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POLITICAL.

THE CURRENCY.

LETTER FROM DANIEL R. GOODLOE, ESQ.

Reply to General Clingman.

RALEIGH, Oct. 11, 1875.

My DEAR SIR: Your favor of the 5th instant reached Raleigh during my abserice, and was not received until Satur-You remind me of our conversation in regard to the rising importance of the currency question, in which I urged the duty of a resumption of specie payments at the earliest practicable period; and you ask my views of the recent suggestions and statements made by Gen. Clingman, in his "Interview" with the correspondent of the

New York Herald. Whatever emanates from the pen of that gentleman - and I take it for granted that his elaborate answers to the few brief interrogatories were carefully written out-is apt to be clearly and forcibly expressed. But I cannot assent to the truth of his facts, nor to the corn c ness of his inferences. Neither am I convinced of the wisdom of his suggestions, as to the remedy for the financial embarrassments of the people. But first, as to his statements of fact. He estimates the total debts, expenditures, waste and destruction of property, caused by the war, at eight to ten thousand millions dollars. This includes the loss arising from the nonemployment of millions of laborers in productive pursuits, and is doubtless within the mark. But he says further that "this immense loss was not so apparent because of the very large issues of paper credit in different forms which back the place of the property destroyed, and thus created the impression that been little or no loss of This is mainly true as it reganded the northern States; and he might have added that the fact was due to the enhanced value which was fixed upon everything, in consequence of the abundance of paper money, and to the artificial stimulant arising from the production and manufacture for, and sale to the government, of the supplies and munitions of war. But I am at a less to find authority for General Clingman's statement, that "The country overflowed with paper representatives

of money, the whole amount of circu-

lation being not less than two thousand

millions." The official Report of the

United States Treasurer, Spinner, ought

to be, and will be taken as the highest

authority on this subject. His author-

ity should be the higher with General

Clingman, for the reason that he is

known to be in favor of a scheme of

paper money, based on the credit of the

country, similar to that which Gen. C.

recommends in the "Interview." The

Treasurer's Report for 1873 contains a

detailed statement of the "Currency

outstanding at the close of each fiscal

year for the last twelve years," that

is to say, from June 30, 1862, to June

30, 1873; and at the end of it there is an

abstract statement of the same, which is as follows: 11111-June 30, 1862, \$147,725,235.00 staming, " 1863, 411,223,045.00 " 1864, 649,094,073.70 " 1865, 698,918,800.25 " 1866, 608,870,825.46 " 1867, 536,567,523.02 " 1868, 444,196,262.47 " 1869, 391,649,559.61 " 1870, 398,430,562.48 " 1871, 397,699,652.06 " 1872, 399,245,363.52

" 1873, 401,527,363,94 This statement embraces Treasury Notes, or Legal-tenders, Compound interest notes, and other interest-bearing notes, together with the Fractional Currency; but it is exclusive of the Bank Notes. It is manifest that the interestbearing notes cannot be properly styled a currency. They were in no other sense a currency than the Bills of Exchange, and Drafts, which serve as money in settling balances between nations and remote sections of the same country. During the war, Foreign Commerce was greatly impeded by the Confederate Privateers, by the loss of the Cotton crop, and the trade of the entire South. This state of things is made clear by the official Reports of the Customs duties, during and since the war. The very high war tariff brought in a larger Revenue even during the war than was collected before; but the restoration of peace was immediale y followed by a duplication of receipts. Thus, from 1862, when the revenue from this source was forty-nine millions, it rose, year by year, to sixtynine millions, to one hundred and two, and then fell to eighty-four millions during the war. Bu it bounded up again to one hundred and seventy-nine 'aillions in 1866, and to two hundred and sixteen millions during the fiscal year which terminated June 30, 1872. The next fiscal year, which immediately preceded the panic, the revenue from customs fell to one hundred and eightyeight millions; but this was in consequence of the reduction of duties. The importations and exportations during these years were correspondingly large, as a matter of course; and they neces Exchange, and Drafts. This commercial currency naturally took the place of the Interest-bearing notes, and rendered them unnecessary. They had doubtless been used in the place of do-

mestic exchange, and served, at the



VOL. V.

RALEIGH, N. C., THURSDAY, OCTOBER 28, 1875.

