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FIRST EDITION.

MIDNIGHT.

FORTY-FIRST CONGRESS.

(SECOND SESSION.)

SENATE: Inquiry as to the Georgia Military Commission—The Bill to Provide a Currency of Coin Notes, &c., Considered. HOUSE: Contested Elections—A Communication from Gen. Sherman in Reference to Georgia Matters—The Senate Virginia Bill—Lively Sparring Between Messrs. Butler, Bingham and Farnsworth—The Bill Passed by a Party Vote.

(By Telegraph to the Pittsburgh Gazette.)

WASHINGTON, D.C., Jan. 24, 1870.

SENATE.

REQUEST DENIED.

Mr. STEWART desired to make a personal explanation in order to correct a statement of Mr. Sumner in the discussion with Mr. Trumbull on Friday.

On the suggestion of Mr. Sumner, he said he would, if his request was granted, go into the whole history of the question.

The order of business was called for, and the request of Mr. Stewart was not granted.

PETITIONS.

Mr. FENTON presented a memorial for the removal of the duty on Canadian timber.

Petitions were presented for the abolition of the franking privilege and against the continuance of the income tax.

BILLS PRESENTED.

Mr. HAMLIN introduced a bill for the relief of the poor of the District of Columbia. Referred.

Mr. DRAKE reported a bill from the Naval Committee for the relief of certain contractors for the construction of vessels of war and steam machinery. Ic affords opportunity for proof of claims upon the basis of the act of March 2d, 1867. The bill was laid over.

RESOLUTION OF INQUIRY.

Mr. NORTON offered a resolution directing the Judiciary Committee to report to the Senate as soon as practicable by what authority, if any, General Terry has organized and convened a military commission to inquire into the eligibility of Senators and Representatives elected to the Legislature of Georgia, and requesting the President and Secretary of War to communicate copies of all orders and correspondence with General Terry or Gov. Bullock, and all information they have had with reference to the action of such commission.

Mr. SUMNER, objecting to present consideration, the resolution was laid over.

PENSION FOR MRS. LINCOLN.

Mr. WILSON offered for reference a joint resolution granting a pension to the widow of the late President Lincoln. Referred to the Committee on Finance.

THE CURRENCY BILL.

On motion of Mr. SHERMAN, the Senate proceeded to the consideration of the bill to provide a national currency secured by pledge, and to equalize the distribution and circulation of notes, which was read.

Mr. SHERMAN, Chairman of the Finance Committee, said he did not propose to enter into an elaborate financial argument in opening the debate on the bill. He would confine his speech to two main propositions. It proposed, first, the partial equalization of the circulation of the banking currency among the States; second, free banking on a coin basis. The present distribution of bank circulation was grossly and palpably unjust. Three States, Massachusetts, Rhode Island and Connecticut, containing a population less than 2,000,000, have over $96,000,000 circulation. One-fifteenth of our population have thus ½ of all the bank circulation. The rapidly growing Western States, where credit is most needed, have scarcely three dollars to an inhabitant, while all the late rebel States are practically without any banking circulation. This unfair distribution, he said, grew out of a palpable violation of law by the then Comptroller of the Currency and Secretary of the Treasury. The first banking act of February 25, 1863, provided a rule of distribution, by which the whole amount of circulation was not to exceed $300,000,000, $150,000,000 of which was to be apportioned among the States according to population, and the other $150,000,000 according to banking capital and resources. The revised act of June 3d, 1864, was silent as to distribution, but gave to existing State banks the right to enter into the banking system without limit. The growing inequality of the distribution becoming apparent, Congress, by act of March 3d, 1865, restored the old rule of distribution. At that time there was less than $150,000,000 of banking circulation, and if this law had been observed each State would have had reserved for it not less than five dollars for each inhabitant. This law was flagrantly and boldly disregarded, and the pretence to justify it was the provision in the internal revenue act of March 3, 1865, which continued up until July 1, 1865, the privilege to existing banks to become national banks. On the first of October, 1865, the whole banking circulation was $190,000,000, leaving, three months after the expiration of this act, $110,000,000 for distribution according to the population. But in open disregard of law, the remaining circulation was issued to the old States to the exclusion of South ern and Western States, thus increasing all the difficulties of a fair distribution. Under the system as now complained of, the whole circulation, it stands, national banking was, he said, a monopoly, confined to a few States where the population was not increasing, excluding all the rapidly growing States of the West, the majority of the Senators and Representatives being from States having less than one-seventh of the bank circulation. This endangered the whole system and would inevitably overthrow it, unless corrected.

