanical work, and thus employ her artisans and mechanics. If our work is to be done in England, what are we to do here? Are we to be ornamental figure-heads and wall-flowers, raise our crops, and build large poor-houses? God forbid.

EXPORTING RAW PRODUCTS—IMPORTING MECHANICAL AND MACHINERY WORK.

Mr. Speaker, if you examine the tables reported by the Bureau of Statistics, you will find that while 76 per cent. of our imports consist of mechanical work our exports consist almost wholly of raw products, and 80 per cent. of the value of the products exported last year you will find to consist of raw cotton, food, and gold. The value of raw cotton exported was $225,000,000. Now I would change this trade, and instead of exporting so much raw cotton I would reduce it to yarn, thereby doubling its value, and I would sell cotton yarn to foreigners at double the price of raw cotton, the difference being the value of the labor employed for the purpose. Instead of shipping one bale of raw cotton and bringing back three bales in the shape of cotton stockings and spool thread, I would work up the raw cotton on the spot and sell the manufactures of cotton, and thus augment home productions. In this way I would rehabilitate the South and furnish employment to its surplus labor, to the manifest advantage and profit of the great cotton States.

THE EIGHT-HOUR SYSTEM.

I have wished for many years to see labor elevated in my country, by securing greater demands for labor, and thus bestow upon laboring men the power to fix better terms, better rewards for toil, greater independence, greater wealth, greater freedom, and less hours for toil. And I hope to see the day when, by a diversification of our pursuits and an increased demand for labor in our country, our intelligent mechanics may be able to secure such compensation for their toil as will enable them to support themselves and their families on eight hours' work. But that day cannot be hastened by giving the nation's work to the people of other countries, for labor is subject to the law of supply and demand. You cannot make the Detroit River flow up stream, nor can you put up the price of wages by a vote of the union if there be no demand for labor to justify and sustain it. The more work we have to do in this country the more demand will be raised for labor here, and the greater ability on the part of the workingman to make better terms and better prices for his toil.

CONCLUSION—PROTECTION BENEFICENT, ASSURING WEALTH AND FREEDOM TO MAN.

I take the ground that the American people are entitled to a preferential chance in their own markets; and is it not just that the people who own the country and work to build it up should enjoy the benefits of the markets which their industry and enterprise alone have created? If foreigners want access to our ports for the sale of their manufactures, let us require toll of them in the shape of protective duties, or let them come here with their capital and machinery, build factories, furnish employment to our people, and pay American wages. A protective tariff restrains and checks importation, prevents certain raids upon our markets, and when the European manufacturers find that they cannot dispose of their goods without the payment of duties they will come to the United States with their capital, and pay taxes to support our schools, as we have always done. And this tendency has been exhibited in the fact that during the past twelve years thousands have arrived and put up great workshops and factories in the United States. There is, therefore, no hidden mystery about the tariff question; it is a question of dollars and cents; it is a question of labor, a just reward for labor, and independence for the masses. It favors domestic competition as against foreign monopoly; it is opposed to a reduction of labor at home, which always leads to idleness, pauperism, and crime. Protection, in short, secures to the people of this country universal prosperity, a prosperity which falls like the dews of heaven, a good to all and an injury to none. I therefore favor, Mr. Speaker, that system of national exchanges which will put more revenue into the Treasury of our Government and more labor into the hands of the American people.

Mr. MELLISH. Mr. Speaker, sincerely believing that the country is threatened with the enactment of financial measures that will endanger its prosperity, that will bring about far worse evils than those from which we are attempting to escape, I deem it my duty to attempt to present some suggestions upon the subject of currency and finance. It seems to me that at this time there is no subject of graver import than the currency. It involves the entire progress of civilization, of national and individual prosperity, the profitable employment of labor, the value of property, and the advancement of agriculture, of manufactures, and of commerce; and especially does it involve the question of taxation. In the opinion of Burke:

"The revenue of the state is the state; in effect all depends upon it, whether for support or for information." "The revenue, which is the spring of all, becomes, in its administration, the sphere of every active virtue." "Through the revenue alone the body-politic can act in its true genius and character; and therefore it will display just as much of its collective virtue as it is possessed of a just revenue."

I need not say that the subject before us is one demanding our most careful attention. Indeed, it is scarcely possible to overstate its importance. As stated in the report of the Senate Committee on Finance in December, 1867:

Next to the existence of the Government itself and the security of personal rights come the protection of property, the preservation of the public credit, the adjustment of taxes, and the regulation of the currency. Nearly all the legislation of peace is the legislation of finance. The action of Congress on these subjects affects the value of all property in the United States, the reward of all labor, the income of the rich, the wages of the poor, the pension of the widow, the enterprise and industry of all our people, and thus touches the home and heart of every person in the United States. And it should be the effort of Congress to adopt a comprehensive policy that will preserve the public faith, restore confidence to the people, stability to our business interests, and yet will appeal to the sense of justice of our constituents if it is unhappily drawn into the arena of party politics.

I have read and heard numerous attacks on the plan proposed for a national currency, but they have been confined to declamation and denunciation. In no case have objections risen to the dignity of arguments, or entitled themselves to the rank of appeals to reason. Not a single attack has been made in which a formidable objection has been raised. As so much can be urged in favor of a uniform and exclusively national currency, and so little worthy of serious consideration can be said against it, I feel the more emboldened to continue my advocacy of the principles underlying the bill to provide the money of the United States, and regulate the value thereof, convinced as I am that discussion cannot fail to produce new converts to the cause of truth. No attack yet made on this system has appeared to me in the least formidable; and its adversaries by their course would seem to allow it to be unassailable by reason and argument. It is easy to assert that the principles which the bill is intended to carry out are the wild dreams of speculative theorists; indeed much easier than to point out their probable variance in practice with the best interests of the country.

I may be permitted to say at the outset that I should have felt it almost as impossible to avoid coming to the conclusions to which I have been led on this subject as to refuse my assent to the demonstration of any problem in mathematics. And it may not be altogether out of place, perhaps, for me to here confess that more than a year ago I set about obtaining material for an argument to sustain the theory I had never questioned, that a specie basis was absolutely essential to a sound currency. I found that the only practical effect of the check of a so-called specie basis would be to place the national credit at the mercy of panic, and that, so far as the old State banks were concerned, we never could rely upon the specie-promise basis as a perfect, steady, uniform, and adequate check against any excess in the issues of their notes. My investigations showed me that I had before been in error. And though it is sometimes regarded as humiliating to confess to a change of one's opinions on a subject, there is still left the satisfaction that it is but an acknowledgment that one is wiser to-day than he was yesterday. Discovering my error was like discovering an error in an axiom, which, says Bolingbroke, is "like breaking a charm. The enchanted castle, the mirage, disappears, and where artifice or mist deceived, the path is opened and the inquirer finds his way." And may we not hope that the time will soon arrive when we shall no longer have reason to exclaim, "How impotent the endeavor to persuade men that wealth and property are all fictitious unless moved upon a golden medium?"

This is a contest where the representatives of the moneyed aristocracy on the one hand are arrayed against the representatives of the general public, the masses of the people, on the other. This bill proposes a financial system established on simple, just, constitutional principles. It involves questions which affect in their practical consequences the interests and the comforts of every citizen of the Republic.

This Congress has the option of employing its brains and intelligence in the creation of a currency which shall be cheap and good, and its benefits inure equally to every citizen of the Republic, or it may continue a costly and comparatively poor currency which benefits the few at the expense of the many, and thereby violates the principle of equality—the basilar idea on which true republican institutions and legislation are founded.

Why not adopt the simple and symmetrical, and eminently safe and prudent system proposed by the bill I have advocated, so that all the profits of the creation of money shall go to the lessening of taxation; that shall be exclusively the money of the people, for the people, and by the people? I repeat, let the profits of the issue of currency be enjoyed by the people, the only parties who can show a title to them.

Most of the currency bills to which my attention has been called, proposed to the House, are directly, as it seems to me, in the interest of the bank monopoly. They are calculated to aggravate the evils of the present system, and to transfer money from the pockets of the people to the purses of the managers of bank monopolies. To put our currency in the managment of the banks is to establish a system of legalized oppression.

Says Jefferson—

The bank mania is raising up a moneyed aristocracy in our country which has already set the Government at defiance; and although forced to yield a little on the first essay of their strength, their principles are unyielded and unyielding. They have taken deep root in the hearts of that class from which our legislators are drawn, and the sop to Cerberus from fable has become history. Their principles take hold of the good, their pelf of the bad, and thus those that the Constitution has placed as guards at its portals are sophisticated or suborned from their duties.

It may be remarked that the bullionists are our most recent oracles; indeed they are dogmatic and oracular, or nothing; and generally in their mode of enforcing their notions remind one of the alchemist Albertus Magnus, who "taught an art without art, whose principles were errors, and whose eloquence was delusion." And while I have been as much surprised as gratified at the cordial reception and acceptance this, to some extent, new departure in finance has had accorded to it in influential quarters, in others I have been forcibly reminded of Huskisson's observation on the slowness and reluctance of individuals, otherwise of observing minds and excellent understanding, in calling in question and examining the truth of early impressions, adopted upon authority and followed from usage. This tardiness is naturally increased when interest is manifestly on the side of the existing system.

It has been well said that "it was not a matter of choice, but of necessity, that men fell into the use of a substitute for coin. The capabilities of trade increased, and a medium for that trade must have been discovered, or civilization itself must have stood still. This adoption of credit commenced by supplying that to which the existing medium was inadequate, and ended by showing that the necessity for any other existed but in the imagination of the theorist, or the ignorance of the learned. Thus it is not by speculation on the abuse, but by observation on the use of credit that we learn its real value. Originating in necessity, there was no alternative. The first cause has ceased to operate, but it has left a state of things which no earthly power can control; and to attempt to bring back trade to a state restricted by the physical presence of a given supply of gold is as foolish as to attempt to stop the very course of nature." "Experience has demonstrated that paper currency, the material of which possesses no intrinsic value, executes the intention of money more completely than even metal currency itself. There is therefore no necessary connection between money and an intrinsic value of material. It is sufficient that it be of *admitted* value, whether that be intrinsic or imposed."

And I beg here to make a brief citation from the great author on political economy, McCulloch:

A currency would be in its most perfect state if it consisted wholly of paper money of the same value of gold and silver. It is impossible, however, to attain to this degree of perfection so long as paper is made convertible into coin, as such convertibility renders paper of the same value as metallic money, but it is defective inasmuch as it does not banish the latter from circulation, and does not save, therefore, the whole expense of a metallic currency.

The great financial writer, Thomas Atwood, says with great force and clearness of illustration:

Contrast all the dangers, the changes, the fluctuations, the unjust ruin, the unjust aggrandizement attendant upon a metallic standard, with the security, the certainty, the equality of prices and of values, the exemption from unjust losses and from unjust gains, and the general stability of all profits and of all prosperity which a non-convertible paper currency presents—self-existent, self-dependent, liable to no foreign actions, entirely under our own control; contracting, expanding, or remaining fixed according as the wants and exigencies of the community may require—a non-convertible paper currency presents every element of national security and happiness without the possibility of injuring any one class of the community. * * * By it we may forever insure a wholesome range of prices, neither too high nor too low, but securing at all times the due reward of industry to the productive classes and the due distribution of mutual rights and interests among all other classes of the community. I have reflected upon the subject for twenty years; I have continually turned it in my mind in a thousand shapes and ways, and I still most firmly retain the opinion above expressed; and one important fact I ought to mention in confirmation of this opinion: I have never met one single individual who has had leisure and disposition to turn his thoughts to the subject who has not fully adopted the same opinion in the end. * * * If these arguments are wrong, is it not strange that no one has ever been found to point out their error? All the experience that we have had in Great Britain confirms their truth. Every shock that our circulating system has sustained from the year 1791 to this day can be directly traced to the pressure of the metallic standard. In 1816 and 1819 the very foundations of society were giving way. In 1825 the whole circulating system was suddenly falling upon our heads. In every instance the paper saved us; and nothing but the paper.

Sir John Sinclair wrote in 1825:

Scotland, with a barren soil and a wretched climate, is at the present moment the most prosperous country in Europe, and its prosperity is entirely founded on a paper currency; for there is not a single sovereign or guinea to be found in its common circulation.

A paper currency issued by a government in full credit is preferable to specie, (and for this compendious statement I am mainly indebted to Thomas Law, esq.:)

1. Because the former can be regulated so as to always bear a proper proportion to the industry and property of a nation, whereas the latter, being an article of commerce, fluctuates in quantity.

2. Because the precious metals disappear, being hoarded or exported in times of difficulty when most required, whereas the paper money always remains.

3. Because, as the value of fixed capital and the interest of money depends upon the quantity of money, it is requisite to have a sufficient quantity without excess.