NO. 19.

with the using, like Bills of Exchange, but they were never in any proper sense of the word a part of the currency. When Mr. Kelley was told that his interest-bearing notes would double the currency, he very properly replied, "that it would be a very difficult thing to buy a pair of chickens in the market with a fifty dollar convertible bond, or to pay your passage upon a railroad, or buy a pair of gloves with a fifty dollar, or a hundred dollar, or a thousand dollar convertible bond; and that as these bonds would not be legal tender, shopkeepers, conductors, persons in market, and laboring people might refuse to re ceive them. It is impossible that they should go into the currency."

Yet this was precisely the condition of the "Compound Interest" notes, the one year notes of 1863, the two year notes of 1863, and the two year coupon notes of 1863, (except that they were made legal tenders,) amounting in the aggregate to \$242,346,640.00 in 1865, and to about one hundred and eighty millions in 1864 and 1866. If it be "imgo into the currency," it must be equally so fer those above designated, man. Mr. Schurz says: which he as well as Mr. Spinner has, nevertheless, set down as a part of the currency in 1865.

It must not be forgotten that the Compound, and other interest-bearing notes above specified, were due, and that the government had no alternative, consistently with good faith, but to pay them. They were issued as a temporary expedient, to avoid the necessity of inflating the paper currency, of which they could never have been a part in any proper sense of the term. No farmer or mechanic, or private citizen ever saw one, unless his curiosity prompted him to go to a bank, or to the Treasury and in-

But if they were admitted to be a part of the Currency, and if to them we add the Bank Note Currency, we should still have considerably less than one thousand millions, and therefore less than half the amount at which General Clingman-who accepts the loose statement of some Congressional or "stump" orator-places it. I propose to show this to be true by putting together the "Currency" of the Government, as stated by Mr. Spinner, the U.S. Treasurer, and that furnished by the Banks,

Government and Bank Deduct interest-Currency. 1863. \$411,233,045.00 Gov.\$ 3,384,000.00 \$649,094,073.70 Gov.

45,260,504.00 Bk. Total, \$694,354,577.70 \$179,439,587.50 \$698,918,800,25 Gov.

171,321,903.00 Bk. \$242,346,640.00 Total, \$870,240,703.25 \$608,870,825.46 Gov. 280,129,558.00 Bk.

Total, \$889,000,383.46 \$181,081,614.25 \$536,567,523.02 Gov.

293,887,941.00 Bk. Total, \$830,455,464.02 \$136,309,303.00

295,769,489.00 Bk. \$ 56,465,354.00 Total, \$739,965,751.47 \$391,649,558.61 Gov.

\$444,196,262,47 Gov.

293,593,645.00 Bk. \$ 3,534,921.25 Total, \$685,243,203.61 \$398,430,562.48 Gov.

291,798,640.00 Bk. \$ 2,551,878,00 Total, \$690,229,202.48 \$397,699,652.06 Gov. 1871. 315,519,117.00 Bk.

Total, \$713,218,769.06 \$ 1,116,777.50 \$399,245,363 52 Gov. 333,495,027,00 Bk.

Total, \$732,740,390.52 \$401,527,267.94 Gov. 339,081,799.00 Bk.

Potal, \$740,609,066.91 1874. \$422,000,000,00 Gov. I find no re-333,225,298.00 Bk. turns of interest-bearing notes for 1874; and it is certain there was next to

none remaining. If we deduct from General Spinner's official report of the "Currency," the interest-bearing notes which, according to Mr. Kelley, can never be a currency in any proper sense of the word. it will be seen that during, and immedistely subsequent to the war, there was really much less of the "circulating medium" afloat than there was in 1873, when the panic occurred, or than there is to-day. Or, if we offset the interest-bearing notes, which the government issued during the war, when the foreign and domestic commerce were in a crippled condition by the bills of exchange and drafts which immediately sprung into being with the revival of trade, we shall still have a large percentage of currency accommodation in favor of the present, over the period of

The important part played by Bills of Exchange, in the commerce of the world, is little understood by even the more intelligent classes of men, who are not engaged in that occupation, or in the study of the laws of trade. Senasarily called for, and called into exist- tor Sherman, of Ohio, in his able speech ence, an immense amount of Bills of on the subject of currency and specie payments, delivered in the United States Senate, in January of last year, presents this matter in a striking point of view,

"Specie in former times," he remarks, was not only the universal standard of value, but it was the general medium the universal standard of value, but it has ceased to be even the usual medium

of exchange. "In this way bills of exchange, drafts. promissory notes, checks, and like commercial paper came into use, so that now, even in this age of paper money it is computed that full 95 per cent. of all the exchanges in commercial cities per cent., or one twentieth part of the payments in New York are made in and not in gold. If gold were now the only legal standard of value it would not be used as a medium of exchange daily life. The convenience, the portability of commercial paper and paper money has superseded gold as a medium of exchange, but has left it as the fixed, the only true standard of value, by which the value of all mediums of exchange is tested.

