GOLD AND PAPER.

David A. Wells on the True Solution of the Financial Problem.

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TO THE EDITOR OF THE HERALD:—

In answer to your request to communicate my views in reference to what ought to be the financial policy of the country in respect of resumption, I would say, that I have hitherto refrained from expressing any opinions publicly on this subject, not from any lack of interest, but because I believe that it is necessary for the country to go through with a certain further amount of hard experience before it is willing to even attempt to agree on any definite policy for resuming specie payments; and that pending the arrival of this period the opinions of no one individual, however well considered, are likely to receive much serious consideration from the public. Or in other words, Horace Greeley was exactly right when he declared that "the way to resume was to resume." If he thereby meant that a serious intent on the part of the people to make a beginning was the essential prerequisite to resumption, and with this existing there would be practically no other difficulties, I do not believe that this time, or this earnest conviction of the necessity of specie resumption, on the part of the majority of the American people has yet come, but nevertheless, as you have expressed a wish for my opinions, I give them cheerfully.

WHAT WE KNOW AND WHAT WE DO NOT KNOW RESPECTING THE VOLUME OF CURRENCY NEEDED.

In the first place I do not believe that any man can affirm how much currency a country wants or will use so long as that currency is restricted to an exclusively local circulation. A three cent piece, if it could be divided into a sufficient number of pieces, with each piece capable of being handled, would undoubtedly suffice for doing all the business of the country in the way of facilitating exchanges if no other better instrumentality was available; and, on the other hand, if our present volume of irredeemable paper currency was to be expanded to the extent that the issue of French "assignats" is said to have once been—$9,000,000,000, or 45,000,000,000f.—we may feel certain that the increase would, in no long time, all be used, and that prices would adjust themselves accordingly, as they did in France at the period referred to, when 6,000 livres was the fare for a ride in an ordinary hackney coach. But if we cannot affirm specifically upon either of these points we can affirm with certainty that, if we are going to do business on the basis of the world's currency and measure the value of our exchanges according to the standards most free from fluctuations—viz., gold and silver—our present volume of currency is excessive. The evidence of this is the existing premium on gold as compared with currency.

THE CREMATION THEORY OF RESUMPTION.

To restore now this standard, to make our currency on a par with the world's currency we must retrace the steps by which the standard was departed from, or, in other words, having depreciated the value of our currency by issuing during the war more than would suffice to effect the exchanges of the country on a gold and silver basis we must, in some way, get rid of this excess. Up to this point a great majority of all who are sincerely desirous of the restoration of the specie standard are agreed; but in respect to the exact method in which the excess is to be retired a wide divergence of opinion is encountered. My own opinion on this point is, that the simple, straightforward way is the best, and I, therefore, regard with no favor any of the numerous indirect methods that have been proposed for accomplishing the desired object—such as the interchangeability of notes and bonds, the accumulation of specie in the Treasury by borrowing or hoarding; the substitution of national bank notes for greenbacks; the immediate abrogation of the legal tender quality of the currency; the substitution of compound interest notes for greenbacks and the like. All of these plans, so far as they have in them anything of effectiveness, mean contraction. All of them are attempts to sugar the pill, which the doctors proposing are agreed has in some way to be got down the throat of the patient. But the American people are not going to allow themselves to be deceived in this business. If a scheme has got contraction in it they will see it, no matter how carefully the same may be disguised by machinery and circumlocution; and they will act contrary to their nature if, when they become really in earnest for specie payments, they do not more readily agree to go to it by the direct, unmistakable road than travel, if we may so express it, "all round Robin Hoon's barn" to get to the same destination. And if they are unwilling to consent to contraction, then, in my opinion, they can't have specie payments. Discarding, then, all indirect methods, I would adopt what may be called the "cremation" process, or I would have it enjoined on the Secretary of the Treasury to destroy by burning on a given day of every week, commencing at the earliest practicable moment, a certain amount of the legal tender notes, fixing the minimum at not less than $500,000 per week or at the rate of $26,000,000 per annum. This process once entered upon and continued, the gradual appreciation of the greenback to par with gold, and the ultimate equalization of the two would not be a question of fact, but simply of time. What specific amount of contraction of the legal tender would be necessary no one can tell with certainty. But, speaking generally, we can affirm with absolute certainty that to just the extent to which our present volume of currency, supposing it to be exclusively coin, would, by the laws of trade, be diminished by exportation to just that same extent the volume of our existing paper currency needs to be contracted to equalize its value with coin. If the present average premium on gold represents and measures the excess of currency, and we assume the amount of currency in active circulation at $750,000,000, then a contraction of from $80,000,000 to $90,000,000 and a period of less than four years would suffice to restore our currency to a specie basis. But if, on the other hand, the excess of currency over and above what is required to do the business of the country on a gold basis is greater than is indicated by the present average gold premium (a point concerning which opinions differ) then a longer period would be required. But, sooner or later, if the contraction was continued, the desired correspondence would be effected.