4. Because paper money is more cheaply and rapidly transmitted from one quarter of the country to another than specie.

5. Because by this facility of remittance it lowers the rate of internal exchange.

6. Because paper money permits the exportation of bullion and specie for advantageous mercantile transactions, without any derangement of home trade and interchange of labor for money.

7. Because paper money increases manufactures and improvements, and exports bring back specie.

We find ourselves placed in the focus of civilization, with a territory having numerous and fine sea-ports, with great inland seas, and intersected by magnificent rivers, with every variety of climate and a productive soil, and enriched by varied and abundant minerals adapted to the wants of mankind. And there seems no definite term to the course of prosperity open before us. And we are also fortunate in a system of government and laws which is calculated to afford protection to property, admits of no degrading distinctions, encourages industry, fosters genius, and excites emulation, and is supported by the moral, manly, enterprising, and national character of our people.

While other generations have employed romance in their argument, and the wildest imagining in their inference, we have been able to see that with the position and resources of this country at this instant, and with its now-established political power and recognized military and financial ability, nothing is necessary but united spirit, wise direction, and continued energy, to develop all latent strength, increase all instant profit, and move the whole nation forward as one body straight to the highest and most glorious and useful position.

In this great commercial nation we must have a system of circulation which maintains the value of money, and by its permanency secures the substantial justice and faith of moneyed contracts and obligations between man and man. May we be permitted to hope that a plan which is designed to accomplish this result—by providing a currency of which the standard is invariable, and in the use of which the utmost economy is practiced—may be approved by the wisdom of Congress? And the country is to be congratulated that this is not a party question, and that the House on this subject occupies a position—

Where none is for a party,
Where all are for the state.

And now, turning more immediately to our subject, I may say, in passing, it seems to me that two of the principal causes of the difficulty in obtaining cash last fall, which resulted in the panic, were, first, an excess in the creation of credits, by which dealers lost confidence in each other, and thereby became disinclined to deal on credit; and, secondly, a great harvest at the West, to pay for which an unusually large amount of currency was required.

No one has written, so far as I know, an essay on the thesis of "spontaneous popular ideas." I do not intend to do so. I have often been struck and puzzled by noticing the springing up all over the country, apparently without propagation and certainly with no concert of thought, novel and striking ideas, quite at variance with former notions on the same subject, some of which ideas have soon grown, apparently on the strength of their own merit and soundness, into gradual acceptation, and become adopted into the affairs of men. They seem to have been discoveries, not inventions, and are, if sound, always fundamental in their character. These ideas probably grow by natural sequence out of existing ideas and as a result of them, as all young branches of a tree grow from the next elder growth of branches.

Just now there seems to have cropped out all over the country one of these ideas, to wit, "*that a specie basis for circulating notes is not desirable.*" In other words, convertibility into gold on demand at the option of the holder is not a necessary attribute of a perfect circulating currency medium.

Wendell Phillips, (see New York Times of December 15, 1873,) in his usual very pungent manner, scouts and contemns the absurd, antique notion of a specie basis, And the Hon. BENJAMIN F. BUTLER takes substantially the same ground.

I think, with many others, that our present home currency is much the best we ever had, and I am not at all sure that it is not better than the currency of any other country. I have a notion, not very clearly defined in my own mind, that our financial situation has had and is having a very marked effect upon the prices of labor and all the commodities of commerce in Europe, and that this effect has been and continues to be exceedingly beneficent to us.

Certainly since the war our prosperity has been unexampled in all history or in any country. It is more logical to attribute that prosperity to the system under which it has occurred than to claim that it has occurred in spite of it.

The panic is long over and confidence restored, and with the currency question judiciously settled trade will be lively, and industrial enterprises will be generally resumed, excepting those which were based on mere credit, like the North Pacific, the Midland, the Texas Pacific, and other railroad projects of that ilk.

When the war cloud passed away we entered upon the arts and enterprises of peace, with gold the conventional, if not the indispensable, basis of circulating medium, at say 200 for 100. Prices were inflated. Since that time shrinkage of values has been going on at a constant and pretty uniform rate, until now 112 in gold will purchase as much as 200 would in the beginning.

That the country has borne this and been prosperous proves that we can meet 12 per cent. more shrinkage without feeling it, if it comes in the natural course of trade, and is not interfered with by legislation.

And, perhaps it might be added, labor being the main element in all commodities, its cost fixes the limit of production and of employment. The great point to be attained is that our money shall have a fixed and permanent purchasing power.

The pernicious system of paying, by banks, interest on deposits, denominated in Wall street "call loans," is the chief means of drawing the currency away from the country to the cities, where it is loaned out by the banks to brokers and speculators for speculative operations in stocks and securities, the whole thing being, as everybody knows, real sugar-coated gambling.

We hold that the Federal Government should have the whole and sole control of the currency. The currency proposed rests upon the authority of the state and the confidence of the public. By issuing the currency the nation gains the interest on the amount thrown into circulation. The United States have given an example of a constitution of government made for the many; let us give a financial system also on the same principle, and not sanction an artful plan for a few to prey upon the community. Humanity, justice, patriotism, and economy cry aloud for a currency system which will abolish an unnatural union of government and banks; for this, it is charged, is now the most prolific source of corruption under our Government. Talk about *crédit mobilier!* What are a few railroad shares compared with the manipulations it is asserted are expected by our statute-makers from their friends or masters, the plethoric money bank managers? Let us hope that we shall not have votes or action obviously dictated by nothing more than a corporation spirit. The banking monopoly ought to be extinguished. Government should keep the power of issuing money in its own hands, and not allow private individuals to interfere with such a power. A national currency will have the good effect of making all its citizens, on account of their interest, zealous for maintaining the Government. Any fear that the credit of our Government is to be destroyed is simply a bugbear with which to frighten children and imbecile old women "of both sexes."

The nation can be supplied with a medium of circulation without expense, instead of being obliged to purchase gold for a basis. Let not the Government make the ruinous and unjust attempt to force upon the country an undue and impracticable metallic standard. Our circumstances prohibit our reliance on an article of commerce liable to be melted, hoarded, and exported, and in a constant state of fluctuation. And it is found that specie basis, like a summer friend, in time of need disappears. Low interest is the life and soul of trade, and interest can only be regulated by a uniform currency. The danger to business interests from the operations of banks being conducted in secret have been vividly portrayed by Calhoun; but I cannot stop to dwell upon them.

The national banks now perform two operations of banking, which are quite distinct and have no necessary connection with each other: they issue a paper currency, and receive deposits and make advances of money in the way of loan to merchants and others. It is obvious that these transactions might be carried on by two separate bodies, without the slightest loss to the country or to the persons who receive accommodation from such loans. Suppose the privilege of issuing paper money were taken away from the banks, and were in future to be exercised by the sovereignty only, in what way would the national wealth be in the least impaired?

Are not the services of the banks in distributing currency most prodigally paid? Are not those wealthy corporations thereby accumulating a treasure with an ease and to an amount without parallel? And all at the expense of the public, and owing to the neglect and forbearance if not the connivance of Congress? Cannot a better and more economical arrangement be made? Can it be doubted that the services which the banks perform in the matter of distributing the circulating medium could be performed, under the system proposed by this bill, by public servants and in public offices, at a reduction or saving (including interest) of say $30,000,000 per annum, or over $500,000 per week? I can see no advantage whatever accruing to the Government for this vast expense. Is it too much to ask of Congress that this drain shall be stopped, and taxation reduced *pro rata*, or the national debt paid off to that extent? Shall the banks be permitted to longer enjoy all the fruits of so improvident and unequal an arrangement? Is it not lamentable to view the bank monopolists exhibiting a wish to augment their hoards by undue gains wrested from the hands of an overburdened people? Is it not enough that they have already, during a long period, received a subsidy of twenty or thirty millions a year? Is it not high time they relinquished to the state this subsidy for which they make no return whatever? Dry-goods dealers, hardware men, pork-packers, and so on, are just as much entitled to a subsidy from the Government as bankers. What right have the banks to enjoy the profit and use of the public money without allowing the least remuneration therefor? Let them have every facility for carrying on their legitimate business as banks of discount and deposit, and not obtrusively and selfishly demand to issue the people's money, which should be directly and exclusively within the control of the people through the Government. "Paper money," as remarked by Ricardo, "may be considered as affording a seigniorage equal to its whole exchangeable value, and seigniorage in all countries belongs to the state." By becoming the sole fountain of issue of its paper money this nation might secure a net annual revenue in the neighborhood of $30,000,000. The present system involves a taxation so onerous, oppressive, and revolting, that when it comes to be discussed and understood by the people, it will arouse a feeling of disgust and indignation.

Thomas Jefferson, in his letters to Eppes, to be found in volume 6 (page 140) of his works, says:

In the revolutionary war the old Congress and the States issued bills without interest and without taxes. * * * But, though we have so improvidently suffered the field of circulating medium to be filched from us by private individuals, yet I think we may regain it.

And again he says:

Bank paper must be suppressed, and the circulation restored to the nation, to whom it belongs.

Are not the words to a considerable extent as applicable as when uttered by Calhoun in Congress, when he said "The evil he desired to remedy was a deep one, almost incurable; because connected with public opinion, over which the banks have great control? They have in great measure a control over the press;" for the proof of which he referred to the fact that the present state of the circulating medium had scarcely been denounced by a single paper in the United States. And in the present year of grace, how many newspapers have the courage of opinion to print the statistics showing the amount of subsidy wrung from the people yearly by the bank monopolists? I think it will be found that the banks substantially own a great many of the so-called organs of public opinion, and that the editors of them wear a bank collar; else why not raise their voice, like sentinels on the watch-tower of freedom, in a cause so manifestly that of the people, and demand a reform which it is as plain as the noonday sun will largely reduce taxation?

We have done away with personal tyranny by the emancipation of a race. But there is now fast-rooted and growing into tremendous proportions the tyranny of monopoly. And the emphatic words of a former president of the Colonization Society in reference to the great evil at that time overshadowing our country in the form of the slavery of a race are to-day applicable to the slavery of the people to corporation monopolies:

Loudly, then, as by an angel's voice, are we called upon to awake, and before age has fixed our habits, and the poison becomes mingled in the fount of life, make those exertions which may secure perpetual strength, purchase immortal glory, and save us from terrors darkening as we advance, which invest the future with clouds of mysterious and tremendous calamity.

I read in utter amazement the speeches delivered at the Cooper Institute, New York, at the meeting on the 24th instant; and witnessing so much folly, ignorance, and fatuity *there*, I said to myself, where, then, shall we look for wisdom? But on scanning the list of speakers put forward it was evident that the affair was engineered mainly by free-traders, who we all know are working with might and main to promote British doctrines and British interests on this continent; they constitute, indeed, a class of men who, consciously or unconsciously, are the enemies of the country, in that they are the enemies of the American policy advocated by Clay, Webster, Greeley, Carey, Webb, and a long line of earnest patriots. Their aim is to reduce the labor of this country to the European standard. They are men who seem to forget that whoever is in favor of reducing the volume of productive labor in this country wishes to do that which is calculated to enlarge the volume of poverty, hunger, and starvation, of which there is already too much in the world. Mr. Field introduced Mr. Bryant (both leading free-traders) to preside; and Mr. Atkinson, the most venomous of his tribe, made a prominent speech, (and his of all the speeches was the most absurd and monstrous,) which is headed in the Tribune "A lie as a standard of value;" while lesser lights of the same school shed their radiance upon the platform. But this coterie of free-traders were not acute enough to exclude all sensible utterances, and as a sample of sound grains of sense picked from a hurricane of chaff, the remarks of Hon. George Opdyke are worthy of consideration.

He said:

Business men demand of Congress definite knowledge in regard to the volume of our paper currency in the immediate future; for every intelligent business man knows that its contraction will reduce prices and engender panics, and that its expansion will increase prices and stimulate speculation. It is an axiom in political economy that the enlargement of our irredeemable paper currency robs the creditor class, and that its contraction robs the debtor class. This fact has often been demonstrated, but by no one more clearly and forcibly than by our esteemed and venerable friend Peter Cooper, now on this platform. * * * All patriotic citizens who desire to see our country prosperous must condemn both expansion and contraction, for the additional reason that the one would tend to produce panic and wide-spread insolvency, and the other to stimulate wild speculation. It is obvious that there is only one way to avoid the evils incident to both expansion and contraction, namely, to maintain steadfastly the volume of the paper currency at the limits now established by law, and to permit our rapidly increasing internal commerce to grow up to it. This will require but very few years, and then the resumption of specie payments will come naturally and without financial disasters.