'In England, where the specie stand ard of value is jealously maintained, where no Bank of England note can issue beyond a prescribed limit, except upon a deposit of an equal amount gold, specie is not used as a medium exchange to an amount exceeding 2 per cent. of the aggregate payments."

In a recent letter of Ex-Senator Schurz, in refutation of the inflation possible," as Mr. Kelley says, that his theories of Wendell Phillips, he makes Currency interest-bearing notes could the following statement which corroborates the above remarks of Mr. Sher-

> "In the year 1873, according to clearing house records, checks, bills of exof \$33,000,000,000 (thirty-three billions) dium of exchange, effecting such gigantic transactions, his system of greenbacks and interconvertible bonds."

It is to be remarked that this currency or medium of exchange, which is used by merchants and bankers and business men in the cities, arises naturally as it is wanted, out of the subject matter of trade and commerce, and disappears immediately when it has been used and thus ceases to be necessa" ry. It perishes in the using, and unlike other forms of currency, it has no tendency to be issued in excess of the demand, and thus to create fictitious

It thus appears from the highest official sources that General Clingman has based his speculations upon an entirely mistaken view of the facts. Instead of the currency having been "not less than two thousand millions" at the close of the war, or at any time, during or since that period, it was never so much as nine hundred millions, including the interest-bearing notes. While if wa deduct those notes, which can in no proper sense be called a currency, there had never at any time previously been so much currency in the country as there was when the panic occurred in September, 1873.

General Clingman's false facts, therefore, cannot in anywise explain the panic; and its causes must be looked for in some other direction. It was clearly not the contraction of the currency that produced the disaster. The above table shows that so far from contracting, the currency was constantly being expanded from and including 1869, down to the present time. The aggregate amount in the first of these

For 1869. \$685,243,293.61 690,229,202.48 713,218,769.06 " 1871, " 1872, 732,740,390.52 " 1873, 740,609,066.94 755,225,298.00

These figures include the remnant of interest-bearing notes that still remained uncancelled or unfunded in more permanent forms, as the preceding table shows. It could not be contraction. therefore, that caused the panic. For if contraction were the cause, it would have produced the result in 1869, when the volume of the currency was at the lowest point.

The panic of 1873 can only be account-

ed for on the opposite theory, which has been so well and so often stated in Congress, and in the able independent building, and by the reckless gambling the superabundance of irredeemable paper money, which never had the contidence of the public, while it stimulated speculation, and tempted men to run in debt beyond their power of repayment. At such a time the tendency is not to go into legitimate enterprises, such as mapufacturing, so much as it is to speculate in stocks or gold, and to spend money only for luxuries. At no former time was gold in the shape of lewelry, fine watches, services of plate, and the like, so common in the United States, especially in the Northern States. as it was after the issue of irredeemable paper currency, and the decline in that currency to less than half its nominal value. When gold ceased to circulate as money, there was more than ever an ostentations display of it on the person, in the form of ornaments. This was not owing to the fact that the disuse of it as money had cheapened it as a commodity; but it was because paper currency was abundant, easily obtained and little prized by the people. Contractors with the government for the supply of the munitions of war, often at their own prices, made enormous sums of money, suddenly, and with ease. For government contracts are often like charity, twice blessed, they sive combinations among its members bless those who give and those who receive. Fortunes thus easily accumulated were freely spent. The noureau riche, as the French say, paid high prices for their fine equipages and ornaments: but they could afford to do so. They illustrated the homely proverb, "come less keep affoat a larger volume than

the Legal-tenders, as they did not perish this is greatly changed. Specie is still was, a degree of extravagance never known before in this country.

