

START

**Collection Title**

The Papers

of

Nelson

Aldrich

**Series/Volume**

DM 15, 443

**Shelf/Accession No.**

LC 77-38 (1/70)

Aldrich, Nelson Wilmarth, 1841-1915.

Papers, 1777-1930. 58 ft. (ca. 42,500 items)  
U.S. Representative and Senator from Rhode Island, financier, and philanthropist. Correspondence, diaries and notebooks, material relating to tariff rates and legislation (1880-1915) and the National Monetary Commission (1907-12), financial papers, speech file, and printed matter, chiefly relating to Aldrich's career as U.S. Senator (1881-1911). Papers also include a group of biographer's research materials containing correspondence and notes of Nathaniel W.

(Continued on next card)

Aldrich, Nelson Wilmarth, 1841-1915. (Card 2)

Stephenson and Jeannette P. Nichols, and some diaries and engagement books kept by Aldrich's wife, Abby Chapman Aldrich. Correspondents include Joshua M. Addeman, Edward B. Aldrich, William B. Allison, Abram Piatt Andrew, Henry B. Anthony, George E. Barnard, Jr., Robert W. Bonyngne, Jonathan Bourne, Jr., Charles R. Brayton, Theodore E. Burton, Adin B. Capron, Jonathan Chace, William E. Chandler, LeBaron B. Colt, Samuel P. Colt, Charles A. Conant, George B. Cortelyou, Henry P. Davison, Elisha Dyer, Jr., Henry W.

(Continued on next card)

Aldrich, Nelson Wilmarth, 1841-1915. (Card 3)

Gardner, Eugene Hale, John E. Kendrick, Philander C. Knox, Charles Warren Lippitt, Henry Cabot Lodge, Stephen B. Luce, Orville H. Platt, Aram J. Pothier, Theodore Roosevelt, John P. Sanborn, William Howard Taft, Henry M. Teller, Edward B. Vreeland, Paul M. Warburg, George Peabody Wetmore, William Whitman, and Nathan M. Wright.

Finding aid and index in the Library.

Information on literary rights available in the Library.

Gift of the Aldrich family, 1944; John D.

(Continued on next card)

Aldrich, Nelson Wilmarth, 1841-1915. (Card 4)

Rockefeller, Jr., 1955-56; and the Seminary of Our Lady of Providence (Rhode Island), 1970.

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**56**

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**80 CONT. - 81**



**Collection Title** \_\_\_\_\_

Nelson W. Aldrich

**Series/Volume** \_\_\_\_\_

BOX 80

**Shelf/Accession No.** \_\_\_\_\_

LC 77-38 (1/70)

**NELSON ALDRICH**

**Monetary Commission**

**MISCELLANY**

Fraser 18 @

The central banks fix from time to time the rate of discount which governs their transactions. This bank rate under usual usual trade conditions is higher than the market rate. It is not thought desirable that the central banks should fix their rate of discount at a point which would enable them in ordinary times to enter into competition with the banks of discount and deposit for commercial business. ~~The tendency of all modern legislation has been to limit the central banks strictly to the functions and powers belonging to banks of issue.~~ The changes in the bank rates of the great European banks are <sup>watched</sup> followed with the keenest interest throughout the financial world. The <sup>weekly</sup> money reports of these institutions showing their stock of gold and the <sup>proportion</sup> ~~productions~~ of their gold holdings to their note issues and other liabilities are looked upon as furnishing a reliable index of existing business and banking conditions.

An advance in the bank rate has been found to be the most effective agency to check tendencies to over-expansion of credit. In times of stress the joint stock banks usually cooperate with the central banks in making the bank rate effective. At times, however, the central banks have been obliged to borrow money in the street or take other means to make the market rate conform to the bank rate.

governments and are bound by an obligation which, if not expressed is nevertheless recognized, to sustain at all times the public credit. I think that it may be said that these banks, without exception, by the wisdom of their management and the character and extent of their resources, have commanded universal confidence in their stability and solvency as the conservators of public and private interests. It is the wise policy of these central banks to keep their assets, aside from their gold

*in liquid form through investments*  
 reserves and government securities, in short time commercial paper *for an illustration*  
*the average maturity of paper at the time*  
*it reached the Bank of France was 24.46 days in 1910*  
*and this was*  
*their holdings of gold and ~~short term~~ ~~commercial paper~~ ~~about the average~~*  
 per of a recognized standard. These together form a satisfactory *for a number of years*

*their*  
 tory basis for ~~all~~ note issues.

*? 6 months at any time in Jan. 1910 etc*

*The joint stock banks treat*  
 their Credit balances of ~~other banks~~ in the central bank are ~~con-~~  
~~sidered by these banks as~~ part of their cash reserves, and their

196' three

~~1-1~~

The features of these foreign systems which have perhaps

the greatest interest for us , aside from those that relate to

the organization and functions of the central banks, are;-

(1), The methods by which panics are prevented or by which their disastrous effects are averted in those countries. (2). Those that fix either by law or custom a standard form and character of commercial bills of exchange or acceptances which are available for discount or rediscount at central banks and the banks of discount and deposit. (3). Those that fix the terms and conditions of note issue.



1906<sup>2</sup>

~~3-1~~

The effective methods by which panics are avoided and by which ~~when serious~~ <sup>it</sup> excitements are allayed and public confidence restored in times when serious trouble is threatened are well understood. At such times the central banks as the responsible custodians of the gold reserves of the country are relied upon to strengthen ~~these~~ <sup>their own</sup> reserves and replenish them whenever necessary. The central banks control the movements of gold, <sup>to</sup> ~~and~~ secure the adequacy of their reserves. (1). By an advance in the bank rate. <sup>when</sup> ~~In the face of~~ serious trouble <sup>is imminent</sup> this ~~for~~ advance must be rapid and substantial in character.

(2) By their holdings of foreign bills of frequent maturity.

(3). By borrowing gold from or accepting assistance from other

central banks. At times, other means are taken for encouraging

gold imports and discouraging gold exports but the main reliances

~~3-2~~  
of the banks are upon the methods I have suggested and those methods have been found effective in all cases.

1963  
401  
The joint stock banks whose cooperation is necessary

in this scheme of relief replenish their own reserves, whenever

*required*  
~~necessary~~, in such emergencies by rediscounting commercial paper

at the central banks. With adequate gold reserves maintained,

the central banks and joint stock banks establish confidence

in business circles by discounting freely all legitimate

offerings of paper upon ~~the~~ credit or securities which are

accepted in ordinary times. ~~The~~ rapid advance in the bank

rate ~~in times of trouble~~ is at once a restraint on speculative

ventures and a warning to ~~all business~~ <sup>the</sup> representatives that they

*avoid under expansion of their credit and*  
should exercise the greatest care as to the nature of their new

engagements.



