

[CONTINUED FROM FIRST PAGE]

I recognize that it is impossible to so adjust the delicate financial machinery of a great government that it will work automatically in exact relations to the requirements of commerce, but I do insist that it is the duty of the government to perfect the machinery so that it may at least approximately approach the desired result. To attack the flexibility of the proposed currency, is to attack the proposition that the issuance of paper currency should be regulated by the laws of supply and demand. This is to fly in the face of the best writers on the subject and the first principles of common sense. The strongest argument that has been made against paper money is, as stated by Jevons, "the impossibility of varying its amount in accordance with the requirements of trade." Specie, it has been argued, could be called from one portion of the world to another in accordance with the demand of trade, but paper circulating only in one country would not have any reserve supply in other portions of the world to draw upon in periods of activity or foreign outlet for investment in periods of depression. The flexibility of the proposed currency is the strongest argument that can be advanced in its favor. The danger arises, not from its flexibility, but because it may not be flexible enough to meet the demands of trade in the spring when the great staple crops have been largely consumed. But when it is remembered that there is an enormous demand upon the entire currency of the country during the fall months when the crops are being marketed; that a greater volume of business is necessarily conducted at that time than at any other in the year, and that the money of the country is enormously supplemented under present business methods by drafts, bills of exchange and every form of commercial credit, it will be seen at once that the increase of currency during this period of activity would take the place of the existing forms of credit, which now supplement the volume of money, and that, if the increase of currency could be made to bear an approximate relation to the increased volume of trade, every interest in the whole country would be benefited. Perhaps the most important advantage to the country would arise from the greater cheapness with which the crops—great articles of merchandise—were distributed for consumption. This advantage would principally manifest itself in lessening the rate of interest and in enhancing the price of the crop, but it would be a great error to suppose that all business interests would not also reap a corresponding benefit.

DEPRESSING THE MARKETS.

The financial report in the Atlanta Constitution for Wednesday, July 23d, which was certainly not intended as an argument in favor of the farmers' Sub Treasury plan, says in discussing the financial situation in New York: "The bears have been looking forward to the time when crops will make such demands upon the financial resources of the country that there will be nothing left in New York banks with which to carry on bull speculation." In other words, the bears were then preparing to seize upon the tightness of the money market incident to marketing the crops, to depress their prices and the prices of all other securities. How well they have succeeded has been demonstrated by the decline in prices of nearly all securities and the advance of interest to the rate of 188 per cent. per annum.

The contraction under the proposed plan during the spring months from the gradual consumption of the staple crops would be much less stringent than the contraction incident to the fall months under existing conditions. It would about equal the lessening demands. At the worst, it would transfer the period of contraction compared with the volume of trade from the fall to the spring. Every business man would know that stringency of money during the fall would be impossible; and he would also know, even if there was some contraction during the spring, compared with the volume of currency that came into use in the fall, that it would take place at a time when the demands of business are less than they are in the fall.

BEST METHOD OF PERFECTING BILL.

The proposition having been established that a safe, sound, and stable currency that will pass on a parity with gold, can be issued on the great staple crops, and that flexibility or elasticity in the volume of the currency of the country will tend to promote the stability of prices and keep down the rates of interest, we pass next to the consideration of the best method of accomplishing this much desired result. It would not be difficult to devise a system based on the line suggested by the Farmers' Alliance that would require no large expenditure of government funds and no great change in the present methods of conducting business.

It would be easy enough to permit any responsible company to establish a warehouse, and to give bond to the government that it would issue no receipt without having the product represented by it actually in its possession. The government could appoint an inspector, just as it now appoints a government gauger for the bonded

warehouses for whiskey, whose business it would be to verify the statements made on the face of the warehouse receipt. The improper issuance of any receipt by the officers of this bonded warehouse could be made a criminal offense. In fact, without any radical change in the conduct of the business, with a far less number of federal officials than are now employed in the collection of the iniquitous tariff taxes, it would be easy to secure the issuance of a warehouse receipt that would be a certain guarantee that the product it purported to represent was actually within the walls of a perfectly responsible warehouse. Without any of the safeguards and restrictions which the government could throw around the issuance of these warehouse receipts, they now pass as good collateral in the banks of the country. After this warehouse receipt had been issued it could be deposited with a sub-treasury, to be established in each of the States of the Union, and 80 per cent. of the value of the product it represented could be issued in treasury notes. With the present banking facilities of the country and a law properly drawn, a single sub-treasury in each State could be made amply sufficient for all purposes.