This indirect and imperceptible contraction has been in operation ever since the close of the war, at the rate of some $30,000,000 per annum. It has already effaced more than nine-tenths of the gold premium that obtained at the close of the war; and all this has been accomplished during a period of prosperity unexampled in our history.

The policy of firmly maintaining the existing status of our currency my friend, Mr. Low, stigmatizes as the "drifting policy," but surely without any show of reason. To expand or contract the currency may properly be called drifting with the changing tides of popular sentiment; but to remain firmly anchored until the rising tide of commerce will enable your currency to enter safely the harbor of specie payments, is the opposite to drifting at the mercy of the winds and waves. This steadfast policy is, in my judgment, the shortest and quickest way to specie payments. Any attempt to reach that goal sooner, by means of contraction, is sure to destroy confidence, engender financial crisis, paralyze industry, and thus to produce wide-spread insolvency, from which the business of the country will not recover for years. Such was the experience of Great Britain after the premature attempt at resumption in the year 1817, and such the experience of our own country after the crisis of 1837. We need have no fears that Congress will adopt the policy of contraction. * * * There seems to be a strong probability that Congress will in some form authorize a further issue of national-bank notes. This is expansion, unless the notes be made redeemable in gold, as our resolutions propose. This is known to be impracticable in the present condition of our country. * * * In point of stability and all the other attributes of a good currency, I regard greenbacks as the superior of national-bank notes.

And Mr. William Wood, although somewhat confined by the shackles of specie-basis notions, was impelled by the inherent honesty of his own mind—a trait so characteristic of his nationality—to the admission of an important historical fact. He said:

It would ill become me, a native Scotsman, and the son and grandson of Scottish bankers, to say anything against a well-regulated system of paper currency, because in the interval from 1750 to 1874, or in one hundred and twenty-four years, it has mainly contributed to raise Scotland from the depths of extremest poverty to be one of the wealthiest countries of Europe in proportion to its population, and has made its naturally sterile soil to "rejoice and blossom as the rose"—to be literally the best cultivated of all countries.

So much for the great New York meeting.

I have not changed my view that the *statu quo* is much to be preferred to any plan but that embodied in the bill I had the honor to introduce, with perhaps the exception of the three sixty-five plan davocated by the gentleman from Pennsylvania, [Mr. KELLEY.] If the fiscal difficulties lately and now experienced have grown out of causes that are now past and buried, the mischiefs now felt will be soonest cured by no legislation at all, unless the plans just referred to are adopted. Contraction will intensify them; expansion will mitigate, but continue them. It will be a mistake to pass any bill which requires resumption of specie payments in any manner at any time certain; and I am certain that I will vote wrong if I vote for any manner of resumption of specie payment, as the term is generally understood. We may by issuing an exclusively national currency of judicious volume, and which shall be received for customs dues, in no long period appreciate our paper currency to a par with gold; and I am in favor of such resumption. But under compulsion of law there can be no resumption of specie payments. The Government can attempt it, and will fail. The resumption of the Government, if successful, would retire the greenbacks, and leave us with bank bills, gold and silver, for currency, and would be a contraction of the volume of currency, say one-fourth, one-third, or one-half; and bank-bills would at once become uncurrent, as it is called, or would be at a discount; demands would be made on the banks amounting to a general run upon them. They could not redeem, as a matter of course, and would be forced into bankruptcy and wound up; and we should witness such a deluge of financial disaster and ruin as has never occurred in any land.

What I have intended to say is, that Congress should do as little meddling as possible with the currency, (if they will not pass the bills referred to,) and at once be done with the subject.

If we may believe the newspapers—and it is safe in thus referring to some of them to use the subjunctive mood—Congress may be assured that the very worst feature of the financial situation now consists in the fact that Congress is still considering it and discussing it. Perhaps it ill becomes me to say it, but I will venture the remark that it is a subject upon which "a few brilliant flashes of silence" would be true eloquence, excepting only the utterance of an emphatic and sonorous "no," upon all bills and proposals (save the two I have indicated) to meddle with the currency. But, seriously, I am glad this important question is being so fully discussed. And Congress and the country are to be congratulated that the conduct of the bill is in the hands of a gentleman who exhibits so eminently liberal and fair a spirit in the matter. Hasty, ill-considered legislation on so important a subject would be inexcusable.

We are tending toward appreciation of paper with gold by the operation of the laws of trade as fast as we can afford. Let well enough alone. Do not change for the sake of change. If we adopt the rule not to vote for legislative changes of our financial laws until we are sure that the proposed change is an improvement, we will not vote for the change proposed by the committee. Should we not oppose alike schemes of inflation and schemes of contraction?

In respect to our monetary system and legislation affecting it, there exists a pregnant evil in the public mind which is likely to mislead the Representatives of the people into mischievous and perhaps disastrous legislation. I refer to the notion that we now have a bad or poor currency. This is a gross mistake. It is true the Government loses a vast sum of money every year by not issuing its money directly to the people instead of indirectly through the banks; but as a circulating medium ours is, and has been since the close of the war, much the best currency ever possessed by the American people, or, as I believe, any other people. Under it we have prospered, grown rich, and been free from panics and revulsions to a degree unprecedented in any other age or country. By the operation of the immutable laws of trade and industry adapting themselves to the laws of Congress creating our circulating medium, we have approached pretty closely to an appreciation of paper with gold. If the law is changed to receive customs dues in greenbacks, and the amount in circulation not increased, they will be at par with gold in a brief period of time.

During the war we coined the credit of the nation into more than four thousand millions of credit capital, or credit money: United States bonds, United States bills, State bonds, county bonds, city bonds, town bonds, and bank bills. The expansion was tremendous. We were or became a vast credit balloon; and rose, and rose accordingly. We are now descending rapidly enough without the aid of Congress; and we must take care not to come down with a rush, lest when we do strike *terra firma* we may burst up the whole concern.

There has been great shrinkage of values, so that now there is not 12 per cent. between gold, the standard of the world, and greenbacks, the standard of the United States. The laws of production and trade will soon dispose of the 12 per cent. difference, and slide into a state of redemption as soon as the business of the country will stand it, if Congress will but let alone a matter which Congress cannot mend, except, as I believe, by establishing a national currency receivable for public and private dues, excluding only interest on bonds payable by their terms in gold.

Resumption will come silently, quietly, and gloriously, like the dawn of day, when most of the animated world is sound asleep, if we do not disturb the natural and universal laws of currency, production, accumulation, and distribution of wealth, which are, in fact, the laws of God implanted in the nature and impulses of the human family.

Banks are creatures of the Government, and so far as they are authorized to issue currency, the Government is responsible for the consequences of their actions. And if measures could be adopted by which their currency could be retired and greenbacks substituted in its place of equal amount, there would then be no objection to the continuation of the banks and the addition to their number to any extent. Make banking free and place banks on their own resources, and leave the public to deal with them or not, as they do with the manufacturer, and there will be possibly vicissitudes in banking business then, but they will no more concern the public than vicissitudes and disasters of manufacturing enterprises. But the Government is charged with the great constitutional duty of providing money for the people and regulating its value, and can make no excuse to the people if disaster grows out of their permitting that function to be exercised by corporations or individuals. If it is not a great moral wrong for the Government to do it, it is nevertheless a fearful and fatal mistake in policy.

On this point I wish to say that if I understand the bill submitted by the Committee on Banking and Currency (H. R. 1572) it proposes to so amend the banking law that there shall be no limit whatever to the right of banks to coin a paper currency for the use of the people, by filing with the Treasurer of the United States the bonds of the Government to secure the ultimate redemption of the currency, that redemption not to be made in gold and silver, but in lawful money of the United States, which now means in greenbacks—irredeemable Federal notes, or rather in Federal promises to pay without any statement of the time when they are to be paid; it is called universally by bullionists irredeemable paper money; but which in point of fact is every day redeemed by the Government by taking it in payment of all dues and taxes except customs, for which it ought also to be taken. It is very plain that under the provisions of this bill it would be possible to increase the bank paper fourfold; so there would be four times as much bank paper as there are greenbacks with which to redeem it.

And be it observed that the same bill provides in section 3 for the redemption of its circulation through the Treasury of the United States only to the extent of 5 per cent. Note the first twelve lines of section 3; if they do not mean that, what do they mean? They read as follows:

That every association organized, or to be organized, under the provisions of the said act and of the several acts in amendment thereof, shall at all times keep and have on deposit in the Treasury of the United States, in lawful money of the United States, a sum equal to 5 per cent. of its circulation, to be held and used only for the redemption of such circulation; and when the circulating notes of any such association or associations shall be presented, assorted or unassorted, for redemption, in sums of $1,000 or any multiple thereof, to the Secretary of the Treasury or to the assistant treasurer in the city of New York, the same shall be redeemed in United States notes.

That is a redemption, at the option of the holder of the bills, to be made by the Secretary of the Treasury out of the fund provided, being 5 per cent. of the total; that is, it makes them convertible to that extent, at the option of the holder, into Treasury notes on presentation to the Secretary of the Treasury.

Mr. MAYNARD. The redemption does not extend only to 5 per cent. It is to be absolute as to the whole amount that may be presented by anybody. But 5 per cent. must be kept on hand.

Mr. MELLISH. I said that this was the effect of the bill, as I understood it. I understand it as I am explaining it. I may be mistaken, of course.

Mr. HUBBELL. I understand the redemption is to be made outside of and beyond the 5 per cent.

Mr. MELLISH. I have given the language of the bill, and it explains itself. I have read the bill in connection with the bills to which it refers.

Then the Secretary of the Treasury, after the notes are redeemed, is to charge them "to the respective associations issuing the same, and notify them severally on the 1st day of each month, or oftener at his discretion, of the amount of such redemptions; whereupon each association so notified shall forthwith deposit with the Treasurer of the United States a sum, in United States notes, equal to the amount of its circulating notes so redeemed." Thus to the extent of 5 per cent. of the total circulation provision is made for the redemption, at the option of the holder, by the Secretary of the Treasury in greenbacks. To this extent it provides a place where the holder may convert his bank-notes into greenbacks on demand. They have come into a condition where the holder wants to get rid of them, and he exchanges them for greenbacks, and then the Secretary of the Treasury immediately sends them back to the bank. It changes the Government into a broker, to redeem the circulating notes of the banks and return them to the several banks. Take the whole system, and supposing the 5 per cent. were 20 or 25 per cent., it would simply be a plan for redeeming the bank circulation in greenbacks, and it would not be taking any single step toward redeeming in gold and silver.

Under this bill would it not be competent for any number of banks to be established, and take out currency to the amount of 90 per cent. of the bonds deposited? The new and old banks may run their circulation up as high as they please by filing bonds with the Secretary. The redemption of the bills is provided by the law to be in and by Treasury notes or other lawful money of the United States. Practically it does not provide for redemption in gold and silver, and practically it does not secure redemption in greenbacks. In an extreme case and a great exigency it does not provide a redemption except to the extent of 5 per cent., and that in the greenbacks, which are denounced by these same people as being irredeemable, dishonored promises to pay, and a fraud. These are the only basis of the redemption of their bills.

After having proposed this bill, with what propriety can they object, so far as the people are concerned, to retiring all the bank currency and issuing greenbacks as a substitute? To speak the plain truth, it is a bill entirely in the interest of the banks.

The eighth section contains the plan of giving to the banks the entire circulation of the United States. It is as follows:

That the Secretary of the Treasury is hereby authorized and directed to issue, at the beginning of each and every month from and including July, 1874, two millions of United States notes not bearing interest, payable in gold two years after date, of such denominations as he shall deem expedient, not less than ten dollars each, in exchange and as a substitute for the same amount of the United States notes now in circulation, which shall be canceled and destroyed, and not reissued. And any excess of gold in, or hereafter coming into, the Treasury of the United States, after payment of interest on the public debt, and supplying any deficiency in the revenues provided to meet the current expenses of the Government, shall hereafter be retained as a reserve for the redemption of such notes.

It will be observed that gold is to be hoarded in the Treasury. They are turning the Government into a gold bull in the market and keeping up the price of gold. It is a plan to retire the whole greenback circulation, and give the whole $800,000,000 circulation to the banks. And when the substitution should have been complete of the bank paper for the total volume of greenbacks, the bank-bills would be redeemable by the Secretary of the Treasury in gold to the extent of the provision made by this bill for furnishing the means. The Government would become the great broker for the banks, with all the expense and trouble of it, and none to the banks. Meanwhile the Government would be paying interest to the banks on the capital on which their circulation was based; that is, would be paying interest on the total volume of the bank currency, and paying it in gold; for when greenbacks are retired gold and silver will be the only lawful money extant.