19. (6)<sup>4</sup>

The simultaneous strengthening of reserves and the granting of liberal extension of credit to all deserving borrowers have not failed for fifty years to produce the desired result of establishing confidence and avoiding the disastrous results of acute financial crises.

21  
9

190

individuals

Very much the larger part <sup>all</sup> of the domestic  
 exchanges <sup>of the transfers of credit or funds</sup> between the different parts  
 of their respective countries, is carried  
 on through the central banks and  
 their branches they transfer funds  
 from one <sup>locality</sup> part to another either free  
 or for a small commission. These  
 transfers <sup>are</sup> usual, consist made  
 by a notification of the branches  
 and a transfer on the books of the banks <sup>of exch.</sup>

This system successfully avoids  
the frequent-disarrangement of  
domestic exchanges and the great  
cost of and dilatory character  
of the service from which banks and  
the public alike suffer in this country.

reserves can be replenished, <sup>and the</sup> ~~their~~ <sup>of the banks</sup> loaning power increased, <sup>through</sup> by a

rediscount of their standard commercial paper by the central or-

ganization in times of need. The character of commercial paper

*accepted by*

the central banks ~~are permitted to accept~~ for rediscount prac-

tically fixes a standard which, for obvious reasons, is usually

followed by the other banks <sup>discounts of and</sup> *in their investments*

19②

General economics  
to include all books  
on Political economy -  
the development  
& history of economics -

Commerce -

Transportation

Tariff ~~taxation~~ + public finance taxation

$$\begin{array}{r}
 15,000 - 5,600 \\
 \hline
 140,000 \\
 \hline
 155,000
 \end{array}
 \qquad
 \begin{array}{r}
 5,600 \\
 5,750 \\
 \hline
 \del{4,000} \\
 3525
 \end{array}$$

100

1000.000

$$\begin{array}{r}
 1,000 - \\
 70,000 \\
 \hline
 80,000 \times
 \end{array}$$

5,000 +  
70,000 f.

60,000  
90,000 - 2 - 1800

17 1/2

$$\begin{array}{r}
 18 \\
 16 \\
 \hline
 108 \\
 10 \\
 \hline
 288
 \end{array}$$

17 - 800

$$\begin{array}{r}
 400 \\
 288 \\
 \hline
 112 \\
 17 \\
 \hline
 98
 \end{array}$$

1600 m

2

~~Central Bank~~

Communist<sup>ic</sup>  
control of the <sup>^</sup>great business  
in the country

Impairment effects of inflation  
depreciated currency

Quote Stowell p 157 Central Banks  
on Reichsbank

PM

To afford accommodations  
relieve pressures

To protect the gold stocks

To give such powers of the general cash reserves  
to maintain ~~cash~~ gold reserves fit own



(A)

While there is a very general agreement as to the character of the defects of our monetary system there is unfortunately no such accord as to the nature of the remedies to be applied.

This is to be regretted as it seems to be established that from the experience of other nations that simple and effective remedies are easily within our

Anti-Bank

✓ In its present form it is a  
a combination of Programism  
an State Socialism

~~Reserve~~ <sup>Cash</sup> reserves of bank usage  
or expansion,  
Contraction of credit?

Use  
General Effect reserve provision  
Special

Growth ~~Value~~ in development  
paripassu no  
Satisfactory ordinary criticism  
Ordinary character  
of banking

Reserve  
Taking a rash  
sum from active  
use and locking  
it up  
Inevitable consequences  
of inflation in operation & destruction

3

CP Best contests

Competition

business in

Grant

Hayes

1916

for private

open market pro

Use  
Central  
board

No Imperial Govt

undertakes to manage or  
control the great joint stock  
banks or the business.

Respects of Central banks

Central  
Board

the govt Control  
& partnership

It authorizes the issue of an  
unlimited amount of Govt  
notes, to be circulated as money

not  
The exercise  
of the Sover  
power not  
by the

It creates a Government Central bank  
of the most objectionable type

It seeks to put into the hands  
of this political organization without  
capital or financial responsibilty  
the control of the entire banking  
interest of the country

Board

This has never been attempted  
or suggested even in any country  
in the world - Germany & Russia -

- No accounting
- " inspection examination
- " no publicity of its acts

States rights  
Constitution  
Close

in the rights of States  
who were such construction  
believed that the ~~gov~~ federal government  
was limited to delegated powers

Jefferson's idea that the States ought to be as  
Hamilton vs Jefferson  
the notice

# State Socialism

It is changing fundamental our form  
of government  
the change is proposed by the successors  
of those men that



~~the~~ ~~principles~~ and respecting  
the principles (teachings) of Andrew Jackson  
and Thomas H. Benton of Saulsfield  
and Grover Cleveland. It is not  
surprising should be impressed  
with the transcendent importance  
of the <sup>his</sup> achievement



In my criticism of this Government Central  
or so-called Federal Reserve Board  
bank I do not want to be misunderstood.

I have believed and am now more  
more <sup>than ever</sup> convinced ~~than~~ <sup>seen</sup> such of what  
~~it~~ that is proposed as a substitute that  
that an organization covering the whole  
~~with no legal power or purpose, but~~  
the country <sup>to hold reserves</sup> ~~to sustain public~~  
~~and provide credit~~ <sup>cash</sup> is ~~necessary~~  
thin lined ~~is necessary for~~  
as an essential element in any  
comprehensive organization of our  
banking and monetary

What I criticize is the

with powers strictly limited to <sup>issue</sup> ~~note~~ notes  
~~and~~ hold cash reserves.

that instead of the  
organization proposed

In any criticism I <sup>may</sup> make on <sup>the</sup> Federal Board  
as a Governmental central bank I do not  
want to be understood, I have believed  
and am now more firmly convinced <sup>than ever</sup> since I  
have seen what is proposed as a <sup>substitute</sup>  
~~that instead of the central bank, representative for the people of the whole~~  
One national organization covering the whole  
country ~~with branches~~ with ample capital  
and with powers strictly limited to holding cash  
~~reserves to those which all will agree should~~  
should be exercised by such an organization

It is a central organization with  
great powers for ~~control~~ <sup>control</sup> or

The abologists for

a plea of necessity  
or that <sup>changes</sup> conditions had rendered  
them. <sup>rise</sup> numerous of  
exceptional

Section  
22

... which notes shall express upon their face that they are secured by United States bonds, deposited with the treasurer of the United States by the written or engraved signatures of the treasurer and register, and by the imprint of the seal of the treasury; and shall also express upon their face the promise of the association receiving the same to pay on demand, attested by the signatures of the president or vice-president and cashier. ...

