

**SHORT ESSAYS ON
A GOLD NOTE
CURRENCY**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649295869

Short essays on a gold note currency by Robert Malcolm

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Cover @ 2017

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ROBERT MALCOLM

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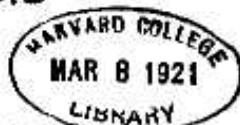
SHORT ESSAYS
OR
A GOLD NOTE CURRENCY.

NEW YORK:

PUBLISHED FOR THE AUTHOR
BY
R. BRINKERHOOP, 103 FULTON STREET.

1858.

Econ 4618.58.5



Walcott fund

Keznan according to Act of Congress, in the year 1858, by

ROBERT MALCOLM,

In the Clerk's Office of the District Court of the United States for the Southern
District of New York.

HOSFORD & CO.,
STATIONERS AND PRINTERS,
87 & 89 William St., N. Y.

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TO THE READER.

THESE Essays were published, during the years 1857 and 1858, in the *New York Journal of Commerce*, and the *New York Commercial Advertiser*, and they are now presented to the public in a shape which will enable every thinking mind to form an intelligent opinion of that description of money, designated by the term, "Gold Note Currency."

If there be in these Essays any principle of truth—if the Currency here proposed be calculated to add new energy and force to the benign operations of our excellent system of government—if the Gold Note Currency will tend to secure, in the manner provided by our free institutions, a more equitable measure of value—if it will assist in the more general diffusion, among all classes, of those blessings with which Divine Providence is so bountifully and so constantly favoring our happy country—then the suggestions here made will find a ready response in the hearts of the people.

If, on the contrary, the views here presented are false in principle, or likely to prove injurious in practice—if the establishment of the GOLD NOTE CURRENCY would tend to embarrass, or defeat, those salutary influences which the founders of the Republic intended should accompany the wise administration of our Government—if the GOLD NOTE CURRENCY would tend to interfere with the happiness and the welfare of the people, in all their business and social relations—then this effort will and should fail to meet with any countenance or support.

But the writer cherishes a hope that the people will find in the GOLD NOTE CURRENCY, something suited to their pressing wants, something calculated to confer upon them great and lasting benefits—something founded upon the eternal principle of TRUTH.

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These Essays first appeared under the signature of "J." and the writer continues to withhold his name, in order that criticism and discussion may be freed from all personal considerations. J.

ESSAY I.

1. CONSTITUTIONAL MONEY, THE COLONIAL CURRENCIES, FAILURE OF THE LATTER, IMPORTANCE OF THE FORMER. — 2. EVILS OF AN UNLIMITED PAPER CURRENCY, PRACTICAL EXPERIENCE OF ITS OPERATIONS, DISTRUST CREATED BY IT, SELF-DESTRUCTIVE TENDENCY OF THE SYSTEM. — 3. DUTY AND POWER OF THE GENERAL GOVERNMENT, PROVISIONS OF THE CONSTITUTION. — 4. A REFORM PRACTICABLE, THE PRESENT TIME FAVORABLE, VIEWS OF THE PEOPLE, THEIR PREFERENCE FOR A RELIABLE CURRENCY. — 5. GOLD IN THE HANDS OF THE PEOPLE, PROPOSED ISSUE OF GOLD NOTES, A CONSTITUTIONAL PLAN SUGGESTED. — 6. IS THE PLAN FEASIBLE? HOW IT MAY BE CARRIED OUT, THE UNITED STATES TREASURY SYSTEM OFFERS EVERY FACILITY, SUFFICIENCY OF THE SUPPLY OF GOLD. — 7. VIEWS OF BANKING, WHAT A SOUND PAPER CURRENCY IS, HIGHEST AUTHORITIES AGREE, INFLUENCE OF A SOUND CURRENCY, THE GOLD NOTES A NATIONAL CURRENCY.

[Originally published, December 15, 1857.]

1. It is conceded that the only money recognized, or sanctioned, by the Constitution, is that composed of the precious metals. This principle was incorporated in our great national Charter, by the fathers of the Republic, who were intimately acquainted with the manifold evils of an inconvertible paper currency, such as had prevailed under various forms and names, in the Colonies and in the Confederacy, for more than a hundred years. The wisdom of this principle had been demonstrated by an experience which, extending through that long period of time, had embraced public and private, corporate and colonial, and individual as well as government bills of credit, issued and circulated under the direct or indirect sanction of the

separate Colonies, or of the Confederacy. All these forms of paper money had proved delusive and unsatisfactory, and disastrous as a measure of value. They had all been tried, and by common consent they were all thrown aside in founding the Republic upon a sure and steady basis; and subsequent experience, covering a period of nearly three quarters of a century, has only confirmed the truth of the views of currency or money which prevailed among the framers of the Constitution. No other money than that recognised by the Constitution, can be relied upon to preserve uniformity in the standard of value and permanency in all the business operations of the people. Nor is it possible to establish any other foundation for a currency than gold and silver; for in the present well known views of the people on this absorbing topic, no amendment or alteration of the Constitution, having that object in view, could be adopted. It follows, therefore, that we must confine ourselves strictly to the letter and the spirit of the Constitution, taking them as our sole guide in all Congressional legislation bearing upon the question of money, of currency, or a measure of value.

2. The evils of an unlimited irredeemable paper currency are self-evident. Its increase produces an artificial rise in prices, wild speculation, reckless extravagance, and when the re-action comes, depression and disaster spread havoc throughout all the departments of business and all the occupations of the people. Banking is now open, in several States, to universal competition. Any man, or a few men, possessing a certain amount of capital, can manufacture and circulate *money*. That power to create *money*, or to

furnish a currency, which the Constitution delegates to the General Government alone, is thus thrown open. True, it is regulated; but the basis of state credit, which forms a large part of the security for such money in some places, is not the only basis. Other paper credits are admitted as the foundation of this description of money. We have, or have had, a paper money built upon paper credits, the latter inflated and increased in volume by the circulation of the former, each re-acting upon the other, and both inflating prices. We have had superstructures of paper money, constructed upon foundations of paper, without regard to the laws of finance, or the dictates of common sense. We see the natural results of this system, in violent and disastrous fluctuations in prices, revulsions in trade, and depressions in commerce, with reverses in almost every department of human occupation, under which even a great people, pre-eminent in enterprise and industry, with recuperative energies such as no people of any nation ever exhibited before, are periodically hurled into distress, their progressive development interrupted, hopes blasted and energies paralyzed. There is scarcely a city, village, town, or hamlet in any state, which permits unlimited banking, that has not suffered heavy losses by the failure of some unsound bank; and almost every man engaged in business or industrial pursuits, has had thrown upon his hands more or less currency or bank notes, from which he never expects to realize one cent on the dollar.

So general is the distrust created by this state of things, that a vast amount of the precious metals, exceeding two hundred millions of dollars, has been