SIMPLE AND CONSTITUTIONAL.

There would be no difficulty in getting money upon the warehouse receipt at the nearest bank simply for the cost of exchange. That a simple, safe and expeditious method of getting these treasury notes into circulation can be perfected, there is no doubt, nor is there any constitutional reason why the government should not have the right to issue its treasury notes based upon this warehouse receipt. At the proper time and in the proper form I would undertake to demonstrate that there is less constitutional objection to the issuance of these treasury notes than there is to the banks issuing notes based on the deposit of government bonds, or to the purchase by the government of silver bullion. To defray any additional expense that the government might be put to, a simple tax could be levied upon the issue of every note, a tax small enough not to be burdensome to the people, and at the same time large enough to prevent anyone from drawing money from the government unless he had immediate use for it. It is safe to predict that no more money would be drawn than was necessary to cheaply and economically distribute the staple crops for consumption. I do not believe that at any period of time during the year, even the busiest in the fall, \$30,000,000 of additional notes would be brought into use. This estimate is liberal. It must be remembered that 7,000,000 bales of cotton at \$45 per bale only equals \$315,000,000, and that 80 per cent. of this value only equals \$252,000,000. Now, the entire crop could never at any time be pledged to the government. Consumption is always going on and has made considerable progress by the first days of December, by which time not exceeding one half of the crop has come into sight. Every bale of cotton and every bushel of wheat would no more be pledged to the government than every bale of cotton and every bushel of wheat is now pledged to the banks during the marketing season; but if there was danger of too great an increase, the government could limit the amount of its treasury notes to be advanced upon the pledge of the crop. Two hundred millions of dollars would be more than ample to secure a very low rate of interest and an easy financial situation during the fall months. But cannot a safer, more efficacious and more direct method be devised that will effectively and practically accomplish the ends in view without either the government building or bonding warehouses, by simply an extension of agencies now in existence? But before submitting this plan, let us consider for a moment what would be accomplished by the government issuing money direct upon the warehouse certificates. It would not prevent the price of the great staple crops from being regulated by the universal law of supply and demand. It would simply, by reducing the cost of carrying these products until they were distributed piece meal for consumption, enhance their value to the extent to which their cost of carriage was diminished; or perhaps to be more accurate, by a universal law of trade, this decrease in cost would be shared both by the producer and the consumer, neither monopolizing the full advantage of it. It would also, by furnishing an abundant and flexible currency, render stable the rates of interest, prevent artificial stringency in the money market and manipulations to depress the price of commodities, and leave the laws of demand and supply to work more evenly and without artificial obstructions.

A NEW SUGGESTION.

Now, if it can be demonstrated by discussion that all this can be done through a currency issued on the great staple crops without carrying the government into either the warehouse or banking business, I am satisfied the farmers would promptly accept such a modification of their views, and every productive interest in the whole country could be brought into accord and harmony on the subject. The short road to this end is for the government to establish at least one Sub-Treasury in each State of the Union

It now has Sub-Treasuries in New York, St. Louis, Chicago, San Francisco, Boston, Cincinnati and New Orleans, and to establish them in each State would require but little time, very little increase of governmental patronage, and the mere extension of a system that has been perfected through years of use. National banks now exist all over the country, and any number can be chartered under the general law. If these two agencies were brought into close and harmonious relations, and the national banks of each State were given a credit with the Sub Treasury to be established in each State to an amount equal to the whole or some portion of their fully paid in capital stock, and the use of the increased currency they obtained through the Sub-treasury was confined, under proper restrictions, to advances upon the great staple crops, an abundant currency, as stable as any in existence, could be brought into use and the rate of interest on money materially lowered throughout the Union. Any stringency in money from moving crops would be eliminated from the conditions surrounding commerce, and a healthful method of expansion and contraction in accordance with the volume of trade inaugurated. The government would take no part in the business of the country; it would have no voice in banking or the fixing of credits; the whole machinery of government banking and commerce would move on just as it does now, and the only change would be that the national banks, instead of having to draft on the great money centers of the country, would find ample funds for moving and handling the great staple crops in the Sub-Treasuries established practically at their doors. As consumption took place the increase of currency would flow back into the Treasury, only to go out again as demanded by the exigencies of trade forced upon the country by its enormous annual productions. Each State would have one or more financial centers, and would be rendered independent of the great financial centers.

PRACTICAL WORKING OF BILL.