Section  
26

That the bonds transferred to and deposited with the treasurer of the United States, as hereinbefore provided, by any banking association for the security of its circulating notes, shall be held exclusively for that purpose...

... Whenever the market or cash value of any bonds deposited with the treasurer of the United States, as aforesaid, shall be reduced below the amount of the circulation issued for the same, the comptroller of the currency is hereby authorized to demand and receive the amount of such depreciation in other United States bonds at cash value, or in money, from the association receiving said bills, to be deposited with the treasurer of the United States as long as such depreciation continues. ...

Section  
31

... Every association in the cities hereinafter named shall, at all times, have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of the aggregate amount of its notes in circulation, and of its deposits.

From Mr. Benton's Speech, in Senate, Jan. 13, 1842

(Cong. Globe, v. 10, p. 65)

*(President Tyler's Edict)*

¶ The report which accompanies this plan is profuse in its recommendations, and in protestations of its safety and excellence; all the phrases of the bank parlor are here rehearsed, and set out to the best advantage, to delight and captivate us. Safe and solid-specie basis- sound and uniform currency- better than gold- convertible at the will of the holder- always good: such are the holiday phrases which accompany the plan, and recommend it to our favor. Why, sir, does the writer of the report not know that this is the very jargon of banking? that it is the cant of Change Alley, Cheapside, Threadneedle, and Wall street? Does he not know that it is the slang upon which every Bank charter is obtained - that it is the old worn out, used up, dead and gone, slang? upon which every red dog, wild cat, owl creek, coon box, and Cairo, swindling shop which has disgraced our country, obtained their charters? and that all these paid specie till they stopped?



Section  
23

And be it further enacted, That after any such association shall have caused its promise to pay such notes on demand to be signed by the president or vice-president and cashier thereof, in such manner as to make them obligatory promissory notes, payable on demand, at its place of business, such association is hereby authorized to issue and circulate the same as money; and the same shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, except for duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations, within the United States, except interest on the public debt, and in redemption of the national currency.

Section  
32

...Each association organized in any of the cities named in the foregoing section shall select, subject to the approval of the comptroller of the currency, an association in the city of New York, at which it will redeem its circulating notes at par.... That nothing in this section shall relieve any association from its liability to redeem its circulating notes at its own counter, at par, in lawful money, on demand.  
....

Conditions  
of reserves  
in de-  
the bill  
by change

The banking systems of these countries consist of joint stock banks of discount and deposit, which do very much the larger part of the commercial business of their respective countries, and of a central bank in each country with adequate capital and resources and important duties and functions. Each country has also a variety of other financial institutions created for special purposes and with special functions. These include, among others, savings banks of several kinds, coöperative banks, and agricultural mortgage banks.

The central organization is, from a national standpoint, the most important element in each of these systems. The assignment of duties and recognized functions to these central banks, whether prescribed by statute or exacted by public opinion, has resulted from a process of evolution covering generations of practical experience. It has not been found possible to secure an effective credit organization in any country without this important factor. For my present purposes of comparison a mere outline of the characteristics and methods of these central institutions is sufficient.



It is conceded that the methods employed <sup>and</sup> the practices adopted in the great countries whose business conditions are analogous to ours should be carefully considered in the construction of any plan ~~for~~ monetary reform for the United States.

The experience of these countries covering centuries of discussion and experiment has shown that the more important <sup>requirements</sup> ~~elements~~ <sup>(2)</sup> ~~for a~~ <sup>satisfactory</sup> solution of ~~monetary~~ banking problems are the same in every commercial country nation.

Most of the problems that confront us have been solved in these countries in a manner which has the <sup>heartly</sup> approval alike of economists, bankers and all classes of people.

posed to change the national banking law, and there is no relief from the rigidity of reserves except through the power of suspension improvidently given to the Federal Reserve Board.

The national banks now hold something over 12% of their net deposits in actual cash. The bill reduces the requirements for cash holdings to about 6%. It is very evident that if 6% is to be accepted by the banks as an adequate basis for their transactions, a large expansion of credit will ensue. If, on the other hand, the 12 1/2% basis is to be maintained it is apparent that, with the withdrawals and restricted use of sums now profitably employed, a considerable contraction would take place. It is much easier to take individual cases for the purpose of comparison of conditions now and after the law goes fully into effect, than to work out a statement of results based upon hypo-

If  
^ the notes can be kept in circulation indefinitely , as I believe

they can, and will be under ordinary circumstances, then there is

no reason why the loans should ever be paid or the currency re-

tired. It is apparent from the organization of the central bank

These systems each have a central  
organization and

The <sup>character of the</sup> organization of these systems is  
familiar

The general plan of organization  
consists of a central bank and <sup>of the</sup> joint

③ stock banks <sup>which transact</sup> a large part  
of the commercial business - is the  
same in all countries

It has not been <sup>found</sup> possible to secure  
the necessary efficiency in any system that did not  
~~any official system~~ <sup>with</sup> a central <sup>include</sup>  
organization ~~which is assigned~~ important  
functions and responsibilities, ~~which are~~  
<sup>limited and defined by law or usage</sup>  
~~and strictly limited in character.~~

~~The United States is required to redeem~~  
~~represent the assets of~~  
banks. The Treasury, under existing law, is required to redeem  
<sup>for the national redemption</sup>  
national bank notes as the agent of the banks, and the Government

takes as security for any failure of the banks to respond, United  
States bonds equal in amount to the total amount of notes issued

~~by the banks. The issues itself being~~ <sup>are</sup> ~~under~~ <sup>strict</sup> governmental super-  
vision, <sup>and</sup> the amount of notes issued can never exceed the limit of  
United States bonds deposited.

The Government, <sup>has</sup> ~~having~~ possession of the bonds, <sup>with</sup> ~~has~~ a right  
to sell them at public or private sale to recoup itself for advan-  
ces made for redemption purposes. In addition, the law requires  
the banks to deposit in the Treasury a redemption fund of 5% of  
<sup>wh</sup> outstanding notes. It was assumed when the act was passed, and  
in all subsequent legislation, that the bonds of the United  
States could be sold either at private or public sale at a price  
<sup>at any time</sup>  
above par ~~of the obligations~~, and this <sup>has</sup> ~~was~~ undoubtedly true <sup>been</sup> ~~until~~  
up to within the last few weeks. The Government also, as the  
holder of national bank notes, would have a paramount lien upon  
all the assets of the bank for further security.

