If Not Silver, What? eBook

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Contents

Table of Contents

Table of Contents

Page 1

OBJECTIONS TO SILVER, AND COMMENTS THEREON.

=Silver is too bulky for use in large sums.=

That objection is obsolete. We do not now carry coin; we carry its paper representatives, those issued by government being absolutely secured. This combines all the advantage of coin, bank paper, and the proposed fiat money. A silver certificate for $500 weighs less than a gold dollar. In that denomination the Jay Gould estate could be carried by one man.

=But silver certificates would not remain at par.=

At par with what? Everything in the universe is at par with itself. The volume of certificates issued by the government would be exactly the amount of the metal deposited, and that amount could never be suddenly increased or diminished, for the product of the mines in any one year is very seldom more than three per cent. of the stock already on hand, and half of that is used in the arts. It is self-evident, therefore, that such certificates would be many times more stable in value than any form of bank paper yet devised.

=Gold would go out of circulation.=

It has already gone out. Under the present policy of the government we have all the disadvantages of both systems and the advantages of neither, with the added element of chronic uncertainty and an artificial scare gotten up for political purposes.

=And that very scare shows an important fact which you silverites ought to heed—that nearly all the bankers and heavy moneyed men are opposed to free coinage.=

Nearly all the slaveholders were opposed to emancipation. All the landlords in Great Britain were opposed to the abolition of the Corn Laws, and all the silversmiths of Ephesus were violently opposed to the “agitation” started by St. Paul. And what of it? The silversmiths were honest enough to admit the cause of their opposition (Acts xix. 24, 28), but these fellows are not. The Ephesians got up a riot; these fellows get up panics. “Have ye not read that when the devil goeth out of a man then it teareth him?”

=But are not bankers and other men who handle money as a business better qualified than other people to judge of the proper metal?=

Certainly not. On the contrary, they are for many reasons much less competent, as experience has repeatedly shown. All students of social science know, indeed all close observers know, that those who do the routine work in any vocation seldom form comprehensive views of it, and those who manage the details of a business are very rarely indeed able to master the higher philosophy thereof. This is a general truth applicable to all vocations except those, like law, in which a mastery of the science is a necessity for conducting the details. Experts in details often make the worst blunders in general management. Nearly all the inventions of perpetual motion come from practical mechanics. Nearly all the crazy designs in motors come from engineers. The educational schemes of truly colossal absurdity come mostly from teachers; all the quack nostrums and elixirs to “restore lost manhood” are invented by doctors, and nearly all the crazy religions are started by preachers.

Page 2

On the other hand, three-fourths of the great inventions have been by men who did not work at the business they improved. The world's great financiers have not been bankers. Alexander Hamilton was not a banker. Neither was Albert Gallatin, nor Robert J. Walker, nor James Guthrie, nor Salmon P. Chase. William Patterson, who founded the Bank of England, was a sailor and trader; and of the British Chancellors of the Exchequer whose names shine in history, scarcely one was a banker. One of Christ's disciples was a banker, and the end of his scientific financiering is reported in Acts i. 18. John Law also, whose very name is a synonym for foolish financial schemes, was a banker, and a very successful one. Where was there ever a crazier scheme than the so-called "Baltimore Plan," exclusively the work of bankers?

=But as the bankers and great capitalists have no faith in it, the free coinage of silver would certainly precipitate a panic.=

The gold basis has already precipitated several panics. Even in so conservative a country as England they have, since adopting monometallism, had a severe currency panic every four years, and a great industrial depression on an average once in seven years. The only reason we have not done worse is that the rapid development of the natural resources of the country saves us from the consequences of our folly. We draw on the future, and in no long time it honors our drafts. Nevertheless, in the twenty-three years since silver was demonetized we have had two grand panics, several minor currency panics, hundreds of thousands of bankruptcies with liabilities of billions, and five labor wars in which 900 persons were killed and $230,000,000 worth of property destroyed. Could a silver basis do worse?

=You admit, then, that the immediate adoption of free coinage would, for a while at least, drive gold abroad?=

And what then? Why do the gold men always stop with that statement and so carefully avoid inquiry into what would follow? Let us look into it. We may have in this country $500,000,000 in gold, though no one can tell where it is. Assuming that free coinage would send it all abroad, the inevitable result would be a gold inflation in Europe, which would cause a rise in prices. I observe that of late the gold organs have been denying this—denying, in fact, the quantitative principle in finance, something never denied before this discussion arose. It is too true, as some philosopher has said, that if a property interest depended on it, there would soon be plenty of able men to deny the law of gravitation. But as the men who deny it in one breath admit it in the next by assuring us that we shall soon have a great increase in the production of gold, and that prices will therefore rise, we may with confidence adhere to the established truth of political economy.

Page 3

Sending our gold to Europe, then, would raise prices there, which would raise the price of our staple exports, such as wheat, meat, and cotton; the great rise in the price of these would, of course, stimulate exports, and thus aid us in maintaining a favorable balance, would restore to the farmers that income which they have lost by the decline of prices, would thus put into their hands the power to buy manufactured goods and to pay our annual interest debt to Europe by commodities instead of gold. In short, if the gold went abroad, it would necessarily be but a short time till much of it would come back to pay for our agricultural exports, and at the same time our farmers would get the benefit of higher prices by both operations. If any man doubts that an increased gold supply in Europe would increase the selling price of our farm surplus, I ask him to examine the figures for the twelve years following the discovery of gold in California, or the history of prices in the century following the discovery of America—an era described by all economists as one of inflation. Is there any reason why a like cause should not now produce like effects?

=In the meantime, however, all the other nations would dump their silver upon us and we should be overloaded with it.=

Where would the silver come from? The best authorities agree that there is not enough free silver in the world to even fill the place of our gold, which, you say, would be expelled. And right here is where the advocates of the gold standard contradict every well-established principle of political economy, and every lesson of experience, by declaring that the transfer of all our gold to Europe would not cheapen it there, and that free coinage would not increase the value of silver. They insist that we should still have “50-cent dollars.” Stripped of all its fine garniture of rhetoric, their proposition simply amounts to this: The sudden addition of 20 per cent. to Europe’s supply of gold would not cheapen it, and making a market here for all the free silver in the world would not raise its value; laying the burden of sustaining an enormous mass of credit currency on one metal instead of two has added nothing to the value of that metal; a thirty years’ war on the other metal was not the cause of its depreciation in terms of gold, and if the conditions were reversed, greatly increasing the demand for silver and decreasing the demand for gold, they would remain in relative values just the same. If those propositions are true, all political economy is false.

=Government cannot create values, in silver or anything else.=

Page 4

You have seen it done fifty times if you are as old as I. During the war, government once raised the price of horses $20 per head in a single day. On a certain day the land in the Platte Valley, for perhaps one hundred miles west of Omaha, was worth preemption price; the next day it was worth much more, and in a year three or four times as much. Government had authorized the construction of the Union Pacific Railroad, and before a single spade of earth was turned, millions of dollars in value had been added to the land. It had created a new use for the land. Value inheres in use when the thing used can be bought and sold. Whatever creates a use creates value, and a great increase in use forces an increase in value, provided that the supply does not increase equally fast; and with silver that is an impossibility. If you think government cannot add value to a metal, consider this conundrum: What would be the present value of gold if all nations should demonetize it? It can be calculated approximately. There is on hand enough gold to supply the arts for forty years at the present rate of consumption. What, then, is the present value of a commodity of which the world has forty years' supply on hand and all prepared for immediate use?

Take notice, also, that in the decade 1850-60 Germany, Austria, and Belgium completely demonetized gold, and Holland and Portugal partially did so, thus depriving it of its legal tender quality among 70,000,000 people, and that this added very greatly to its then depression.

=Free coinage would bring us to a silver basis, and that would take us out of the list of superior nations, and put us on the grade of the low-civilization countries.=

That is, I presume, we should become as dirty as the Chinese, and as unprogressive as the Central Americans, agnostics like the Japanese, and revolutionary like the Peruvians. And, by a parity of reasoning, the gold standard will make us as fanatical as the Turks, as superstitious as the Spaniards, and as hot-tempered and revengeful as the Moors. If not, why not? They all have the gold standard. You may say that this answer is foolish, and I don't think much of it myself, but it is strictly according to Scripture (Proverbs xxv. 5). The retort is on a par with the proposition, and both are claptrap. The progress of nations and their rank in civilization depend on causes quite aside from the metal basis of their money.

We must remember that for many years after the establishment of the Mint we had in this country little or no coin in circulation except silver, and were just as much on a silver basis then as Mexico is now. Were our forefathers, then, inferior to us, or on a par with the Mexicans and Chinamen of the present day? Even down to 1840 the silver in circulation greatly exceeded the gold in amount.

Page 5

By the way, where do you goldites get the figures to justify you in creating the impression on the public mind that Mexico and the Central and South American States are overloaded with silver, having a big surplus which we are in danger of having “dumped” on us? Didn’t you know that they are really suffering from a scarcity of silver? that altogether they have not a sixth of what we have? One who judged from goldite talk only, would conclude that silver is a burden in those countries, that they have to carry it about in hods. Now what are the facts?

In all the Spanish American States there are 60,000,000 people, and they have a little less than $100,000,000 in silver. Not $2 per capita! This is a startling statement, I know, but it is official, and you will find it in the last report of the Director of the Mint (1895). The South American States have but 83 cents per capita in silver, and Mexico has but $4.50. With a population nearly twice that of Great Britain, they have much less silver, and less than half of that of Germany, though having a much larger population. In fact, to give the Spanish American nations as large a silver circulation per capita as the average of England, France and Germany, they must needs have nearly $300,000,000 more, or nearly three times as much as they now have. It looks very much as if the “dump” would have to be the other way.

From these figures it would seem that the trouble, if monometallists are right in saying there is trouble there, is due not to their having too much silver, but that they do not have enough. Not having enough, they have followed the usual course of nations lacking a sufficient coin basis, and have issued a great volume of irredeemable paper money. By reference to the authority above cited, you will find that they have in circulation $560,000,000 in paper money. One fourth of all the uncovered paper in the world is in those countries, though their total population is less than that of the United States. Who will say that it will be a calamity to them to coin $200,000,000 more in silver and retire that much of their uncovered paper?

=Gold ought to be the standard metal, because, apart from its use as money, it has a fixed intrinsic value.=

There is no such thing as intrinsic value. Qualities are intrinsic; value is a relation between exchangeable commodities, and, in the eternal nature of things, never can be invariable. Value is of the mind; it is the estimate placed upon a salable article by those able and willing to buy it. I have seen water sell on the Sahara at two francs a bucketful. Was that its intrinsic value? If so, what is its intrinsic value on Lake Superior?

=Well, if what you say be true, there is no intrinsic value in any of the precious metals, and we cannot have an invariable standard of value at all.=

Page 6

No more than an invariable standard of friendship or love. Value is, in fact, a purely ideal relation. All this talk about an invariable dollar which shall be like the bushel measure or the yard stick is the merest claptrap. The fact that gold men stoop to such language goes far to prove that their contention is wrong. The argument violates the very first principle of mental philosophy, in that it applies the fixed relations of space, weight, and time to the operations of the mind. Would you say a bushel of discontent or eighteen inches of friendship? Men who compare the dollar to the pound weight or yard stick are talking just that unscientifically. Invariable value being an impossibility, and an invariable standard of value a correlative impossibility, all we can do is to select those commodities which vary the least and use them as a measure for other things; but you will not find in any economic writer that any metal is a fixed standard. And this brings me to consider that singular piece of folly which furnishes the basis of so much monometallist literature, namely, that gold is less variable in value than silver, and that one metal as a basis varies less than two. Some of our statesmen have got themselves into such a condition of mind on this point as to really believe that, while all other products of human labor are changing in value, gold alone is gifted with the great attribute of God—immutability. It is sheer blasphemy. It is conclusively proved, and by many different lines of reasoning, that silver is many times more stable in value than gold.

=I never heard such a proposition in my life! How on earth can it be proved that silver, as things now stand, has not changed in value more than gold?=

By the simplest of all processes. If we were in a mining country, I could easily prove it to you by the observed facts of geology, mineralogy, and metallurgy; but that is perhaps too remote and scientific, so we will take the range of prices since silver was demonetized. Of course you have seen the various tables, such as Soetbeer’s and Mulhall’s. Take their figures, or, better still, take those of the United States Statistical Abstract, and you will find the following facts demonstrated:

In February, 1873, a ten-ounce bar of uncoined silver sold in New York city for $13 in gold, or $14.82 in greenbacks. To-day the ten-ounce bar sells there for $6.90.