To better understand the plan, let us consider for a moment its practical working. Suppose a Sub-Treasury was established in Atlanta and in Savannah, and with one or the other of these Sub-Treasuries the national banks of the State had a credit equal to their capital stock, and that they could use the currency derived from this source only for the purpose of advances upon the great staple crops. Instead of sending to New York for currency, as they are now compelled to do with which to pay for cotton, they would be able, on the very class of security which they now accept, to obtain the currency directly from the Sub Treasury, instead of from their Eastern correspondents. There would be no drain for this currency upon the financial centers. Cotton would move just as it moves now, and when it finally reached the great markets and was paid for an amount currency equivalent to that advanced in Atlanta would flow back into some one or other of the Sub-Treasuries. So conservative are the national banks of the country that it is probable they could be safely allowed an increase of currency, to be used in handling merchandise generally, but so delicate is the financial machinery and so easily is it thrown out of gear, that any increase of currency should be based only upon such great staple articles of merchandise as must be consumed within a limited period. To render the rate of interest uniform throughout the country, and thus to properly regulate the value of money, Congress, as by the Constitution of the United States it is authorized and empowered to do, could, in consideration of the additional concessions made to the banks, provide a low and fixed rate of interest.

HISTORY OF SUB TREASURY.

The plan proposed will run contrary to the views and prejudices of those who have for a quarter of a century made war upon the national banks; but, in spite of every attack, these banks have continued to exist and to furnish this country with as safe and stable a system of banking as ever existed anywhere at any period of the world. There are features in regard to the national banks which I have never approved, but I have never participated in the senseless denunciation so often hurled at them. The men who manage them are the most able and skillful financiers in the country; they are men who have made a thorough study of banking, and who are better prepared than any other people in the country to handle safely and conservatively any increased issue of currency. Each State would secure all it could hope to secure through State banks of issue, and, what is much more, the currency of the country would be uniform, and would have behind it the entire credit of the government and a soundness and stability that could not be obtained in any other way. In the early history of our country we tried the United States bank; at that time it was argued that the government would be compelled to delegate the powers of issuing currency to a banking institution that could meet the requirements of the varying demands of business. We tried the experiment and abandoned it half a century

ago. We tried the State banks of issue, and speculation overran the country, and bankruptcy was brought upon thousands and thousands of honest people. The Federal government turned its back upon both systems and established the "independent Treasury," as it was then called, or the "Sub-Treasury," as it is now called. At the time of the establishment of this system it was gravely argued with great force by many of the ablest men in the country, that it would not be successful. It has stood the test of half a century. At the time of its establishment it was urged by John C. Calhoun, its great supporter and defender, that an elasticity should be given to the issue of paper money by the government, in order that the currency might be supplied in accordance with the laws of supply and demand. This feature has never been engrafted, as it should have been, upon the Sub Treasury system. Without it, it is incomplete; with it, it is the most complete system that ever has been devised or probably that can ever be devised. Like all other systems, it needs amendment, from time to time, to make it correspond with the requirements of business, but in all amendments one cardinal principle should always govern the people of this Union—the Federal government should issue the money of the country and regulate its value, and the recognition, credit and power of the Federal government should be behind every dollar that comes into existence. The danger of expansion is that it tends to create reckless speculation; but an issue of currency limited in its use to handling the great staple crops would always have behind it commodities that are absolutely essential to the existence of civilized man. If it is safe for the banks to handle these commodities now to a very large extent upon drafts, bills of exchange and artificial currency manufactured through the necessities of commerce, it would be equally safe for the same banks to get the currency directly from the government.

In an article of this character it is impossible to point out all the limitations and provisions that should surround such an increase of currency, but these are mere details which can be easily perfected. If I have succeeded in causing those who read it to pause and consider well the most vital question of the hour I shall be more than satisfied.

ALLIANCE PLATFORM ENTITLED TO SUPPORT.

May not every business man in the country put himself squarely upon the Alliance platform, the Sub-Treasury bill or something better, relying with confidence upon the correctness of the great principle that underlies the measure and trusting to enlightened discussion to so modify the methods and details that it will fully conform to the spirit and genius of our institutions and secure for all, without injury to any, the relief demanded by the exigencies of our financial and commercial condition?

GEORGIAN

SUMAC.