An irredeemable paper currency can

never enjoy the confidence of the publie for a length of time. From the day of its issue, it tends to depreciate in value, and therefore to become inadequate to the demands of trade. Its purchasing power from day to day grows less. More of it is required to be paid for other commodities; and this necessity tempts men to demand a further issue of bills. Nothing is easier than to print paper currency; and the facility of the manufacture tempts the government to gratify the popular demand. In such a condition of things, men are slow to invest their funds in manufacturing, for the reason that no one can know what price to put upon goods. The nominal sum which is considered a fair price to-day, may be far from it, sixty or ninety days hence. Capitalists, therefore, prefer to hoard their funds, or use them in lending on mortgages, or buying mortgages, to investing in productive enterprises which would give employment to labor, and scatter blessings over the land. But the history of the past few years has furnished abundant proof that men who have more enterprise than money are not slow, in eras of inflation, to engage governments, corporations, and individuals change, and notes passed to the amount to invest their credit and their means, every ninety dollars of notes; and in er of either form of public credit may in the construction of railroads on the addition to these safeguards, the Banks exchange it for the other, at pleasure. ases and payments, and Mr. Phillips | most gigantic scale, and with, it may be | are required to keep on hand reserves wants to put in the place of that me- | flattering, but very remote prospects of | remunerating dividends.

> Before closing this branch of the subject, I venture to make the following long citation from the annual report of the Comptroller of the Currency. Hon. John Jay Knox, which immediately followed the panic. It bears date Nov. 28, 1873. He says:

"The immediate cause of the crisis is however, more apparent. The money market had become overloaded with debt, the cost of railroad construction for five years past being estimated to have been \$1,700,000,000, or about \$340,-000,000 annually; while debt based upon almost every species of property-State, city, town, manufacturing corporations and mining companies, had been sold in the market. Such bonds and stocks had been disposed of to a considerable extent in foreign markets, and so long as this continued the sale of similar securities was stimulated, and additional amounts offered. When the sale of such securities could no longer be effected abroad, the bonds of railroads which were in process of construction | Phillips, and other champions of an irwere thus forced upon the home market until their negotiation became almost impossible. The bankers of the city of New York, who were burdened with the load, could not respond to the lemands of their creditors, the numerous holders of similar securities became

alarmed, and the panic soon extended | ders for the bank notes, thus doubling, throughout the country. "The present financial crisis may in great degree, be attributed to the intimate relations of the banks of the city of New York with the transactions of the stock-board, more than one-fourth, and in many instances, nearly one-third of the bills receivable of the banks. since the late civil war, having consisted of demand loans to brokers and members of the stock-board, which transactions have a tendency to impede and unsettle, instead of facilitating, the legitimate business interests of the make on the credit of the government whole country. Previous to the war the stock-board is said to have consisted of only one hundred and fifty members, and its organic principle was a strictly commission business, under a stringent and conservative constitution and by-laws. The close of the war found the membership of the stockboard increased to eleven hundred, and composed of men from all parts of the country, many of whom had congregated in Wall street, adopting for their rule of business the apt motto of Horace, "Make money; make it honestly if you can; at all events make money. The law of the State of New York, restricting the operations of the stockboard, which had been retained on the statute book since 1813, had unfortunately, been repealed in 1858, so that its members and manipulators were enabled to increase their operations to a under 75 cents, or to less than three- are legal tenders, and that they are to January last, depend upon the wants gigantic scale.'

Who can doubt that the collapse of the paper bubble was brought about by these vast expenditures in Railroad n stocks; or that they were themselves the fruits of the inflated and irredeemable paper currency? Yet the remedy General B. F. Butler, of Massachusetts. Mr. Kelley, of Penn., and Wendell Phillips, of Boston-offers for the pecuniary troubles which have resulted from an irredeemable paper currency, is an augmentation of its amount! It is said that "the hair of the dog is good | depends upon the honor and good faith for the bite;" but it may well be doubtcd if another bite of the dog would be

The specific remedy proposed by General Clingman for the existing proportion to the magnitude of the financial embarrassments of the country, is given in the following answer to a question of the Herald Correspond-

advantageous.