“Awful depreciation,” isn’t it? “Debased money,” and all that sort of thing. But hold on. Let us see how it is with other things. For prices in the first half of 1873 we will take the United States Abstract, and for present prices to-day’s issue of the New York *Tribune*. Wheat then was $1.40 in New York city, so our silver bar would have brought ten and four-sevenths bushels; to-day wheat is “unsteady” in the near neighborhood of 64 cents, and our silver bar would buy ten and five-sixths bushels. No. 2 red is the standard in both cases.

Page 7

Going through a long list in the same manner, we find that the ten-ounce bar of uncoined silver would buy in ’73, in New York city, twenty-three and a half bushels of corn, to-day twenty-four bushels; of cotton then eighty pounds, to-day eighty-six pounds—and there is “a great speculative boom in cotton,” and has been for some time, but on the average price of this year silver would buy much more. Of rye, then about fifteen bushels (grading not well settled), to-day thirteen bushels; of bar iron then 310 pounds, to-day 460 pounds, and so on through the market. In the Central West in 1873 it would have taken ten such silver bars to buy a standard farm horse, Clydesdale or Percheron-Norman.

Will it take anymore bars to-day at $6.90 each?

There is another way to calculate the decline, and that is by taking the average farm value instead of the export or New York city price, and including all roots and garden products not exported, and this makes the showing far more favorable to silver. The Agricultural Department at Washington has recently issued a pamphlet showing the crops of every year since 1870, and the average home or farm price, together with the total for which the whole crop was sold. Send for it and contrast the prices given in it with those known to you to-day, and you will find that in rye, barley, oats, potatoes, and many other things the decline has been very much greater than is given above. In short, it takes more farm produce to buy an ounce of silver than it did in 1873, and twice as much to buy an ounce of gold. Of Ohio medium scoured wool, for instance—and that is the standard wool of the market—it would have taken in 1873 two and a half pounds to have bought an ounce of silver, while to-day it will take considerably over three pounds. The monometallists habitually talk, and have talked it so long that they believe it themselves, as if silver had become so cheap that the farmer ought to rank it with tin, lead, or spelter; but if the farmer will try the experiment he will find that it takes a good deal more of his product to buy a given amount of silver than it did in 1873.

The plain truth of the matter is that the time has come for both gold and silver to increase in purchasing power; but by reason of demonetization almost the entire increase has been concentrated in gold, leaving silver almost stationary as to commodities in general, but somewhat enhanced as to farm products. In the name of common, honesty, is it not a high-handed outrage to make the old debts of that period payable in the rapidly appreciating metal, instead of one that has merely retained its value? and is it not hypocrisy to speak of such a system as “honest money,” and affect to deplore the dishonesty of those who insist upon their right to pay in the least variable metal, which was constitutional and the unit of our money from the very start?

=We certainly do want to pay our debts in honest money.=

Page 8

Gospel truth! And there is but one kind of perfectly honest money—that which will give the creditor an equivalent in commodities for what he could have bought with the money he loaned. Surely no honest man will pretend that gold to-day does that. At this point we must admit the painful truth that, in that sense, there is no perfectly honest money, that is, no money that does not change somewhat in purchasing power; and how to remedy this has been the great problem with the greatest minds among financiers—with all financiers, in fact, who are more anxious for justice than greedy of gain. But surely there should not be added to an innate variability that much greater variability due to the mischievous interference of interested parties, through the power of the government. And herein is made manifest the reckless folly of the gold men in fighting against the soundest conclusions of science and honesty, in striving for a standard of one metal allowing the greatest variation, instead of two which by varying in different directions might counteract each other.

Gold alone has varied in production in this century from $15,000,000 to $150,000,000 per year, or tenfold; but gold and silver combined have never varied more than sixfold. It is self evident, therefore, that the two combined form a much more stable mass than gold alone, and it cannot be too often repeated that the great desideratum in money, the one quality more important than all others, is stability in value, to the end that a dollar or pound or franc may command as nearly as possible the same amount of commodities when a contract is completed as when it is made. Economists dispute about almost everything else, but they are unanimous in this: That a money which changes rapidly in purchasing power is destructive of all stability and even of commercial morality. Will anybody pretend that gold has not changed rapidly in purchasing power within the last twenty years? Has not the universal experience shown that the variation has been very much greater in one metal than it ever was when the two metals were treated equally at the mint? The very least that could be asked on the score of honesty would be free coinage of both, with a proviso that debts should be paid with one-half of each. Back of all that, however, comes in the great principle of compensatory action, the variation of one metal counteracting that of the other; and from the standpoint of pure science and honesty it is greatly to be regretted that, instead of two precious metals, we have not at least five.

=The market reports do indeed show an unprecedented decline in the prices of farm products, except in a few articles such as butter, eggs, and poultry, in places where increased population counteracts the tendency to greater cheapness; but this decline is due to increased invention, and the great cheapening in transportation.=

Page 9

How much of it? The records of the Patent Office show, and the experience of farmers confirms it, that all the improvements in farm machinery since 1870 have not reduced the labor cost of farm produce on the general average more than 2-1/2 per cent. Here is a little paradox for you to study. In the twenty-five years from 1845 to 1870 the progress of invention in farm machinery was greater than in all the previous history of the world, marvellously rapid, in fact, and during those years the farm price of the produce steadily increased; but in the ensuing twenty-five years to 1895 there were very few improvements, and the price has declined with steadily increasing speed. This fact is either ignorantly or skilfully evaded by Edward Atkinson and David A. Wells in their elaborate articles on the subject; so I will present some facts and figures which were obtained early this year in the Patent Office, and carefully verified by members of Congress from every portion of the farming regions.

Since 1795 there have been granted 6,700 patents for plows, but since 1870 there have been but three really valuable improvements. Farmers are divided in opinion as to whether the riding plow reduces the labor cost. The lister, recently patented, throws the earth into a ridge and enables the farmer to plant without previously breaking the soil. It is valuable in the dry regions of the West, but useless where the rainfall is great, as the soil must there be broken up anyhow. There have been 920 corn gatherers patented, of which only one is considered a success, and most farmers reject it on account of the waste. The general verdict is that the labor of producing corn has been reduced very little, if any. In the labor of producing potatoes there has been no reduction whatever, nor in the finer garden products, nor in fruits. It takes the same labor to produce a fat hog or a fat ox, a sheep, horse, or mule, as in 1870. In wool growing many patents have been taken out for shearers, and three of them are said to be savers of labor, provided the wool grower is so situated that he can attach the shearer to a horse or steam power.

There have been since the opening of the Office 6,620 patents for harvesters, of which the only great improvement since 1870 is the twine binder, for which over 900 patents have been taken out. The beheader is used in California, as it was before 1870, and in the prairie regions the sheaf-carrier has recently been introduced, holding the sheaves until enough are collected to make a shock. Counting the labor of the men who did the binding after the original McCormick reaper at $2 per day, the total saving by all these improvements since 1870 is estimated at 6 cents per bushel for wheat, rye, and oats. Much of this saving in labor is neutralized by cost of machines, interest, and repairs. There have been nearly 3,000 patents in fences, over 5,000 in the making of boots and shoes, and in stoves and heaters 8,240, none affecting farm

Page 10

labor except the first. In cotton growing exactly the same processes are used, from planting to picking, as in 1850; but out of many hundred attempts to invent a cotton picker it is now claimed that one is a success, though it has not yet got into use. The cost of ginning the cotton has been reduced about two-fifths of a cent per pound. There have been 176 patents for saw gins, 63 for roller gins, and 47 for feeders to gins, out of all of which there has been a new gin evolved which will be in use hereafter. I might thus go around the list, but enough has been said to show that nearly all our farm machinery was in use before 1870, and that since that date, as I said, the reduction of labor cost has not upon the whole field exceeded 2-1/2 per cent. The assertion that reduced transportation lowers the farm price is in flat contradiction of political economy, as, according to that, the benefits should be divided between producer and consumer, the farm price rising and the city or export price declining.

=The price of what the farmer has to buy has declined in equal if not greater ratio, and so his margin is as great as ever.=

It is evident that you are not a practical farmer. However, your non-acquaintance with the figures is not to be wondered at when we consider what has been said by great scholars and statesmen. I recently heard a politician, and one of perfectly Himalayan greatness, say in debate that a day's work on an Illinois farm would now produce more than twice as much as in 1870, and another clinched it by adding that a man could pay for a good farm by his surplus from five years' crops. Now go to some practical farmer and get him to make the calculation, and you will find that what he has saved by reduced prices is less than one-fifth of what he has lost from the same cause. The average farm family in the central West consists of five persons, and their greatest saving has been on clothing. You may set that at $30 per year. The next is in sugar, for which they pay but half the price of 1873. There is no other item that will reach $5, not even including all the iron or steel they have to buy in a year. The largest estimate of gains, unless they go into luxuries, does not exceed $90 per year. At least a third of this gain is offset by increased taxes.

Now let us see what this farm family has lost, counting only the price of the surplus it sells and taking our average from the official reports. On 500 bushels of wheat, at least $250; on 600 bushels of corn, $120; on ten tons of hay, $30; on rye, oats, potatoes, and so forth, $50; on three horses and mules sold per year, $100. Total, $550, being more than ten times the net gain over taxes.

Page 11

The Agricultural Department figures indicate that, taking the United States as a whole, including even the intensive farming near the cities, the reduction of annual income is a few cents over $6 per acre. Thus something like $1,800,000,000 has been taken from the farmers' annual income, and the farmer being just like any other man, in that he cannot spend money that he does not get, this withdraws $1,800,000,000 from the manufacturers' and general market. In view of these figures—and if anything I have understated them—what conceivable good would a raise in the tariff do the manufacturers so long as our farmers must sell on a gold basis and be subject at the same time to the rapidly increasing competition of silver basis countries? I have said nothing of fixed charges which do not decline, or of the cost of the federal government, which steadily and rapidly increases. Have you heard of any decline in official salaries, taxes, debts, bonds, or mortgages?

=That is plausible at first view, but it cannot be true as to the country generally, because wages have risen; or at least they had risen continuously till 1892, as is clearly shown in the Aldrich Report.=

The Aldrich Report is a miserable fraud. It does not so much as mention farmers and planters or any of the laboring classes immediately dependent on farmers. It gives only the wages of the highest class of skilled laborers and in those trades only where the men are organized in ironbound trades unions which force up the wages of their members. Take the lists and census and add the numbers employed in every trade mentioned in that report, and you will find that all together they only amount to one fourth the number of farmers, or about 12 per cent. of the labor of the country. Furthermore, it takes no account whatever of the immense percentage of men in each trade who are out of employment. One who didn't know better would conclude from it that our coal miners worked 300 days in the year, and that stone masons, plasterers, and the like worked all the year in the latitude of New York and Chicago. And these are but a few of the tricks and absurdities of the report.

Wages are labor's share of its own product. The claim that wages generally can rise on a declining market involves a flat contradiction of arithmetic; it assumes that the separate factors can increase while the sum total is decreasing, and that the operator can pay more while he is every day getting less. The whole philosophy of the subject was admirably summed up by a Southern negro with whom I recently talked. "If wages be up, how come 'em up? We all's gittin' but half what we useter git for our cotton, and how kin five cents a pound pay me like ten cents a pound, and me a pickin' out no mo' cotton?" His philosophy applies to 60 per cent. of all the working people in the United States, for that proportion do not work for money wages. They produce, and what they sell the product for is their wages. Viewed in this, the only

Page 12

true light, the wages of 60 per cent. of our laborers have declined nearly one half, making the average decline for all laborers nearly a third. How, indeed, could it be otherwise? Will any sensible man believe that a farmer could pay men as much to produce wheat at $.50 as at $1.50? Or take the case of the cotton grower. It takes a talented negro to make and save 3,000 pounds of lint cotton; when he sold it at $.10 he got $300, and when he sells it at $.05 he gets $150, and all the tricks of all the goldbugs in the world cannot make it otherwise. To tell such men that their wages have increased, in the face of what they know to be the facts, is arrogant and insulting nonsense.

=This nation should have the best money in the world.=

Very true. And the question of what is the best can only be determined by science and experience. It is certain that gold standing alone is not; for its fluctuations in purchasing power have been so tremendous as again and again to throw the commercial world into jimjams. History shows that it has varied 100 per cent. in a century, and we have seen in this country that its value declined about 25 per cent. from 1848 to 1857, and that it has increased something like 60 per cent. since 1873. Without desiring to be ill-natured, I must say it seems to me that a man has a queerly constituted mind who insists that that is the only “honest money.”