I have also been reminded that the act of 1908 providing for  
the use of emergency currency under certain circumstances, au-

United States Senate,

WASHINGTON, D. C.

Present condition

Just contraction and disturbance and  
indefinite and desprative  
inflation through note issues  
+ reduction requirement

inculcated by

Reduction in <sup>for each</sup> cash reserves

Cash reserves

More in <sup>banks</sup> Central  
reserve city

cripple loan's power of banks  
in reserve city



Note  
issues

To lodge in one man or even in a  
board the power to inflate the currency  
without limit is <sup>a grant</sup> too monstrous  
control business ✓

See amount of reserves

radically. pp. 5 and 6.

It (the constitution) absolutely forbade the States to issue bills of credit, did not give the federal government itself power to do so, and was meant practically to prohibit the use of any currency which was not at least based directly upon gold and silver. p. 46.

Only a great commanding bank, everywhere known, whose notes really and always represented gold could supply paper worth its face value in all places or keep exchanges from chaos.

Such an agency of adjustment and control the Bank of the United States had proved itself to be. It had not only served its purpose as a fiscal agent of the government to the satisfaction of the Treasury, but had also steadied and facilitated every legitimate business transaction and rid the money market of its worst dangers. But many of the men to whom General Jackson was accustomed to listen believed, or affected to believe, that it had done much more: that its power was used to serve a party and to keep men who were no friends of the people or of popular rights in a position to manage and corrupt the whole politics of the nation. p. 47.

General Jackson had said that the Bank of the United States did not give the country a stable currency. The country had an opportunity to see for itself what service it had rendered when

*was in another place*  
*General*

*will*  
*use*



2

*Levi*

Senator Woodbury, in the Senate.

Congressional Globe, Jan. 6, 1842.

No doubt the exchange value of irredeemable bank paper, contrasted with specie, was large---particularly on such a currency as Wild Cat money. But there was no excessive exchange on specie or bank paper truly representing specie. The only real exchange that existed was the cost of transmitting specie. The great fallacy consisted in supposing the paper money of suspended banks of the same value as specie. Specie could be transported from New Orleans to New York for less than two per cent, and the cost of transmission was the only true basis for ascertaining the rate of exchanges. # # #

*But* ~~If~~ *there* it was a great panic the whole of the specie would be taken, and nothing left to redeem the ten millions outstanding. This Exchequer Institution would then be as complete a rag paper bank as any ever established on Owl Creek, or elsewhere. There was no fancy in this; it was all fact: it would have been the effect reiterated half a dozen times within the last half dozen years, if this plan had been in existence as a Government institution? p.98.

*Fryer*

*Robert J.*

Senator Walker, in the Senate, Jan. 11, 1842.

He would not vote for any Bank, or Government circulation, that was not based, dollar for dollar, on specie. p.116.

Change

Q

Contest for Sound Money, Hepburn.

Page 415.

A general review of the monetary history of the entire period of our national existence shows that each generation had to learn for itself and at its own expense the evils of unsound money. The costly experiences of the preceding generation were generally forgotten, and legislators, following rather than leading the people, failed to correct the evils except after long and disastrous delays. So intolerable were the conditions at times that only the unlimited recuperative powers of our rapidly developing and expanding country prevented the overthrow of that standard of value and honor which is recognized by the world as highest and best.

The problem of furnishing a sound and stable medium for a country of such large area, of such diverse interests, developing at an unprecedented rate, presents unusual difficulties, and no precedent is furnished by any other country with kindred conditions and analagous experience. Principles remain the same, however, and the obstacles could have been overcome and all questions properly solved had not political ambitions and party advantage exercised such a controlling influence. The questions confronting us today are in many respects the same that have existed throughout our history, namely, the establishment of a coinage and currency system which will assure stability as to metallic money, security and flexibility to paper currency, etc.

And, finally, because it is right in itself that we should take up the old continentals before we begin to make new ones. For these, and other reasons, I am bold to declare that if we must have a Congress paper-money, I prefer the paper of the Congress of 1776 to that of 1842.

Sir, the Senate must pardon me. It is not my custom to speak irreverently of official matters; but there are some things too light for argument---too grave for ridicule---and which it is difficult to treat in a becoming manner. This cabinet plan of a Federal Exchequer is one of those subjects; and to its strange and novel character, part tragic and part farcical, must be attributed my more than usually defective mode of speaking. I plead the subject itself for the imperfection of my mode of treating it.

said board of exchequer and each of its several agencies at all times so to limit the amount of certificates so issued that its gold and silver on hand shall be equal to the amount thereof outstanding. p.408.

precise plan  
Identical movements  
to procedure for issue  
Govt notes & establishment  
of Gov Co. Inc. two men  
in identical terms

is quite likely  
If the change in requirements  
for cash reserves means  
that the credit structure of the U.S.  
is hereafter to rest  
at 6% basis instead of 12% <sup>as now</sup> it means  
a contraction of - on the  
other hand it is to remain on 12%  
it means contraction by taking  
large sums from the channels of trade  
and locking them up in reserve banks

use

dangerous policy

of transferring

Govt deposits

from one section to

another

Glass

9

of government in the use of credit  
instruments - ~~have~~ necessarily <sup>①</sup> ~~to~~ <sup>②</sup> ~~to~~ <sup>③</sup> ~~to~~ <sup>of principles of fact</sup> ~~but~~ <sup>require</sup> ~~has~~ <sup>propagated</sup> ~~has~~ <sup>legislation</sup>  
differences in application <sup>fully</sup> ~~all~~ <sup>been</sup> ~~recognized~~ <sup>in</sup> ~~the~~ <sup>of</sup> ~~these~~ <sup>different</sup> ~~countries~~

Notes  
No retirement  
of contraction  
of notes  
Constant  
inflation

There will be no retirement of note  
as the notes in the collateral become due  
other notes will be deposited in the  
place on the loan & possession  
of the by goes on forever



Mr Jefferson was of the opinion  
that the control of <sup>note issues</sup> ~~over currency~~ was  
lodged in the States and he  
~~advocated getting the consent of~~  
~~was in fact~~ suggested that an  
attempt should be made  
to secure the consent of the  
States to transfer the power to  
the General Government

No credit will  
attach to any coin  
or admiral  
unless legislation  
shall provide  
reflective