SPECIE RESUMPTION INVOLVES NO COMPLICATED LEGISLATION.

Again, a definite policy of contraction, once agreed and entered upon, it does not seem to me that there need be a single further legislative provision, other than to provide the means necessary to furnish the requisite supply of notes for cremation. There is no necessity of talking of redemption in the sense of exchanging gold for notes on presentation and demand by holders of the latter across the counter of the Treasury. To redeem in this sense the government must exercise the function of a banker, and that, too, of a political banker—a function that formed no part of the machinery of the State previous to the war, and which all experience since the war proves is not desirable to have permanently added to existing federal functions. All that the federal government had to do with the currency before the war was to certify to the public, by affixing a stamp, that certain pieces of gold and silver had a certain definite weight and degree of fineness. Have the American people seriously considered the possible future to their industry and national life if the federal government, daily becoming more and more a partisan instrumentality, is allowed in the future to do more than provide that all banks and bankers, before issuing their notes for circulation among the people, shall give ample security for the payment of all such issues in exact accordance with conditions specified? Furthermore, there is no necessity for taking any measures to provide for any large or extraordinary accumulation of gold in the Treasury, or of regarding the future supply of gold as a serious element in the problem under consideration. The thing to be done is simply to pay off and extinguish an overdue debt of $382,000,000 the same as any other debt, and for providing the proposed $26,000,000 per annum, or any other sum that may be agreed upon. The government has at its disposition and free use the "borrowing power," the "taxing power" and the "power of economizing its expenditures." And how great a power of strengthening the Treasury is available under the last head is sufficiently shown by the general statement, that while the ordinary expenses of the federal government have been increasing since the termination of the war at an average ratio of more than six per cent compounded annually—a rate far in excess of the rate of increase of population—while the ratio of increase of expenditure in Great Britain for the same purposes in the same period has not been in excess of two per cent per annum, compounded annually, and tends annually to decrease. The obtaining of so small an amount of additional revenue as would be necessitated by the minimum contraction proposed is, therefore, a matter not to be regarded in the light of a serious obstacle; while all the other difficulties which it is popular to conjure up in connection with resumption can be best solved, as will be hereafter shown, by leaving them to solve themselves.

NO SERIOUS DEFICIENCY OF CURRENCY LIKELY TO RESULT FROM CONTRACTION.

I also count as an absurdity the idea that the business of the country is likely to be unfavorably affected by a deficiency of currency consequent upon contraction in the manner proposed. Were all the currency in the country absolutely swept out of existence to-morrow morning there would doubtless be much inconvenience experienced, the same as though all the yard sticks, foot rules and bushel measures were to disappear; but in either case there would not probably be one less acre of land cultivated, yard of cloth made, ton of coal dug or pound of iron smelted in consequence, and the Yankee nation would not merit its title to sagacity if things were not very soon moving in much the same manner as before. There never has been a time in this country when any one who has had anything to sell which others in the community wanted and were able to give in return a fair equivalent of some kind of value who ever found himself in want of a market. And, on the other hand, if any one has to sell what the community don't want and can't pay for he will find a dull market, whether the currency be scarce or abundant. During the winter which followed the financial panic of 1837 the collapse of the banks and the feeling of general distrust against paper money left the entire West almost absolutely without currency; and yet business went on, and the products of the East and the West were interchanged very much as before. During the last thirty years the business of Great Britain has increased enormously without any increase whatever in the bank note circulation or any corresponding increase in the amount of specie held and kept in use by the public; and yet no inconvenience from the lack of circulating media to effect exchanges has ever been experienced by the British public. The explanation of this is that the small amount of legally authorized circulation in Great Britain is either by natural or artificial laws kept so invariable in its value, and so free from fluctuations, that the British community have come to regard it in very much the same light as they do the yard sticks or bushel measures kept at the Mint or the Tower—something not to be used so much directly for effecting exchanges, but as a basis for the construction on the part of the public of other similar instrumentalities, which, so long as they are strictly conformable to the standard, may be multiplied and used, like measures of length and capacity, without any restriction. And the further circumstance that this standard is effectually maintained, with a specie reserve in the Bank of England rarely in excess of $75,000,000, conveys, it would seem, at least a hint of how the United States Treasury can go back to and maintain specie payments with no more gold in its coffers than the ordinary flow of revenue will bring into them.

It is safe, therefore, to affirm that if, pending the process of contraction, the business interests of the country, in contradistinction from the speculative interests, should experience any deficiency of the circulating medium, it is entirely within their power to supply this deficiency without further legislation. The organization of banks on a gold basis, with power to issue currency, secured by a deposit of bonds, and redeemable on demand in gold, is allowable under existing provisions of law to any extent; and if the community should not resort to agencies thus readily available for the supply of currency during the period of contraction it will constitute a pretty positive proof that no more currency is needed. And apart from the action of the public we may feel certain if the comptrollers of such banks saw an opportunity to issue their notes and have them kept in circulation they would take very good care to issue them as soon as possible, without waiting for applications.