=But we don’t want 50-cent dollars.=

And you can’t have ’em, my dear sir. A dollar consists of 100 cents. The phrase “50-cent dollar” and that other phrase “honest money” remind me of what I used to hear in my boyhood when the slavery question was debated with such heat: “What! Would you want your sister to marry a nigger? Whoosh!” It was assumed, if a man denounced slavery, that he wanted the colored man for a brother-in-law. Men who employ such phrases show a secret consciousness of having a weak cause. And while I am about it I may as well add that I do not admire the way some of our fellows have of denouncing gold as “British money.” Great fools, indeed, the British would be if they did not fight for a gold basis, for by reason of it they get twice as much of our wheat, meat, and cotton for the $200,000,000 per year we have to pay them in interest. According to the Chancellor of the Exchequer, the world owes England $12,000,000,000, on which she realizes a little over four and a half per cent., or pretty nearly $600,000,000 per year. Fully that, if we add income from property her citizens own in this and other countries. On the day we demonetized silver, that $600,000,000 could have been paid in gold in the port of New York with 450,000,000 bushels of wheat; to-day it would take 900,000,000 bushels. In short, the amount of grain England has made clear because of the rest of the world adopting monometallism would bread all her people, feed all her live stock, and make three gallons of whiskey for every person on the island. Why shouldn't they take what the world willingly gives them? I have my opinion, however, of the common sense of a world which does things that way.

Page 13

=We want money that is equally good all over the world.=

There is no such money. The coin we send abroad is only bullion when it gets there, and most dealers prefer government bars. The exchange must be calculated exactly the same whether we use gold, silver, or paper in our domestic trade; and this notion that we “should be at a disadvantage in the exchange” is a delusion. The variations in the value of the greenback during our war era were calculated daily, and prices in this country rose or fell to correspond. It must, I say, be calculated just the same in gold or silver, and any smart schoolboy can do it in a minute on any transaction.

=What I mean is that the silver dollar is worth only 50 cents in gold.=

And by the same token the gold dollar is worth 200 cents in silver. The answer is as logical as the quip, and neither is worth notice. Such a process merely assumes an arbitrary standard and measures all other things by it, as the drunkard in a certain stage of intoxication thinks that his company is drunk while he is duly sober. And, by the way, where do you get your moral right to say that a dollar which will buy two bushels of wheat or twenty pounds of cotton is any more honest than one which will buy one bushel or ten pounds? Is it because with the dear dollar the farmer must work twice as long to pay off a mortgage, that the interest paid on the great debts of the world will buy twice as much, and the debtor nations are put at a terrible disadvantage as to the creditor nations personally? Is that honest?

A very safe test of any theory is to follow it to its logical conclusion. Take your “honest” money argument, on the basis of twenty years’ experience, and see where it will take you in the near future. The dollar which buys two bushels of wheat or sixteen pounds of cotton is “honest,” you say, and a dollar which buys but one bushel or eight pounds is not. By and by, if your fallacy prevails, the dollar will buy three bushels of wheat or twenty-five pounds of cotton, and will then, by your reasoning, be much more “honest” than now. Is that your idea? How much lower must prices go before you will admit that gold has gained in purchasing power?

=But it cannot be that prices have fallen because of the scarcity of money, for the low rate of interest now prevailing proves that money is abundant and cheap.=

That is a very old fallacy, and a singularly tenacious one, as it seems that no amount of experience drives it from the minds of men. Look over the history of our panics and you will find that after the first convulsion is past the banks are soon crowded with idle money, and the rate of interest falls. Take notice, however, that the money lenders always declare that they must have “gilt-edged paper.” Interest on first-class securities is never lower than in the hardest times which follow a particularly severe panic, and the reason is obvious: all far-seeing business men know that prices are likely

Page 14

to fall, and, consequently, investments become unprofitable: therefore they do not invest; therefore they do not want money; therefore they do not borrow, and idle money accumulates. This is a phenomenon always observed in hard times. In good times, on the contrary, when investments are reasonably sure to be profitable, there is naturally an increased demand for money, and so the rate of interest rises. As a matter of fact, however, interest rates, when properly estimated, have been for several years past very much higher than previously—that is, the borrower has, in actual value, paid very much more; so rapid has been the increase of the purchasing power of money, that the six per cent. now paid on a loan will buy more than the ten per cent. paid a few years ago. In addition to that, the value of the loan has been steadily increasing. Make a calculation for either of the years since 1890, and you will find it to be something like this: the six per cent. paid as interest has the purchasing power of at least ten per cent. a few years ago, and the lender has gained at least two per cent. a year, if not twice that, by the increased value of his money; so the borrower will have paid, at the maturity of his obligation, at least twelve per cent. per annum, and probably much more.

The silent and insidious increase of their obligations, by reason of the enhanced and steadily enhancing value of gold, has ruined many thousands of business men who are even now unconscious of the real cause or of the power that has destroyed them.

I may add in this connection that the three per cent. now paid on a United States bond is worth about as much in commodities as the six per cent. paid previous to 1870, and at the same time the bond has doubled in value for the same reason; thus, calculated on the basis of twenty-five years, the bondholder is really receiving, or has received, the equivalent of ten per cent. interest.

DEMONETIZATION OF GOLD.

Gold has an intrinsic value, says the monometallist, which makes it the money of the world. It is sound and stable, while silver fluctuates. See how much more silver an ounce of gold will buy than in 1873, but the gold dollar remains the same, worth its face as bullion anywhere in the world.

But suppose there had been a general demonetization of gold instead of silver, how would the ratio have stood then? Would not the same reasoning prove silver unchangeable, and gold the fluctuating metal?

Oh, nonsense! it is impossible to demonetize gold, because the civilized world recognizes it as an invariable standard by which all commodities are measured in value. The supposition is absurd. It would be very much like deoxygenizing the air.

But, my dear sir, gold has been demonetized, and not very long ago, either, and very extensively, too. It was deprived of its legal tender quality by four great nations, comprising some seventy million people; demonetized because it was cheap and because the world's creditors believed it was going to be cheaper; the demonetization, so far as it went, produced enormous evils, and nothing but the firmness of France and the far-seeing wisdom of her financiers prevented the demonetization becoming general on the continent of Europe, which would have reversed the present position of the two metals in the public mind.

Page 15

Of the many singular features in the present overheated controversy, probably the most singular is the fact that comparatively few bimetallists know of, or, at any rate, say much about, this demonetization of gold, while the monometallists ignore it entirely, and many of them, who ought to know better, absolutely deny it.

So extensive was this demonetization of gold, and so far-reaching were its consequences, that it may easily be believed that it was the beginning of all our misfortunes, and that the crime of the century, instead of being the demonetization of silver in 1873, was really the demonetization of gold in 1857; for that was the first general or preconcerted international action to destroy the monetary functions of one of the metals and throw the burden upon the other, and it first familiarized the minds of financiers, and especially of the creditor classes, with the fact that the thing might easily be done and that it would work enormously to their advantage.

It may also be said that it led logically to the action of 1867, which was but the beginning of a general demonetization of silver.

The history of gold demonetization is full of instruction and is here given in detail.

In 1840-45 the world was hungering for gold. All the leading nations had just passed through financial convulsions which shook the very foundations of society. Several American states had either repudiated their debts outright or scaled them in ways that to the English mind looked dishonest, and there was a general uneasiness among the creditor classes of the world. A universal fall of prices had produced the same results with which we are now so painfully familiar. In the half century terminating with 1840 the world had produced but $529,942,000 in gold, coinage value, and $1,364,697,000 in silver, or some forty ounces of silver to one of gold; yet their ratio of values had varied but little, and the variation was not increasing. Why? Monometallists have raked the world in vain for an answer. Bimetallists point to the only one that is satisfactory, namely, the persistence of France in treating both metals equally at her mints. But there were grave apprehensions that France alone could not maintain the parity, and so, as aforesaid, all the world was hungry for gold.

And in all the world there was not one observer who dreamed that this hunger would soon be far more than satiated, and the philosopher who should have predicted half of what was soon to come would have been jeered at as a crazy optimist. In 1848 gold was discovered in California, and three years later in Australia. The supply from Africa and the sands of the Ural Mountains had previously increased, so that in 1847-8 it was equal to that of silver. But how trifling was this increase to what followed. In 1849 there was still a slight excess of silver production, and in 1850 the proportion was but $44,450,000 of gold to $39,000,000 in silver. Then gold production went forward by great leaps and bounds. How much was produced?

Page 16

Well, the estimates vary greatly. Soetbeer places the amount at $1,407,000,000 by the close of 1860; but Tooke and Newmarche have put it about $100,000,000 less. In the same era the production of silver varied but a trifle from $40,000,000 a year. A committee of the United States Senate, appointed for investigating the facts, reported that in the twelve years ending with 1860 the gold produced was $1,339,400,000; and in the next thirteen years, ending with 1873, it was $1,411,825,000. Thus, in the thirteen years following the California discovery the stock of gold in the world was doubled, and in the twenty-five years ending with 1873 it was more than tripled. Several economic writers have made the statement very much stronger than this, and M. Chevalier, in his famous argument for the demonetization of gold, written in 1857, declares that the production of gold as compared with silver had increased fivefold in six years and fifteenfold in forty years, and that, owing to the export of silver to Asia and its use in the arts, there would, in a very little while, be no possible method of maintaining the parity of the two metals in money at any ratio which would be honest and profitable.

And what was the real fact? The ratio, which in 1849 was 15-78/100 of silver to 1 of gold in the London market, and the same in 1850, never sank below 15-19/100 to 1, and never rose above the ratio of 1849 till after silver was demonetized. Why this wonderful steadiness? The answer is easy. In the eight years of 1853-60 France imported gold to the value of 3,082,000,000 f., or $616,000,000, and exported silver to the value of $293,000,000; in short, her bullion operations amounted to $909,000,000. She stood it without a quiver; she grew and prospered as never before. She resolutely refused to change her ratio. Her mints stood open to all the gold and silver of the world, and thus did she save the world from a great calamity.

Scarcely, however, had the golden flood begun when the moneyed classes and those with fixed incomes raised a loud cry. From the laboring producers no complaint was heard. They never complain of increased coinage. In the United States we knew nothing of this clamor, for we then had no large creditor class, no great amount of bonds, and very few people interested more in the value of money than in the rewards of labor. In Europe, however, all the leading writers on finance and industries took part. In 1852 M. Leon Faucher wrote: “Every one was frightened ten years ago at the prospect of the depreciation of silver; during the last eighteen months it is the diminution in the price of gold that has been alarming the public.” In England, the philosopher DeQuincey wrote that California and Australia might be relied upon to furnish the world $350,000,000 in gold per year for many years, thus rendering the metal practically worthless for monetary purposes, and another Englishman, as if resolved to go one better, declared that gold would soon be fit only for the dust pan. M. Chevalier took up the task of convincing the nations that gold should be demonetized as too cheap for a currency, and of course the interested classes soon organized for action.

Page 17

Holland had already begun the process in 1847, but had managed it so awkwardly that her condition is not easily understood or described as it was in 1857. The estimated amount to be thrown out of use was only half the real amount, and in the attempt to avoid a small evil they produced a very great one.

Austria was at that time involved in trouble with her paper money system, and thought the cheapening of gold offered a fair opportunity to come to a metallic basis. The reasoning of her statesmen was singularly like that of General Grant in 1874, when he pointed to the great silver discoveries in Nevada as a providential aid to the restoration of specie payments, being at the time in sublime ignorance that he had long before signed an act demonetizing silver, and thereby depriving this country of the benefit of such providential aid. But the strength of the creditor classes was entirely too much for Austria and Prussia, and the German States allied with them almost unanimously declared for throwing gold out of circulation. A convention had been held at Dresden in 1838, with the view to unifying the coinage, but little had been accomplished, and now a convention was called at Vienna, which was attended by authorized representatives of Prussia, Austria, and the South German States. It was there stated that, besides various minor coins, there were three great competing systems in Germany, namely, those of Austria, Prussia, and Bavaria. It is needless to go into details of this once famous convention, but suffice it to say that the following points were agreed upon: (1) The Prussian thaler was to be the standard for Prussia and the South German States, and was to be a silver standard exclusively. (2) The Austrian silver standard was to prevail throughout that empire. (3) The contracting powers could coin trade coins in gold, but none others, except Austria, which retained the right of coining ducats, and these gold coins were to have their value fixed entirely by the relation of the supply to the demand. "They were not therefore to be considered as mediums of payments in the same nature as the legal silver currency, and nobody was legally bound to receive them as such;" in short, none of the gold coins permitted by the convention were to be legal tender, but all were to be mere trade coins precisely for the same purpose as the trade dollar once so famous in the United States. The result, of course, was to make silver the standard and gold the fluctuating money or token money. The effects of this convention remained with but little change till 1871.

