BRYAN SCORES DINGLEY.

Tells the Journal That the Tariff Framer's Theory Does not Explain the Drain Upon the Gold Reserve.

John J. Ingalls Asserts That the President Has no Right to Pile up in the Treasury Greenbacks meant by Law for Circulation.

Dingley to the Journal.

"Where there is revenue sufficient to pay the current expenses of the Government and leave a small surplus, and a run takes place upon the Treasury reserve by the presentation of greenbacks for redemption, these notes do not have to be paid out to meet deficiencies, and are held in the Treasury either for exchange for gold or for the payment of bonds. The difficulty of the past four years has been that we have had a constant deficiency, amounting to over two hundred million of dallars, or fifty millions per annum, and to meet this deficiency the greenbacks presented and redeemed have immediately been paid out again, thus placing them in a position requiring a second and even a third redemption. Thus, as a matter of fact,while we have borrowed about two hundred and ninety-three millions of gold by issuing bonds during the past four years, ostensibly to maintain the gold reserve, yet, as a matter of fact,over two hundred millions of that has in the last analysis been borrowed to meet the deficiency of revenue, and only ninety-three millions to maintain the gold reserve. The result has been that we have had the endless chain of which Secretary Carlisle has spoken, and this endless chain is possible so long as there is insufficient revenue to meet current expenditures.

"While a deficiency of revenue may not of itself have created the distrust which caused a run on the Treasury, yet it greatly strengthened the distrust and made it chronic. If we had had sufficient revenue to meet the current expenditures of the Government in the fiscal year beginning July1, 1893, unquestionably a sale of fifty millions of bonds would have been sufficient to maintain the reserve, as in that case the redeemed greenbacks have been bept in the Treasury, and before fifty millions had been redeemed there would have been such a searcity of legal tender notes that the holders of gold would have been glad to present it to the Treasury and obtain the more convenient greenbacks for use. This is neither a theory nor a speculation, because from 1879, when we resumed specie payments, up to 1893, during which period we had an abundant revenue, there were comparatively few United States notes presented for redemption in gold, every one recognizing the fact that the Government had it in its power to hold these notes in its reserve to any extent because none of them was required to meet current expenditures.

"Unquestionably,if we can now secure abundant revenue to meet all expenditures and leave a small surplus to gradually reduce the principal of the war debt, there will be little danger of any serious prolonged presentation of greenbacks for redemption. Not only because the fact that we have a solvent Government will aid in maintaining confidence and the credit of the Government, but also because every one will recognize the fact that the Government will be able to hold greenbacks redeemed so long as there is a tendency for a run on the Treasury. It is for this reason that the revenue legislation now pending, designed to secure sufficient revenue to carry on the Government, is of itself a funamental step in maintaing the credit of the Government and averting any danger of a depreciation of the currency.

"In reply to the objection that the holding of greenbacks in case of a run on the Treasury, except for the purpose of exchange in gold, would tend to contract the currency, it is only necessary to say that every dollar of greenbacks redeemed and temporarily held lets out a dollar in gold, and, therefore, that the amount of money outstanding is not disturbed. If, for example, we have one hundred and fifty millions of gold held in our reserve and fifty millions of greenbacks are presented for redemption, there goes out at the same time fifty millions of gold. In ordinary times, when confidence reigns supreme, business is good and the revenue sufficient to meet all expenditures and leave a considerable surplus, there will be no run upon the Treasury and no necessity forholding greenbacks to protect our reserve. Then the surplus will be used to reduce the principal of the interest bearing debt just as it was from 1879 to 1893."

By William Jennings Bryan.

Lincoln, Neb., May 10.—Chairman Dingley, of the Ways and Means Committee, in his interview prepared for the Journal, reiterates the charge frequently made by the Republicans during the four years—namely, that the bonds were issued because of a deficit in the revenues, and he holds out the hope that the drain upon the gold reserve will cease when the deficit ceases.

I do not believe that his theory will explain the drain upon the gold reserve, nor do I think that his hopes are well founded. While it is true that a large part of the money received from the sale of the bonds was used in making the deficit in the revenues, yet at no time did the deficit cause the issue of bonds.

Deficit a Benefit Then.

Instead of being an injury, the deficit was during that period a benefit, because the money which accumulated from the sale of bonds could not have returned into the channels of commence but for the deficit. If, as is probable, the gold would have been drawn out, even if the revenues of the Government had equalled its expenses, then that money would have been held in the Treasury, and business would have been crippled more than it was.