THE LAW OF SUPPLY AND DEMAND.

The equalization in value between greenbacks and gold being once effected the legal tender quality of the national currency becomes a matter of no practical importance, and may be left to take care of itself until abrogated by the general abrogation of the national currency itself. At the same time any vacuum created in the volume of circulating medium by the cremation of $26,000,000 of legal tender per annum will, by the operation of natural laws, be filled from the world's reservoir of gold, including our own natural production. Of the truth of this there cannot be the least possible doubt. If there was a real or anticipated scarcity of wheelbarrows in the country that man would be considered a fool who should seriously propose that Congress should undertake to regulate the supply by statute. And yet there is one and the same law governing alike the supply of gold and of wheelbarrows. They are both tools or commodities, and the country will have and use all of either that it can use profitably. The dentists and jewellers of the United States have never, even at the time when gold commanded the highest premium, experienced any difficulty in getting all the gold they wanted. We have never heard that any of them ever contemplated petitioning Congress on the subject, or that they lay awake nights for fear that their business would be interfered with by reason of a deficiency. And if they had wanted ten or a hundred times more gold than they actually used and their customers had been willing to pay for it they could easily have had it. In short, there can never be a permanent scarcity or surplus of gold and silver in a country which adopts the world's currency any more than there can be a scarcity of milk or wheat, for the law of supply and demand regulates the quantity and adjusts the prices of one of these commodities just as much as it does the other. If, in the next twenty-four hours, one hundred millions of legal tenders were to be added to the circulation of the United States, domestic prices, other things remaining equal, would on the average be affected to the extent of not less than one-seventh, and currency would remain in respect to scarcity or abundance relatively as before. But if one hundred millions of gold, without labor, were to be mysteriously showered down upon us in the form of coin, it would not affect prices appreciably, for the disturbance from the increased quantity would be diffused over the total coin circulation of the world, estimated at upward of ten thousand millions. The world's currency may therefore be compared to a reservoir like the broad ocean, capable alike of quietly absorbing any surplus or supplying any deficiency in the circulation of any locality without disturbing the general level of prices. Any increase, on the other hand, in the volume of currency which owes whatever it has of legal tender character to statute enactment rather than to an universally recognized value, must be subject to local rather than general laws, and, like an accumulation of water escaping from a broken reservoir, will prove powerful for disturbance just in proportion as its volume becomes disproportionate to the channel in which it is compelled to flow. Hence the extraordinary gambling fluctuations which of necessity attend the use of any currency whose circulation is local and does not partake of the universality of the world's currency, and experience must inevitably sooner or later show to the advocates of our present paper money that there can be no permanent prosperity in any country that undertakes to do business with any other currency than the world's currency. The members of the British Parliament who, in 1811, voted down the principles of the "Bullion Report," and the merchants and bankers of London who sustained them, did not believe this; but eight years' further financial and commercial experience, accompanied by most extreme and continually occurring fluctuations in prices, brought them to a different opinion, and in 1819 they almost unanimously indorsed the very principles they had before almost unanimously condemned. Furthermore, the world's currency is based on labor, and is the only currency which is regulated by the law of supply and demand, or by the law which gives us much when we want much and little when we want little. A gold dollar in the United States at the present time represents on an average one-half of a day's labor by an unskilled laborer. One dollar or one thousand dollars, on the contrary, in paper, represent alike not over five minutes of the labor of any man. The value of the gold dollar is fixed and cannot be altered. The value of the paper dollar is constantly fluctuating; depends on the whims of Congress and is more capricious than the chances offered at any gaming table making the slightest pretence to fair dealing. With three per cent in favor of the bank the bankruptcy of any continuous player at any given game upon the green cloth is only a question of time; but to put the gaming table on a par with our legal tender we must give the gambler the power to vary the chances in his favor from hour to hour and from day to day, and decide, if he so desires, that the player shall not have any chance at all.

GRADUAL CONTRACTION NOT LIKELY TO OCCASION FINANCIAL DISTURBANCE.