Of course, gold at once became "dishonest money." It was worth less than silver, and a regular gold panic set in. Holland had already demonetized most of her gold coinage, that is, had deprived it of the legal tender quality, and Portugal now practically prohibited any gold from having current value, except English sovereigns. Belgium demonetized all its gold at one sweep, and Russia prohibited the export of silver. Thus, in an alarmingly short space of time five nations had practically demonetized gold, and others were threatening to do so, and the world was rapidly being taught that gold was the discredited metal, while silver was the stable and sound money.

Page 18

Some curious and a few amusing results followed. Among a certain class in England a regular panic broke out, and in Holland and Belgium even the masses of the people became suspicious of gold and disliked to take it in payment. In the latter country a few traders hung out signs to attract customers, to this effect, “L’or est recu sans perte,” meaning that gold money would be taken there without a discount. It is probably not known to one American in a thousand that the practice of inserting a silver clause in contracts became at that time so common in Europe that it was actually transferred to the United States, and in England life insurance companies were established on a silver basis. Several American corporations stipulated for payment in silver, especially of rents, and to this day a New England establishment is receiving a certain number of ounces of fine silver yearly under leases then drawn up.

It is equally interesting to note in the literature of that period arguments against gold almost word for word like those now used against silver. The financial managers threw gold out of use and then urged its non-use as a reason for its demonetization. “None in circulation,” “variation shows impossibility of bimetallism”—such were the phrases then applied to gold, as we now find them applied to silver. An artificial disturbance was created, and then pleaded as a reason for further disturbance.

All this while the financiers of England were bombarded with arguments and prophecies of evil, but her geologists pointed out clearly that Australian and Californian products were almost entirely from the washing of alluvial sands and consequently must be very temporary. Her statesmen believed the geologists rather than the panic-stricken financiers, and so she held for gold monometallism.

But it is to France that the world is indebted for maintaining the parity through those years of alarm and panic. M. Chevalier urged upon French statesmen the importance of returning to the system which had been in force previous to 1785, when silver was the standard and gold was rated to it by a law or proclamation. The proposition was actually brought forward in Council and urged upon the Emperor that silver should be made the standard and gold re-rated in proportion to it every six months. The net result was, by France taking in gold and letting out silver, that in 1865 that country had a larger stock of gold than any other in Europe. Suffice it to repeat that several nations, including seventy million people, actually demonetized gold, deprived it of its legal tender, and treated it as a ratable commodity; while France, single-handed and alone upon the continent of Europe, was able to absorb the enormous surplus of gold and maintain the parity by the simple process of keeping her mints open to both at the ancient ratio.

Page 19

Thus ended the scheme to drive gold out of circulation and base the business of the world upon one metal, and that the dearer metal, silver. But suppose the scheme had succeeded; suppose France had been less firm; what a wonderful flood of wisdom on the virtues of silver we should have had from the monometallists! How arrogantly they would have denounced us—who should, I trust, in that case have been laboring to restore gold to free coinage—how arrogantly they would have denounced us as the advocates of cheap money, dishonest tricksters, repudiators! How they would have rung the changes on “dishonest money,” “fifty-cent gold dollars!” What long, long columns of figures should we have had to prove the stability of silver, the fluctuating nature of gold! What denunciations, what sneers, what gibes, what slurs would have filled the New York city papers in regard to those Western fellows who want to degrade the standard! How glib would have been the tongues of their orators in denouncing all who advocated the remonetization of gold as cranks, socialists, populists, anarchists, ne’er-do-wells, and Adullamites, kickers, visionaries, and frauds! Is there any practical doubt that we should have witnessed all this? None whatever; in fact, something of the same sort was heard in Europe at the time of the demonetization of gold. It all goes to show that self-interest blinds the intellects of the best of men so that they readily believe that which is to their interest is honest, but that the farmer who seeks to raise the price of what he has to sell thereby throws himself down as dishonest. Of course, the successful demonetization of gold would have brought about an enormous appreciation of the value of silver, since it would have thrown the whole burden of maintaining the business of the world upon one metal, and equally, of course, we should have had the same attacks upon the owners of gold mines that we now have upon the owners of silver mines. As the withdrawal of silver from its place as primary money and its reduction to the level of token money has thrown the burden of sustaining prices upon gold, so unquestionably would the reverse process have occurred had gold been reduced to token money in place of silver. All this we know would have taken place from what actually did take place, and this makes important the history of the demonetization of gold.

RELATIVE PRODUCTION OF GOLD AND SILVER.

Among the many plausible pleas of the monometallists, the most plausible, perhaps, is the plea that the great divergence between the metals since 1873 has been due entirely to the increased production of silver. A very brief examination, I think, will show its falsity, and that it is equally false in fact and fallacious in logic; for, first, there has been no great “depreciation” in silver, that metal having almost the same power to command commodities, excepting gold, that it had in 1873; and, second, the claim that the increased production of ten or twenty years would alone greatly cheapen silver is flatly contradicted by all previous experience. Of many statements of the fallacy, I take a recent one from the New York *Times* as the most terse and catchy for popular reading, and likewise most ludicrously absurd:

Page 20

“=Why Silver is Cheap.=

“In 1873 the total product of silver in the world was 61,100,000 ounces, and the silver in a dollar was worth $1.04 in gold.

“Last year the world’s product of silver was 165,000,000 ounces, and the silver in a dollar was worth only 50.7 cents.

“In 1894 the potato crop of the United States was, in round numbers, 170,000,000 bushels, and the average price 53c.

“In 1895 the estimated potato crop was 400,000,000 bushels, and the average price was 26c.

“The fall in both cases was due to the same cause.”

Observe the assumptions: 1. That the output of one year determined the value of silver as the crop of potatoes does their price for that year! The schoolboy who does not know better deserves the rattan. If the theory were correct, gold in 1856 should have been worth but a fourth what it was in 1848, whereas the largest estimate of its decline in value puts it at 25 per cent.

2. That the increased silver production of twenty-two years would reduce its value in the exact mathematical proportions of the increase. This theory ignores the two most important facts determining the value of money: that the silver or gold mined in any one year is added to the existing stock, to which it is but a minute increase; and that wealth, population, and production are also increasing rapidly, relative to which the increase of silver is but a trifle indeed. The yield of the Monte Real a thousand years ago may have cost five times as much labor per ounce, and that of Laurium ten or even twenty times as much; but all of both which is not lost goes with the last ounce mined into the general stock, which is now about $4,000,000,000 in coin alone. The greatest annual production has in but a very few cases added so much as 3 per cent. to the stock on hand, and about half of it is consumed in the arts. If the increase of the annual production of silver by 2-3/4 to 1 in twenty-two years reduced its value one-half, will the *Times* tell us what should have been the reduction in the value of gold when this product increased by fivefold in eight years? It should further be noted that the discovery of a “Big Bonanza” is an event so rare that it has not happened, on an average, more than once in three centuries since the dawn of history, and that since 1873 the growth in the world’s production and trade has been, relative to former times, even greater than the increase in the production of silver.

Consider the following facts, which I have condensed from Mulhall: In 1800 the total yearly international commerce of the world was estimated at $1,510,000,000. Forty years later it had only increased 90 per cent., amounting in 1840 to $2,865,000,000, and in that year there were in all the world but 4,315 miles of railroad and no electric telegraph. The total horse-power of all the steamships of the world was but 330,000,

Page 21

and the carrying power of all the shipping but 10,482,000 tons. To-day the international commerce of the world is almost $20,000,000,000, and increasing at the rate of $1,000,000,000 per year; there are in the world over 400,000 miles of railway and a very much greater mileage of magnetic telegraph, including 14 intercontinental cables; the ocean tonnage of Great Britain alone is very much greater than was that of the whole world in 1840; and tremendous as this increase of international trade has been, it is the merest trifle compared with the increase of the internal trade in several of the greater nations.

What then has caused the “great depreciation”? Nothing has caused it. There has been but a trifling depreciation indeed. It is as clearly proved as anything unseen can be that if the nations had left silver and gold as they were in 1870, both would have gained materially in value, that is, in the power to command commodities, because of the vastly greater relative increase of the latter; but by demonetization all the increase has been concentrated in gold, leaving silver almost exactly as it was. At present, however, I devote myself to the question whether there has been such an increase in the production as would normally cheapen it. On this point we have evidence to convince any unbiased mind, for the relative production of silver and gold has in former ages varied very much more than in the last twenty-three years, and the variation has extended over much longer periods, without causing more than the most trifling divergences in value. And the explanation is simple: the two metals received equal recognition at the mint and in legal tender laws; the greatly increased use of the cheaper maintained its value in coinage, while disuse of the dearer tended equally to check its appreciation. In this sense government can “create value” by creating a use.

From 1660 to 1700, for instance, the production of silver averaged in value much more than twice that of gold, and in quantity some thirty-three times as much; yet all those years, the highest mint ratio was 15.20 to 1 and the lowest 14.81—a variation in money value of but .39 or 2.6 per cent. From 1701 to 1760 inclusive, the proportion of gold produced gradually rose from a little over a third to 40 per cent. in values, yet the money ratio remained remarkably constant, the highest being 15.52 of silver to 1 of gold and the lowest 14.14. In other words, for sixty years there were produced on an average about 28 ounces of silver to 1 of gold, yet the widest variation of their money values in all those years was less than 9 per cent. In the face of such facts as these, we are asked to believe that while an average of over 30 ounces to 1 created an average variation of less than 6 per cent., and a greatest variation of less than 9 per cent., a production of some 20 ounces to 1 since 1882 has created a variation of 100 per cent. And that the variation began nine years before the value production of silver exceeded that of gold! It is an affront to our common sense.

Page 22

[Illustration: The above diagram shows the relative annual production of gold and silver from 1493 to 1870, and also average ratio of values of the two metals.]

I should say, at this point, that my figures are taken from the latest, and in my opinion the most scholarly work in favor of monometallism, “The History of Currency,” by Prof. W. A. Shaw, Fellow of the Royal Historical and Royal Statistical Societies. As the ratio between silver and gold varied considerably in the different marts of Europe, I follow his plan (which is Soetbeer’s) of taking it as it stood at any particular time in the city which might then be called the greatest commercial centre, whether Venice, Hamburg, Antwerp, or London. His history comprises the entire period from 1252 to 1894. It is only fair that I should also give his explanation of the stability of the metals, which is extremely interesting.

He begins his second chapter with the statement that the discovery of America was “the monetary salvation and resurrection of the Old World”; that it was a time of unexampled increase in the precious metals and equally unexampled rise of prices, but there was also “feverish instability and want of equilibrium in the monetary systems of Europe.” He shows how the first great import was of gold, which began to affect prices in 1520; how this was followed by a very much greater increase in silver, and how, while prices were rising so rapidly as to stimulate trade and incidentally do damage by causing great fluctuations, yet there must have been some great regulator preventing the evil which we should *a priori* have expected. He finds it in the fact that Antwerp had taken the place of Venice and Florence, and conducted a great trade with the far East. His language is: “The centre of European exchanges—Antwerp in the sixteenth century as London to-day—has always performed one supremest function, that of regulating the flow of metals from the New World by means of exporting the overplus to the East. The drain of silver to the East, discernible from the very birth of European commerce, has been the salvation of Europe, and in providing for it Antwerp acted as the safety-valve of the sixteenth century system as London has done since. The importance of the change of the centre of gravity and exchange from Venice to Antwerp, therefore, lies in this fact. Under the old system of overland and limited trade, Venice could only provide for such puny exchange and flow as the mediaeval system of Europe demanded; she would have been unable to cope with such a flood of inflowing metal as the sixteenth century witnessed, and Europe would have been overwhelmed.”

Page 23

Professor Shaw argues that without the Eastern safety-valve Europe would have been ruined by an excess of the precious metals, that India furnished the needed reservoir—-did she not take gold as well as silver?—and that Venice was so far limited to an overland trade that she could not have performed the function Antwerp did. Later he sets forth the current monometallist position that the nations are now as one in trade and the interchange of the precious metals, and therefore even the partial equilibrium of the sixteenth and seventeenth centuries could not be maintained. Let us, then, bring the figures down to the present, and it will be found, I think, that the farther down we come the weaker does the monometallist contention appear.