Under such a system it would be possible for the banks to run up the volume of their currency to a thousand millions for instance. There would be inflation of the most extraordinary character. Speculation, wild enterprises, and unprofitable investments of money, out of which would grow overproduction, stagnation of business, apprehension growing into panic, hoarding of gold, depreciation of bank-bills, a run upon the banks, which would all necessarily fail, and a run upon the Government. The 5 per cent. fund would be promptly exhausted, and the whole banking system would tumble into bankruptcy unless the universal remedy of the bullionist should be supplied in time, of legalized suspension of specie payments and all other payments, a new bankrupt law, no end of stay laws, laws which prohibit the execution of laws in the payment of debts, and the general misery that attends and is the fruit of the system of pretending to make the circulation of the country redeemable in the precious metals.

And I say right here, to quote the language of S. B. Chittenden, esq., in the National Board of Trade in Baltimore, January 16, 1874: "I do not know how many bank presidents or directors there are here, but I say, what I said five years ago, that there never will be any return to specie payments in this country under this bank system. This bank system must be reformed, and in a large measure reformed out of sight, before there can be any specie payments." Some one will say that Mr. Chittenden introduced a resolution that the simplest method for securing an elastic circulation would be found "in the removal of all restrictions upon the circulation of national-bank notes secured as now by the deposit of United States bonds for the redemption thereof." Very well; and he followed it by the language: "That is my free banking. That is my proposition of bringing this bank system to its metal." It would drive it out of existence. He says this is a method of bringing a test to the soundness of our bank system. This is the method of instructing the banks and the people that they are on a fool's basis, and they ought to disappear as a means of issuing currency. They have an investment in their bonds on which they draw interest, and then they can make ten or twelve at least on their circulation. The supposition is that banks that have become feeble have become so on mismanagement; they have not become so on their issue of currency.

I am quite sure that the bill reported by the committee is a bill of abominations, and ought to be defeated. Perhaps I should not be quite ready to indorse the criticism of a friend of mine, who upon looking at its provisions said, "If a member of Congress, after reading the eighth section, can support it, he must be either a fool or—a banker!"

I will only remark that that section proposes to change, at the rate of $24,000,000 per year, our greenbacks into notes of the United States, payable two years after date in gold, and to set the Government to hoarding gold to redeem the notes.

The great trouble is that the banks dictate legislation. I have no doubt, but I do not intend by the remark to cast any imputation on the committee or any member of Congress, that the bill reported by the Banking and Currency Committee is framed entirely in the interest of the national banks.

Mr. MAYNARD. I do not know that the gentleman intends what some persons, hearing or reading his remarks, might suppose he did—a reflection upon gentlemen of the committee as to the manner in which this bill is framed. I am not aware that gentlemen of the committee are themselves interested in banks, national or otherwise, and, so far as I know, those who represented or were supposed to represent the views of existing banks were certainly not particularly partial to this bill.

Mr. MELLISH. I was careful to say that I did not intend to cast any reflection on the committee or any member of the House. I desire to have it distinctly understood that I disclaim any intention of casting any imputation on any person whatever.

Is this Congress to sit here and merely record the decrees of bloated corporations? As S. B. Chittenden, esq., of New York, said the other day (16th January, 1874) in the National Board of Trade in Baltimore, "We may never, by argument, convince the people as to what really is the matter; but, by and by, there will come a law which, like the gun of Fort Sumter, rising above all the arguments and all the discussions of seventy years, broke down the system which we all rejoice in as broken down to-day. So it will be with this bank system; and that, too, at no distant day."

I have time to devote but a very few words to Senator SHERMAN's plan.

If it be admitted that convertibility at the option of the holder into coin is an essential quality of a sound circulating medium, such currency cannot be based upon gold bonds of the Government; for the bonds are not themselves convertible into gold at the option of the holder. The price of the bonds will fluctuate, and not under certain conditions bring par in the market.

It is a solecism in finance to assume that a circulating note payable on demand can be redeemed by another evidence of debt payable in the remote future, and have the transaction deemed equal to redemption in demand in coin.

And now let us briefly consider the bill (H. R. No. ——) to provide the money of the United States, and to regulate the value thereof.

The first section provides that every banking association may determine for itself the amount of lawful money it will keep on hand, and of course abolishes all the law requiring a reserve to be kept for any purpose, leaving all parties to deal with the bank or not, as they have confidence in it or not. But every national bank or banking association shall on demand redeem its circulating notes at par, at its own banking-house, in lawful money of the United States.

The second section requires the Secretary of the Treasury to prepare the money of the United States, which will express on its face the denominations of each bill, and express on its face that by the Constitution and laws of the United States the same is a standard measure of value to the amount expressed in all transactions within the United States involving the payment of money, and that it shall be receivable in payment of debts, public and private, and be a legal tender in payment of all debts except the United States bonds which are by their terms payable in gold, and that they shall be received in deposit at par by all national banks and banking associations, and that they shall be put in circulation in pursuance of the provisions of the act.

The third section provides that all customs duties due and payable to the United States shall be paid and collected in gold coin and paper currency from and after July, 1874, until July, 1875, one-fourth of the amount in Treasury notes, or other notes of the United States, or national-bank notes, and three-fourths in gold coin of the United States; and for the next period of one year the payment to be made one-half in gold; and for the third year three-fourths in Treasury notes and bank-notes and one-fourth in gold coin; and from and after the end of the third year, that is, July, 1877, the whole amount of customs duties to be paid and collected in Treasury notes, or other currency issued by the United States, or national-bank notes. The effect of this during that whole period will be to put greenbacks, and bank-notes, and gold, and the newly provided national currency on a par.

Section 4 provides, after July, 1874, the method of returning to the Secretary of the Treasury all the proceeds of customs duties and taxes of the United States, with a view to the retirement of the greenbacks and the bank-notes, and the substitution in place thereof of the money of the United States, issued under the provisions of this bill.

Section 5 provides that the Secretary of the Treasury on receiving United States Treasury notes and circulating bank-notes shall make an account thereof, and as often as the sum received shall amount to $1,000,000 shall cause the same to be destroyed in pursuance of the provisions of the act establishing the national banks, passed June, 1864. It provides the method and confers the authority to destroy the greenbacks and the notes so received; and provides for keeping the banks advised of the amounts of circulating notes of each which shall have been destroyed; and as often as $50,000 of the circulating notes are destroyed the Secretary of the Treasury is to adjust the interest account of each bank and deliver up the amount of the United States bonds pledged to the redemption of a like amount.

Section 6 provides that immediately upon the destruction of any sum of Treasury notes and circulating bank-notes in pursuance of the preceding section, the Secretary of the Treasury shall pay into the Treasury of the United States, of the money of the United States, provided under section 2, an amount equal to the total sum of the notes destroyed; and that such money so paid into the Treasury shall thereafter become and be the money of the United States, and as such shall be paid out of the Treasury of the United States for the purpose and in the manner provided by law.

The seventh, and a very important section, provides that the Secretary of the Treasury shall issue the said certificates provided in pursuance of this act, so that the aggregate amount of the issues thereof, in circulation and in the Treasury of the United States together, shall not at any time exceed the sum of $800,000,000; it being intended by this section to restrict the total volume of such certificates in actual use to within the maximum limit of the sum last mentioned.

And here it is proper to say that the most important feature of a system of currency and of a scheme of finance is to have one of the factors that affect prices absolutely fixed and unchangeable as to volume and value; so that the man of business may be able to adjust enterprises upon the assurance that in the establishment of his prices he shall be in no doubt whatever of the standard by which his prices are to be measured, leaving the problem to be determined between the vendor and purchaser of the price of the commodity at which it should be transferred; which being established with a currency the volume of which and the value of which cannot be acted upon by any power or circumstance outside of the nation, it will be relieved from the disastrous fluctuations which have always throughout the history of commerce and of banking subjected to a destructive degree the currencies which have been composed of, or based upon, the precious metals, the values of which never have been, never can be, stable in any country or for any length of time. For instance, a war, or a famine, or an insurrection, or a pestilence, or a vermilion edict promulgated in China, may make such a draft upon the volume and purchasing power of the precious metals in the world as to affect unfavorably their purchasing value.

The great war in which England was engaged for a long series of years against Napoleon made such demands upon the precious metals in the world as compelled the suspension and the continued suspension of the Bank of England for a number of years. Our own late rebellion compelled an entire suspension of specie payments in the United States. And the famine in India and war in Africa during the last half year, and the coinage of the precious metals in Germany, commenced I believe last September, and the existing famine in the British provinces in Asia have disturbed during all the period of their existence the volume and the purchasing value of the precious metals in this and every other country. In every treatise upon finance and banking, in every work upon political economy, in every public speech on either subject, made by a well-informed speaker, it has been shown us that relief from the mischiefs that attend and belong to the specie-basis system has been the main object sought for. By accident, and perhaps by the interposition of Providence, by our great war of the rebellion this nation was forced by circumstances into the necessity of trying the experiment of carrying on a great and exhausting war and following it by enterprises of peace unexampled in their extent and their beneficent results, with an irredeemable paper currency with scarcely the pretense and without the expectation that any single dollar of it could be turned into the precious metals at the will of the holder. And the success of that enforced experiment has been such as to confuse and astonish all financial speculations. And a system that could secure to this nation in perpetuity a currency as useful and as little subject to the usual mischiefs that attend currency as our currency has exhibited would be a boon to the nation worth making great sacrifices to attain.

Section 8 provides that after 80 per cent. of the aggregate of all notes of banking associations shall have been retired and destroyed, the remaining outstanding bank-notes shall not be received by the United States in payment of any public dues whatever; and thereafter the interest accruing on the bonds remaining in the hands of the Government as security for the redemption of circulating bank-notes shall not be paid to the banks until the whole amount of the circulating notes of such banks shall have been retired. This provision seems to be necessary in order to induce the final retirement and closing up of the bank circulation.

Section 9 and last provides that when under the provisions of the last section circulating notes of national banks and banking associations shall be no longer receivable by the United States in payment of public dues, the Secretary of the Treasury shall redeem such circulating bank-notes at par, at points and places designated by him, by issuing and delivering in exchange therefor equal amounts of the United States certificates of standard value provided in pursuance of this act to the parties presenting such circulating notes for redemption, and shall destroy the circulating notes thus redeemed in the manner hereinbefore provided.

The adoption of this plan will give the greenback more value than it ever had before. The more debts that are paid in money the more value will the money possess. The law disallowing customs duties to be paid in gold restricts the legitimate uses of our paper money. By it the Government depreciates its own credit. To pay customs dues in greenbacks will add to the absolute wealth of every person in the United States who has a dollar in his pocket. If anything can be predicted with entire certainty, it is that greenbacks will approach much nearer and probably reach par with gold by making them receivable for customs dues.

As bearing on this question I take a paragraph from a letter I received to-day from M. de Embil, esq., New York, a gentleman who has published a number of financial pamphlets:

France had $602,000,000 bank-notes, and had to pay $1,000,000,000 gold to Prussia. France had only $145,000,000 coin. By declaring bank-notes good for customs duties France kept her paper at par with coin. With the product of the mines the United States should have $140,000,000 in coin, and we ought to be as able as France to keep our paper currency at par with gold.

Prussian taxes were paid exclusively in silver coin; coin went up 50 per cent.; the government declared that half the taxes would be received in paper; and coin and paper were at par one week thereafter.

We have said something about the effect of section 3 to put the three kinds of currency on a par each with the other. The effect of this measure would be that from July, 1874, until the final retirement of the greenbacks and the bank-notes, the currency would consist of the greenbacks, the bank-notes, and the money of the United States under and in pursuance of this act—three varieties of paper money, all of which would be at par value by reason of the fact that they were receivable for all public dues; and beyond question, in my judgment, they would all be on a par with gold. They would be equally sought for and equally available in payment of all public dues, including customs; and there would be in operation no interest to discriminate in the value of them. They would be taken indifferently and without discrimination, and paid out in the same manner in every portion of the United States.

The end would be that we should have a uniform currency of equal value in all parts of the United States, subject to no fluctuations of volume, subject to no risks growing out of any question about redemption, or any question about convertibility or inconvertibility; a currency that could not be disturbed or affected in its value or its volume by any exigencies occurring outside of the United States; a currency founded on the laws and the Constitution and the faith and the power of the Government; a currency that would address itself to the patriotic regard of the people of the United States, and be esteemed as unchangeable and safe, not subject to depreciation by the attrition that reduces the value of coin, nor by any means as subject as coin to be counterfeited and debased; a currency which would be equally available to banks as the present bank bills, and for which they would never be under any embarrassment for redemption; and, above all, a currency the volume of which and the quality of which could not be unfavorably operated upon or affected by anything except by the act of the Government itself; a currency more than one-third of the volume of which would each year pass into and out of the public Treasury in public dues to the Treasury and in liquidation of the debts of the country. And any volume of currency one-third or more of which is redeemed steadily every year by the party issuing it will have a better redemption than any currency ever yet known in this country.