Mr. Sherman referred to the advantages of the national banking system over that of State banks, which, with the correction of the injustice of distribution, would be the best permanent banking system that could be adopted. The West demanded more circulation, and were deprived of it by violation of law. The East, enjoying its monopoly, demanded contraction, yet was not willing to yield to the West one dollar of circulation for three years. A remedy for this had been long sought. During the last Congress the Senate and House each passed bills recalling from some of the eastern States a portion of their excess for distribution in the West and South, but there was a difference as to the manner and extent of doing it. The House insisted on a general and the Senate consented only to a partial distribution, not exceeding $40,000,000. Objection was made that the eastern banks were innocent of fault, and the withdrawal of their circulation would derange business and inflict a greater evil than the one to be remedied. To avoid this, the Committee on Finance made the following suggestion to the President and Secretary of the Treasury:

Proposing to increase the limit of bank circulation $45,000,000, the circulation to be distributed to the Southern and Western States, which was the proposition of this bill.

The first objection was that this was an expansion of the currency, to which the Committee was opposed, and in no event, during the suspension of specie payments, would he (Mr. Sherman) favor a proposition to increase the banking circulation without withdrawing circulation in some other form. To avoid the expansion of the currency two measures had been proposed: First, the withdrawal of greenbacks; but this plan would not receive the sanction of the House. The other plan was the one adopted by the Senate Committee, the withdrawal of the three per cent. certificates now held by banks as part of their reserves in place of legal tender notes.

Mr. Sherman then gave the history of the three per cent. certificates, which were substituted for compound interest notes, and were a temporary expedient to avoid an increase of the the bonded debt. They were the least objectionable. Being payable on demand, they might be presented to the Treasury when most inconvenient. They draw interest and are mainly held in eastern banks, where circulation is in excess. By their payment the United States saves three per cent. interest, and will net three per cent. taxes in new banks to be organized, and thus leave the currency without either expansion or contraction.

The remaining propositions of the bill authorized, he said, free banking, or coin notes. This was an inauguration of a true system of banking, embracing absolute security to the noteholders and the United States. The agency of private corporations, as banks, to give facilitility to currency and to meet the ebb and flow of exchange, its redemption on demand in gold coin and freedom from monopoly or restrictions, except such as are necessary to protect its debtors and creditors. The banks to be authorized will be organized only on the Pacific coast, or in New York and the South, where large transactions are based upon gold values.

Mr. Sherman further announced that the possible objections to the bill would be followed up this time by a bill for funding the public debt and for the revision of the internal revenue tax and tariff.

Mr. DAVIS remarked that the chief feature of gold notes was dependent upon the facility with which they were redeemed. To make them equal in value to gold their certain and prompt redemption must be secured when presented by holders to the bank. In case of the Bank failing to make them equal to coin, the Government must be ready and able to stop in and redeem the notes.

Mr. SHERMAN replied by reference to the 4th section of the bill, requiring every national bank to keep on hand at least 25 per cent. of its circulation in gold or silver coin. Then, too, the law under the present system was that if the note was presented to the bank and not paid, the holder might at once present it to the Government, which would redeem it within twenty days. The banks were bound to redeem their notes at the center of redemption, and the same general principle that applied to circulating notes applied also to gold notes.

Mr. HOWE delivered a lengthy argument in review of the financial propositions which had been suggested. He advocated the proposition to allow legal tenders to be funded in six per cent. bonds, redeemable at the pleasure of the Government, conferring the privilege of funding to those who will use the bonds as a basis for new bank circulation, and giving preference to those portions of the country which may from time to time be deficient in circulation. He complained that the Government compelled public creditors to carry its seven per cent. obligations and made them no compensation for so doing, and the pending bill did not attempt to right the wrong. He complained that the amount of circulation was limited by infeasible law, and this wrong the pending bill would perpetuate. The franchise of banking was a monopoly, arbitrary, unjustly distributed among a few to the exclusion of many. But the pending bill created a new monopoly. It also proposed to silence the complaints that the south and west were denied equal rights under the law, by flinging to them the pittance of $45,000,000 to growl over among themselves. Above all legitimate trade was imperilled and honest effort demoralized by men who are daily making contracts for future delivery of gold. While this bill would charter great corporations to engage in that very business, he would have a law which declared the gold gambler a criminal and consigned him to the penitentiary for life. But this bill proposed to license him, set him up in trade under the sanction of the sacred law.

Mr. SUMNER believed the proposition to supply $45,000,000 additional would not meet present requirements. The proposition to provide a National currency of coin notes instituted a system of free banking upon a specie basis, which was impossible until we had specie payments. Besides, this would create a currency in addition to that of greenbacks and gold notes. He intimated he would propose an amendment of the nature of a substitute for the bill. The proposed amendment is the bill recently introduced and explained by himself, to provide for