ON BOARD "ALVINA"

Doc 1/2 It is certain that  
No credit will attach to any  
Congress or administration  
unless the legislation shall  
prove wise ~~is~~<sup>and</sup> effective

WBE

They could not discount on  
Gold deposits as it is the  
~~from announced~~ policy of the promoters  
of the scheme to move these about  
from place to place  
~~announced in them~~

Chap 12

~~Nothing could be more repugnant to  
the fundamental principles of  
popular government Nothing  
no instrumentality could be  
further removed from popular  
control~~

~~It may be said that the President  
would be sure to appoint good men  
who would wisely discharge their  
duties but grant this~~

The Commission at the outset of  
their examination of the question which  
they determined to make as comprehensive  
as possible decided to first take  
up

<sup>Principles</sup>  
Essential feature common to all  
and which must furnish the basis  
of action here

- 1 - Concentration of reserves -
- 2 - establishment of a discount market
- 3 - <sup>control</sup> redemptive paper to create reserves
- 4 - Deposits in central institutions  
create reserve

account of the unintelligent declarations of a party platform.

The bill can be made strong and efficacious by a few important changes which I venture to suggest. Assuming, ~~as I think we must,~~ ~~there can be no measure-~~ I venture to assume that any plan for banking reform in the United States in order to be successful must include provisions for an organization or association which shall embrace the whole country, with a capital and resources that will contain universal confidence, a certain portion of its capital might be assigned to branches in districts for discount purposes. It is immaterial by what name this organization should be called. It should be under the joint control of the government and its shareholders. Its management should be given to men with expert knowledge and with a tenure of service which would make them independent of political or local banking influences.



It might borrow an amount which would be equal or greater than the amount of its deposits in the reserve bank ,if it should be desirable to increase its loaning power. It must be evident, however, that if all the banks should borrow from the reserve bank of any district to its full capacity, the reserves of the national banks would be invested in commercial paper and not available for use for reserve purposes at any time. It might happen and probably would happen that the bank which should not avail itself of the opportunity would find itself in this condition;(1); This bank could not withdraw its deposits for any

The most important difference in the two plans proposed is found in their treatment of note issues. The Commission plan authorizes the National Reserve Association to issue its own notes, which must be always convertible into lawful money on demand, convertibility and safety being secured by a reserve of not less than 50% of its total liabilities, by limitations, and by a system of taxation, removing practically any possibility of failure or suspension. The Reserve Association is required to purchase the bonds of national banks and to relieve the Government from its responsibility for the redemption of ourstanding bank notes. All the efficient safeguards which the experiences of other commercial nations have found to be necessary to insure prompt redemption and ultimate security are provided by the terms of the Commission plan. The bill authorizes the issue of United

2

~~Close~~

refusals

One team carries out the  
theory of self government

~~the other~~ Refusal  
is based on the  
belief <sup>theory</sup> that self govt is a

failure ~~and that~~

Monarchy

✓ Taxation and government  
without representation

Important

Extracts from A History of the American People, by  
Woodrow Wilson.  
Volume IV.

*Jackson*

Mr. Jefferson, indeed, expressed the greatest alarm "at the prospect of seeing General Jackson President." "He is," he said, "one of the most unfit men I know of for the place. He has had very little respect for laws or constitutions, and is, in fact, an able military chief. His passions are terrible. He has been much tried since I knew him, but he is a dangerous man." And had Mr. Jefferson lived to witness the result, he would hardly have altered his judgment. He had stood, for all he was so full of democratic doctrine, for conservative ways of political growth. General Jackson stood, it turned out, for personal government, party proscriptions, and the self-willed choices of personal power. p. 3.

Everywhere it was proclaimed that the people had come into possession of the government; that the domination of professional statesmen and politicians had been thrown off; that the rank and file were victors, and that to the victors belonged "the spoils of the enemy".

That was unquestionable General Jackson's creed. Men who understood him could play upon him. He had allowed ill-informed men who believed it, and designing men who pretended to believe it, to persuade him that the government had not only been monopolized but also captured by the politicians and statesmen who had hitherto controlled it; and he meant to purify it very

its check was withdrawn. It was no sooner discredited than the old inflation of bank issues came again, with wider range and play of force than ever. The "pet banks", as they were promptly dubbed, to which the deposits of the government had been transferred, were selected upon party principles,---were one and all "Democratic" banks in the South and West, whose directors were of the President's party. Their number was fixed by no law or principle, and began from the outset to be added to from time to time, as this, that, or the other influence of interest or persuasion obtained the patronage of the government for banks not at first favored with a place on the list. pp. 57 and 58. use

The imperious old man must have looked back with not a little satisfaction upon the long series of personal triumphs he had won, against trained statesmen and old parties intrenched against him. # # # He moved straight and openly upon every object he desired, and his very directness seemed to add dignity and scope to the government over which he presided. He had created a party and put subtle revolution into affairs by sheer force of individual quality, and left his great place and office before either he or the men who loved and followed him were aware what mischief he had unwittingly done,---how the whole framework of settled politics had been shaken and loosened at every joint by his wilful supremacy. pp. 61 and 62. use

In defense of the grants of power by Congress to the Federal Reserve Board, it is asserted that similar powers are conferred upon the secretary of the treasury and the comptroller of the currency by existing law, and that the organization of the Interstate Commerce Commission and its power are analogous to those conferred by the bill on the Federal Board. The powers given to the secretary of the treasury and the comptroller of the currency are with reference to the operations of the Treasury itself, or in connection with the issue of national bank notes or the provisions of national banking law. It is not only the unquestioned right but the duty of Congress to supervise the issue and fix the condition under which national bank notes can be used as currency. It has properly adopted legislation to insure the safe and wise business management of banking institutions of its own creation, but in all these cases, Congress has by law established the rules and imposed



the conditions, and has left their enforcement to executive  
*and has not undertaken to manage banks*  
 officials. In the case of the power given the secretary of the  
 treasury to decide whether the public interest demanded an issue  
 of national bank notes in emergencies cited as a precedent for  
*It should be remembered that*  
 the grants to the central board, all the conditions under which  
 national bank notes could be issued in emergencies were clearly  
 defined by Congress itself, and <sup>that</sup> the secretary of the treasury was *only*  
 to ascertain whether the public interests at the time required the  
 the issue.