From the time that Congress (January, 1868) took from the Secretary of the Treasury the power, previously bestowed almost without opposition, to contract the currency, it seems to have been taken for granted by the great majority who have undertaken to discuss specie resumption that the exercise of gradual contraction necessarily involves financial disturbance, paralysis of industry, interruption of exchanges—something, in short, of a disagreeable nature to be forced on all engaged in speculative pursuits; something in the way of self-denial to be voluntarily endured by the more virtuous. For this opinion there does not seem to me to be any good and sufficient foundation; but, on the contrary, I believe that if the process of contraction be made so gradual as to cover a period of from three to four years there would be not only no marked financial disturbance or inconvenience to solvent debtors; but that, on the contrary, a realization on the part of the public that a policy had been seriously entered upon which day by day was leading the country to a condition of greater financial stability and insuring increased security for investments, would of itself so rapidly unlock capital and induce investments as to greatly stimulate every department of productive industry. Money (capital) on call loans is superabundant at all of our financial centres, but for use for lengthened periods it can only be obtained with great difficulty, if at all. For this phenomenon there is but one explanation—namely, lack of confidence in the financial future—which lack of confidence will continue until we agree upon some national fiscal policy looking to the resumption of the specie standard so clear and definite as to satisfy the community that it can and will be carried out. Give the country this and business will revive immediately; but schemes like the Sherman Finance bill, which, while promising, embody no conditions for making good the promise, are worse than useless. The depreciation of currency, as measured by the premium on gold, was reduced between 1865 and 1871 from 133 to 10, and the burdens of debtors who contracted during the same period to pay in currency were also increased proportionally; and yet there was no complaint on the part of debtors that it was unusually difficult for them to meet their obligations during this period. Is it not, then, on its face, an absurdity to talk about the impending ruin to debtors and the prospective paralysis of industry in case effective measures are taken to cause the remaining discount of ten or twelve per cent on the paper money of the country to disappear within the next four years at an average rate of two and a half to three per cent per annum? If any direct evidence is needed to strengthen our faith on this point it is to be found in the recent experience of France, which, between October, 1873, and December, 1874, with a view of insuring a return to specie payments, contracted her circulation to the extent of over $200,000,000, and this, too, without in the slightest degree impairing or weakening, but rather strengthening her credit, resources and industry—viz., by retiring directly through the Bank of France $95,000,000 of its paper money and increasing the specie reserve of the bank by more than $110,000,000.

Another striking illustration of the extent to which the evils of contraction exist only in the imagination is to be found in the circumstance, not generally known, that during the last two months in which Mr. McCulloch availed himself of his power of contraction, and Wall street and the country generally worked themselves into such a panic about it as to induce Congress, almost unanimously, to take away the power, there was in truth no real contraction, or contraction in the sense of diminishing the number of instrumentalities for effecting exchanges in the hands of the public; the process consisted for the time in mere bookkeeping entries in the Treasury ledgers and assuming that a reserve of notes in the Treasury (not one of which for months had been in the possession of the public) was to the same extent diminished; but which diminution, according to the subsequent theory and action of Messrs. Boutwell and Richardson, never in reality took place, but was merely a financial fiction, ready, and in fact made to yield on the occasion of any emergency.

Unquestionably the certainty of a restoration of specie payments, consequent on the adoption of a fixed policy, would induce great caution and a conservative feeling in respect to all financial transactions throughout the country. But this, so far from being objectionable, is the one thing most desirable. The interest of the whole country demands that, for the present, at least, no more labor or capital shall be enticed into enterprises which will not yield a quick and remunerative return, even if certain individuals' interests be thereby injuriously affected. No possible detriment, moreover, can come to any branch of business from the restoration of the present uncertain value of the currency to a fixed and stable value, except such as are merely speculative and the profits of which accrue more from fluctuations in prices than from the honest employment of labor and capital for truly productive purposes.

THE FUTURE OF THE NATIONAL BANK ISSUES.

As with the question of the "supply of gold" and the matter of "legal tender," so also the future of the national bank issues does not seem to be a subject requiring any additional legislation. In proportion as the volume of legal tenders is diminished by cremation the banks must have gold with which to redeem their notes. But this is not a prospect to be regarded with apprehension, for just in proportion as the volume of legal tender notes is diminished below the natural volume of currency needed natural laws will supply the vacuum with gold just as certainly as natural laws will supply any vacuum of grain or milk in any community, and if there is no excess of currency in circulation then the quantity of notes which will be offered at any one time for redemption will be comparatively insignificant. It should also be borne in mind that by the plan proposed of destroying $26,000,000 per annum, it would take at least three and probably four years to equalize gold and greenbacks and between fourteen and fifteen years to effect an entire disappearance of the legal tender currency. If the national bank issues are, therefore, to be ever brought back to a specie basis it is difficult to see how the change can be effected more gradually or the banks treated more considerately.

WILL IT PAY TO ENTIRELY WITHDRAW THE GREENBACKS?