The collecting and curing of the leaves of the wild sumacs occupies for several of the summer months the time of hundreds of women and children in Virginia and the Carolinas. This product, which would otherwise be wasted, distributes among the poorer country people of North Carolina alone the large sum of \$6,000 to \$8,000 annually. Sumac is extensively used in dyeing cloth and in the tanning of fine leather. Besides our native product from 15,000 to 25,000 tons are annually imported from the South of Europe. Northern buyers carelessly or dishonestly mix with the packed leaves sticks, stones and other trash. This is very wrong and does not benefit the packers, as buyers always remove such trash before weighing and deduct from the price of the leaves the cost of removing the trash and freight on same. The N. C. Experiment Station will investigate the advisability of cultivating sumac and the value of leaves from the cultivated plants. Manufacturers give the following directions for curing the leaves: Leaves may be gathered any time from June 20th to October 1st, or until the leaves turn red—red leaves are worthless. The best leaves are those gathered in June and July. As soon as picked spread the leaves in the sun for one or two hours, then remove to tight covered shed and spread thinly on shelves or tables and stir frequently to prevent the leaves from heating and turning black. Use the hands or a wooden stick for turning the leaves—never use iron. The greener the dried leaves are the higher will be the price they will bring. The leaves will not be dry enough to pack until the stems of the leaves break when bent. Dried sumac sells for from 85 cents to \$1 per 100 pounds. The chief buyers of N. C. sumac are Geo. W. Campbell & Co., of Petersburg, Va., and C. T. Plunkett, of Lynchburg, Va. Both of these firms furnish, free of charge, sacks in which to pack the leaves.—Gerald McCarthy, Botanist.

If it don't pay you to make pork with skim milk, try feeding it to the hens, and see if eggs from skim milk don't pay.

THE FINANCIAL POLICY OF OUR GOVERNMENT.

OLD FOGY.

The financial policy of John Sherman, Daniel Manning and the present Secretary of the Treasury, Wm. Windom, have been substantially the same. They have favored a gold basis and contraction of the currency. They have favored the banks at the expense of the people. They have all favored our present monopolistic banking system—the government furnishing money at 1 per cent. to the banks and any per cent. the banks could get out of the people for the use of the money so issued. They have favored loaning the people's money to banks at no per cent. at all. So far they are just alike. It is of this policy that I shall write.

In the week ending September 9th, 1890, the money market in New York grew so "tight" that they actually squeezed out of borrowers interest at the rate of over 100 per cent. per annum.

A brief explanation of the causes may not be unappreciated. The new tariff bill, now in conference, is expected to become a law. Duties have been increased. Foreign goods that have not been successfully manufactured here, have had the duty increased thereon. Take, for example, an article on which the duty is now 40 per cent., and under the McKinley bill we will suppose it is raised to 60 per cent.

Under the present law every one thousand dollars worth of goods will pay a duty of four hundred dollars; under the new law the same goods would have to pay six hundred dollars. Speculators have taken advantage of the proposed change in the law and have now one hundred millions of dollars worth of such goods at the custom house. If they can pay out under the present law it will only need 40 millions of money to pay the United States government its tax; if they wait until the law passes, they would have to pay out sixty millions of dollars.

Thus they would make 20 millions on each 100 millions purchased abroad.

Whether the duty is paid to the government under the present law or under the McKinley bill, about to become a law, the prices paid for the goods by the farmer will be the same. The difference is, whether the government shall be 20 millions poorer on the 100 millions imported or not. This is the situation. This is the cause of the stringency in the money market.

Now I want to invite your attention to the difference between a banker, a speculator, a bondholder, and yourselves. When money gets scarce in New York and the brokers are pushed for funds, they appeal to Mr. Windom. He is a "hustler" for them. The speculator says: "Mr. Windom, have the payment of the tariff duties delayed, postponed, you don't need the money?" The banker says: "Mr. Windom, you have millions of money in the vaults that you do not need, loan it to us and we will relieve the stringency of the money market and prevent a panic."

The President, the Secretary, and the whole gang listen with great attention to their wants.

The bondholder says: "Mr. Windom, I have \$50,000,000 in bonds. I will sell them to you if you will pay me the interest on them for nearly a year in advance and then I want a premium of 25 per cent., amounting in all to about 15 millions of dollars." So that the bondholder will be benefited 15 millions if his plan is adopted. The banker will be benefited about 10 millions if his plan is adopted, and the speculator will be benefited anywhere from 25 millions upwards if his plan is adopted.