I am not sure whether the friends of the measure mean to  
 assert that the power of Congress over the business of banking is  
 co-extensive with the plenary power of Congress over interstate  
 commerce. The Interstate Commerce Commission <sup>has</sup> been given  
 power, by progressive legislation, to decide upon the reasonable-  
 ness of rates, to declare what in <sup>its</sup> ~~their~~ opinion is a reasonable



rate in any particular case, to establish methods of accounting,

to determine the character of reports, to make investigations

to ascertain the value of railroad properties and other similar

powers, but <sup>it has</sup> they have not as yet, in any case, been given actual

management of railroad properties nor <sup>has any attempt been</sup> been granted any of the

<sup>made to confer upon the Commission</sup> legislative powers ~~conferred upon the Board by the bill,~~ to be

exercised at <sup>the</sup> their discretion. The Interstate Commerce Commission

is ~~very~~ differently constituted from the proposed Board, -it has

no ex-officio members, the appointments are made for seven years,

and neither in <sup>its</sup> composition nor its authorized functions, does it

furnish any precedent for the creation of the Federal Reserve

Board.

The Federal Reserve Banks, by section 4,

are given all the powers and privileges of national banks, ex-

cept so far as the same might be limited by the provisions of the

bill ~~under consideration~~. Shareholders in national banks, by the

provisions of existing law, are liable for debts and obligations

of the banks to an amount equal to the amount of their stock.

*holdings of Capital*

It is uncertain whether the authors of the bill intended that this

additional liability should <sup>also</sup> apply to shareholders in the Federal

Reserve banks. As it stands there is no exemption provided ~~for~~,

and it seems <sup>that</sup> ~~as though~~ the subscribing banks <sup>might need</sup> would establish a lia-

bility equal to 40% of their capital stock by becoming share-

holders in the Federal Reserve Banks.

from depositors  
in response to demand  
not a movement in favor  
of deposits

adopted by a party  
in favor of a guarantee  
looks like an effort  
to destroy confidence

6 to 8  
12 to 9  
25 to 7

to compensate  
the Bk. for  
being obliged  
to lock up in cash  
& deposits in  
reserve banks  
Nevada & Calif,  
Nevada City  
for loss of deposits

~~Mark No Stockholders  
Interests of Million Stockholders  
& depositors~~

~~No Depositors alone greater than the  
no. of persons in the U.S.  
engaged in use occupations~~

~~Fast number of borrowers  
Com. ind<sup>ustry</sup> ag<sup>ric</sup> + Com  
Development prospects dependent~~

~~defect  
Mobilizing for the protection of all  
No means of replenishing Reserves  
when they fall below the legal limit~~

~~Scratch  
begins fear - impairs confidence  
Creates panic~~

~~ant gained by one institution  
or section lost by another~~

use

In considering the leg proposed by the  
Canaan Bill

A

The magnitude of question.

and interests involved

anti-capital & resources  
growth

importance of growth prospects  
necessary for + development

satisfactory conditions in normal times

Greater demand for the character of man  
period of depression.

Recurring crises feared

and their consequences

Paul Warde  
Prof. of Econ.  
at Finance Hill  
State

2

B

Defects disclosed by these  
times of seasonal demands

C

creation of defects, admitted  
by all students and  
practical men

What they are

- ①
- ②
- ③
- ④



Financial Questions--Money Juggling.

Even the Filipinos, whom our rot-stuffed chumps have been led to think are unfit for self government, if they were situated as either class of the chumps above mentioned, would they not have the little sense necessary to get an inkling of the truth that cheaper money--not higher prices--is the cause of its taking for the purchase of necessities (ninety per cent of which are much more plentiful per capita than they ever were before, and therefore much cheaper than formerly) fully fifty per cent more money than formerly? Of course, to neither class of chumps--nor to anybody else--do old, fixed, money obligations call for more dollars than formerly. So the chumps--and others--who are getting no more money than formerly, are losing nothing in paying these obligations; while the chumps--and others--who are receiving more money than formerly, are really getting "prosperity"--as far as these payments are concerned. But how about the victims who are obliged to accept the cheap money, dollar for dollar, in payment of obligations contracted prior to the course of crazy inflation?

9th--Would it not be well for the inflaters--Republicans especially--to look up and read William McKinley's financial speech about the fleecing effect of cheapening the money by inflation? That speech was written twelve years ago, just prior to the presidential election, and was published in all the Republican and Democrat-republican papers of the country. It was written for the especial purpose (so McKinley claimed) of showing how inflation--whether brought about by free silver coinage or otherwise--would fleece the pensioners, the holders of life-insurance policies, and the savings-bank depositors; and the wage earners too, whose wages would not be raised to make up for the cheapness of the dollars they would receive under inflation.

After shedding crocodile tears over what would happen to the poor pensioners, and to other creditors, if the dollars should get cheapened under a Bryan administration--after all their tears and pitiful pleas, the opponents of inflation, themselves, commenced to inflate the money soon after the election of McKinley; and they have kept on inflating it ever since. Thus, knowingly and intentionally, they have been doing what they themselves--prior to McKinley's election--were claiming would be one of the most nefarious things a "great and glorious nation" could possibly do; and they have been doing it with no more sign of compunction, and with no greater manifestation of sympathy for their victims of cheap money, than is shown by the rattlesnake for the victims of its venomous fangs.

10th--As it naturally follows that the purchasing power of the dollar depreciates to correspond with the degree or amount of inflation, so it also follows that--while it does not require any more of the depreciated dollars to pay old debts--it requires a greater number for the purchase and the handling of merchandise. How, then, are the money stringencies to be remedied, or be warded off, by issuing the proposed elastic currency? Is it not evident that such financiering will further inflate and depreciate the already over-inflated and depreciated money? and to such an extent that all the money will have so cheapened in purchasing power as to require such a greater number of the cheaper dollars to purchase and handle any given amount of merchandise, that the money stringencies will occur just the same as before?

11th--What decent country on the face of the earth--especially in time of peace--has been guilty of upsetting the purchasing power of its money; first inflating it by the issue of millions of rag money, then contracting it by withdrawing the same from circulation?--by the former course over-encouraging and stimulating importations, the manufacturing of goods, the raising of crops, speculation and gambling, and causing a merciless fleecing of all who have fixed sums due them in dollars; by the latter course blocking the wheels of business, and fleecing those who have fixed sums to pay in dollars?

[Continued on page 3]

# Germany

CB.