The fact that gold withdrawals began before there was a deficit and ceased while the deficit was increasing shows that there is no necessary or intimate connection between the revenues and the withdrawals. If gold is needed for export it will be drawn out, no matter whether there is a current deficit or surplus so long as the Treasury stands ready to furnish gold on demand. The recent withdrawals of gold took place just at a time when, for the first time in several years, the revenues exceeded the expenditures.

All Rests With the Secretary.

The press dispatches did not attribute the late withdrawals to a deficit, nor did they attribute them to a loss of confidence. The reason given was that a new demand for gold had sprung up in Japan and Austria.

It gold is desired for hoarding, or for the purpose of forcing an issue of bonds, it will be withdrawn, whether there is a suplus or a deficit, unless the Secretary protects the Government by exercising his option and redeeming in silver. When falling prices make ordinary loans unsafe and ordinary investments unprofitable the holders of idle capital are apt to advocate an issue of bonds for the purpose of securing a safe investment, and when the desire for bonds becomes strong enough they can draw gold from the Treasury by presenting greenbacks and Treasury notes and then use the gold to purchase the bonds issued.

Power of Financiers.

That such a plan has been contemplated by New York financiers cannot be doubted. Some three or four years ago one of the New York dailies declared that in case Congress refused to retire the greenbacks with an issue of gold bonds the people who wanted greenbacks retired should systematically present them for redemption until they were all locked up in the Treasury.

That the New York financiers have used their power to discredit Government paper is evident from the fact that when an attempt was being made to repeal the Sherman law they presented Treasury notes for redemption. When they desired to force a retirement of greenbacks they presented them for redemtion. So long as the Secretary of Treasury surrenders to the holders of Government paper the right to choose the coin in which payment is to be made, so long will it be possible for the financiers to present either Treasury notes or greenbacks and draw out the gold.

Mr. Dingley in Error.

Mr. Dingley is in error in supposing that the redemption of fifty millions of greenbacks or Treasury notes would make such a scarcity of small notes as to prevent further withdrawals of gold. We have sometimes had during the last four years considerably more than fifty millions of these notes locked up, and yet gold has been withdrawn.

There has been a well-founded suspicion that much of the gold drawn out by the presentation of greenbacks and Treasury notes was drawn out for the purpose of forcing a retirement of all Government paper. If the financiers conclude to bring their influence to bear upon the present Administration as they did upon the last they will have no difficulty in forcing an issue of bonds, unless the new Secretary of the Treasury shows more power of resistance than the last one.

If the national banks succeed in securing the law which they have advocated for some years—namely, the law permitting the issue of bank notes up to par and reducing the tax on circulation from 1 per cent. to a quarter of 1 per cent. they may become interested in having more bonds issued to furnish a basis for bank notes. If they do, the process is very easy. All they have to do is to present greenbacks and Treasury notes and draw down the gold reserve, then raise the alarm and proclaim that the credit is in danger.

Can Eat Cake and Keep It.

If the Secretary of the Treasury yields, as there is no reason to doubt he would, they could buy the bonds with the gold drawn out, and then issue notes upon the bonds purchased. By this simple process the banks would be able to secure a safe investment for their money, and then by issuing notes up to the face of the bonds would be able to use the money besides.

It is difficult to conceive of a more advantageous transaction than that. Usually a man can either eat his cake or keep it; it is left to the national banker to both eat his cake and keep it. While others must be content to use their money, or if they invest in bonds must be satisfied with the interest on the bonds, the national banker can, by investing in bonds, enjoy the interest upon the bonds and then by issuing notes enjoy the use of the money also.

Gold Given to Buy Gold.

"I have referred to the fact that gold may be withdrawn expressly for the purpose of purchasing bonds. The records of the Treasury Department show that eighteen millions were withdrawn for the purpose of paying for the first fifty millions of bonds issued, and the propo tion has sometimes been greater than that. No one except a gold standard financier has been able to see the wisdom of a policy whereby bonds are issued to buy gold and then gold furnished to the purchasers to be returned to the Treasury in exchange for the bonds.

If the Dingley bill, as finally passed, yields a considerable surplus over and above the expenditures of the Government, that

Continued on Seventh Page.