This is a system which is plain and symmetrical and easily comprehended. It is a system that is absolutely honest—it is neither a sham nor a pretense; a system which does not demand any subsidy from the Government nor levy any tax upon the people; a system that is independent of all the tricks and all the debauchery of banking. Its circulation will be governed by the general laws of trade; and the currency will go to the point where it hears the loudest call. And that is the kind of flexibility that addresses itself to the judgment and approval of the unprejudiced and disinterested observer.

The great volume of financial history has been drawn from periods when the specie basis of currency was in conceded operation; and during such periods it presents a succession of chapters of financial fluctuation, panic, depression, bankruptcy, and disaster. There have been a few instances of extended terms when the currencies of countries were not on specie bases. In England, during long years (for fuller reference to which see speech of the gentleman from Massachusetts, General B. F. BUTLER, February, 1869) its people probably never enjoyed any period of financial, commercial, and industrial prosperity at all comparable with that in which they were not on a specie basis. Commercial and financial vicissitudes disappeared with the suspension and reappeared with the resumption of specie payments.

More noteworthy even than that is the history of this country since suspension of specie payments. Contrary to all expectation and all prophecy, since the Government gave the people a paper currency and authorized a universal suspension of specie payments we have prospered beyond all example in this or any other country. It thus appears that a currency not convertible into specie on demand has in two instances, very striking in their characteristics, produced far better results than were ever exhibited by a specie basis currency. These facts go far toward establishing the claim that a currency fixed in volume, circulating by authority of the sovereign people, will be accepted and used by the people with honorable faith and produce and secure steadiness in prices such as has not been hitherto realized by any commercial people.

Inasmuch as our currency under the proposed plan would represent the dollar and its multiples, the critic or hypercritic will ask, What is a dollar? Answer: It is the name conventionally adopted as a unit of value. But what is it worth, and what do you measure a dollar by? Answer: By the same method as with the silver and gold dollar under the specie system—by another dollar of the same kind. But what is it worth? says the critic. It is worth as much wheat, or cloth, or leather, or salt, or rum, or tobacco, as you can buy with it. And that is all that can be said of a gold or silver dollar.

In trade, when prices differ or vary, no man can tell whether the commodity or the dollar changes in value. In the hands of a man who was starving, with pockets full of gold, and there was but one loaf of bread in the market, his gold would fall to a very low figure. Perhaps it is true in many cases that it is the value of money instead of property that fluctuates.

The Quarterly Review (London) for January, 1874, in an article on Bagehot's Lombard Street, remarks that "its author entirely discards the ancient notions about the quantity of the bank-note circulation regulating trade and prices. Facts and experience have indeed utterly destroyed it; and the doctrine that variations of the rate of interest are the real controlling power or instrument (as propounded by Mr. Tooke forty years ago) has become one of the most positive scientific truths in economical reasoning."

Now let us put this to the test of fact.

The Bankers' Magazine (London) for February, 1874, says of the fluctuations of the rate of discount of the Bank of England for the past year that "the year began with 5 per cent., descended through the various stages to 3½ per cent. by the end of January, and there remained for eight weeks; moved to 4, and remained six weeks; rose to 7 per cent. by the beginning of June, was down to 3 per cent. in August, up to 9 in November, and left off at 4½. The changes were twenty-four in number, and were fluctuating enough to keep the finance world wide awake with attention throughout the year."

Now, is it sound to say that those fluctuations to any great extent affected the prices of commodities? For it cannot be asserted that the law of trade made these changes of rates, but it was done by the manipulations of financial authority breaking into the law of trade.

The fact that the rate of interest went up and down twenty-four times in one year was no evidence that it was the result of the laws of trade; it is known, on the contrary, that it was official discretional interference with the laws of trade by the government of the Bank of England, and to protect the Bank of England and British interests against the natural operations of the laws of trade; and it is quite illogical to say that the result named is produced by the laws of trade.

This is all a delusion, to be classed with most arguments of free-traders, from the fact that they look through the eyes of British interests, and not through the vision of unprejudiced, disinterested, intellectual operations. This will explain a large proportion of the views and the financial philosophy of the British school of financiers. In point of fact, all the rates of interest by the Bank of England were intended to produce the effect to prevent an amount of contraction of the currency that would be destructive to the interests of trade.

Suppose that the bank had not the power of changing arbitrarily the rates of discount, then the unembarrassed laws of trade would have depleted all England of its specie to an extent that would have operated upon prices with most damaging effect. And hence the Bank of England, looking to British interests, was quite justified in giving a revolution to its omnipotent bullion screw, and setting the current of specie toward England instead of from it.

Bear witness that in the United States there are no such processes. And I beg to state no such processes are desirable. This is a free country, and we want to have business free in the United States; and we desire that there shall be nowhere and at no time a corporate power, or any other power, that shall be able to interfere arbitrarily with the prices of commodities in this country. Following out the principles upon which our Government is founded, we wish to have the utmost freedom in finance and trade compatible with the public interest and the public safety. Therefore we hold that it is of the first consequence to have the volume of currency fixed, its quality uniform in every part of the land, its legal character established by the power of the Government, its volume graduated with reference to the scale of existing prices in the United States, and leave the laws of trade the largest liberty to operate upon the basis of such a currency. It is clear that the laws of trade in a country which boasts of its commercial freedom are at the mercy of the conclusions of a few men sitting in the bank-parlor of the Bank of England on some morning of their meeting. It is fair to conclude, after such an exhibition, that there is no authority whatever in the opinions of the leading financiers of England.

The value of the currency of a country does not depend solely on its volume, but is affected very essentially by what we may describe as its rate of activity. An American dollar will pay one hundred debts where a French five-franc piece will pay one in the small transactions among the mass of the people; therefore France needs for the business she does a much larger quantity than the United States require, because hoarding and hiding currency here is confined to a small class of the ignorant and inexperienced; and in this country more and more the class of people who hoard is being diminished in number, especially at the North, as witness the savings-banks of New England, where civilization has advanced beyond the point where the people esteem money for any purpose except the uses for which money is intended. At the South it is probable that a portion of the colored population is just now entering upon that era in the movement of civilization which is consistent with hoarding on the part of the population generally. And it would not be surprising if it were proved at this hour that there was more currency in the late Confederate States than there ever was at any time before.

That Congress has the power to make Treasury notes a legal tender has been decided affirmatively by the Supreme Court, and that the Government should use no other currency I quote the opinion of Mr. Calhoun in his speech authorizing the issue of Treasury notes September 19, 1837:

> I am of the impression, to make this great measure successful and secure it against reaction, some stable and safe medium of circulation, to take the place of bank-notes in the fiscal operations of the Government, ought to be issued. It is my impression that, in the present condition of the world, a paper currency in some form is almost indispensable in financial and commercial operations of civilized and extensive communities. I do not hear of any scheme which does not include a large volume of paper currency. In many respects it has a vast superiority over a metallic currency, especially in great and extended transactions, by its greater cheapness, lightness, and the facility of determining the amount. The great desideratum is to ascertain what description of paper has the requisite qualities of being free from fluctuation in value and liability to abuse in the greatest perfection. I have shown, I trust, that bank-bills do not possess those requisites in a degree sufficiently high for this purpose. I go further. It appears to me, after bestowing the best attention I can give the subject, that no convertible paper, that is, no paper whose credit rests on a promise to pay, is suitable for currency. It is the form of credit proper in private transactions between man and man, but not for a standard of value to perform exchanges generally which constitute the appropriate functions of money.

And again:

> I believe the Government credit, in the form I suggested, combines all the requisite qualities of a credit circulation in the highest degree, and also that Government ought not to use any other credit but its own in its financial operations. The good of society imperiously demands that there be a total and final separation of the credit of the Government from that of individuals, with which it has been so long blended, and the growing intelligence of the age will enforce it.

I would gladly quote more at large from Calhoun's speeches, but time will not allow, and I must content myself with the following summary statement of his opinions on this subject. Mr. Calhoun believed—

First. That "in the present condition of the world, a paper currency, in some form, if not necessary, is almost indispensable in financial and commercial operations of civilized and extensive communities."

Second. That "the great desideratum is to ascertain what description of paper has the requisite qualities of being free from fluctuation in value and liability to abuse."

Third. That "bank-notes do not possess those requisites in a degree sufficiently high for a currency."

Fourth. That "no paper whose credit rests on a promise to pay is suitable for a currency."

Fifth. That "Government credit (in the form he had suggested) combines all the requisite qualities of a credit circulation in the highest degree, and that Government ought not to use any other credit but its own in its financial operations."

Sixth. That "whatever the Government receives and treats as money, is money; and if it be money, then they have the right, under the Constitution, to regulate it. Nay, they are bound by a high obligation to adopt the most efficient means, according to the nature of that which they have recognized as money, to give to it the utmost stability and value."

Seventh. That "the form in which the public credit should be used should be a paper issued by the Government, with the simple promise to receive it in all its dues."

His proposition was to convert the public credit into money; and he argued that the currency thus created would not only be equal in value to gold, but better than specie for financial and commercial operations, "by its greater cheapness, lightness, and facility of determining the amount." Having used Treasury notes as money, it is the duty of Congress to regulate their value.

As already hinted, the adoption of a plan to secure a uniform national currency may to the advantage of the country be supplemented by a measure which shall provide that the notes be convertible into three sixty-five bonds, and at all times reconvertible into notes, with accrued interest at the pleasure of the holder. It is claimed this will prove a trustworthy governor or regulator of the volume of the currency. With the proceeds received for these three sixty-five bonds the Government will buy and retire bonds bearing a higher rate of interest, and thus reduce the burden of the public debt.

By the adoption of this plan the actual volume of the currency (assuming that bonds of the denomination of fifty dollars and its multiples are not common currency, or properly so called) will be neither increased nor diminished except by the creation of the fifty millions of greenback reserve, to be applied solely to the redemption of the three sixty-five bonds, and any amount withdrawn from this redemption fund is to be placed again in reserve out of any United States notes not otherwise appropriated, received by the Treasury Department thereafter.

It needs no argument or illustration to show that the principal effect of this operation will be to retire United States bonds bearing a high rate of interest payable in gold, for United States bonds bearing a low rate of interest payable in paper. It would not be difficult also to show that the general rates of interest throughout the country must come down to much lower rates than now rule, and that they would be nearer a uniform rate than has ever before been known. Now, low interest is the life and soul of productive industry; and it would follow, as surely as the night follows the day, that a stimulus would be given to manufactures and commerce, and our country would exhibit a prosperity such as the sun never shone upon, and possibly other nations might conclude that they might as well follow the example of our power, industry, and system of finance.

It was with prophetic instinct that Cobden long ago said:

> It is to the industry, the economy, and peaceful policy of America, and not to the growth of Russia, that our statesmen and politicians, of whatever creed, ought to direct their most anxious study; for it is by these, and not by the efforts of barbarian force, that the power and greatness of England are in danger of being superseded. Yes, by the successful rivalry of America shall we in all probability be placed second in the rank of nations. We cannot, while viewing the relative position of England and the United States at this moment, refrain from recurring to the somewhat parallel cases of Holland and Great Britain before the latter became a manufacturing state. The latter, England, now sees in America a competitor in every respect calculated to contend with advantage for the scepter of naval and commercial supremacy.

And would not the amount of debt thus funded be, to all intents and purposes, capital, and probably as much available as capital in all the uses to which capital may be applied as gold would be, and possibly as much more valuable than gold as the rate of interest payable on the bonds may be? And with the wheels of industry set in motion, as would be likely, all over the land, would it be too much to expect that our exports would before long be so much greater than our imports that, instead of sending our specie abroad to pay for European goods, (which serve little better purpose than to pamper pride and luxury,) the consumers of our grain, cotton, tobacco, naval stores, and other exports, would be compelled to send their specie here to settle the balance of trade?

It is believed that the notes or money issued are made convertible into bonds at such a rate of interest as will induce the holder to prefer bonds to notes. Does it require argument to satisfy an intelligent mind that the bonds being convertible into notes at the will of the holder, they may be converted into bonds at a less rate of interest than if they are made payable many years after date? For the bonds being convertible into notes at pleasure, the holders will convert notes into bonds; because while the bonds will always command the notes should the holder wish to use them as money, the bonds will also command *ad interim* the interest which the notes would not do. Would not the bonds, therefore, issued in this form, be more valuable than notes to all except to those who have an immediate use for them as money, and hence would there not be a constant tendency to convert the notes into bonds, and a consequent preference for bonds? Will not the effect of funding be to give greater value to the notes and also to the bonds? Most certainly? For will not the value of the bonds depend upon the value of the notes, and the value of the notes depend on the value of the bonds? We shall thus use the public credit (always guarding against excess in the volume of the currency) in a shape in which it is scarcely liable to depreciation, but, with customs dues paid in Government money, will rapidly appreciate to gold value.

