

partial as that proposed by the administration plan? Favoritism breeds discord among citizens to-day as effectually as it did four thousand years ago among the brethren who tended their flocks in Dorthan. It is not recorded of the original Joseph that he ever asked for a distinguishing mark of parental affection, but "the coat of many colors" is boldly demanded now by these modern dreamers who even in their waking hours expect the obsequies of all. If a plan can be devised which will meet the requirements of commercial supply for the people a money good in quality and sufficient in quantity, without showing favoritism to a particular class, it ought to be accepted in preference to a bank note system desired by banks for the interest of banks.

The second objection urged against the bank note system is that it gives to private individuals control of the volume of the currency. When we remember that the purchasing power of each dollar is affected by a change in the volume of currency, we can appreciate the immense influence which can be exerted over the value of all property by those who regulate the amount of money.

Section 8 of the bill repeals all present restrictions on national banks and allows them to increase or decrease their circulation at will, while Section 2 provides that the secretary of the treasury shall keep blank notes on hand to guard against delay. The power to control the volume of the currency can only be entrusted to private individuals or corporations on one of two theories; either bank managers are unselfish and will always regulate the amount of money for the benefit of the public, taking it for granted that they always know just how much is needed, or, being selfish, the banks will always find it profitable to increase the volume of the currency when the people need more money, and to decrease it when less money is desired. The history of national banks prove that the circulation of bank notes depends upon the profit of the circulation and not upon the demand for money. In the testimony taken by the banking and currency committee, one of the questions asked in regard to each plan was, "Will the profit to the banks be sufficient to induce them to take out circulating notes?" If then, we take it for granted that their action will be determined by the amount of profit promised, we must conclude that they will not hesitate to use the power to expand or contract the currency whenever there is an advantage to be gained by doing so. That banks can act in concert when their interests demand it, is certain; that they will again act in concert when occasion requires cannot be doubted. It will be easy enough to find an excuse for either increasing or decreasing the currency when money is to be made by it.

Who never the free coinage of silver is broached the financiers shout in chorus that we have plenty of money now, and point to the surplus in the banks as conclusive evidence of a redundant currency, and yet every plan proposed by the financiers for the issue of bank paper contemplates an increase in the circulation. Those who fear a flood of good money, if it is to be issued by the government, and yet are ready to welcome a flood of bad money if it can be issued by themselves, will be able to reason themselves into favoring any volume of currency that is profitable. We do not expect perfection in any currency system any more than we expect perfection in other things under human control; but which is the safer plan, to trust the banks or to trust the government? If we

trust the government, the volume of the currency will be regulated by representatives of the people who act openly and are responsible to their constituents. While there is danger that the currency may be subject to expansion or contraction, as one influence or another may predominate in the legislature, yet the danger is not so great as when the banks have control, for they are responsible to no one but themselves and may act in secret council. If representatives lack knowledge on a financial question, the financiers are always willing to give information, but if bank managers lack a desire to care for the public interest more than for their own who can supply this lack?

A third objection to any kind of banks of issue is that such banks, when once organized, become interested in preventing any legislation which will interfere with their business. It is much more difficult to withdraw a privilege than to grant it, and banks of issue, if established, will soon claim a vested right in the issue of paper money. It is impossible to overestimate the importance of this objection. The influence of a bank is far-reaching, and can be exerted on debtors as well as on stockholders, so that it can bring an immense pressure to bear against legislation which it considers hostile. This criticism does not apply to the banking business alone. Any business is likely to look after its own interests, and very naturally so, but is it wise, if it can be avoided, to give to so influential a business man a pecuniary interest in the currency? In the nineteenth chapter of Acts is recorded an instance where the preaching of Paul was objected to because it interfered with an occupation. Demetrius, the silversmith, was not the last man to drown the voice of truth with praise of Diana, because the making of shrines for the goddess "brought no small gain unto the craftsmen." It is possible that we may make the restoration of a really sound currency more difficult if we establish a few thousand banks, state and national, and set them to work making currency notes, which are at best but images of money.

The excuse usually given for an immediate change in our currency system is, that greenback and treasury notes are being used to withdraw gold from the treasury. This argument may sound strange, coming from those who are sometimes suspected of withdrawing gold from the treasury for the purpose of securing bonds as an investment for surplus capital, but the argument is intended to impress those who oppose an increase of the public debt. The same cry was raised against the treasury notes issued under the Sherman law; in fact, in the public mind that was one of the great objections to the notes issued for silver purchases. It was said that we must stop issuing coin certificates because they were being used to withdraw gold. It was not sufficient to reply that the one hundred millions gold reserve could be withdrawn three times over with greenbacks, not to speak of the reissue of greenbacks, even if every coin certificate were destroyed. But the clamor continued. Nor is it sufficient now to assert the self-evident truth that one hundred millions of greenbacks or treasury notes outstanding, or even fifty millions, can be used as effectively as the total five hundred millions to drain the treasury of gold, so long as the option to demand gold is exercised by the note holder. The advocates of a bank currency seek to justify their demand on the ground that the gold reserve must be protected, and then propose a plan which brings no relief whatever.