It will be observed that I favor the entire withdrawal and extinguishment of the greenbacks. I desire the federal government to get out of and abandon forever and as soon as possible this whole business of creating and issuing paper money, be it redeemable or irredeemable, for I believe as long as the federal government continues to recognize anything as money except hard matter-of-fact "labor representing" gold and silver, just so long the country will not have the stable and unfluctuating currency necessary to put us on a par with other nations in commercial dealings and secure the most rapid and full development of our great national resources. A withdrawal of $382,000,000 non-interest bearing legal tender (reckoning interest at five per cent) would be equivalent to an annual loss to the Treasury of $19,000,000. But what is this in comparison with the loss annually sustained in the country by reason of the constant fluctuation in the value of our present currency—an aggregate which no one who has given the subject any attention would think of estimating at less than $200,000,000 per annum, to say nothing of the losses occasioned by the diversion of labor and capital from productive employments to speculative pursuits and enterprises, through the inducements and temptations which are always offered by an irredeemable, fluctuating paper currency. There are at present $750,000,000 of irredeemable paper in constant circulation, the value of which is rarely the same one day with another, and yet every time this $750,000,000 fluctuates one per cent there is the opportunity afforded for $7,500,000 to change hands without value received. The all-sufficient answer to all those who hold to the continued use of irredeemable paper, as well as those who hold to the theory that it does not pay to accumulate and keep at great expense a large amount of gold and silver, in order to use it as currency or as a basis of currency, is, that the essential element in money, as in yardsticks, pound weights and bushel measures, is stability, or absence in the highest attainable degree of a tendency on the part of the measuring instrument to measure differently under different times and circumstances; and that one of the most costly lessons which the world has ever learned, is that there is no currency so free from fluctuations, occasions so little loss or brings so much prosperity to its users as a currency based upon or actually consisting of gold and silver. Economy by using paper in the place of coin, I hold to be of the same kind as that which substitutes cinder for iron in the manufacture of railroad bars, shoddy in the place of wool, starch in the manufacture of cotton in the place of flore, or paper in the manufacture of boots and shoes in the place of leather; superficially, the bogus article may look as well, or even better, for a time, than the genuine one, but in the long run "it don't pay."

THE MASS OF THE PEOPLE NOT DEBTORS BUT CREDITORS.

It is also pertinent to call attention in connection with this general subject to the opinion which so generally prevails, that the mass of the people of this country are debtors, and that their interest naturally arrays them in opposition to any policy of contraction or to any policy whatever contemplating a return to specie payments. Now, so far from this hypothesis being warranted, the exact contrary is the truth. The great mass of the people in this and every other country do not possess sufficient of credit, through the ownership of property or amount of income, to enable them to become debtors—however much they may desire to be—except for such insignificant amounts as the application of a few days' labor or the practice of a brief economy would suffice to liquidate. The great mass of all who work for wages—from the fact that the wages are paid periodically—are also, from necessity, nearly all the time creditors and not debtors; while in the case of that much smaller portion of our population whose annual receipts exceed their annual expenditures, the surplus in their hands, at any one time, for investment is so small that the only profitable way open to them for using it is by assuming the position of creditor—*i. e.*, by loaning either directly on a promissory note, bond and mortgage, or by the purchase of some evidence of indebtedness issued by the federal or State governments or by corporations or by loaning indirectly as stockholders or depositors through banks or institutions for the management of savings. Hence the origin of the $1,100,000,000 standing to the credit of depositors in our savings banks. Hence, also, the even more striking fact that in New York city, where the multitude of banks is popularly supposed to be due to the accumulation of large wealth in few hands, the average amount of bank stock owned by individual shareholders does not exceed a par value of $3,000. The only class of debtors whose instincts, therefore, naturally prompt them to oppose contraction are what may properly be termed "bloated debtors," or those who, by reason of large property, have claimed and obtained large credits and have used those credits, or, what is the same thing, have run in debt partially on account of legitimate enterprises, but in the majority of cases for the furtherance of illegitimate speculations whose existence and maintainance have worked to the discouragement of honest productive industry.

RESUMPTION BY THE HOARDING OF GOLD, IF PRACTICABLE, MOST UNDESIRABLE.

The proposition to effect resumption by accumulating a stock of gold in the Treasury (in lieu of or without any contraction of the volume of legal tender), the same to be effected either by the sale of bonds or by hoarding, seems to me utterly senseless and impracticable. The distribution of gold in the financial and commercial world is very analogous to its distribution in the physical world. It is everywhere present, though not in any large quantity in any one location. There are probably as much as ten thousand millions of gold coin and bullion in general circulation. There are probably not over seven hundred millions in the possession and keeping of all the great banks of Europe. Offer sufficient inducement and gold will gradually flow in from the world's reservoirs in quantity sufficient to supply the demands of any locality for circulation, ornament or mechanical use as surely as water distributed anywhere in the soil will trickle down and accumulate into wells or cisterns excavated below the general level. To attempt to force gold to accumulate quickly by artificial or spasmodic efforts in a given locality would, however, be analogous and attended with results similar to the attempt to draw water in quantity from the soil directly, even though the most powerful pumping engines were employed for the purpose. The gold and the water alike exist in abundance, but the quantity of either likely to be obtained by endeavoring to make them flow in accordance with other than natural laws will be uncertain and unsatisfactory. The amount of gold which some of the best recognized authorities have estimated must be in the possession of the country, in order to make resumption a success, and irrespective of any contraction, has been placed at as high a figure as $300,000,000; thereby necessitating an absorption from other countries of from $100,000,000 to $200,000,000, in addition to the stock on hand. But the attempt to take at once, and as the result of special effort, from the foreign stock of gold as much as even $100,000,000 would certainly be resisted by all the great European financial Powers to the extent of their ability; and, if effected at all, could only be by offering United States bonds on such terms as to constitute extraordinary inducements for European investors. Neither is the prospect of our being able to retain in the country any considerable portion of our domestic product of gold without contraction any more promising. If the conditions of our foreign exchanges were such that gold was required to be sent abroad—a condition of things periodically certain to occur—it would either go or our whole commercial system would be subject to such a degree of disturbance that the hoarding policy would be speedily abandoned and the country at once set back into a more inextricable slough of irredeemability than ever.