The improved, more extended, and more intimate intercourse of the nations brought about by the introduction of steam, electricity, and other agencies tends to minimize the fluctuations of the two metals, and indicates that the divergences of the metals in mediaeval times was due rather to the want of speedy, easy, and certain intercourse and communication of the nations than to an innate commercial tendency of the two metals to diverge. Had the same intimate and speedy commercial relation existed between the nations of the world in those times as now exists, the equalizing tendencies of trade would evidently have prevented not only the ratio of divergence to which the metals attained at different periods, but would have prevented a difference of ratio existing between the different nations at the same period of time.

From 1761 to 1800, inclusive, the relative production of gold decreased steadily, until it was but 23.4 per cent. of the total value, to 76.6 per cent. of silver. In other words, there were for many of the later years over 50 ounces of silver produced to 1 of gold, and yet the ratio stood long at 15.68 to 1. This is almost exactly the ratio fixed by Hamilton and Jefferson, fixed because of its long-continued maintenance in European markets. During these forty years the production of silver in proportion to gold was never for even one year as low as the highest proportion of any year since 1873, and yet the money value only varied from 14.42 to 15.72, or a fraction over 8 per cent. In the face of such figures as these, the change in relative production since 1873 seems too trifling to be taken into account, especially since in that year and some time after the value production of gold at 16 to 1 was much the greater, nor was it till 1883 that the world's silver product exceeded that of gold.

In 1800-10 the annual production of gold was $12,069,000 and of silver almost exactly $39,000,000, or some 50 ounces to 1; yet the highest ratio was 16.08, and the lowest 15.26. This relative production changed very slowly, and in 1831-40 of the total in values produced 34.5 per cent. was gold and 65.5 per cent. silver.

Page 24

That is, there were, for ten years, about thirty times as many ounces of silver mined as of gold, and during these years the change in the ratio was so minute that it can only be calculated in small fractions of 1 per cent. In 1841-50, for the first time since the middle of the sixteenth century, we find the production of gold the greater, that metal being 52.1 per cent. of the total product, and silver but 47.9 per cent. During the decade the lowest value ratio of silver to gold was 15.70, and the highest 15.93, a variation of only 1.4 per cent. Then California and Australia poured out their wonderful golden flood, and all the world was changed. In 1851-55 the gold yield was 77.6 per cent. of the total, and the silver yield 22.4, and for the next five years the change was but .2 of 1 per cent. In other words, during those ten years the average annual yield of silver was less than 5 ounces to 1 of gold; so if the “overproduction theory” laid down by the *Times* were correct, gold should have lost—well, at least 70 per cent. of its value in silver. The actual variation was from a ratio of 15.98 to one of 15.46, or a relative depreciation of gold of considerably less than 3 per cent. Now, it is alleged by many who have made a study of prices during that period, that in actual value gold depreciated 25 per cent.; so it is plain that it carried down silver with it, and the only logical explanation is that the mints were equally open to both.

We have seen that in all the century and a half when the mines were pouring forth silver at the rate of from 20 ounces to 1 of gold up to 55 ounces to 1, the greatest variation in their value was less than 9 per cent., and in the twenty years when the silver production was to that of gold as less than 5 ounces to 1, the value of gold produced being more than three times that of silver, their money value varied less than 3 per cent., and yet we are coolly asked to believe that since 1873 silver is to be rated among variable commodities like potatoes, the size of the crop each year determining the value. Monometallists have had much to say about the relative cheapness of gold during those years, and have laid much stress upon the fact that it was an era of great prosperity and rapid development, with rise of wages and the prices of farm produce. In this argument they admit three things: that we have a moral and constitutional right to use the cheaper metal at any time; that we did use gold for all those years simply because it was easier to pay debts with it, that is, it was cheaper, and that the use of the cheaper metal aided greatly in making prosperity. That is all that any bimetallist claims. As the entire burden was not then thrown upon silver, we claim that it should not now be thrown upon gold, doubling or trebling the rate of its advancing value; and as the privilege to use the cheaper metal then checked the advance of the dearer and enhanced prosperity, we insist that the system of that time shall be restored.

Page 25

The subsequent figures are equally convincing. In 1861-65 the gold products were 72.1 per cent. of the total, the silver 27.9 per cent., the variation in ratio from 15.26 to 15.44. In 1866-70 the production stood 69.4 to 30.6, the variation in ratio 15.43 to 15.60. In 1871-75 production was still 58.5 to 41.5, but the variation in coin value was from 15.57 to 16.62. That something had happened quite aside in its effects from relative production was evident, but the people did not find out what it was till late in 1875. At the time the demonetization act was passed, the ratio was still 15.55 to 1, and one of the reasons given for the act of February 12,1873, was that the silver dollar was worth $1.03 in gold; yet before the close of that year, and before it was known that there was to be any great increase in the product of silver, its relative value ran down till it was below that of gold. Can any one doubt the cause? Surely not if he observes the additional fact that the relative decline of silver continued despite the greater value production of gold, and that 1882, ten years after demonetization, was actually the first year since 1849 in which the world's production of silver exceeded that of gold. What one hundred and ninety years of continuous and often enormous relative overproduction of silver had not done, ten years of demonetization had accomplished, and that while the relative supply of gold was still the greater. Is it possible to miss the real cause? Is there in Euclid a demonstration more conclusive?

[Illustration: The above diagram shows the relative annual production of gold and silver from 1870 to 1893, and ratio of values.]

Monometallists have exhausted the resources of verbal gymnastics to make these figures fit their theories. Determined not to admit that demonetization was the cause, they have given so many explanations that, expressed in the briefest words, they would cover many pages like this. The first was that the opening of the "Big Bonanza" on the Comstock lode had given notice that silver was coming in a flood; but that was only for popular use in this country. Scientific men knew that to be a rare find indeed, not likely to occur again for centuries. The next explanation was that China and India, so long the reservoir into which the surplus flowed, had ceased to absorb it; and the next, demonetization of silver by Germany and her throwing her old silver on the market. And with this the people began to get at the true reason—the general demonetization by so many nations.

The following table gives the annual production of gold and silver from the discovery of America to and including the year 1892; and the highest and lowest ratio of silver to gold from 1681 to and including the year in which silver ceased to be in this country primary money:

Years. *Gold*. *Silver*. *Ratio*.

Page 26

1493-1520........	$3,855,000	$1,953,000	
1521-1544........	4,759,000	3,749,000	
1545-1560........	5,657,000	12,950,000	
1561-1580........	4,546,000	12,447,000	
1581-1600........	4,905,000	17,409,000	
1601-1620........	5,662,000	17,538,000	
1621-1640........	5,516,000	16,358,000	
1641-1660........	5,829,000	15,223,000	
1661-1680........	6,154,000	14,006,000	
1681-1700........	7,154,000	14,209,000	14.81-15.20
1701-1720........	8,520,000	14,779,000	15.04-15.52
1721-1740........	12,681,000	17,921,000	14.81-15.41
1741-1760........	16,356,000	22,158,000	14.14-15.26
1761-1780........	13,761,000	27,128,000	14.52-15.27
1781-1800........	11,823,000	36,534,000	14.42-15.74
1801-1810........	11,815,000	37,161,000	15.26-16.08
1811-1820........	7,606,000	22,474,000	15.04-16.25
1821-1830........	9,448,000	19,141,000	15.70-15.95
1831-1840........	13,484,000	24,788,000	15.62-15.93
1841-1850........	36,393,000	32,434,000	15.70-15.93
1851-1855........	131,268,000	36,827,000	15.33-15.59
1856-1860........	136,946,000	37,611,000	15.19-15.38
1861-1865........	131,728,000	45,764,000	15.26-15.44
1866-1870........	127,537,000	55,652,000	15.43-15.60
1871-1872........	113,431,000	81,849,000	15.57-15.65
1873............	96,200,000	81,800,000	
1874............	90,750,000	71,500,000	
1875............	97,500,000	80,500,000	
1876............	103,700,000	87,600,000	
1877............	114,000,000	81,000,000	
1878............	119,000,000	95,000,000	
1879............	109,000,000	96,000,000	
1880............	106,500,000	96,700,000	
1881............	103,000,000	102,000,000	
1882............	102,000,000	111,800,000	
1883............	95,400,000	115,300,000	
1884............	101,700,000	105,500,000	
1885............	108,400,000	118,500,000	
1886............	106,000,000	120,600,000	
1887............	105,000,000	124,366,000	
1888............	109,900,000	142,107,000	
1889............	118,800,000	162,690,000	

1890............	118,848,700	172,234,500
1891............	126,183,500	186,446,880
1892............	138,861,000	196,458,800

Thus we see that, for twenty-seven years after the discovery of America, the gold production was double that of silver; for the next eighty years the production of silver was considerably more than double that of gold; for the next one hundred years the production of silver was more than 2-1/2 times that of gold, and for the next century and a half, to wit, from 1701 to 1850, inclusive, despite the fact of the tremendous gain of gold in the last few years, the production of silver fell but little short of twice that of gold. And yet, the variations in coin value were of the trifling character previously stated. When taken by shorter periods, the argument is still more startling. Thus in 1801-20 the production was almost exactly 4 of silver to 1 of gold; for the next twenty years

Page 27

a minute fraction less than 2 of silver to 1 of gold; for the next twenty 2-1/2 of gold for 1 of silver; and for the next twenty nearly 2 of gold for 1 of silver, while during these awful years since 1873, in which there has been so much said about the “flood of silver,” its production has never once been twice that of gold, and for the entire period has exceeded it by the merest trifle. Is it any wonder that Dr. Eduard Suess, the great German authority on the metals, and Professor of Geology at the University of Vienna, concluded his recent work with these strong statements:
“Present legislative institutions are at variance with the conditions established by nature. Even now agriculture and in part industry in Europe are sorely at a disadvantage against silver countries such as India and Mexico. The advantage of this situation accrues in England to the holders of interest-bearing notes, the productive value of which increases with the growing scarcity of gold.... As soon as the figure 23.75 shall have been reached, all gold obligations will have increased in value one-half; but nothing prevents that figure from rising to 31. [It has since risen even above that.] ... You say a regulation cannot be international, but you overlook how long the ratio of 1 to 15-1/2 was upheld and worked beneficently. We wish, say the London bankers, to receive our interest in gold and not in depreciated silver; but silver would not be depreciated the moment an agreement went into effect. Why, you ask, shall we cast such profit into the hands of the owners of silver mines? Remember that you are now casting the same profit into the hands of the owners of gold mines and washings. No man would lose by rehabilitation, and the whole world would be richer.... Europe is laboring under a grave delusion. The economy of the world cannot be arbitrarily carried on in the hope that somewhere a new California, and at the same time a new Australia, will be found whose alluvial lands will give relief for a decade. ... The question is no longer whether silver will again become a full value coinage metal over the whole earth, but what are to be the trials through which Europe is to reach that point.”

At this point it seems to me well to present the figures of relative production for the last century in a more compact shape, with a view to bringing out the contrast:

Silver produced 1792-1850...........	$1,690,217,000
Gold produced.......................	848,186,000
Excess of silver production.........	842,031,000
Gold produced 1850-73...............	$2,724,825,000
Silver produced.....................	1,150,025,000
Excess of gold......................	1,574,800,000
Gold produced 1873-92, inclusive.....	$2,060,897,000
Silver produced.....................	2,264,419,000
Excess of silver....................	203,522,000

Gold produced 1850-92, inclusive..... $4,785,722,000

Page 28

Silver produced.....................	3,414,444,000
Excess of gold......................	1,371,278,000

Gold produced 1792-1892, inclusive...	$5,633,908,000
Silver produced.....................	5,104,961,000
Excess of gold......................	528,947,000

Thus are we confronted with the truly startling paradox that during all the century and a half when the production of silver was nearly twice that of gold, and the two centuries back of that when it was more than twice, the variation in coinage value never rose to 9 per cent., and for many years at a time corresponded with the ratio set by the mint; but at the end of a century during which the gold production was half a billion greater than that of silver, and at the end of half a century when it was nearly a billion and a half greater, the really scarcer metal has declined in terms of the other nearly one-half! And all this, the monometallist tells us, because there has been an excess of silver produced amounting to less than a quarter of a billion in twenty-three years. Belief in such a proposition would indeed be a triumph of faith over figures. And to add to the trial of our faith, we find, on bringing the figures down to the close of the year 1895—and we cannot bring them later on account of official slowness—the amounts of silver and gold in the world, as presented in values at our ratio, are almost exactly equal, the greatest divergence claimed by the most extreme monometallist being 16-3/10 ounces of silver to one of gold!