And I find in a pamphlet issued some years since by General Duff Green, (who, it will be remembered, was quite a potential factor in General Jackson's administration,) the following paragraph bearing on this subject, which, perhaps, may be worthy of thoughtful consideration:

> It is apparent that it is not the cheap labor of England, but her cheap machinery, which enables England to sell us cheap goods. It is also apparent that she buys her cheap machinery with her cheap money; and it is equally apparent that she is indebted for her cheap money to the fact that her funded debt is readily converted into notes, so that he who can command the funded debt of England can command cheap machinery with which to make cheap goods. The debt of England having been converted into capital, is as available for all the uses of capital as if, instead of being a debt funded and paying an interest, it had been converted into gold. In that case, as the gold would be dead, unproductive capital, and the sum greatly more than would be used as currency, the whole excess not so used would be loaned out to persons who would pay an interest for it, and, as in that case the interest paid would be as great or greater than the interest paid upon the public debt, and would be paid by the same people, the debt thus created would be as much a debt upon the people; and, therefore, as the present debt represents the credits given by the Government in compensation for services rendered and supplies furnished by the people, the fact that it has been funded at a rate of interest which renders it of equal value with gold and convertible into gold proves that for all the uses of capital it is of equal value as if, instead of an issue of so much credit, the Government had paid out so much gold. Will not the effect of converting our credit into currency and funding the surplus into bonds which may again be converted into currency be to give equal value to our bonds?

Does any one believe that it would not as readily be made available for the uses of capital if, instead of being invested in the uncertain and fluctuating credit of individuals, it were invested in the public credit? If the sum thus invested is capital, would it not be capital if it were invested in our convertible bonds?

It is manifest that our currency should be exclusively national and a legal tender, and convertible into bonds, the interest upon which will render them of greater value than the notes to all persons, those only excepted who may prefer the notes without interest as a medium of payment and purchase; and the bonds should be at all times reconvertible into notes at the pleasure of the holder. Thus he who prefers bonds will give his notes for bonds, and he who prefers notes will give his bonds for notes. Such a currency will not be subject to the fluctuations consequent upon the contingencies which may affect the money market of London, and will compel the Bank of England to look elsewhere for specie. She may refuse to discount a single bill. She may withdraw all her own notes from circulation by the sale of exchequer bills. She may ruin her merchants, bankers, and manufacturers. She may spread bankruptcy and despair over the whole of England in her efforts to force back specie to her vaults; but as she cannot use our Treasury notes to pay her debts she cannot ruin us. We will have a currency of our own, which answers all our uses as money, will be stable and uniform in value, and leave the outside world, and especially the Bank of England, to look to our exports as the means of payment for all that we purchase of foreign nations.

Commerce is a reciprocal exchange of the products of the industry of commercial nations, and with such a currency we could place our exports in the foreign market and command specie if we desired to do so, and at the same time pay with our exports the balance due upon our imports, should there at any time be any such balance to pay.

The precious metals, gold and silver, have, by the consent of commercial nations, been recognized as a medium for the payment of commercial balances, and hence as they may be said to be of universal use for this purpose, they have become commodities, which, like other articles of merchandise, are more or less valuable as they may be required to pay these balances. This fact alone proves that foreign demand will depend upon circumstances over which our Congress can exercise no control. It follows conclusively that Congress cannot regulate the value of gold and silver.

But as there will be no such foreign demand for Treasury notes, if Congress issued them in payment of the current expenditures of Government and makes them a complete tender and convertible into bonds bearing a proper rate of interest, and provides that these bonds may again at the will of the holder be converted into notes, such a domestic currency will regulate the value of circulating commodities. It will be the medium of purchase and of payment, and the prices of commodities will be made to conform to the value of the medium of payment.

The panic and pressure on New York in 1857 was the result of the demand for coin to pay the expenses of the war in India—that the currency of France being silver, the Bank of England gave a premium for silver, which compelled the Bank of France to purchase gold to supply the place of the silver sent to India, and thus produced a pressure through the exchanges. Had New York then had a paper currency resting on the public credit, which, being a legal tender, would have prevented the export of gold, the pressure of the bank in London would not have caused the monetary crisis of 1857.

The bonds, reconvertible into notes which are money, will to a very great extent be used in preference to bills of exchange drawn by individuals.

It will be found that under this system of finance protection will be afforded to the value of property, and a stimulus given to industry such as was never before known in this or any other country.

Prehaps it may be objected that the plan proposed is a novelty, a new departure in finance. But the principles involved were long since approved by able thinkers.

On page 37 of Historical Sketches of American Paper Currency, (second series,) by Henry Phillips, jr., A. M., we find the fact recorded:

> The project of a new emission of paper money also began to attract the attention of the Congress, and although the measure was strenuously opposed by Dr. Franklin, who thought it would be preferable for them *to borrow back their own notes at interest* rather than add to the mass of paper in circulation, it was resolved on the 29th of November (1776) to issue an additional sum of $3,000,000.

And for the benefit of my friend from a Philadelphia district, [Mr. KELLEY,] though it has nothing to do with the matter in hand, I may mention, par parenthesis, that the inhabitants of that city refused the continental bills; their pretext being that, as the notes were issued for war purposes, the members of the Society of Friends could not conscientiously receive them.

Allusion will be found to this occurrence in Franklin's letter of April 22, 1779, to Samuel Cooper, (the Works of Benjamin Franklin, volume 3, page 328, by Jared Sparks,) in which he says:

> The depreciation of our money must, as you observe, greatly affect salary men, widows, and orphans. * * * I took all the pains I could in Congress to prevent the depreciation, by proposing, first, that the bills should bear interest; this was rejected, and they were struck as you see them. Secondly, after the first emission, I proposed that we should stop, strike no more, but *borrow on interest those we had issued*. This was not then approved of, and more bills were issued.

Is it too much to say that, had Franklin's advice been taken, a few millions only would have been required, as the paper would have returned to Government for the bonds on interest, and been paid out *ad libitum*, and peace would have found the country in a high state of prosperity, instead of the abject poverty which pervaded the land.

The friends of this bill, therefore, find they are supporting the financial principles that Franklin attempted to establish in the Congress of 1776. And there are few safer guides to follow in statesmanship than Benjamin Franklin. What is called a new departure in finance to-day, was advocated on the floor of Congress by Franklin one hundred years ago.

And Ricardo seems to have had in mind the advantages of a flexible currency when he says:

> Whenever individuals, then, have a want of confidence in each other, which disinclines them to deal on credit, or to accept in payment each other's checks, notes, or bills, more money, whether it be paper or metallic money, is in demand; and the advantage of a paper circulation, when established on correct principles, is, that this additional quantity can be presently supplied without occasioning any variation in the value of the whole currency, either as compared with bullion or with any other commodity; whereas with a system of metallic currency, this additional quantity cannot be so readily supplied, and when it is finally supplied, the whole of the currency, as well as bullion, has acquired an increased value.

Thomas Law, esq., many years ago in this city proposed that the Government issue a 4 per cent. stock, which every individual note-holder could obtain in exchange for every $100 of national currency.

I will not detain the House by further citations from, and names of, advocates of this advance and reform in national financial affairs.

Perhaps it may be asked, what is the *test* of a judicious amount of currency for a country, provided it does not pretend to have a promise of specie payment and is solely national? This is a question difficult of answer. We may talk of an amount *per capita* of the population, but that would be only the mode of expressing a sum, and would be no guide to a rational definition.

In the case supposed my first idea was that the *prices* of commodities, including a wide schedule of them, and the wages of labor, and rent of property, which is fixed capital, &c., should be considered and compared with prices of like commodities in countries with which we have commercial intercourse, before any sound conclusion could be reached. This view would be likely to suggest that *the relation of prices in our country to the prices of other countries* is the true test by which the volume of national currency should be graduated. General prosperity of the country would indicate that the volume of currency was not far from proper, whereas the absence of prosperity would indicate that it was amiss, being either too large or too small.

But considerable reflection has brought me to the conclusion that the simplest, safest, and best test is, that a paper dollar shall be at par value with a dollar in gold. And to produce that result is the aim and object of this bill.

How to keep the purchasing power of money the steadiest possible, is a difficult and important problem. That, and just taxation, are now the most vital questions of our great experiment of popular government.

If money were governed by the same rules as commodities, interest would be a test; but money, especially paper money, is not a commodity in precisely the same sense as applied to general articles of merchandise, and perhaps is not to be judged by the same rules. Of any material article there may be more than is wanted or can be used, in which case that article will have a very low price, or none; instance water, one of the prime necessities of existence, is so far in excess of human wants that it bears no price. But money never did and never can exist in such volume as to approach an equilibrium with the demand for it. Money, like alcoholic drink, creates a thirst and demand for more. Cheap money sets on foot numerous enterprises which cause an increased demand for more. If the enterprises are unwise or unproductive they, of all others, create the greatest call upon the money market, and offer the highest rates of interest. I am under the impression that the highest rates of interest generally prevail when a country seems to be full of money and to be on the flood-tide of business prosperity.

I think that we do not take a sufficiently broad view of the interest question, because we are in the mental habit of supposing that currency money only draws interest, and do not consider that the world is full of money that is not currency.

In fact, there are so many meanings to the word "money" that the mind and the speech fall into confusion. We must be more careful in our nomenclature, and our conclusions will be clearer. Money—currency money—may be loaned and draw interest; capital may be loaned and draw interest; and credit may be loaned and draw interest. We shall see by this that it is not logical to claim that the rate of interest will be regulated by the relation of the supply and demand for currency money alone; inasmuch as currency and capital and credit are all matters that may be and are constantly loaned. To determine whether the law of supply and demand applies to loans and affects the rate of interest, we must take into consideration everything and all transactions which may produce the state of debtor and creditor with the interest agio between them.

To illustrate: I wish to borrow $100,000 to purchase railroad stock. I apply to Vanderbilt and put up my securities, and he draws me a check for $100,000 on the Chemical Bank; I deposit it, and it is passed to my credit. No money has passed; I have borrowed of his capital, and pay him interest. I buy stock and pay for it by checks on the Chemical Bank. The whole transaction is complete, and no money has been used. I sell my farm for $20,000, and take in pay a house in town for $5,000 and a mortgage for $15,000 drawing interest. The transaction is complete and no money has passed. The United States loaned its credit for $2,000,000,000 or more, and gave bonds on interest, and took pay in importations, and very little money passed. The whole debt of all the people of the United States draws interest, and the chief portion of it is owed for commodities and labor. Of this vast mass of interest-bearing debt probably not 5 per cent. represents transactions where currency money was concerned in the transactions.

Does it not appear now that the volume of the currency money can have but slight effect in determining the rate of interest? Of course it is sound to say that the volume of currency money has an effect upon rates of interest. But the degree of the effect will be so slight as to be generally quite overbalanced by the other factors in the complicated problem; and therefore the rate of interest is not a test by which to determine whether the volume of currency money is excessive or deficient.

In further elucidation of this important subject I subjoin the views of Henry Carey Baird, esq. He presents interesting facts, but I am not prepared to agree with him entirely in all his conclusions:

PHILADELPHIA, *March* 22, 1874.

DEAR SIR: Your favor of 18th instant received, and as you desire I proceed to answer your two questions, which are as follows:

First. Is it true that an increase in the paper currency will only occasion a rise in the paper currency price of commodities, but will not cause an increase in the bullion price?

Secondly. Does increasing the volume of the currency tend to lower the rates of interest?

The second question I shall take up first, because in so doing I hope to be able to expose a fundamental error of the bullionists, and one which has an important bearing upon the answer to be made to the first question.

As might naturally be supposed, increasing the volume of the currency *does* tend to lower the rate of interest. That this should ever have been questioned seems most remarkable, but it has been done for the reason that to do so flowed logically and inevitably from the bullionist doctrine of David Hume, "that the prices of everything depend on the proportion between commodities and money," and that the only effect of an increase in the quantity of money is "to oblige every one to tell out a greater number of those shining bits of metal for clothes, furniture, and equipages, without increasing any one of the conveniences of life." And he went the further and necessary step and said, "It is in vain, therefore, to look for the cause of the fall or rise of interest in the greater or less quantity of gold and silver which is fixed in any nation."

To hold or admit the first proposition was to admit the last, for if prices increased in exact ratio with every increase of money, it must require a volume of money increasing in exact proportion to perform any given exchange. Thus, should the money double in volume with such results, it would require ten dollars where one had answered before, and the demand of the borower upon the lender for loans would keep even pace with the increase of money.

