

New Bern N.C. April 3rd 1894
Hon Elias Carr

Dear Governor

Your letter of

the 21st ult has been duly received and I was glad to see that you agreed so well with me yet in some points we still differ. You say, "While I am an advocate of the repeal of the 10% tax upon State banks yet I fail to see the force of the argument. Again you say I don't know a better point to begin at than the repeal of the 10% tax and establishment of State banks. You further say, "Take the money by a ceaseless flood for the past 32 years from all sections of the country banking it up in the little corner of the Union known as New England and we might very naturally expect that they would avail themselves of the power this accords them. Please let me ask you are you not continuing to bank the money in the little corner of

(2)

The Union with state banks it is the
banking system ^{that} ~~that~~ ^{money} this possible for
the money to accumulate in the New
England states or rather east of the
Potomac River. You cannot possibly have
studied my plan to help us out of our
difficulty in North Carolina you say
our money will not stay with us how can
it when we are continually indebted to
the North. You seem to be surprised
that our state bonds have value in
New York and none at home. The main
cause for that is the little money we
have wants higher rate of interest at
the same time the state pays over
half a million dollars every year to the
North for interest showing you right
here what becomes of our money. Why
^{should} North Carolina be compelled to pay
a single dollar as interest to any
section outside of the state. I defended
my money system so well in the papers
I gave you at the Hotel Albert that there
is little need of saying more. Observe.

(3)
that the loaning currency is no money
while in the loan Bureau. For example
I borrow \$100.⁰⁰ from the loan Bureau
and when I pay the principal I pay it
in gold the loan Bureau then must
exchange the gold for loaning currency
and retire the \$100. until some one
else from my County ^{gives security and} borrows it which
^{makes} it money again. This loaning currency
will not only stay in the State but it
will stay in the County which originally
had it to its quota in the pro rata dis-
tribution and the interest will go to
the State, no matter what kind of curren-
cy it pay instead of Northern bankers
and capitalists. You say my rate of in-
terest is plenty high how can the rate of
interest be controlled when the matter
rests with the banks and while a far-
mer may be able to pay 4% he would go
to ruin at 6% this is very important
for the welfare of the people. State banks
can only have their basis upon gold
silver now would not be safe. But the

(4)
currency I advocate is based upon
real estate in small amounts all over
the State in every county alike and the
increase of such lands in price will be
their value in taxation. The Cause why
our lands sell lower in North Carolina
than the same quality of land 2000 miles
further away from the Markets is be-
cause the interest is too high and loan-
ing currency not to have (You say) "I
much however differ with you as to
the money question being the sole cau-
se of our trouble. The protective Tariff
in my opinion has made all this
possible." The tariff only affects the
money of our country in one way es-
pecially under our present money sys-
tem when our paper is based up on
gold and that is when we import
more products than we export. For in-
stance in the 8 months of this fiscal year
ending Feb 28 the balance of trade
is in ~~our~~ favor of this country \$246,000
000. The change in the trade situation is

due to two causes the large increase
 in cotton exports and decrease in im-
 ported merchandise. It is true the govern-
 ment lost during the same 8 months \$46
 000 000. of revenue but why should we im-
 port \$246,000,000. worth of merchandise to get
 \$46 000,000. of revenue such a balance of tra-
 de in our favor a few years would make
 us a rich people even without any addi-
 tion of money legislation. Suppose the bal-
 ance of trade was against this country
 as much even as \$100,000 000. how would
 we stand then. We would need \$346 000 000.
 of gold to pay up which would take about
 the last dollar in this country and
 when the balance of trade is against our
 country then comes the up we have that
 experience last year when our gold went
 to Europe which did not only take the
 gold from us but it caused the paper
 money to contract and the result the
 many bank failures producing a crisis
 all over the country. I will not need to
 tell you that no man can afford to buy

(6)
more than he sells unless provided with
a good reserve. The noblest work Napoleon
the first ever done was when he forbade
the importation of sugar into France after
a given date France commenced to export
sugar and has continued to do so up to
this day. The great trouble with our tariff
legislation is that we have too much poli-
tics mixed with it. We need more business
and less politics in our tariff legislation.
For instance France now can buy wheat
at Chicago and land it in France for
75 cents per bushel yet France has a duty
of 7 Francs per 100 pounds on wheat which
is equal to 78 cents per bushel. There are two
reasons for this high duty in the first place
it brings a large amount of revenue into
the Treasury and the next is protection
for the French bread stuff producers be-
sides keeping the gold at home. Tariff
in our country where we cannot have any
export duty is a tax. The question then is
how much money must be raised to meet the
current expenses for the year when this

(7)
amount is settled then congress should consider how to raise that revenue by a tariff that would do most to protect the trade and encourage the development of the country. When we removed the duty from coffee the coffee producing countries put an export duty on it. It certainly would be wiser to pay that tax to our government than to pay it to Brazil and other countries. The coffee drinkers would pay no more than they do now. We of North Carolina import too much for our own good perhaps, not from foreign countries but from the far West and this is why I advocate a home currency which will enable our people to produce more what they need. A currency that can never fail them for loans no matter whether the balance of trade is against the country or not then the people at least of our state will soon forget that there is such a thing as tariff troubles. North Carolina is a province or rather an Empire in itself capable of maintaining 2500000. people in prosperity. Look at Holland and Belgium the two little countries together are only half as large as our state and

(8)

yet they maintain over 500 souls to the square
mile in prosperity but they ^{have} over \$50.00 per capi-
ta in circulation while we with the large
territory have from \$3.00 to \$5.00 per capita in our
state. The question now simply is will we at
least make an effort to better our condition
or will ^{we} continue to go down still deeper
into uncertainty. In my opinion nothing
will relieve us but a good sound and
safe money system for North Carolina wh-
ich will put our idle labor at work and
you know it is only the labor products
that can bring us wealth and nothing
but a permanent fixed home curren-
cy can and will give steady and per-
manent employment to labor. This is a
law of nature which we must heed or
suffer by its violation. And a people that
provide not for their state's prosperity are
worse than infidels. Please excuse me
for writing so much there is so much to say
on the currency and labor subject that vol-
umes could be written without exhaust-
ing the subject.

Very Respectfully
H. S. Governor



Hon Elias Carr
Executive Office
Raleigh
N.C.