But, supposing the desired amount of gold to be once acquired by the Treasury, to open then the doors and commence resumption, as it is proposed, on a fixed day, without preliminary, adequate contraction of the legal tender, must be to simply interchange gold for notes until the Treasury stock of gold was exhausted or the market value of gold and greenbacks had become equalized. The result would be contraction, but contraction so instantaneous and painful as to induce a cyclone of financial disturbance, and, if the interchange was maintained sufficiently long to produce equalization, would leave the Treasury and the country in just the position that a gradual contraction would have placed us without any disturbance. But the probabilities are that, smarting with pain, the whole business interests of the country would insist on instantaneous, temporary relief by the reissue of the redeemed greenbacks, in which case no results beyond disturbance would have been effected.

WHAT IS MEANT BY GROWING UP TO SPECIE PAYMENTS.

The talk about the country growing up to specie payments only means extending the time indefinitely during which a process of contraction is to be made operative; for the only way in which the country can grow up to specie payments is by diminishing the ratio which the present volume of currency holds to population and business by increasing population and business. It is also to be remembered that as communities become more highly civilized and as population increases the tendency is to employ less rather than more currency, and effect exchanges through the agency of banks, clearing houses, checks, bills of exchange and other negotiable instruments, and that the same effect results from an increase in the rapidity of intercommunication and transportation. With the volume of currency remaining fixed and exclusively local in its circulation all such substitutions for the use of currency are, therefore, equivalent to expansion, and go very far to neutralize any contraction resulting from the increase of population and business; add to which the elements of uncertainty whether Congress, as long as the currency is irredeemable, will, under the varying pressure of political or financial circumstances, allow its volume to remain for any lengthened term of years unchangeable, coupled also with the possibility that a second Boutwell or Richardson may find their way into the Treasury, and he must be of a decidedly sanguine and hopeful temperament who will expect a restoration of the specie standard by the "growing up process" before the end of the present century.

SPECIE RESUMPTION A MILITARY NECESSITY.

It is an exceedingly curious circumstance, considering the extent to which the necessity of being prepared for war is made the basis for so much of our fiscal legislation and the reason for so large a proportion of our annual expenditures, that the country in the whole discussion concerning specie resumption seems to have almost entirely overlooked one of the most vital points connected with the subject—namely, the necessity of having a full supply of gold in the hands of the people in order to enable us as a nation to carry on future war, foreign or domestic, offensive or defensive, in any degree successfully. Looking backward we find that the country for one-sixth part of the entire period of its national existence has been in a state of war, and for the future there is no good reason for supposing that we are to be any more exempt from the vicissitudes of nations than we have been in the past. But what is our financial condition? The country exhausted of specie! the Treasury weakened to such an extent that on the 1st of January last the amount of gold in its possession was reported to be only about $200,000 in excess of its gold liabilities. Nearly one-half of the present annual gold supply of the world is the product of the United States, but we are playing the part of the prodigal, spending our means in riotous living and driving the golden stream away from our borders to foreign lands, the people of which, just as alive to their interests where the dollar is concerned as is the "universal Yankee nation," are so thoroughly satisfied by long experience of the value of specie as a basis for effecting exchanges and equating values—that they gladly take pay for and keep all that we can send them. With a currency based on gold, even approximately, and a credit not unduly tampered with, a mass of deferred promises to pay—redeemable paper—can be defeated with varying degrees of buoyancy, as has been done in the United States since 1861; but to float irredeemability on irredeemability for the purpose of providing the government with means to defray new war expenditures would be an absurdity. The first issue of one hundred millions of additional legal tender for any such purpose—nay more, the mere granting by Congress of the permission to issue—would at once prostrate our whole currency structure; would advance gold to an excessive premium, and stimulate every creditor to demand immediate payment for all overdue obligations, for fear less a few days' delay would put it in the power of every debtor to satisfy his debts by the tender of that which had practically no value. Were the country, therefore, under existing circumstances, to drift into war with a Power so weak even as Spain, the first necessity of the government would be to create a new currency. But what new currency could be created? Clearly nothing but a gold currency or a currency based on redeemability in gold on demand; for the people would take no more like the old issues except at such a depreciation as to compel the government to pay two or three prices for everything that it needed. But to call into existence at such a time a gold currency to fill up the specie vacuum in this country which we are now every day creating, by any sudden and excessive demand for gold, would be exceedingly difficult, if not altogeter impossible. In default, however, of some such expedient the utter prostration of the national currency could not be prevented; and this in turn would carry with it the whole national credit, and bring us to national bankruptcy at a time when for the nation to have a good credit and use it would be of all things the most important. With a renewal of civil strife, by many predicted; with Spain alternately bullied and threatened by the administration, our national situation may not inaptly be compared to that of children playing in a magazine of nitro-glycerine. The casting and riffing of heavy guns, the construction and equipment of forts, arsenals and vessels are all matters worthy of attention; but the paramount military necessity of the hour is to remove the obstructions which prevent the flow of specie by natural laws and by natural channels into the hands of the people—the only manner in which a reliable reservoir of gold, to meet the emergencies of war, can be certainly and economically created. Without this we shall, in the case of war, be beaten as a nation before we begin to fight.