Now you present your plan to Mr. Windom, compiled after the Silver Bullion bill that he and his friends drafted, and tell him that if he will loan you 100 millions you will pay your debts, the money will go into circulation, the panic will be arrested, the country more prosperous and that you will actually pay to the government one million for the use of one hundred millions and that he has no use for it as an agent of the government, and see whether the President, the Secretary will pay any attention to you or not. If not, why not? Under our form of government one citizen is the same before the law as another, yet you will be derided because you are a poor laboring man, while the rich man's demands are heeded and acted on at once. I challenge any member of Congress to come into the columns of THE PROGRESSIVE FARMER and prove that this has not been the policy of both parties in the past.

At this writing Congress seems willing to extend the bonded period until February 1st, 1891. A stray law for the protection of farmers is always denied, but just the thing for speculators.

Secretary Windom is buying bonds at 12 1/2 per cent. and prepaying interest—prepayment of interest on bonds to the amount of 13 millions was made to day—September 18th.

Money is being deposited in the national banks and a proposition is looked on with favor to do away with the Sub Treasuries and deposit gov-

ernment funds with private banks without security.

So all interests are placated. All are given a share in the robbery, and the people pay for it all.

The addition of 25 millions of dollars dispelled all fears of a panic and money is again so low that one loan of one million was placed yesterday at 4 per cent., while only a week ago it could not be gotten at less than five times that per cent.

Both parties yell tariff, while we shout more currency. Let these events, constantly enacted, prove whether the hayseed or politician is correct.

NORTH CAROLINA STATE FAIR.

MR. EDITOR:—The time for holding the Annual Fair of the State Agricultural Society will soon be upon us. Preparations for the great event are actually under way. The managers fully appreciate the value of the help, in past years, which the press has freely rendered in making the Fair a great success; they also earnestly solicit the same renewed or enlarged assistance in making the Fair of this year the greatest success yet. A kind Providence is blessing our State with bountiful harvests. Never in the last twenty-five years has our cotton crop shown, at this time of the year, so much promise of large returns to the farmer. Your readers will be able and will wish to attend the Fair with their families. We, therefore, most earnestly request that you will kindly aid us in putting it before the people; and in keeping it before the people. It is the people's Fair; every inhabitant of the Old North State is interested in its success. Please urge upon your readers the importance of contributing to that success, by placing on exhibition the best their farms have produced; the most skillful work of their hands, and those fine and promising animals, the pride of their hearts. Urge them to make the days of the Fair a time of enjoyable recreation, and the many articles exhibited a means of pleasure and education to their children. No entry charge is made on any exhibits. We bespeak from you and the people generally a kind reception and assistance to the accredited agents of the Agricultural Society, to be sent out into the State at large, to advertise the Fair. Give us your influence and assistance in every way consistent with your own interest in making the 30th State Fair, October 13th to 18th, the best Fair. Premium lists will be sent on application.

Yours very truly,
JNO. T. PATRICK,
General Superintendent.

THE SUB-TREASURY PLAN.

There have been many foolish things written and said about the Sub Treasury plan as advocated by the National Farmers' Alliance Legislative Committee at Washington City. These foolish things have been said and written by two classes of citizens—those opposing the plan and those advocating it. The two extremes have been heard of all men. The opponents of the plan have been very intemperate in their declarations regarding what it really proposes. Those advocating it have been equally inconsistent in their declarations. The greatest harm to the plan comes from discussion of it by men who have a wrong conception of its real intents and purposes. Of course the plan has its enemies. This is natural. But it has among its advocates some of the most conservative and far reaching minds of the country; while among its opponents stand some of the leading statesmen of the nation. Just what the outcome will be no one can tell. But it does not require the foresight of a prophet to see that relief to the farming and laboring classes must speedily come, even if it require such positive legislation as the plan proposed. The people want relief. If it will require the incorporation of such plans into laws to secure that relief, they should be incorporated. If relief will come from some other source, well and good. The times are propitious for some legislation that will secure equal rights to all and unjust exactions from none. The Alliances are not particularly wedded to the Sub Treasury bill, but it is presented as a declaration to the world that they demand protection of our law makers from the unjust burden and unequal taxation that has built up corporate wealth in our country to such an extent that it has the audacity to dictate the financial policy of this government. Experience has already proven that such policies make the many poorer, and the few richer. The Sub Treasury plan suggests a way of escape. If that is not the way, ye wise ones, give us a better. And that better must not be long delayed, for the vast army of producers in this government are in earnest. The realization of the second demand of the State Alliance would, we believe, go along way toward bringing that relief. There used to be a maxim that read *vox populi, vox Dei*. Has it grown obsolete?—Exchange.

Save the heifer calves from your best cows and keep them gentle by gentle treatment, so that they won't have to be "broke" when they become cows.