I do not indulge the hope that the figures herein presented will affect the opinion of any pronounced monometallist. There seems to be a mysterious power in gold which blinds the eyes to deductions from statistics and experience; the internal conviction of the monometallist that gold stands still while everything else changes in value resists all logic. In this country, that is. In England, where it has not become a political question, and no one is interested in denying the facts, monometallists almost universally concede the appreciation of gold and defend monometallism on that ground. It is to the laboring producers of the United States, still open to conviction, that I present these figures, which to me seem absolutely conclusive.

IS BIMETALLISM PRACTICABLE?

Can this great nation coin silver and gold on the same terms, at the ratio of 16 to 1, and maintain a substantial parity?

This question, like all others in political economy, may he argued theoretically or on the basis of actual experience. The monometallists say that one metal or the other always has been and always will be the cheaper at any ratio; that if both be freely coined, the dearer will be more valuable as bullion than as money, and will therefore go out of use. They say that, in spite of all devices to the contrary, we must have monometallism any how, and always on the basis of the cheaper metal.

Page 29

The bimetallist replies that such is, in truth, the natural tendency; but when the dearer metal is thrown out of use as money it thereby becomes cheaper, and as the cheaper metal must take its place, a vastly greater demand for it is created, and so it becomes dearer; thus an alternating action keeps the two near a parity, provided that the ratio corresponds nearly with the relative amounts of the two metals in the world's stock. They claim that the world has thus a far less fluctuating standard of value than it ever can have with one metal alone.

The monometallist rejoins that this is "all theory." This brings both parties to the test of experience, and by common consent the experience of France in the seventy years from 1803 to 1873 is taken as the best practical test. At first view, it would seem as if the matter could easily be settled, as the time is so recent that there could be no great obscuration of the history; but on inquiry a determination of the real facts is found to be no such simple matter, and as the disturbance of natural law by war and other causes was almost constant, both sides find enough in the facts to make a basis for their respective contentions. Let us then consider this history.

Napoleon Bonaparte became First Consul and practically ruler of France in 1799, and at once addressed himself, with his usual energy, to the task of establishing a stable monetary system. He found that in 1785 Calonne had established the ratio of 15-1/2 of silver to 1 of gold, and that it had worked reasonably well. He accepted it, therefore, as justified by experience, and his Finance Minister carried through the Council of State an act for the free coinage of both metals at that ratio. For seventy years this law stood practically unchanged, and it is speaking with great moderation to say that in those seventy years there occurred more disturbance of every kind unfavorable to the maintenance of a ratio than in any other seventy years in monetary history. France was twice conquered, her soil overrun, and her capital held by the enemy. She four times changed her form of government. Once she was subjected to the payment of enormous war expenditures, and again not only to the payment of still greater expenditures but to a fine exceeding in amount the largest sum of gold ever held in the United States. During a large part of this time the world's production of silver was in excess of that of gold to an extent very much greater than it has been in recent years, and then, after a very brief interval of something like equal production, there was a sudden and tremendous increase in the production of gold until it exceeded that of silver more than 3 to 1 in value. During these years, also, several of the neighboring nations, including seventy million people, demonetized gold and threw the whole burden of sustaining its equality on the continent of Europe upon France, and during another portion of the time there were monetary disturbances so far-reaching that they shook the foundations of credit in every civilized country in the world. And yet, through all these convulsions, France for seventy years maintained a substantial parity, by welding the two metals together for monetary purposes.

Page 30

The contrasted figures are simply amazing. In the decade of 1811-20 there were produced 47 ounces of silver to 1 of gold, and yet the market ratio outside of France never stood higher than 16.25 to 1. In the decade of 1821-30 the production was 32 ounces to 1 and the average ratio 15-80/100 to 1. In 1831-40 the production was 29 ounces to 1 and the average ratio 15-75/100 to 1. In 1841-50 the production was 14-9/10 ounces to 1 and the average ratio 15-83/100 to 1. The demonstration is as complete as that of any proposition in Euclid. In spite of the enormous overproduction of silver, the maintenance of the mint ratio in France held the two so nearly together that in three years out of four the difference in other countries only amounted to the cost of transporting the silver to the French Mint and of coinage.

[Illustration: The above diagram shows the relative annual production of gold and silver during the bimetallic period in France. The ratio given is the commercial ratio, that of the mint being 15.50 to 1. Note the marvellous steadiness of the commercial ratio and contrast it with the enormous fluctuation in the relative annual production of the two metals during this period.]

To this should also be added the fact that French coins would have a slightly less value in other countries than the coins of those countries, but it is not easy to estimate the sentimental difference this would make. From the enactment of the law of 1803 to the limitation of the coinage in 1875 France coined 5,100,000,000 francs of silver and 7,600,000,000 francs of gold, or $1,020,000,000 of silver and $1,520,000,000 of gold, very nearly, or 40 per cent. of the total amount of silver and 33 per cent. of the total amount of gold produced in the world during those years.

It is further to be noted that, whether gold or silver was the dearer metal at the ratio of 15-1/2 to 1 at any given time, France at that time had more of gold and silver per capita than any country in the world, and that, despite the enormous inflow of the cheaper metal, she held the dearer and absorbed what now seems an astonishing amount of the cheaper. Thus, in 1822 the imports of silver into France exceeded the exports by 125,000,000 francs, and in 1831 the amount had risen to 181,000,000 francs, and then it fell off and did not reach the latter sum again until 1848.

On the other hand, in the eight years 1853-60 there was a net import into France of gold to the value of 3,082,000,000 francs, or $616,000,000; and in the same years a net export of silver to the value of 1,465,000,000 francs, or $293,000,000. Thus in the short space of eight years France had made monetary, or, rather, metallic transfers amounting to $909,000,000, and that without a quiver of her financial system, and scarcely a perceptible trace of the effects of that financial storm which swept America, England, and Central Europe with such destructive fury in 1857-8. It further appears that, despite the enormous import

Page 31

of gold, the subsequent export was comparatively small, and thus, such was the wonderful absorbing power of the nation under the free coinage law of 1803, that France came out of each successive financial storm with an increased stock of the precious metals, and more than once has the Bank of England been compelled to apply to France for the specie to arrest a destructive panic growing out of an insufficient amount of coined money upon a safe basis and an overissue of supplemental or faith money.

By the year 1860 it was supposed that the danger of the world being “flooded with gold” was substantially over; and during that decade France not only sustained the double standard single-handed and alone, but did it against the tremendous pressure due to the demonetization of gold in Austria, Germany, and other countries. It is not possible to say with certainty how far gold would have cheapened, or, to speak in the current language, how high the ratio of silver would have become, had France during the decade abandoned her bimetallic system; but it is certain that the disproportion would have been enormous, undoubtedly very much greater than the present disproportion in the market between silver and gold, resulting from the demonetization of silver. M. Chevalier gave it as his opinion that the ratio would sink at least as low as 8 to 1, that is, that gold would be worth but half what it was rated at in relation to silver in the American coinage, and this he believed would certainly happen, despite the power and willingness of France to maintain the old ratio. He did not venture to say how low the ratio would sink if France abandoned her policy, but he evidently looked forward to a time when gold would be practically too cheap for money.

Years afterward, in writing as a philosopher rather than an advocate, he took more rational ground, and compared the action of France to that of a parachute which retarded the fall of gold. The maximum effect of the enormous gold inflation of 1848-65 was to create a disturbance of less than five per cent. in value of the metals in countries outside of France. During all the years that the law of 1803 was in practical force the variations as shown by a diagram seemed but trifling, despite the enormous over-production of silver for many years and of gold for many other years, and yet, immediately after 1873, although ten years were yet to elapse before the world was to produce silver in excess of gold, almost instantly the diagram shows the downward trend of silver far, far in excess of any previous experience.

Page 32

How was it through all these years with the industrial and financial condition of France? It would indeed be little to the purpose to prove that she had maintained the metals at a parity by free coinage, if, in the meantime, her people had suffered loss. Monometallists tell us that not only is bimetallism impossible, but that the attempt to maintain it is in every way hurtful, in fact, disastrous. They point us to the fact that England is the clearing house of the world; that those whose currency is not assimilated to that of England are subjected to enormous losses in the exchange, resulting from fluctuations; that by attempting bimetallism a nation puts itself in the second or third rank, and that the results are in every way bad. Well, all those conditions applied to France. She, like the United States, may be considered as regarding England in the light of the world's clearing house, and her currency may be said to have fluctuated, as they declare ours would, with bimetallism. What, then, have been the general results to France? What effect has it had upon her commercial, social, and industrial development? On this point let us return thanks that the testimony is universal. No other nation in the world has made such stupendous progress in the general improvement of her people as France has made since 1803. No civilized country probably had sunk to such depths of popular misery as had France at the beginning of her revolution, and we can hardly believe that the subsequent fourteen years of war and internal turmoil had greatly improved her condition when the policy of 1803 was adopted.

[Illustration: The above diagram shows the course of the commercial ratio of the values of gold and silver during the bimetallic period of France. The upper dotted line (A) shows the extreme high limit of ratio, and the lower dotted line (C) the extreme low limit reached from the years 1803 to 1873. The central line (B) is the mint ratio of 15.50 to 1 fixed by the French Government in 1803. The variable line (D) is the commercial ratio of the values of the two metals during that period. Note the slight variation in this ratio from 1803 to 1873, during which time the bimetallic action of the French law was operative, and then contrast it with the sudden and swift descent of the ratio after the demonetization of silver by the various nations in 1873 and 1875.]

Bimetallism and a rigid adherence to a specie basis were two of the means adopted by Bonaparte to restore France, and during all his wars, with their terrible expenses, he never once departed from the specie standard. After the Act of 1803 France was still to have twelve years of war and severe trial. She has subsequently had two revolutions and a foreign war, singularly destructive in its course, and ending in her subjugation, the occupation of her territory, and the loss of two of her wealthiest provinces.

Page 33

Seventy years of bimetallism had left France saturated with gold and silver when her Emperor rashly provoked the war with Germany; her expenses were enormously increased, and she had to pay, in addition, a fine of nearly $1,000,000,000. She paid it with a rapidity that amazed the world, but in her hour of weakness she consented to gold monometallism. She had become a creditor nation, and could endure the new system better than any other, except Great Britain; nevertheless, she has suffered. Her exports had steadily increased during all her years of bimetallism, and never so fast as during the very years in which she was exporting silver so heavily because of the influence of cheap gold. The very year of demonetization her exports began to decline, and but once since have they reached the old figures.

The statistics are fearfully suggestive. In 1840 her exports were valued at $202,231,000, and her imports at $210,413,000; in 1873 her exports were $964,465,000, and her imports $915,285,000, and in only six of the years after she began to be "flooded with cheap gold" did her imports exceed her exports. In 1874 her exports began to decline, and ran rapidly down to $822,360,000 in 1878; and 1890 is the only year since demonetization in which they reached the figures of 1873, being $968,030,000. On the other hand, her imports have steadily outrun her exports until the excess has been as high as $300,000,000 in one year (1880), and has only once since (1885) been as low as $100,000,000. Here, then, are the points demonstrated by France's official figures:

During seventy years of bimetallism she gained steadily and rapidly in wealth, her exports increasing much faster than her population.

During the eight years (1853-60) in which she was "ruined by cheap gold," importing 3,082,000,000 francs of it and exporting 1,465,000,000 francs of silver, a bullion operation to the amount of $909,000,000, she increased her exports most rapidly and with no corresponding increase in imports.

During the twenty years following demonetization her exports have been stationary or declining, being $99,000,000 less in 1893 than in 1873, while her imports have increased.

Let us turn for a moment and trace the effects of monometallism in England as compared with bimetallism in France during the same period.

England had in 1816, when she adopted gold monometallism, about $10,000,000,000 in property and had in 1873 about $40,000,000,000. In 1816 she had about 18,000,000 people and in 1873 about 32,000,000; her per capita wealth, therefore, in 1816 was $555, and in 1873 $1,250, or 2-1/5 times as much. In 1803 the property of France was valued at $8,000,000,000, and in 1873 at about $40,000,000,000; in the former year she had 29,000,000 people, and in the latter a little over 36,000,000. Her per capita wealth, therefore, in 1803 was $276, and $1,081 in 1873, or very nearly four times as much.

Page 34

Thus, despite the immeasurable advantages which England enjoyed, political, social, and industrial, her great colonial possessions from which she drew enormous wealth, and her exemption from destructive war; despite also the distressing condition of France and her recent enormous losses, we find that in seventy years of bimetallism the working Frenchman had gained wealth almost twice as fast as the working Englishman had in the same number of years of monometallism.