CONCLUSION.

The Legal Tender act was a war measure and a tax levy. It contemplated a tax at the time of the issue of notes under it upon the creditors, and is contemplated in a return to specie payment an equal and corresponding tax upon the debtors. Now, the creditors have paid their tax and have had their day of trial and bulden, and any creditor who at the time objected to the situation was deemed unpatriotic. But are not those equally unpatriotic who now object to pay their share of the tax which the country's distress imposes upon them? Does not he who now opposes a return to specie payments in fact oppose the results of the war? And have not all debtors since made their contracts knowing that the logic of the war imposed the necessity of specie payments, with all its consequences? Does not patriotism as much prompt to the payment of the legal tender as it prompted its original issue, and is not the payment a part of the entire act? Does patriotism consist in promising to pay and not paying, or have patriotism and rascality become synonymous terms, thus confirming the opinion of harsh old Dr. Johnson, that the last refuge of a scoundrel was patriotism?

It is also worth remembering that if we now decline to take any steps looking to specie payments and postpone the time to some distant future, as in the Sherman Finance bill, we are acting for the benefit of the present at the expense of future debtors, and that the claim of the debtors in 1879 for delay will be just as worthy of consideration as is the claim of the debtors of to-day. Any recognition of the necessity of delay is, therefore, from this point of view, tantamount to saying that the country will never find it expedient to resume.

DAVID A. WELLS.

MARRIAGES AND DEATHS.

MARRIED.

DOUGLASS—LA FORGE.—On Tuesday, February 9, by the Rev. C. Rhodes, Mr. GEORGE DOUGLASS to Miss MARIE L. LA FORGE, both of this city.

HAYDEN—MERRITT.—At Greenwich, Conn., on Tuesday, February 9, by the Rev. B. M. Yarrington, Captain G. C. HAYDEN to CARRIE, daughter of the late Jotham Merritt.

HOLAHAN—JARVIS.—At the residence of the bride's parents, on Tuesday, February 9, by the Rev. W. W. Holly, AMOS J. HOLAHAN and JOSEPHINE B. JARVIS, daughter of Nathaniel Jarvis, both of this city.

LEWIS—LAUGHLIN.—At the residence of the bride's parents, on Wednesday, February 10, by Rev. D. R. Van Buskirk, assisted by Rev. J. Spencer Kennard, RICHARD V. LEWIS to FANNIE LETITIA, daughter of Alvin D. Laughlin, Esq., all of this city.

MOONEY—PHALEN.—On Monday, February 8, by the Rev. Father Schneider, Mr. JAMES E. MOONEY, of High Bridge, N. Y., to Miss MARY R. PHALEN, of Tremont, N. Y.

McDIARMID—HALEY.—At the residence of her uncle, George G. Sampson, at Scarborough, on the Hudson, on Thursday, February 11, by the Rev. Henry J. Van Dyke, D. D., WILLIAM R. McDIARMID, of New Jersey, to JANE A., daughter of the late Thomas A. Haley, of Louisville, Ky.

PHIPPS—RHAME.—On Thursday, February 11, at St. Mark's Methodist Episcopal church, Rockville Centre, L. I., by the Rev. W. J. Robinson, CHARLES L. PHIPPS, of Brooklyn, to ALICE, eldest daughter of S. S. Rhame, of East Rockaway, L. I. No cards.

DIED.

ADAMS.—In Brooklyn on Wednesday, February 10, after a lingering illness, FRANCES ELIZABETH, relict of the late Captain Richard Adams, in the 65th year of her age.

Funeral services at her late residence, No. 122 Clinton avenue, Brooklyn, on Sunday, February 14, at half-past five o'clock P. M. Relatives and friends are respectfully invited to attend.

ALONZO.—On the 10th inst., Mr. FELIX FERRER ALONZO.

His friends and those of his cousin, Jose R. Ferrer, are respectfully invited to his funeral services, at St. Francis Xavier's church, Sixteenth street, to-day, at one o'clock P. M., without more notice.

ANDERSON.—FRANCIS A. ANDERSON, youngest son of Hiram and Mary Ann Anderson, in the 29th year of his age, February 11, 1875, at ten A. M. of consumption, at the residence of his parents, No. 385 Sackett street, Brooklyn.