The administration plan requires the deposit of thirty per cent of the desired bank circulation, and in order to protect the treasury gold that deposit must be made in greenbacks and treasury notes; but the amount of this kind of paper outstanding is nearly five hundred millions, so that it will require a net increase of paper currency of more than one billion dollars in bank notes to absorb all the government paper calling for coin. If such an increase in government paper or in silver were proposed what a wild and reckless scheme of inflation it would seem to the advocates of "good money."

But let us suppose that some plan is devised which will take out of circulation all paper issued by the government and payable in coin on demand; will that protect the gold reserve? Not at all. The government paper is presented because the gold is desired and because that is the easiest way of obtaining it, so long as the secretary of the treasury gives the option to the note holder to demand gold. The secretary holds that a refusal to furnish gold on demand would send gold to a premium and leave us on a silver basis. When the greenbacks and treasury notes are all gone a demand will at once be made for the redemption in gold of silver dollars and silver certificates, and the same argument will be made, that any failure on the part of the government to redeem a silver dollar with gold will bring commercial ruin. Mr. C. C. Jackson of Boston, who appeared before the banking and currency committee, insisted that any plan adopted for the reform of the currency should provide for "the slow and gradual cancellation of greenbacks and treasury notes and oblige the treasury to give anybody who asked for it gold dollars in exchange for silver dollars." The above language is quoted from a letter dated Nov. 23, '94 and sent by him to members of Congress, but the same argument was made by him when he testified before the committee on banking and currency, and he assured the committee that he expressed the opinion of the Boston brokers.

It is evident, therefore, that the administration plan does not afford any real relief to the treasury from the drain on its gold, and it is further evident that those who are urging the cancellation of greenbacks and treasury notes at this time have as a part of their purpose—generally concealed—the ultimate destruction of silver as money of redemption.

The currency provided by the proposed plan is not absolutely safe. The Baltimore plan contemplated a government guaranty. Such a provision would make the paper as good as greenbacks, but no better. To be sure it would be a partnership in which the banks would receive the profits and the government would stand the loss. The president's plan protects the government from loss, but does so at the expense of security to note holders. In prosperous times a guaranty fund of thirty per cent of each bank's circulation, and a general safety fund of five per cent of all circulation with right of assessment, would probably secure note holders against final loss; but during such a panic as we had in 1893 the constant fear of loss on bank notes would increase the run of depositors and hasten a collapse. It is the storm rather than the calm that tests the strength of the ship, and we can hardly afford to adopt a currency system which will add confusion just at a time when good money is most needed. The state bank notes, permitted by the plan, are much less secure than the national currency provided for, because they are secured by no general safety fund. The temptations

to counterfeit will be greater also in case of state bank notes.

The proposed plan requires each bank to redeem its notes at its own office, and at such agencies as it may establish. If these notes are good enough to circulate among the people they ought to be so good that there would be no danger in compelling each bank to redeem the paper of every other bank. If bank notes have a general circulation they will become widely scattered, and redemption at the bank of issue will be practically impossible without considerable expense and delay. They are not a legal tender, but are expected to take the place of legal tender greenbacks and treasury notes. As a result, the people will be using money which can only pay debts by unanimous consent, and the debtor will be constantly in danger of being compelled to shave his bank notes in order to pay what he owes. Since the banks have better facilities than the individuals for collection, and since they are finally liable through assessments for the payment of the notes, they certainly ought to be required to redeem each other's notes in lawful money on demand, so that the people, if they are compelled to use bank notes, may be able to convert them at any time and without inconvenience into legal tender money.

The agencies suggested in the bill will of course be located in the large cities, and the money deposited at the agencies for purposes of redemption will increase the congestion of money at money centres and give such centres a great advantage over other communities.

There is another objection which ought not to be overlooked. The proposed plan will make depositors less secure, since the banks are, on the one hand, relieved of the legal necessity of keeping a reserve for the protection of depositors, while on the other hand, the liabilities of each bank are increased because of possible assessments to pay notes of failed banks. The additional risk to depositors will doubtless make them more timid in times of threatened panic, and hence more liable to embarrass the bank by a run.

If the proposed plan is generally accepted by the banks, it will cause an immediate inflation of the currency, with the possible effect of expelling gold from the country; if it is not generally accepted by the national banks now in existence, the provision requiring the withdrawal of bonds before July 1, 1895, will probably cause a contraction of the currency.

To summarize: The president's plan gives a special privilege to a favored class; surrenders the control of the volume of paper money to private corporations; builds up an influential class which will be interested in preventing all legislation hostile to its business; substitutes non-legal tender paper for legal tender paper, and lessens the security of bank depositors. And all this without bringing any real relief to the sacred gold reserve.