France became a creditor nation, and yielded to the general pressure for a single gold standard; she has lost heavily, as shown in her table of exports, but she still retains a large part of the momentum acquired during seventy years of bimetallism. Her wealth is still rated at something over $40,000,000,000; her people have accumulated stocks of the precious metals far in excess of those of any other country; and their business is so solidly founded that the storm which recently shook the foundations of credit throughout the British Empire scarcely produced a quiver in France. They have wisely avoided the excessive issues of faith money (or check money) which are the ever-present danger of England, America, and other monometallic countries; and as a result, they have almost entirely escaped those fearful convulsions have that threatened the political stability of great nations. In fact, it is no exaggeration to say that France has only felt the convulsions of recent years by their reflex action on her from other countries; and twice within very recent years has the Bank of England been compelled to go to France for the coin to stay the devastating work of panics resulting from over-expansion of faith money on an insufficient metallic basis.

France has an area less than that of Texas by some 60,000 square miles, yet its aggregate wealth is two-thirds that of the United States; and on the basis of assessed value her agricultural wealth is very much greater than ours. Mulhall, the great British statistician, says of France that she is “the best cultivated country in Europe.” Her 6,000,000 peasant proprietors are the owners of nearly all her cultivatable soil, which is worth, on an average, $160 per acre. She has over 400,000 miles of the finest common roads in the world, which have cost her, at the ordinary rate of labor, over $5,000,000,000. Their benefit goes chiefly to agriculture, binding the farmers of different provinces and farmers and city dwellers together. She has over 10,000 miles of canals and canalized rivers; she has 25,000 miles of railways, all in the highest state of efficiency. She has, during her bimetallic period, become the second colonial power of the world, and has acquired foreign territory at such a rate as to excite the jealousy of England. She has become the second naval power on the globe, and the second exporting nation, her exports averaging some $900,000,000 per year, an amount larger than the exports from this country, which has a population

Page 35

nearly double that of France, nearly all of it being manufactures; and had the same rate of growth continued as was maintained before France became monometallic, it is fair to presume that her exports at this time would have equalled those of Great Britain. Best of all, the great increase of wealth is in the hands of those who created it. It is the universal testimony of all observers that the condition of the French people and the general aspect of France has steadily improved throughout this century. It is a country in which poor-houses are unknown; in her cities a beggar is a curiosity. In their country's emergency the common people came forward and out of their savings paid $1,000,000,000 accumulated during the bimetallic period. Despite the loss of $240,000,000 in the Panama Canal and of $1,000,000,000 in the indemnity to Germany, as well as two of her richest provinces, France has accumulated hundreds of millions of dollars in the securities of other countries, and has only recently been able to subscribe twenty-five times over the Russian loan, and is negotiating a loan to China, the money for which is to be supplied by her working people.

Be it noted also that the debt of France is held by the people of France, largely by the industrial class, and especially by the agricultural class, and the interest thereon paid, instead of being a foreign drain, is a perpetual renewal of the current circulation.

One more brief contrast between France and England. No reader of current literature need be told of the appalling prevalence of poverty in Great Britain. As France is a country without poor-houses, so it may be said that England is a land of poor rates and poor unions. The latest official announcement is that the agricultural interest is declining more rapidly than ever before; and in regions where only fifteen years ago the land rented readily at several pounds per acre, statesmen and economists are appalled at the sight of that which so alarmed our New England people a few years ago: the phenomenon of abandoned farms. We are told that there is a revival of industry because British capitalists have withdrawn their money from other countries and will put it in anything rather than have it entirely idle; but the condition of agriculture steadily grows worse.

And have we anything to boast of in our own happy land in comparison with France? Our natural resources so far exceed those of any old country that a comparison would be ridiculous; and the monometallists tell us, when they are trying to prove that gold is not enhanced in value, that, by reason of inventions, a day's labor will produce at least twice as much as in 1870, and in many lines a great deal more than twice as much. Why, then, does not the laborer receive twice as much as he did in 1870? As wages are labor's dividend of its own product, and as capital had its dividend then as now, if a day's labor does not bring the laborer twice what it did, he is wronged; and, considering our resources, if we are not five times as well off as the French people, the only reason can be that we have slighted our opportunities, and blundered most fearfully in our management.

Page 36

The monometallists profess to be great sticklers for experience and demonstrated fact; to have a horror of “theory.” We present them the example of France as an unanswerable proof that one great nation can maintain bimetallism, and that by maintaining it she escaped the worst evils that have affected the monometallic countries, and assured for herself an extraordinary progress and prosperity. We present them, in contrast, the example of England, and point them especially to the great difference in the progress of the common people of the two countries. We ask them, with this experience, to consider the present condition of this country, and the evils that have affected it since 1873, and seriously to consider the question as to whether something is not radically wrong; whether some malign influence has not gone between us and the reward of our work, and robbed us of that to which we are honestly entitled.

BIMETALLISM ABROAD.

Many monometallists start with the assumption that what they call the “silver craze” is a mere fad, temporary and local; that the advocates of bimetallism are confined chiefly to the United States, and to the western part of it, and that, if they are thoroughly defeated at the November election, the discussion will be at an end.

“Mistaken souls that dream of heaven.”

They do not realize that, although it has not taken the same popular form, the discussion is quite as serious in monometallic Germany and England, and in the latter country opinion has so far advanced that both parties agree on the enormous enhancement in the value of gold. There is now scarcely a difference of opinion in England on this point, but there is as to the effect. British monometallists assert that as England is a great creditor nation, the world owing her, as estimated, $12,000,000,000, every advance in the purchasing power of money is greatly to her advantage. In Mr. Gladstone’s last public speech on the subject he stated that fact with great frankness, claiming that it was to England’s interest that money should remain as now in purchasing power, and that if she should abandon the gold basis, because gold is worth far more than it was a few years ago, the world might applaud her generosity, but it would sneer at her wisdom.

The bimetallists of England, on the other hand, assert that the enormous losses of traders owing to the dislocation of the par with silver-using countries, of manufacturers by reason of the rapidly increasing competition of the same countries, of home debtors and of many other classes, and especially the loss to agriculture, far outweigh any gain made by the creditors as such.

The national debts of Europe now amount in round numbers to some $22,000,000,000. Including all other countries, the total of national debts exceeds $26,000,000,000, and the growth for many years averaged $500,000,000 per year. The local public debts of

England and Canada are set at $1,735,000,000. According to the best authorities, the mortgage indebtedness of the principal European nations is as follows:

Page 37

For Great Britain and Ireland........	$8,000,000,000
For Germany..........................	8,500,000,000
For France...........................	3,850,000,000
For Russia...........................	3,250,000,000
For Austria..........................	1,500,000,000
For Italy............................	2,675,000,000
And for all other European countries.	3,050,000,000

A total of nearly $31,000,000,000.

Hon. Samuel Smith, M. P., places the mortgages of England at something over $2,000,000,000, which is more than half the value of the landed property, and those of Scotland and Ireland (the latter one of the worst mortgaged countries in the world) make up the grand total given above.

A highly suggestive fact is that, as experience develops the enormous evils of the monometallic system, the number of conversions among prominent men to bimetallism steadily increases, and they become more outspoken and radical in their views.

At the Paris Monetary Conference of 1867, Mr. Mees, President of the Bank of the Netherlands, protested against a single gold standard and foretold literally what has followed. Two years later Baron Alphonse de Rothschild said: “As a sequel we should have to demonetize silver completely. That would be to destroy an enormous part of the world’s capital; that would be ruin.”

At the conference of 1878, Mr. Henry Hucks Gibbs, director and former governor of the Bank of England, was an advocate of the single gold standard; but a few years’ experience so completely changed his views that he said: “Mr. Goschen and I were together in the conference in Paris; both of us were sturdy defenders of gold monometallism; but I have changed my mind. I do not say Mr. Goschen has changed his mind, but he has somewhat modified it.”

In the Paris Conference of 1878, Mr. Goschen said: “If other states were to carry on a propaganda in favor of a gold standard and of the demonetization of silver, the Indian Government would be obliged to reconsider its position, and might be forced by events to take measures similar to those taken elsewhere. In that case the scramble to get rid of silver might provoke one of the gravest crises ever undergone by commerce.”

As it is the fashion of our monometallists to sneer at the possibility of bimetallism, it may be well to quote here the report of the Royal Commission on gold and silver, made in 1888. This commission was composed of six monometallists and six bimetallists, but they assented unanimously to this proposition:

"*Section* 107. We think that in any conditions fairly to be contemplated in the future, so far as we can forecast them from the experience of the past, a stable ratio might be maintained if the nations we have alluded to (herein), the United Kingdom, the United States, and the Latin Union, were to accept and strictly adhere to bimetallism at the suggested ratio. We think

Page 38

that if in all these countries gold and silver could be freely coined and thus become exchangeable against commodities at the fixed ratio, the market value of silver as measured by gold would conform to that ratio and not vary to any considerable extent."

Mr. Leonard H. Courtney, one of the monometallist members of that commission who signed the report, has since become an avowed bimetallist, as have many other prominent Englishmen. Among them may be mentioned Professor Alfred Marshall and Professor Sidgwick, of Cambridge University; Professor Nicholson of Edinburgh; Professor H. S. Foxwell, Professor of Political Economy in University College, London; Professor E. G. Gonner, of Liverpool; Professor J. E. Munro, of Kings College, London; and many others.

Mr. Courtney says, in his article in the *Nineteenth Century*, April, 1893: "Is it true that gold is this stable standard? I was one of the six members of the Gold and Silver Commission who could not see their way clear to recommend bimetallism, and reported: 'When we look at the character and power of the fall in the price of commodities, we think that the sounder view is that the greater part of the fall has resulted from causes touching the commodities rather than from an appreciation or increase in value of the standard,' In the same paragraph we had said: 'We are far from denying that there may have been, and probably has been, some appreciation in gold, though we may hold it impossible to determine its extent.'" Now, then, he goes on to say: "Let me make a confession. I hesitated a little about this paragraph. I thought there was perhaps more in the suggestion of an appreciation of gold than my colleagues believed; but while I thus doubted it, I did not dissent. I am now satisfied that there has been an appreciation of gold greater than I anticipated when I signed the report, and I should not be able to concur in that same paragraph again. We have been passing through a period of an appreciation of gold, and no one can tell how long it will last. This is a serious matter. The pressure of all debts, private and public, has increased. The situation is serious. It is a dream to suppose that gold is stable in value. It is no more stable than silver. It has undergone a considerable appreciation in recent years, and industry and commerce have been more hampered by this movement than they would have been had silver been our standard. Every step taken towards the further demonetization of silver must tend to the enhancement of the value of gold. It is true that much inconvenience is involved in the use of gold as a standard in some countries, and of silver as a standard in others, with no link to check their divergent relations; but the advantage of having the same monetary standard throughout the world would be counterbalanced if we made gold that universal basis and tied all the fortunes of the nations to it."

Page 39

The bimetallic sentiment in England is not confined to the mere theorist and doctrinaire or statesman, but is advocated by some of the ablest journalists in the kingdom. Thus, the *Statist*, which undoubtedly ranks in that country as the highest authority in financial and economic matters, is quite as pronounced as Mr. Balfour and others in its views upon the effect the demonetization of silver has had upon the value of gold. In its issue of July 1, 1893, it says: “The new policy is likely to intensify the appreciation of gold. One consequence of the further appreciation of gold will be to intensify the agricultural depression all over Europe. Most of the charges upon land having been fixed heretofore, they will weigh more and more heavily upon land-owners as gold rises in value. So, again, rents will become more onerous, and it will be found by and by that the settlement of the last few years was only provisional, and that a further reduction will become necessary. Also it is evident that the burden of debt, not only upon individuals, but upon governments, will be much increased. Everywhere the burden of debt will necessitate increased taxation, and so will weigh very heavily upon the general population.”

Hon. Robert Giffen, the well-known chief of the statistical department of the Board of Trade, London, was long known as the most determined and uncompromising monometallist in England. In 1888 he read a paper before the Royal Statistical Society, in which he showed that gold had notably gone up in purchasing power; that the increase was continuous and likely to continue, and that this was the true explanation of the fall in the prices of commodities.

In a former paper read in 1879 he had predicted the rise in the purchasing power of gold, and in his paper of 1888 he said: “If the test of prophecy be the effect, there was never surely a better forecast. The fall of prices in such a general way as to amount to what is known as rise in purchasing power of gold is, I might almost say, universally admitted. Measured by any commodity or group of commodities usually taken as the measure for such a purpose, gold is undoubtedly possessed of more purchasing power than was the case fifteen or twenty years ago, and this high purchasing power has been continued over a long enough period to allow for all minor oscillations.”