Funeral on Sunday, at half-past two o'clock.

ARNOLD.—In this city, on Wednesday, February 10, 1875, WILLIAM SKELTON ARNOLD, in the 48th year of his age.

Relatives and friends of the family are respectfully invited to the funeral, from his late residence, 266 West Fortieth street, on Sunday, February 14, at five o'clock P. M. The remains will be conveyed to Freehold, N. J., on Monday for interment.

English papers please copy.

AUSTIN.—On Wednesday, February 10, 1875, ROBERT J. L. AUSTIN, aged 79 years.

Relatives and friends are respectfully invited to attend the funeral, to-day (Saturday), February 13, at twelve o'clock, from the Church of the Ascension, on Kent street, between Franklin street and Union place, Greenpoint.

BURCHEL.—On Friday, February 12, ISABEL, wife of John J. Burchel, in the 31st year of her age.

Relatives and friends of the family are respectfully invited to attend the funeral, from her late residence, 391 Fifth street, Jersey City, on Sunday, February 14, at two o'clock P. M.

BURTON.—In this city, on Friday, February 12, CHARLES BURTON, in the 33d year of his age.

Relatives and friends are respectfully invited to attend the funeral, from his late residence, No. 430 West Forty-second street, on Sunday, February 14, at one o'clock P. M. His remains will be interred in Greenwood Cemetery.

CANNING.—On Friday morning, February 12, MARY AGNES, beloved wife of John H. Canning, aged 22 years.

The relatives and friends of the family are respectfully invited to attend her funeral, from her late residence, No. 274 Stanton street, on Sunday, at half-past nine o'clock, from thence to St. Rose of Lima's church, Cannon street, where a solemn mass of requiem will be offered up for the repose of her soul. The funeral will take place from the church, thence to Calvary Cemetery, at half-past one o'clock.

CARROLL.—On Thursday, February 11, MARGARET CARROLL, wife of John Carroll and daughter of Margaret and the late Patrick Murphy, aged 34 years.

Relatives and friends of the family are respectfully requested to attend the funeral, on Sunday afternoon, at two o'clock, from the residence of her mother, 435 East Ninth street.

CLOSE.—At Greenwich, Conn., on Wednesday, February 10, JONATHAN A. CLOSE, aged 72 years.

Relatives and friends are invited to attend the funeral, on Saturday, 13th inst., from his late residence, at one o'clock P. M. Carriages will be at the depot on the arrival of the 9:05 A. M. train from New York; return, leave Greenwich at 4:42 P. M.

CONKLIN.—At Hyde Park, L. I., on Thursday, February 11, ELLEN S., widow of the late Ansel H. Conklin.

Funeral from the Dutch Reformed church, at Queens, L. I., on Sunday, 14th inst., at two P. M.

CONLON.—On Thursday, February 11, after a lingering illness, ANNIE, wife of James Conlon, in the 30th year of her age.

Relatives and friends of the family, and of her brothers, Michael H. and John A. Whalen, and also her brothers-in-law, Robert Pendergast and Thomas Walsh, are respectfully invited to attend the funeral, on Saturday, February 13, at one o'clock P. M., from her late residence, No. 93 Ludlow street, thence to Calvary Cemetery for interment.

COX.—MAHALA COX, widow of the late Charles Cox, in the 88th year of her age.

Her funeral will take place from No. 241 Ninth avenue, on Saturday, 13th inst., at one o'clock.

DICKERSON.—At Sing Sing, N. Y., on February 12, 1875, MARTHA DICKERSON, widow of the late James Dickerson, aged 78 years.

Relatives and friends of the family are invited to attend the funeral services, at the residence of her son-in-law, Samuel E. Tompkins, Croton avenue, on Sunday afternoon, at half-past two o'clock. Carriages will be at the Forty-second street depot at nine o'clock A. M., on the arrival of the 7:50 train from Sing Sing, on Tuesday morning, February 16, to convey her remains to Greenwood.

DOUGHTY.—In Somerville, N. J., on Wednesday evening, February 10, ANN ELIZA VAN ARSDALE, wife of Eugene S. Doughty.

The relatives and friends of the family are invited to attend the funeral, from her late residence, No. 430 West Forty-second street, on Sunday, February 14, at one o'clock P. M. His remains will be interred in Greenwood Cemetery.

DOUGHTY.—On Friday, February 12, BRIDGET, widow of John Fogarty, of Castlecomer, county Kilkenny, Ireland, in the 84th year of her age.

Relatives and friends of the family are respectfully invited to attend the funeral, on Sunday, the 14th inst., at two o'clock, from her late residence, No. 313 East Twenty-first street, near Second avenue.

FOLEY.—On Thursday, February 11, after a short illness, Mrs. MARY FOLEY, aged 72 years.

Funeral on Sunday, the 14th, at half-past twelve o'clock, from her late residence, No. 235 East Fortieth street.

FRANCIS.—On Thursday morning, February 11, suddenly, of