Policy of the bank about note issues  
in excess of cover ✓

notes issued<sup>5%</sup>

When made  
cause of increasing frequency + larger amounts ✓

character of bills of exchange taken that  
may be used as a basis ✓  
are all uncovered issues required to  
have 1/3 in coins and 2/3 in bills

CB

taken at Bank ✓

percentage in hands of people  
banks

total circulation  
90% silver notes ✓

~~So the banks desire note issue not profitable~~  
for banks  
what is public sentiment in

CB

the regard  
what is sentiment in  
business and banking circles

What steps are taken to protect gold reserves

Bank Statements

do not show acceptances



more. The House committee assigned the amount of paper which would be available for rediscount as the bill now stands at about \$6,000,000. As the right to fix the character of loans available for rediscount is given to the Central Reserve Board, this amount is liable to be increased largely in any event, whether the amount available is 6,000,000 or 16,000,000, when we consider that we have at present but 3,000,000 of currency of all kinds, I think it is safe to describe the power given to

I look forward to the time, as the result of our labors,

*clearing*

when bills drawn upon Chicago or New York and accepted by your



leading banks or merchants, shall have equal value and currency

in the markets of the world with sterling bills drawn upon London.

*Central banks*

Different classes of banks in different countries  
compare East with West

*clearing*

Compare relative growth state and national institutions  
and look for reasons

*desirability of securing uniformity*

We sought information upon all important phases of the monetary question from

the paucity of information

the field has been or will be fully covered.

*Central banks*

3 countries Com leading  
5 " who have adopted new or modified system

*Size of Country  
L.B.*

removal by the Board without notice, and reports to it. His salary is fixed by the Federal Reserve Board but paid by the Federal Reserve bank. The branch offices of the Federal Reserve banks are authorized and fixed and under the management of an agent of the Federal Reserve Board. The number of branch offices in the United States under the bill, if all the national banks should become members, might be four hundred. The districts in which Federal Reserve banks are to be located are determined and may be changed and rearranged and new districts created by the Federal Reserve Board.

The Board is authorized, through its agent, to classify the banks in each district for voting purposes.

the conduct of business of such savings departments. It may make and publish, at its discretion, lists of securities, papers, bonds, and other forms of investments, which the savings departments of national banks are permitted to buy, and it need not be uniform throughout the United States and shall be adapted to the business conditions of different sections of the country.

It has the power to authorize national banks to establish branches in foreign countries, and to fix the terms and conditions under which the business of such branches shall be transacted. The Board may, in its discretion, reject any application for the establishment of such branches.

**It is authorized to make regulations with re-**

It is authorized to exempt the savings department of national banks from any and every restriction upon classes and kinds of business laid down in the national banking act. It may, within one year, prepare and publish rules for

banks to deposit in the Treasury of the United States a sum equal to 5% of the Federal Reserve notes which may be issued to them. It is authorized to make and promulgate the transfer of notes at par among the Federal Reserve banks, and may, at its discretion, exercise the powers of a clearing house for such banks, or may designate a Federal Reserve bank to exercise these functions. It may also require each such bank to exercise the functions of a clearing house for its shareholding members.



or State banks who are shareholders in the Federal Reserve bank, and the reserve requirements of the Federal Reserve banks, excepting reserve requirements which are made with reference to Federal Reserve notes. It is authorized to tax Federal Reserve banks, national banks, and State banks, who are members, upon the amounts by which the reserve requirements of the act may be permitted to fall below the specified level.

It is given the power to add to the number of cities classified as reserve or central reserve cities under existing law, to reclassify reserve or central reserve cities, and to designate the banks therein situated as country banks at its discretion. In other words, it may require one bank in the city of New York to hold twelve or fifteen per cent reserves and another twenty or twenty-five per cent, or it may suspend the

*W.S.*

whole or a portion of the reserves required from any of these.

It is authorized to suspend the officials of Reserve banks and to require the removal of said officials if incompetent, etc.

It may suspend, for cause relating to violation of any of the provisions of the bill, the operations of any Federal Reserve bank and appoint a receiver therefor. It is authorized to determine each week, or as much oftener as required, the rate of discount to be charged ~~to~~ by each Federal Reserve bank for each class of paper as fixed by the Board, and there is no requirement for any uniformity of rates, either as between districts or for the same class of paper. It is authorized to apportion the Government notes among the Federal banks, and to fix the rate of interest which shall be paid by the banks to the United States. It may, at its discretion, require any of the Federal Reserve

The desire to promote selfish interests is quite as active and controlling in corporations as in individuals and when we consider that a Federal Reserve Bank <sup>may</sup> can borrow money from the Federal Reserve Board , paying 1/2 of 1 per cent per annum for it, and can loan 2/3 of the amount for say from four to six per cent , this fact , rather than the public interest, is quite likely to control their <sup>the object</sup> applications for loans. The

~~security which they are required to give is in commercial paper~~

~~deposited by the Reserve bank with the Chairman of their board of directors~~

~~which they can change at any time. This paper is deposited with~~

and of the regional bank that if the Board in control of the former should believe that there was a legitimate demand for more money that their agent, the management of the Federal Reserve banks would see to it that the necessary applications were made. It is further claimed that even if applications should be made and there were a disposition on the part of the Central Bank to grant them that there would be a practical limitation, growing out of the fact that the amount of the commercial paper that a Federal Reserve bank might have was necessarily limited. To this it can be answered, that there is no limitation in the bill of the amount of commercial paper which a Federal Reserve bank may rediscount. The loans and discounts of all the banks in the United States amount in round numbers to \$15,000,000. The securities held by banks which could be used as a bureau for authorizing paper are about 5,000,000

9. The greenback

(36)

f-9

Secure

sentiment in both parties was strong enough to lead to the pas-

age in 18-?

in circulation

sage of the act increasing the limit of United States notes from

382 to 400 millions, and the veto of this measure by General

and only

prior to 1913

Grant was an effective check to the first post-bellum attempt at

to

through

inflation by the increased use of Government money.

While the opponents of resumption and the friends of further inflation and of the free coinage of silver included members of both political parties, they were not strong enough in the early stages to induce either of the great parties to openly espouse their cause in national platforms. ~~It is true that the democratic platform of 1868 contained a clause advocating the payment of Government bonds in United States notes.~~ The democratic plat-

~~form~~ <sup>form</sup> of 1872 was emphatic in its pronouncement for

in favor of a return to specie payments and a transference of the public credit and denounced repudiation in every form and guise

quote

10.

(37)

f-10

The friends of inflation ~~for~~

The failure to secure the <sup>formal</sup> support of either of the great  
^ ^

parties to their peculiar views on monetary questions led to

the formation, successively, of the greenback ~~and~~ people's <sup>and</sup> ~~or~~

populist parties.