But are these things so? Let us see. Money flows from San Francisco, Saint Louis, Chicago, and Cincinnati, where the ordinary rate of interest is 10 or 12 per cent., to New York, Philadelphia, and Boston, where it is 6 or 7, and from these last-named cities it goes to England, France, Belgium, Germany, and Holland, where the rates are 3 and 4 per cent., and these movements have in some cases so run for a century or more.

Now, why is it that the rates are so low in England, France, Belgium, Germany, and Holland? Because of the large accumulation of money in these countries in proportion to the functions it has to perform therein. But it may be argued that the low charge for the use of money in these countries arises from their being old. Turkey and Portugal are equally so, and were possessed of magnificent industries and great wealth, until in evil hours in their histories they entered into commercial treaties with Great Britain and these industries and that wealth were destroyed. These countries are no longer importers of the treasure of the world. The last 6 per cent. loan of Turkey was sold in London in 1873 at 54, while that of Portugal of 3 per cent. was sold at home, in that same year, at 43.

But we need not go outside the borders of our own country to prove that "increasing the volume of the currency tends to lower the rates of interest," when we bear in mind that New England and New York, having the lion's share of the national-bank circulation, and wielding in addition, through their national banks, an immense mass of credit money, have money at 6 or 7 per cent., while the West, which has few banks, few national-bank notes, and few greenbacks, with but a trifling volume of credit money, has to pay about 10 per cent. as a minimum, and from that point all the way up to 60 per cent. per annum. Are not these facts worth more as a means of arriving at a knowledge of the truth in regard to this important question than any amount of the pure speculation of the philosophers? It would seem that they should be. But does the rate of interest fall in exact proportion to the increase in the volume of gold, silver, and paper money and their credit substitutes? No! and for the reason that the effect of an increase in the quantity is something more than "to oblige every one to tell out a greater number of those shining bits of metal," or of those pieces of printed paper, but that it is more in accordance with the following facts, also presented by Hume: "Accordingly," says he, "we find that in every kingdom into which money begins to flow in greater abundance than formerly, everything takes a new face; labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plow with greater alacrity and attention."

"The new face" which "things have taken upon themselves" in Great Britain, with the steady increase of the precious metals for a century past, has been so remarkable that she not only finds use for a currency now estimated at $938,000,000, but has called to her aid credit money and other forms of the credit system, which amount is not less than $5,000,000,000. This vast volume of money and its substitutes has the effect of stimulating production, trade, and speculation to an extent hardly elsewhere known in the world. But while it furnishes to the people of England cheap money, the charge for its use has by no means fallen in proportion to the increase in its volume, because the uses for it have increased immensely with a great and growing business. This must be the case in any enterprising country, and has been so in our own, until, with a growing business stimulated by an adequate currency, afterward made an inadequate one, we have wound up with a crisis and paralysis. And just here we are brought to a realization of the danger which impends over any country, the law-makers of which assume to themselves the work of placing an arbitrary limit to the circulating medium, the "current money of the realm." Doing this they force the people to adopt a substitute, credit, which for a time stimulates business almost as much as would money, finally to wind up with a crash, when this credit has been "inflated" up to the point of explosion, to which it must be in time.

We may now turn to the consideration of your first question, which shall be done very briefly. It is *not* true that an increase of paper or of any other currency gives rise to any corresponding general increase of prices, and this is conclusively proven by the tables of prices and currency, 1782–1840, in the appendix to the second volume of *Tooke's History of Prices*, as well as by those in the chapter on the currency and prices, in *Gibbon's Public Debt of the United States.*

The real facts are that in all advancing countries the tendency is for all raw materials, including labor, to rise in price, and for finished commodities to fall, the introduction of improved machinery, including money, facilitating the conversion of these raw materials into finished forms.

The recent industrial histories of France, Belgium, and Germany, with their increasing volume of the precious metals and circulating notes, the increased price of all raw materials, including labor, and the cheapening of manufactured goods, and the growing demand of the rest of the world on them for their goods, with a corresponding demand from them upon the world for the precious metals, all go to prove this.

The fallacy that while any cause may "occasion a rise in the paper-currency price of commodities," it will not necessarily "cause an increase in the bullion price," is to be found in the famous Bullion Report to the House of Commons, June 8, 1810, and is the pivot upon which the entire report swings, and the cause of error throughout it.

Although thirteen years previously the Bank of England had suspended, and gold and silver had ceased to be the circulating medium, the real "current money of the realm," but in their stead Bank of England notes performed their office, the bullion committee enunciated the remarkable doctrine that "in this country, gold is itself the measure of all exchangeable value—the scale to which all money prices are referred."

They forgot that growing out of the imperfection of man's perceptions and capacities, all his standards were more or less arbitrary, indeed that the fact of needing them at all was an evidence of an imperfect nature. The value of coined gold, as a mode of comparing and of expressing prices and making exchanges, was no exception to the rule governing man and his appliances, and thus by the adoption and hourly use of a new species of machinery of exchange, gold itself became demonetized, and was but mere merchandise.

In this country to-day gold is mere merchandise, and while it is true the price of it exerts a certain influence over the prices of certain articles of foreign merchandise, and of American dependent upon the prices of foreign merchandise, it exerts no influence whatsoever over the great bulk of American property, both real and personal. Indeed it may be said that gold is the cheapest thing in the country, considering its scarcity and the amount we are under contract annually to deliver abroad. Is there one commodity in one thousand which is just 12 per cent. higher in greenbacks to-day than it was before the war in gold? For myself I know of none, gold alone excepted. Some are higher and many are lower, some even lower in currency than they were then in gold. Such being the facts, it will be hard, just impossible, to fit them into the theory of a rise in currency prices and not in gold prices. With many apologies for so far trespassing on your time and attention,

I am, very respectfully yours,

HENRY CAREY BAIRD.

DAVID B. MELLISH, M. C.,
Washington, D. C.

In a state of panic there is no supply or demand, because the man who has currency will not loan because he dare not loan; and the man who wants it dare not borrow because he dare not use it in enterprises. With the same volume of currency before the panic we were in a great state of prosperity; and money was very high, because those who had money were willing to lend; and those who wanted it were ready and prepared to pay high interest for it, and those who wanted it were greatly in excess of those who had it to lend. So that it is apparent that the volume of currency has but an incidental and casual but no regular effect upon the rate of interest. Abundant money begets the want and supposed necessity for more. It sets on foot numerous enterprises—some sound and some unsound. It sets on foot an abnormal demand for money when business seems most prosperous; and those who are engaged in unsound and unwise enterprises will necessarily become pressed for means, and become the very parties to bull the market of interest by making heavy demands upon it. And periodically or occasionally such things will occur under any state of currency; and cause only an absolute defeat or refusal of those who want to borrow. The time comes when the rate of interest cannot be carried high enough to induce those who have capital to part with it on account of the risk.

The main reason assigned why the rate of interest does not decrease with the increase of currency is, that an excess of currency stimulates speculation and extraordinary enterprises, which soon exhaust it; that there immediately arises a sharp demand for money for continuance of speculation in these costly investments, and in that competition for the currency the price naturally rises. Whether we have had enough currency is a question on which people differ. We have certainly had so much that there has been much briskness in gigantic stock speculations, like the Northern Pacific road and such enterprises.

And I may mention the somewhat curious fact that if you have a farm in the State of New York you cannot make a loan of money on it by a mortgage to an individual, the reason being that the mortgage is subject to taxation in the hands of the mortgagee; and that rate of taxation is destructive to it as an investment. The consequence is that money runs into the possession of the savings-banks and other institutions which can hold mortgages free from taxation.

I can scarcely see that the rate of exchange would be the exact measure of the balance of trade, for example, between us and England, unless the balance of trade included all our financial transactions as well as our trade in commodities. Instance: While we were going in debt on United States bonds to the tune of a thousand millions or more, those bonds affected the apparent balance of trade, as indicated by the rate on bills of exchange, as completely as the exportation of a thousand millions of agricultural or manufactured products would have done.

It would seem that the supply of paper money should be proportioned to the trade of the country, and from the nature of things the amount of Treasury notes in circulation must find its level in the public wants. Still the plea which is made that the wants of commerce, business transactions, require more currency may be no safe guide; for how can the sum required for such purpose be defined? Is not commerce likely to be insatiable in its demands? The question is not so much what amount of currency the wants of commerce can employ as the quantity that can remain in the channels of circulation without depreciation. Is there any safer rule than that the value of the paper dollar should not be less than the value of a dollar in gold? In other words, can any better rule be adopted than the one compendiously stated by Ricardo to the effect that "if the commerce of a country increases, that is to say, if by its savings it is enabled to add to its capital, such country will require an additional amount of circulating medium; but, under all circumstances, the currency ought to retain its bullion value; that is the only sure test by which we may know that it is not excessive."

If gold be not the test by which to estimate depression of greenbacks, what is?

Now, what is an excess of currency? Dr. Adam Smith used this word in a sense "as denoting a quantity greater than the circulation of the country can easily absorb or employ." But the commerce of the country can employ and absorb any amount within reasonable limits which may be sent into circulation. But we must have some rule or criterion by which stability can be given to the value of money, as that is the great test of the goodness of a currency as money. Indeed, this is the sole argument of any force I have ever heard from the bullionists—the danger of excess of issue. Let us "make assurance double sure" that their prophecies are not fulfilled.

Can we find a safer guide, one more satisfactory to the public in general, than that an excessive circulation is indicated by its depreciation below the par value of gold coin, dollar for dollar?

If so, then it follows that paper currency, when below par as compared with gold, should not be increased in volume and thereby further depreciated. It certainly must be regarded as an excess of paper in fact when we find an increased price of commodities solely arising out of and occasioned by an increased amount of the circulating medium. Is there not an excess of paper in circulation while it does not pass at gold value, dollar for dollar?

It was in accordance with these views that on Monday last I voted in favor of the proposition of the chairman of the Committee on Ways and Means, [Mr. Dawes,] "that hereafter the total amount of United States notes in circulation at any one time shall not exceed $356,000,000, and the Secretary of the Treasury is hereby directed to withdraw from circulation and to cancel whatever amount of such notes as are now in circulation beyond that sum, as soon as the same can be done consistently with the exigencies of the Treasury." And what I have said will also explain why I voted against fixing the amount of legal-tender notes at $400,000,000, which was passed by the vote of 168 to 77. And I may say in passing that it is manifestly absurd for any Congress to attempt to legislate as in perpetuity in regard to the volume of greenbacks. I think it would be quite justifiable in any future Congress to regard such legislation as null and void. It is not fair to assume that all wisdom will die with this Congress, or that we know better how many greenbacks will be necessary in 1880 than will the then Representatives of the people. Of course this principle will apply to the farce of "a solemn pledge" in regard to limiting the volume of greenbacks passed some years ago, and about which has been let off so much of touching, not to say maudlin, eloquence. Even the Constitution fixes nothing in perpetuity. How absurd, then, to claim a greater scope for an enactment of Congress, which may be passed suddenly and under excitement, than can be claimed for a solemn provision of the Constitution itself!

And I beg to subjoin the bill referred to, and ask for it the consideration of the House:

A bill to provide the money of the United States, and to regulate the value thereof.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the 1st day of July, 1874, each and every national banking association may determine for itself the amount of lawful money of the United States that it will keep on hand; but every national bank and banking association shall, on demand, redeem its circulating notes at par at its own banking house, either in coin of the United States or in United States legal-tender notes.

Sec. 2. That the Secretary of the Treasury of the United States is hereby authorized and directed to prepare for circulation, as standard value United States money, certificates of the denomination of one, two, five, ten, twenty, fifty, one hundred, two hundred, five hundred, one thousand, two thousand, five thousand, and ten thousand dollars, to express on their face, in words and conspicuous figures, the several above-named denominations, with vignettes, letters, numbers, signatures, and such engraved decorations as shall tend to prevent forgeries and imitations, and also express on their face that they are respectively, by the Constitution and laws of the United States, the standard and measure of values to the amount expressed on their face, in all transactions within the United States involving the payment of money, and receivable in payment of all debts, public and private, and shall be a legal tender at their face value therefor, except the funded debt of the United States, which is by its terms payable in gold, and except as hereinafter provided, and shall be received in deposit at par by all national banks and banking associations. Such certificates shall be put in circulation and applied by the Secretary of the Treasury under, in pursuance of, and in the manner in this act provided.