If the secretary of the treasury would exercise the option vested in him by law, and redeem coin obligations in silver when silver is more convenient, the treasury would no longer be at the mercy of those who may for selfish interests conspire to withdraw gold and force an issue of bonds. The plan proposed by the president is worse than a makeshift—it is a surrender of a portion of sovereignty itself, and will be as futile to bring back prosperity as was the repeal of the purchasing clause of the Sherman Law.

It is to be regretted that the chief magistrate did not propose a substantial remedy for our financial ills. We suffer from a

disease which is world-wide in its extent, namely, the appreciation of gold. There is but one remedy, the restoration of silver; and the longer we delay, the greater will be the difficulty in applying it. When the United States, without awaiting the aid or consent of any other nation, opens its mint to the free and unlimited coinage of gold and silver at the present legal ratio of sixteen to one, it will bring real relief to its people and will lead the way to the restoration of bimetalism throughout the world. It will then be prepared to perfect its financial system by furnishing a paper money invested with legal tender qualities and sufficient in volume to supply the needs of commerce. Its paper money will not be loaned then to favorites, but will be paid out in the expenses of government so that all may receive the benefits in decreased taxes.

#### Minnesota's Opposition.

Special to the Chicago Record.

Minneapolis, Minn., Aug. 30.—Silver elements have fused in Minnesota—completely and successfully fused—and in the new phalanx are lined republicans, democrats, populists and even prohibitionists, the one determination being to win the state for Bryan. Whether those electoral votes are to go for Bryan and Sewall or Bryan and Watson was not settled by any action of the convention. The ticket of the fusion party is as follows: Governor.....John Lind, R. Lieutenant-governor.....J. M. Bowler, P. Secretary of state.....J. J. Heinrichs, D. Treasurer.....Alex McKinnon, D. Attorney-general.....J. A. Keyes, P.

#### LIST OF ELECTORS.

At Large—John Day Smith, Minneapolis..R. James Dillon, St. Paul.....P. First district.....Thomas J. Meighan, P. Second.....Wilson Borst, D. Third.....H. H. Bonniwell, D. Fourth.....John H. Ives, D. Fifth.....Sylvester Kelliher, P. Sixth.....C. D. Autremont, P. Seventh.....H. P. Bjorge, P. R. republican; D. democrat; P. populist. Of these, those marked "D" and "R" were selected at the recent democratic state convention, the others being left to the populist state convention to fill. That programme was outlined at a meeting of the politicians of both parties about a month ago and was rigidly adhered to. It was the understanding at the time that all the electors should vote for Bryan; that the democratic electors should vote for Sewall and that the populist electors be left to vote for Watson or Sewall as they see fit. There were no instructions given them by the convention, but the resolutions which were reported and adopted by the populist convention speak very emphatically in favor of the Georgia nominee for the vice-presidency. The state has nine electors and should they be elected for silver Watson would have four votes out of the nine.

The following is the preamble and first plank of the platform. "Imbued with faith in the righteousness of our cause, the people's party of Minnesota, in third state convention assembled, desirous of preserving to ourselves and posterity, the blessings of peace, law and prosperity, herewith put forth the following declarations of principles:

"We pledge our unqualified allegiance to the principles of our faith as expressed in the national people's party platform adopted at St. Louis and to those noble standard-bearers of our national cause—William J. Bryan and Thomas E. Watson."

Children's photos a specialty at the Pavilion.

James H. Chapman has plenty of money to loan on personal security. Call and see him.

See Rinehart about your cement walks at once. Now is the best time in the year to build.

#### Special Sale of Drain Tile.

Owing to the extreme low prices of all farm products I will sell tile on Thursday, September 10th, at my factory at Pleasant Grove, seven miles west of Francesville on the Rensselaer and Francesville road, at the following reduced prices, to-wit:

4 inch tile	\$11.00 Per 1000
5 " tile	\$16.00 " 1000
6 " tile	\$23.00 " 1000
7 " tile	\$29.00 " 1000
8 " tile	\$37.60 " 1000
10 " tile	\$54.00 " 1000
12 " tile	\$75.00 " 1000

TERMS:—A credit of 12 months on all sums of \$10.00 and upwards.

Without interest if paid at maturity if not eight per cent from date.

Sale at these prices to last one day and one day only.

The reason for this sale is that I have several thousand dollars worth of tile on hand, and no money in the country for the farmers to buy with.

A thousand or two out of date newspapers are for sale at this office at 10 cents a hundred.

Beauty, durability, price, the trinity of merit in C. A. Roberts buggies and carriages, opposite Makeever house.

## ELLIS' . . . OPERA HOUSE.

COMMENCING MONDAY, SEPT. 7th, 8 & 6.

## REYNOLD'S SISTERS,

In Repertoire.

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