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Buffalo, N.Y.

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Editor of the Basis:

Why do you advocate an interest bearing currency when a bank currency, the Baltimore plan for instance, would not cost the government anything? So far you have not claimed that yours is the better: you have claimed only that the government can maintain a sound currency.

What do you think of the Eureka plan? It is as follows: displace the present government currency with a currency redeemable in gold (or in silver bullion at its gold value) on demand; have a gold reserve equal to one fifth of the government currency outstanding; and authorize and direct the Secretary of the Treasury

to issue bonds to replenish the reserve when it is depleted. It also provides for a bank currency.

The power of bond issue would create so much confidence in the system that the use of it would not be necessary. As it is now, the secretary has questionable authority for its use, and uses it as he or the president sees fit. There was no difficulty in redeeming the currency before the revenue became less than the expenses, and there would be less currency redeemed under the Eureka plan because of the greater confidence in it. Unless the revenue was very much less than the expenses, it would never be necessary to issue bonds. Even now the gold reserve is increasing while the deficit is also increasing. You think that currency redeemable on demand is not safe because the treasury can be cornered. When

was there an attempt to corner the treasury, and what object would a person have in cornering it either under the present system or under the Eureka plan?

According to your plan for silver banks, the value of the notes that a bank could issue cannot be any more than the money it pays for the silver. What inducements then has a bank to issue notes under your plan?

The Eureka plan provides for a new system of National banks. They are to have the privilege of issuing notes up to seventy five per cent. of their unimpeded capital, subject to a tax of about five per cent per annum. This will practically prohibit bank circulation in time of commercial prosperity. The existing system of inspection is to continue, and the government is to guarantee the redemption of the notes. If this privilege of

issue would not induce banks to become national banks, then national banks could issue a limited number of notes subject to a tax to defray the expenses of the system of inspection and redeem the notes of failed banks. This system would allow an incredible expansion of the currency in a commercial crisis, and yet it would be perfectly sound.

Please tell the readers of the Basis about this plan and give them your opinion of it.

Yours truly,  
Quijzer.

I am the first one who bought a copy of the Basis.

Yours very truly  
J. H. Woods.

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Not for publication