Sec. 3. That all customs duties due and payable to the United States shall be paid and collected in gold coin and paper currency as follows: From and after the 1st day of July, 1874, to and until the 30th day of June, 1875, both inclusive, said customs duties shall be paid and collected, one-fourth in Treasury notes, or other currency of the United States, or circulating notes of national banks, and three-fourths in gold coin of the United States; from and after the 1st day of July, 1875, to and until the 30th day of June, 1876, both inclusive, said duties shall be paid and collected, one-half in Treasury notes, or other currency issued by the United States, or circulating notes of national banks, and one-half in gold coin of the United States; from and after the 1st day of July, 1876, to and until the 30th day of June, 1877, both inclusive, said customs duties shall be paid and collected, three-fourths in Treasury notes, or other currency issued by the United States, or circulating notes of national banks, and one-fourth in gold coin of the United States; from and after the 1st day of July, 1877, the whole amount of customs duties shall be paid and collected in Treasury notes, or other currency issued by the United States, or circulating notes of national banks.

Sec. 4. That on and after the 1st day of July, 1874, all customs duties, proceeds of taxes, and sales of public lands, interest, and dues from all sources received for account of the United States in Treasury notes and circulating bank-notes, by each and every officer of the United States, shall be transmitted in the identical currency received to the Secretary of the Treasury. The Secretary of the Treasury shall issue and promulgate, to all Federal officers authorized to receive such moneys for account of the United States, rules, regulations, and instructions prescribing, directing, and regulating the time, manner, and means of transmitting such sums of money from the places where they are received to the Secretary of the Treasury at Washington, and such rules, regulations, and instructions shall have like obligation and effect as if the same were embodied in this act.

Sec. 5. That the Secretary of the Treasury on receiving for account of the United States Treasury notes and circulating bank-notes, as provided in the last section, shall cause a memorandum of all such notes to be made and kept in books appropriate for the purpose; and as often as the sum of notes so received shall amount to $1,000,000, he shall cause the same to be destroyed by burning them to ashes, as directed by section 24 of the act to provide a national currency, appoved the 3d day of June, 1864. He shall cause a certificate and record of such destruction and burning to be made and entered in the books above mentioned, and a duplicate of so much of said certificate as relates to such portion of the destroyed paper currency as consisted of circulating notes of national banks (or associations) shall be transmitted to the several banks (or associations) the circulating notes of which shall have been destroyed, and then the amount of circulating notes permitted by law to be issued by such banks, respectively, shall be reduced to the extent of the circulating notes so destroyed; and when and as often as the circulating notes of any such bank or association shall have been destroyed, under the provisions of this act, to the amount of $50,000, the Secretary of the Treasury shall adjust the interest account with such bank or association, and release and deliver up an amount of the United States bonds pledged for the redemption of a like amount of the circulating notes of said bank or association.

Sec. 6. That immediately upon the destruction of any sum of Treasury notes and circulating bank-notes, in pursuance of the provisions of this act, the Secretary of the Treasury shall pay into the Treasury of the United States, of and from the United States certificates of standard value authorized and provided under the provisions of this act, an amount equal to the total sum of Treasury notes and circulating national-bank notes so destroyed as aforesaid, and such certificates so paid into the Treasury shall thereupon and hereafter become and be the lawful money of the United States, and as such shall be paid out of the Treasury of the United States for the purpose and in the manner provided by law.

Sec. 7. That the Secretary of the Treasury shall issue the said certificates provided in pursuance of this act so that the aggregate amount of the issues thereof, in circulation and in the Treasury of the United States together shall not at any time exceed the sum of $800,000,000; it being intended by this section to restrict the total volume of such certificates in actual use to within the maximum limit of the sum last above mentioned.

Sec. 8. That when, in pursuance of the provisions of this act, 80 per cent. of the aggregate amount of the circulating notes of the national banks and banking associations shall have been received by the Secretary of the Treasury and destroyed, and an equivalent amount of the bonds of the United States shall have been returned to said banks and banking associations, notice shall be given thereof by the Secretary of the Treasury to each of such national banks and banking associations. And thereafter circulating notes of national banks and banking associations shall not be received by the United States in payment of any public dues whatever, and thereafter the interest accruing on the bonds remaining in the possession of the Government as security for the redemption of circulating bank-notes shall not be paid to the banks until the whole amount of the circulating notes of such banks shall have been received and destroyed by the Secretary of the Treasury.

SEC. 9. That when under the provisions of the last section circulating notes of national banks and banking associations shall be no longer receivable by the United States in payment of public dues, the Secretary of the Treasury shall redeem such circulating bank-notes at par, at points and places designated by him, by issuing and delivering in exchange therefor equal amounts of the United States certificates of standard value, provided in pursuance of this act, to the parties presenting such circulating notes for redemption, and shall destroy the circulating notes thus redeemed in the manner hereinbefore provided.

SEC. 10. That this act shall take effect immediately.

Mr. BRIGHT obtained the floor.

Mr. MAYNARD. The hour is late; we have had a pretty long session to-day; and if my colleague [Mr. BRIGHT] will yield, I will make a motion to adjourn.

Mr. BRIGHT. I will yield on the understanding that I retain my right to the floor, and shall have an opportunity to be heard in the morning.

Mr. MAYNARD. The gentleman will, of course, have the floor when the bill again comes up for consideration. I move that the House adjourn.

The motion was agreed to; and accordingly (at ten o'clock and five minutes p. m.) the House adjourned.

PETITIONS, ETC.

The following petitions, memorials, and other papers were presented at the Clerk's desk, under the rule, and referred, as follows:

By Mr. BELL: Petition for a post-route from Norcross, via Alpharetta, to Canton, in the State of Georgia, to the Committee on the Post-Office and Post-Roads.

By Mr. BLAINE: The petition of Hannah G. Demsen, praying compensation for damages to fishing grounds; to the Committee on Claims.

By Mr. BLAND: Petition for mail-route from Salem, Dent County, Missouri, to the post-office at Relfe, in Phelps County, to the Committee on the Post-Office and Post-Roads.

By Mr. BUNDY: The petition of Amelia A. Smith, praying for a pension, to the Committee on Invalid Pensions.

By Mr. CHIPMAN: The petitions of Theresa Casevant, John Pennington, Hannah McCormick, Charles Arnois, Jefferson Miller, Charles Kerns, and Jared Kern, praying for relief, severally to the Committee on Military Affairs.

Also, the petitions of Rhoda Proctor, Elisha M. Luckett, John Weiman, Robert Scott, Theresa K. Burnett, Anna Humphreys, Henry Stock, Ballanger Smith, and Evelyn S. Jones, praying for pensions, severally to the Committee on Invalid Pensions.

Also, the petitions of Vincent St. Vrain, James G. Anderson, Henry A. Lincoln, and Austin A. Rowell, praying for relief, severally to the Committee on War Claims.

Also, the petitions of Russell G. Sherman and John M. Wallace, praying for relief, severally to the Committee on Claims.

Also, the petitions of Sallie F. Burton and Ephraim Hunt, praying for pensions, severally to the Committee on Revolutionary Pensions and War of 1812.

By Mr. FARWELL: The petition of citizens of Chicago, Illinois, praying for such changes in the manufacture of issues of the Government as will secure them against possible danger of fraud, to the Committee on Banking and Currency.

By Mr. FIELD: Concurrent resolution of the Legislature of the State of Michigan, in favor of the free transmission of newspaper exchanges within the county where published, to the Committee on the Post-Office and Post-Roads.

Also, concurrent resolution of the Legislature of Michigan, requesting Congress to improve the navigation of the Saginaw River, to the Committee on Commerce.

By Mr. GARFIELD: Petition of citizens of Nelson, Portage County, Ohio, praying for the payment of the French spoliation claims, to the Committee on Foreign Affairs.

By Mr. GIDDINGS: The petition of Mrs. Harriet R. Alsbury, praying compensation for the destruction of her property by soldiers of the United States in August, 1865, to the Committee on War Claims.

By Mr. E. R. HOAR: The petition of Moses Marshall, of Lowell, Massachusetts, praying for extension of patent on knitting-machines, to the Committee on Patents.

By Mr. KELLEY: The petition of George Gardner, praying for a pension, to the Committee on Invalid Pensions.

By Mr. NESMITH: Resolutions of a public meeting of the citizens of Portland, Oregon, praying for the passage of the Portland, Dalles and Salt Lake Railroad bill, to the Committee on the Public Lands.

By Mr. O'NEILL: Petition of dealers in country produce, asking that a landing may be granted the Red Bank Ferry Company at the foot of Broad street, Philadelphia, to the Committee on Naval Affairs.

By Mr. PLATT, of Virginia: The petition of Mrs. Mary F. Parker, of Portsmouth, Virginia, for pension to Georgiana Parker, daughter of George Parker, late a sail-maker in the United States Navy, to the Committee on Invalid Pensions.

Also, the memorial of citizens of Virginia, praying that the French spoliation claims may be paid, to the Committee on Foreign Affairs.

By Mr. SMITH, of Virginia: The petition of the Mount Vernon Manufacturing Company, of Alexandria, Virginia, praying compensation for injury to the company's property by United States troops in 1862, 1863, and 1864, to the Committee on War Claims.

By Mr. WILLARD, of Michigan: The memorial of clergymen of Michigan, for the appropriation of the Chinese indemnity fund for the education of the Chinese in the Pacific States, to the Committee on Education and Labor.

By Mr. WILLIAMS, of Michigan: The petition of Livanna Ingraham, praying for a pension, to the Committee on Invalid Pensions.

By Mr. WOOD: The petition of James Tramor, late private Company D, Ninth New York Volunteers, praying for a pension, to the Committee on Invalid Pensions.

By Mr. ———: Evidence relative to the claim of Mrs. Ella P. Murphy, to the Committee on Indian Affairs.

By Mr. ———: Petition of citizens of Northern Idaho, praying for the passage of the Portland, Dalles and Salt Lake Railroad bill, to the Committee on the Public Lands.

HOUSE OF REPRESENTATIVES.

SATURDAY, *March* 28, 1874.

The House met at twelve o'clock m., Mr. MACDOUGALL in the chair, as Speaker *pro tempore*. Prayer by the Chaplain, Rev. J. G. BUTLER, D. D.

On motion of Mr. COTTON, by unanimous consent, the reading of the Journal of yesterday was dispensed with.

CURRENCY—FREE BANKING.

The SPEAKER *pro tempore*. By order of the House, the session of to-day is for debate only on the bill (H. R. No. 1572) to amend the several acts providing a national currency and to establish free banking, and for other purposes. The gentleman from Tennessee [Mr. BRIGHT] is entitled to the floor for one hour.

Mr. BRIGHT. Mr. Speaker, much has been said upon the subject of the currency, but owing to the various interests of the country which are involved I do not deem it inappropriate to trespass further upon the patience of this House. The views which I have heard expressed have been various, as various as the standing points from which the question has been viewed.

Without further preface, Mr. Speaker, I propose to address myself to four propositions: first, that the currency of the United States is unequally and unjustly distributed according to the population and wealth; secondly, that it is insufficient in volume; thirdly, the probable quantity needed; fourthly, the way in which it may be supplied.

Upon the first proposition, as to the unequal and unjust apportionment of the currency, I would remark that the figures to substantiate that proposition are not new to this body; but the country is not as familiar with these figures as these Representatives, who have heard them repeated from day to day, and have read them for themselves.

In support of that first proposition, I beg leave to call the attention of this body to the report of the Comptroller of the Currency, December 1, 1873, which shows that the six Eastern States have an excess of $70,690,046; the five Middle States have an excess of $9,416,503; the District of Columbia has an excess of $182,131; the fourteen Southern and Southwestern States have a deficiency of $51,271,034; the nine Western States have a deficiency of $21,423,811; the Pacific States and the Territories have a deficiency of $7,926,648. The Eastern and Middle States together have an excess of $80,589,742. The deficiency of Tennessee, my own State, is $5,373,382.

Mr. MAYNARD. I call my colleague's attention to the fact that in the Comptroller's tables the District of Columbia is classed with the Southern States, very improperly, I think; and in the enumeration I made I placed it with the Middle States, to which I thought it geographically belonged.

Mr. BRIGHT. I am obliged to the gentleman for the suggestion.

Mr. MAYNARD. I will say further, if my colleague will allow me, that I placed Ohio also with the Middle States, with which in point of fact she is connected by her commercial relations more than with the Western States.

Mr. BRIGHT. I observe to the House that I have followed the classification of the Comptroller of the Currency.

But to proceed. These figures are conclusive of the proposition as I have stated it. But in further support of the proposition permit me to call the attention of the House to another tabular statement of the Comptroller of the Currency, showing the *per capita* circulation. The six Eastern States have a *per capita* of 31.68; the five Middle States $12.82; the fourteen Southern and Southwestern States, including the District of Columbia, $2.91; the eight Western States $7.07; the *per capita* of Tennessee, my own State, being $2.66. Accompanying these I have the tabular statements which I shall not trouble this House with repeating. Suffice it to say, then, that the first proposition is arithmetically established.