§ 40 follows

Its authors adopted suggestions  
from every quarter





Wicker

No reserve cities No districts not less than 12 no maximum

All national banks must subscribe 20% of Capital.

Any number of branches not exceeding one for  $\$2,500,000$  of Capital or <sup>maybe</sup> one for  $2,500,000$  of bank Capital or

Given by Sec. 5136 general banking powers of discount & deposit

✓ Comptroller of the Currency no longer independent officer but placed under the direction of the Secretary as Chairman of the Reserve Board

Each of these countries <sup>Japan Sweden & Switzerland</sup> have one central bank <sup>have recently adopted the system</sup> with ample capital and resources whose <sup>in a relation to the public and to other banks</sup> functions (not always ~~created~~ <sup>regulated</sup> by law) are well understood. They <sup>in all cases</sup> are fiscal agents of the Government & under obligations <sup>express or implied</sup> to sustain public and private credit. They

By <sup>raising</sup> ~~changing~~ the discount rate they <sup>are able to</sup> ~~control~~ the supply and the <sup>in cooperation with the other banks</sup> ~~use~~ <sup>and to check</sup> tendencies to over expansion of credit. Through their branches they

<sup>in any country</sup>  
 In case of threatened or real trouble the central bank <sup>no man's own</sup> increases its gold supply and reserves by means which <sup>as I have referred</sup> are usually done with <sup>the support and cooperation of the other great banks.</sup> ~~the support and cooperation of the other great banks.~~ <sup>All credit institutions are expected to</sup> ~~see~~ <sup>see</sup> All credit institutions adopt the <sup>policy of simultaneous strengthening of reserves and liberal extensions of credit and</sup> ~~policy of simultaneous strengthening of reserves and liberal extensions of credit and~~ to all deserving borrowers

European banking systems  
as they exist including  
central banks

Note issue

The ~~main~~ policy confining note  
iss to one central with  
<sup>well understood</sup>  
under terms

Central  
banks

has the approval of Economists  
Statesman bankers business men  
and the people

Switzerland  
Referendum

Belgium Socialists

Recent German  
examination  
all classes  
approved

1 The concentration of reserves  
with ample power to control  
movements of gold and its  
mon supply



2 Authority to grant rediscount  
of standard paper

3 To fix rate of discount for  
what purpose  
- to draw gold / to replenish its  
own reserves  
& those of banks  
Control movements

Sound a warning  
to prevent overexpansion

Rate of England a barometer

Rate shows it to be uniform

They have different characteristics  
in

① Aside from  
~~Outside of~~ the United States ~~they~~  
have in all the Commercial Nations,  
have adopted Monetary & Banking  
institutions and methods  
which if properly ~~applied~~ <sup>adjusted and applied</sup> to conditions  
of ~~different nations~~ <sup>and applied to conditions</sup> which would ~~remedy~~ <sup>remedy</sup> all  
of the defects ~~in~~ <sup>of</sup> ~~our~~ <sup>our</sup> system I have  
referred to ~~in~~ <sup>in</sup> ~~our~~ <sup>our</sup> system.

Sound economic principles and  
wise methods of administration are  
not affected by geographical limitations.

It is of course true that differences  
in ~~customs~~ <sup>customs</sup> & ~~habits~~ <sup>habits</sup> in ~~our~~ <sup>our</sup> ~~country~~ <sup>country</sup> are ~~not~~ <sup>of</sup> ~~consequence~~ <sup>consequence</sup> ~~in~~ <sup>in</sup> ~~our~~ <sup>our</sup> ~~system~~ <sup>system</sup> ~~of~~ <sup>of</sup> ~~general~~ <sup>general</sup> ~~principles~~ <sup>principles</sup> ~~of~~ <sup>of</sup> ~~administration~~ <sup>administration</sup> ~~are~~ <sup>are</sup> ~~not~~ <sup>not</sup> ~~affected~~ <sup>affected</sup> ~~in~~ <sup>in</sup> ~~our~~ <sup>our</sup> ~~system~~ <sup>system</sup>.

Use  
close

It is a source of satisfaction to every  
philosophic student of history to  
know that ~~there~~ <sup>what</sup> have been times in the

close history of every nation when <sup>an</sup> ~~idea~~ <sup>idea</sup> ~~has~~ <sup>has</sup> ~~been~~ <sup>been</sup> ~~the~~ <sup>the</sup> ~~only~~ <sup>only</sup> ~~replies~~ <sup>replies</sup> ~~to~~ <sup>to</sup>  
matter the voice of those claiming the  
alone had potency ~~that~~ <sup>wealth</sup> ~~can~~ <sup>can</sup> ~~be~~ <sup>be</sup> ~~created~~ <sup>created</sup>  
by legislation

and that pieces  
of paper  
but there has been a stern sooner  
or later to sanity

immutability of the laws  
which govern but the experiments with  
false doctrines

have proven very expensive  
to the great mass  
of people only to ~~speculators~~  
speculators

2

dot

State Socialism  
new departure in our  
form of government  
Taxation without representation



Important  
Compulsory  
Private business  
in open market

Fisher

Q

Mr. Cushing's Currency Report to the House.  
Niles' National Register, February 26, 1842.

Use

4. That it is no part of the proper business of the federal government to carry on (directly or indirectly) the business of discounting notes or bills, or otherwise lending money, or to furnish funds to be so lent. p.407.

3. It makes and can make no excessive issues, and cannot suspend cash payments. For every paper eagle on the wing, it has a gold eagle in hand. p.407.

Be it enacted, etc., That there shall be, and hereby is created and established in the treasury department at the seat of government of the United States, a board to be called the Exchequer Board of the United States, to be composed of the secretary of the treasury for the time being, and the treasurer of the United States for the time being, and one commissioner, to be appointed by the president of the United States, with the advice and consent of the senate; the said commissioner to be appointed for four years; and neither he nor the treasurer of the United States shall be removed from office, except for physical disability, incompetency, or neglect or violation of duty; and, in case of any such removal, it shall be the duty of the president to lay the reasons thereof before the senate; and the said commissioner shall receive a salary of three thousand dollars; and the secretary of the treasury shall preside over the board.

Sec. 6. # # # And it shall be the duty of the

but they cannot do the things  
which experience has shown to  
be necessary

Make much closer  
connection between things that  
experience has shown could  
be accomplished through a  
strong central organization  
which commanded the  
confidence of all the people  
in Europe and I firmly  
believe to be successfully  
except through one  
organization covering the  
continent

They can suspend laws exact laws  
exercise important & I L. for  
Small trusts  
operation

Discrimination against  
these against sections  
in favor of other sections