CORRESPONDENT -- What is your idea, General, of the national bank system? General CLINGMAN-The present naional bank monopoly ought to be discontinued and a system of State banks, allowed to take its place. For ten or fifteen years prior to 1860 we had as good a system of currency as we could reasonably expect to see. I doubt if the community lost as much under that plan as it does under the present one. ndeed, in addition to liabilities of individual losses, the present national bank organization, besides its inordinate gains, is enabled to make so extenas to place the business operations of the country under its control, and the debtor class at its mercy. Besides removing it, the government should, it seems to me, not only coin specie but also furnish the paper needed for circulation. By making that paper receivable for all public dues, it could doubtlightly, go lightly." Unfortunately, we now have. To prevent depreciation that paper should be exchangeable for all classes were affected more or less, government bonds at a rate of interest petition with the gold speculators, for Gen. Clingman expresses great ap-

stance such paper should be exchanged article; and it may be questioned for the present national bank notes, paid out for all its expenditures, except what it is bound to pay in specie, and in exchange for interest-bearing bonds at a fair rate, until there was outstanding such a volume as the wants of commerce and business required, to be lessened when necessary by investment in

bonds bearing a low rate of interest. It is no part of my purpose to defend the National Banks. They have the faults common to all banks, and especially the fault of exacting an unreasonable rate of interest from borrowers. They have doubtless made great gains, unfairly, at the expense of the people; but that they are worse in this respect than other banks, I have seen no evidence. All banks, upon one pretext or another, disregard usury laws, and violate their charters, by exacting more interest than the law allows. But the national banking system has some pe- has more than once elaborated the culiar advantages. It furnishes an ab- scheme, in his Congressional and solute'y uniform currency throughout | "stump" speeches. I have before me the United States; and its bills can the Congressional Record, containing never depreciate lower than the credit one of his speeches on this subject in of the Government, as it is expressed in the value of the Legal-tenders. Indeed, the National Bank Notes are of the United States, bearing interest. doubly guarded; for they are not only payable in Greenbacks, at the rate of redeemable in Legal-tenders, but their \$3.65 on the hundred dollars, per anredemption is secured by a deposit with the Government of one hundred dol- per hundred dollars. The interchange lars' worth of gold-bearing bonds, for is to work both ways; so that the holdof Legal tenders for the prompt redemption of their notes. The failure of a National Bank is of no sort of consequence to its bill-holders; the Government being ultimately responsible for their circulation, and the Government in turn being fully indemnified for its responsibility by the deposit in the Treasury of ten per cent. more of its own bonds than the bank circulation amounts to. When a bank breaks, therefore, the Government immediately sequesters, or covers into the Treasury an amount of bonds equal to the Bank notes that are unaccounted for. These

are rare advantages of the National

banking system; and yet it is by no

But what I mean to say, is that Gen-

eral Clingman's substitute for the "Na-

means perfect.

tional Bank Monopoly," would, in my judgment, create a far more dangerous one, in the hands of the general governredeemable paper currency, would confer the whole power of manufacturing, issuing and circulating it, upon the government. His proposition is in the first place, to substitute legal tenat one fell swoop, the paper currency for the redemption of which the government is directly and solely responsible-though it be, in the indefinite future. The present amount of legal tenders or greenbacks in circulation, or in the vaults of the Treasury, ready for use whenever there is a call for it is \$382,000,000. This of course includes the bank reserves. The over strain they is measured by their depreciation below cents in currency, as is the case at preshundred and fifty millions, be withfrom a solvent individual, the remedy course of a few months; but when a sovereign government is the debtor, it of those who administer its affairs when payment will be made, or whether it will be made at all. It is manifest that the day of payment will be remote, in

what he considers a remedy for this evil. He thinks, in the first place, that the Legal-tenders should be made receivable for all public dues, except the interest on the public debt. In other words, that they should be taken for the customs duties, or tariff tax. There are two difficulties in the way of this arrangement. In the first place, the gold which is exacted and paid for tariff duties was pledged for the payment of the interest, and the redemption of the above four per cent." But he omits to principal of the public debt, in the hour of its creation. This was the pledge given to the buyers of the bonds in the dark hour of the civil war, when the nation's life was in peril; and world at large would regard it as bad faith to withdraw the pledge. And again, if Legal-tenders were to be taken | self, which has found its way into the in payment of the tariff duties, it would become necessary for the Government they are in perfect accord as to the deto go monthly into the market, in com- tails of the scheme. same time, to depreciate the value of of all exchanges. In modern times by the mania for display, and the result not above four per cent. In the first in- | the purchase of several millions of that | prehension for the liberties of the coun- in twenty-four hours.

whether the strain thus placed upon its credit would not be greater than that which depresses Legal-tenders in consequence of their non-receivability for tariff duties. At any rate, the proposition, being inconsistent with good faith,

is inadmissible. The next suggestion is to make the Government notes, or Greenbacks, "exchangeable for Government bonds, at a rate of interest not above four per cent." There is a want of definiteness in this proposition; but it is to be inferred from the general tenor of the "Interview," that General Clingman's ideas are coincident on this subject with those of Messrs. Butler, Kelley and Phillips. Mr. Butler's plan of finance was put forth as far back as 1869; and Mr. Kelley, who seems to have followed Butler, January, 1874. His plan is to make the Greenbacks interchangeable for bonds num. This is one cent interest per day,

As to the limit which Mr. Kelleyand it is to be presumed, Gen. Clingman, who adopts Kelley's leading idea -would assign to the amount of this paper-interest paying debt, interchange-Mr. Kelley speak for himself. In the debate in the House of Representatives, ed Mr. Burchard to say, as follows:

of bonds to \$400,000,000. I am nearly sixty years of age, and somewhat broken in health, but I hope to live to hold a bond of the United States, and when our whole debt will be floated at 3.65, and be in the hands of the Ameri-

If this plan of Mr. Kelley should be adopted, General Clingman might witness, what he imagines, to have been in of paper currency, composed of legal and other enterprises of like nature ment. He, like Messrs. Kelley, Butler, tenders and interest-bearing notes, amounts are never large, and are genamount of nearly eight hundred millions of paper currency is utterly inadequate lions of additional greenbacks.

With these twelve hundred millions of legal tenders upon the market, rethe value of gold. When a dollar in deemable only in bonds bearing 3.65 gold is worth one dollar and seventeen per cent. interest, which interest is payent, a paper dollar is worth a fraction agine that a rational man can expect over 851 cents in gold. Now, if the such a system of finance to succeed, or bank circulation, amounting to three | that the notes or bonds could command | arrangement is to give to the general the public confidence. It is idle to supdrawn, and legal tenders be substituted pose that the common sense of the in their place, the effect will be to double American people would for a moment ple, and he regards this as a safe and government's responsibility for tolerate such folly and ignorance, their redemption; so that, if the depre- which is only equaled by the crude ciation were to go on no faster than it speculations of the unlettered ancients, has done, we should have gold up, at a who are said to have believed that the the control of an unscrupulous adminsingle bound, to \$1.34 in paper; while earth rests on the back of a tortoise. the paper dollar would fall to a fraction But it will be said that the greenbacks issues, under the law, as modified in fourths of its nominal value. But it is be made receivable for all public dues, of the community and the availanot at all probable that the depreciation | including duties on imports. Still, the | ble capital of the moneyed class. would keep to the present rate. It interest of the public debt, must be Not a dollar can be issued which is not would acquire accelerated force, just as paid in gold, at least until it is all first well guaranteed by a larger amount the velocity of a falling body is in pro- bought up, and converted into 3.65 pa- in gold-bearing bonds. Buton General out an increase of bulk. Everybody re-funding in this way will be great. To issue or withhold currency-reward or knows that the United States is able to buy a hundred millions of gold annuwhich General Clingman-following pay \$382,000,000. But the trouble is ally, with paper currency, redeemable could combine with the "bulls" or the that no day is fixed for settlement, and only in paper interest bonds, may be no interest accrues. If a debt is due feasible for one or two years; but it must be at a premium which would at the expense of the best interests of sois to sue, and the debt will be paid in the duplicate the debt in a short time. Indeed, the only practicable method of re- the worst abuse to which such a system funding the five and six per cent. gold bonds, is to do it arbitrarily, without asking the consent of the gold bondholder. He must be told that his option is to take the 3.65 paper bond at the rate fixed by the government, or take nothing. On these terms, the exchange But General Clingman has suggested | may be effected; but it will be nothing less than repudiation, and the consequence will be the dishonor of the general government in the eyes of the world. If this is not what Mr. Kelley expects, as the issue of his scheme of finance, he must be singularly infatuated. He cannot plead ignorance of the fate of other paper currencies, equally, but not more baseless than his own. General Clingman may have in view a

bond at a rate of gold interest "not specify gold interest; and from the whole tenor of his " Interview." as well in a private letter from Mr. Kelley himnewspapers, the inference is fair that

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try, founded upon the control which the Government will have over the National Banks. He says:

General CLINGMAN-There is another great question to be considered; one which vitally affects the existence of our whole system of free government. General Jackson thought that the old United States Bank, with its capital of \$35,000,000, was a power dangerous to popular liberty; but our present national banks have a capital of \$350,000. 000-ten times as much as the old institution had. Messrs. Clay, Webster and Calboun dreaded a government bank, and said that it was most fortunate for the country that there was an antagonism between the then government and the United States Bank. Now we have the immense capital of the national banks, closely allied with a government tenfold more powerful than then existed, with nearly twenty times the expenditure and official patronage. It has, too, at its back the power of \$2,000,-000,000 in the hands of bondholders and other creditors, who are making a common fight for it. This powerful combination has, up to the present time, carried all its points and wielded the power of the government at its will.

The obviate this danger Gen. Clingman proposes to abolish the Banks, or at any rate to denationalize them. Under the existing law, the Banks are required to deposit in the Treasury, a one hundred dollar United States goldbearing bond for every ninety dollars of notes they issue. It is not easy to understand that this is a great privilege; and I believe it is not so considered by bankers. They would gladly be released from the necessity of the deposit. Neither is it obvious that the hard condition, which the Government officers have no power to relax in fa- " vor of friends, can have any tendenable with Greenbacks, I propose to let | cy to bind the bank officers to the fortunes of an Administration. And in fact, in the course of twelve or January 17, 1874, Mr. Kelley interrupt- thirteen years past, no charge of subserviency to the party in power has ever "I wish to correct the gentleman as to been made against the Banks, except a misapprehension he has fallen into in a vague and general way; and no when he supposes I limit the amount stress has ever been laid on such charges. There are now about fifteen National Banks in North Carolina, and see the day when no foreigner will I hear of but one President among them who is a Republican. The government keeps its millions of money locked up in the Treasury. This has been the law since 1846; and there is very little with which to bind bank officers to the fortunes of an administration. existence at the close of the war-a sort | Certain banks are made temporary depositaries for moneys collected, but the amounting to above two thousand mil- erally paid out on treasury warrants as lions dollars. What proportion of it fast as they come in, while the governwould assume the form of legal ten- | ment exacts security for the deposits to ders, and how much there would be of the extent of three times their amount. interest-bearing notes, Mr. Kelley fails | This security consists in U. S. gold into inform us. But it is quite certain terest bonds, deposited in the Treasury. that he expects to "float" half the na- The law requires that only thirty-three tional debt, or about twelve hundred per cent. of the amount of these bonds millions of the greenbacks, at the least, shall be deposited with the banks by The complaint now is, that the existing | Collectors of the Revenue. The favored banks, therefore, are not placed under very great obligations to the governto the demands of trade; and it may be ment by being made public depositadoubted whether he would compromise ries. That political partiality has nothon less than four or five hundred mil- ing to do with the selection of the banks, is not probable; but I have heard no complaint that the power has been abused. In this State, the chief depositary of the public money is the First National Bank of Raleigh, which has all along able in greenbacks, it is difficult to im- been owned and managed by Demo-

Gen. Clingman's substitute for this government the whole power of furnishing a paper currency for the peoconservative arrangement. I can imagine no scheme so well calculated to place the banks and the people under istration, as this would be. The bank punish the people, at its pleasure. It "bears," for any speculative purpose, by which the officials might be enriched ciety. And mere peculation might not be would be liable. An ambitious Presiinterest bonds into 3.65 paper interest | dent in the White House might use it to crush out opposition to his plans for perpetuating his power. I can imagine no more potent engine of political power, or one better calculated to facilitate an insidious scheme of turning the Republic into an Empire.

I might notice other statements in the "Interview," but I fear that this letter is already too long, and I therefore de-

I am, very respectfully, Your ob't serv't. DANIEL R. GOODLOE. WM. S. BALL, Esq., Greensborough. North Carolina.

FELONS.-A bone felon is a bad thing, and there are numerous socalled remedies for it. Doubtless as his active sympathy with those who an application which is successful advocate the 3.65 paper interest bonds; in one case may, from some cause, and above all, from the high commend- fail in another. An exchange says ation of his views which he received, that a sure cure is dry rock salt, pounded and mixed with spirits of turpentine. Put the mixture in a cloth, and wrap around the part affected, and change when it gets dry. This is said to kill the felon