In 1871, when the discussion may be said to have begun, the French economist Ernest Seyd pointed out very plainly that the adoption of the gold standard by Europe and the United States would lead to the destruction of the monetary equilibrium hitherto existing, and then added this singular prophecy: “The strong doctrinarianism existing in England as regards the gold valuation is so blind that when the time of depression sets in the economic authorities of that country will refuse to listen to the cause here foreshadowed. Every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters. The workman and his strikes will be the first convenient target; then speculating and over-trading will have their turn; many other allegations will be made, totally irrelevant to the real issue, but satisfactory to the moralizing tendency of financial writers.”

Page 40

How literally has that been fulfilled in our sight. At this very time, the monometallists of the United States are pointing to all sorts of causes and irreconcilable matters to explain the ruinous fall in prices. They not only allege all the causes here assigned, but many more peculiar to this country; and, after the fashion of all who oppose any reform in the interests of producing labor, they particularly and even savagely deprecate agitation.

By the way, does not every clear-headed American, know that any system that cannot stand agitation is totally unfitted to this country? Agitation, investigation, public discussion in the papers and on the stump, are the very life-blood of our institutions. And if our finances were as they should be, the more thoroughly they were discussed, the more warmly would the system be approved, and the more would investigation be invited.

Hon. G. J. Goschen, former Chancellor of the Exchequer, pointed out as early as 1883 that the enormous increase in the demand for gold consequent upon the demonetization of silver was liable to create great evil. After elaborating this subject, and saying that the fall in prices had already produced serious evils, he added: “Some writers have appeared to show something approaching to irritation at the view of the situation that gold should have largely influenced prices. I scarcely know why, unless through the apprehension that the bimetallists may utilize the argument.” A little later he said: “I must repeat that to my mind the connection between the additional demand for gold and the fall of prices seems as sound in principle as I believe it to be sustained by facts.”

We might multiply at length quotations to show that opinion is unanimous in England, regardless of party, to the effect that there has been a great increase in the purchasing power of gold. As to the effect of this Mr. Giffen says: “The weight of all permanent burdens is increased.... Our people, in paying annuities or old debts, have to give sovereigns, which each represent a greater quantity of the results of human energy. The debtors pay more than they would otherwise, and the creditors receive more. It is a most serious matter to those who have debts to pay.”

Mr. S. Dana Horton says that on the basis of prices “The national debt, regarded as a principal sum, has increased its weight upon the shoulders of the British taxpayer between 1875 and 1885 by nearly two hundred millions sterling, an amount nearly equal to the Franco-German war fine.”

This gives us the explanation of the fact that the consols on which the interest was reduced by Mr. Goschen, when Chancellor of the Exchequer, to 2-3/4 per cent., are now selling at a much higher premium than formerly; the smaller amount of money paid in interest will purchase a very much larger amount of commodities than the former larger interest did.

Page 41

The matter is very clearly set forth by Hon. Samuel Smith, M. P.: "If the question of protection is to be introduced into the discussion, then it will be found to tell more forcibly against our opponents. What do they seek for, but the protection of gold as against silver? They wish, as far as lies in their power, to boycott silver and throw the world upon gold alone, even though such a course should change the value of gold. In trying to boycott silver, they are giving protection to the wealthy capital class, just as truly as the old corn laws did to the landed owners of this country. The only difference is that the amounts involved are much larger and the protected class much richer and the confiscation of the fruits of the toiler much greater than under the old system of the corn laws. When the masses of this country awake as those of America have awakened to the magnitude of this question, they will brush away this idle talk that we are trying to restore protection." If Mr. Smith were in Congress instead of Parliament, what a howl there would be about him as an anarchist!

It being now the unanimous opinion of English statesmen and financiers that gold has greatly appreciated, and that such enhancement has already wrought great evil, the important question arises, Will this process continue? In the speech already quoted Mr. Giffen says: "I am bound to say that all the evidence seems to me to point to a continuance of the appreciation. It is impossible to suppose that the movement will not extend to other countries. All these facts point to a continued pressure on gold. The better probability seems to be, that the increase of the purchasing power of gold will continue from the present time."

The Right Hon. A. J. Balfour, now the head of the British Cabinet, in a speech delivered at Manchester, October 27, 1892, said: "We want two things of our currency. We require that it shall be a convenient medium of exchange between different countries, and we require of it that it shall be a fair and permanent record of obligation over long periods of time. In both of these great and fundamental requirements of a currency, our existing currency totally and lamentably fails." After showing that within fifteen years the money of Great Britain and Ireland had advanced in purchasing power no less than 30 or 35 per cent., he went on to say that of its further progressive appreciation "No living man can prophesy the limit." A little later he spoke of it as progressing "steadily, continuously, indefinitely," and closed his remarks on that subject in these words: "If you will show me a system which gives absolute permanence, I will take it in preference to any other. But of all conceivable systems of currency, that system is assuredly the worst which gives you a standard steadily, continuously, indefinitely appreciating, and which by that very fact throws a burden on every man of enterprise, upon every man who desires to promote the agricultural or industrial resources of the country, and benefits no human being whatever but the owner of fixed debts in gold."

Page 42

In his work “The Bimetallic Question” Hon. Samuel Smith, M. P., presents as an evidence of the hardships due to the increasing purchasing power of money these facts: “The English landlords who borrowed L400,000,000 on their property, agreeing to pay, let us say, L16,000,000 a year, interest at 4 per cent., supposing that it represented one-quarter of their rents, now find, owing to the fall of prices, that it represents one-third, or even in some cases one-half of their rent.... The factory owner, the mine owner, the ship owner, who thought it safe twenty years ago to borrow half the value of his plant in order to find capital for his business, now finds that the mortgagee is the virtual owner. Nearly all the profits go to pay the mortgagee’s claim, and in many cases he has foreclosed, and sold out the unhappy borrower, ruined through no fault of his own, but through the extraordinary sinking of prices. As a matter of fact, I believe that if all the fixed capital engaged in trade in England could be valued to-day at its real selling price, it would be found that it would do little more than pay the mortgages and debts upon it. Trade is very greatly and injuriously affected by sudden alterations in the standard of value, especially when the alteration is, as now, towards increased values. It arises in this way: trade is largely carried on by borrowed capital, or, in other words, by the use of credit in some shape or other; the vast banking deposits are mainly loaned to traders; a very great deal of the invested capital of this country is lent upon mortgages upon trading property such as ships, factories, and warehouses. A prudent trader usually considers it safe to draw considerably beyond his floating capital, and to borrow say 50 per cent. upon his plant or a fixed capital. Now, the constant decline in prices within the last few years has virtually swept away his own portion of the capital, and only left him enough to pay the loans and mortgages. For instance, a ship or a factory built at a cost of twenty thousand pounds, of which ten thousand were borrowed, is now worth only twelve thousand pounds, or 40 per cent. less; and so the mortgage represents five-sixths of the value instead of one-half, the trader’s interest having sunk to two thousand pounds in place of ten thousand. Probably, if trade is unprofitable, he fails to pay the interest and the mortgage is foreclosed; the property is forced off at just sufficient to cover the loan and he is ruined. I have no doubt that this exactly describes the condition that confronts numbers of traders in this country and other countries having the gold standard. A great portion of the commercial capital of the country has passed into the hands of the mortgagees and bondholders who have neither toiled or spun. The discouragement this state of things produces is intense. After it has gone on for several years, a kind of hopelessness oppresses the commercial community, all enterprise comes to a standstill, many works are closed, labor is thrown out of employment, and great distress is felt, both among laborers and the humbler middle class. Indeed, it strikes higher than this; for multitudes of people who were once prosperous traders have now become dependent on charity. I know many such myself.”

Page 43

How fitly that describes the condition of the United States to-day. This was written some years ago, and so rapid has been the subsequent decline in prices that it almost equals the decline he had estimated for the fifteen or twenty years preceding the date of his work. And the end is not yet.

In his comments upon Mr. Goschen's address, delivered in 1883, wherein he pointed out that in the decade from 1873 to 1883 the annual supply of gold had decreased in a marked degree, and concurrent with this there was a marked increase in the demands upon the world's stock of gold, which was intensified by the substitution of gold for silver as money in Germany and other countries, Mr. Smith makes the following observations:

"The gold production, which for some years exceeded L30,000,000 annually, has fallen to 19,000,000 a year; and the best continental authorities, such as Soetbeer and Laveleye, reckon that more than half that amount is consumed in the arts.

> "It may, therefore, be reckoned that since 1873 only some 10,000,000 on the average has been available for currency purposes.
>
> "But Germany during that period has introduced a gold currency of 80,000,000, the United States has used up 100,000,000, and Italy has drawn some 20,000,000 for a similar purpose.
>
> "So that 200,000,000 have been drawn for these special purposes, whereas the whole supply of new gold for coinage has not exceeded in that time 130,000,000.
>
> "The balance must have been drawn out of existing stocks. Besides, a steady drain of some 4,000,000 a year has gone to India, further depleting stock in Europe.

"While trade and population constantly grow and demand more metallic currency, there is a steadily diminishing quantity to meet it. If you put the present product of gold at L19,000,000 a year, and the requirements of the arts at 8,000,000 or 10,000,000 a year, while the India demand is 4,000,000, there is only left 5,000,000 to 7,000,000 a year for Europe, America, and the British Colonies."It will seem to subsequent ages the height of folly that just at this period, when gold was running short, the chief states of the world decided to close their mints against silver, and cut off, so to speak, one-half the money supply of the world from performing its proper functions."Had the world continued to use both metals as freely as before, the painful crisis we have passed through would have been much mitigated. But by a suicidal policy silver was cut off at the very time it was most needed, and a double burden thrown upon gold just when it was able to bear only half of its former burden.

“As Bismarck has well said, two men were struggling to lie under a blanket only big enough for one.”

Page 44

Bad as have been the effects of monometallism in England, they have been far worse in Ireland; and dark as is the future of the former, it is light itself compared with that evidently in store for the latter. Those familiar with Irish affairs know that after a long agitation several acts have been passed to enlarge the rights of tenants and to secure them a larger share of what they produce. The Act of 1881 reduced the rents and fixed the amount to be paid at a specific annual sum in money for a long term of years; and the subsequent Ashbourne Act (so called from Lord Ashbourne, who introduced it) gave tenants a chance to buy and pay for lands in fixed yearly installments for forty-nine years. The intent was to create a peasant ownership somewhat like that of France. It was the end of a long fight, and was supposed to be a great victory and the inauguration of a very great reform.

Scarcely, however, was the great victory won and the great reform inaugurated when it became evident that, owing to the demonetization of silver and increased purchasing power of gold, the tenants were, in reality, bound to much heavier payments than before. Whatever may have been the intent, the tenant, who bound himself to pay a fixed annual sum as rent for a long term of years, found himself bound to deliver a much larger share of produce; and the purchaser under the Ashbourne Act found that what looked so easy in figures soon became impossible in fact, as the prices of his produce fell so rapidly that each successive payment became more oppressive until it finally became impossible. Thus it looks now as if by the appreciation of gold all that was gained for the tenant is more than lost, and that in the future his condition may be worse than in the worst days of rack-renting. In recent years this has become plain to those who have the good of Ireland at heart; they have taken the alarm, and are outspoken on the threatening evils. Among these is the Most Reverend Dr. Walsh, Archbishop of Dublin. In a recent interview he says, referring to the rise in the value of gold:

“All this is indisputable; it is now fully in the public view; yet not even an attempt is being made in Parliament, or even out of it, to bring about an equitable readjustment of the conditions which are proving so disastrous in other nations, conditions too that are imposed under the provisions of statutes enacted as measures of protection for the tenants. The Irish Land Acts of 1881, 1885, and 1891 have, nevertheless—as a result of the increased and increasing value of our present unbalanced and consequently untrustworthy monetary standard of value—become fruitful sources of difficulty, and may very soon become fruitful sources of disaster, to those for whose benefit they were intended.”

Again, referring to the importance of some remedy, possibly that which bimetallism might provide, he says:

Page 45

“The adoption of bimetallism or of some equivalent remedy, if there be any equivalent remedy, is, I am convinced, a matter of imperative necessity; that is, if the agricultural tenants of Ireland—and I do not limit this to Ireland—are to be saved from otherwise irretrievable ruin. If things go on as they are, even the excellent land purchase scheme, which is associated with the name of Lord Ashbourne, may become, before many years are over, a source of widespread disaster to the tenants who have purchased under it.”

Again, in view of the steady and dangerous increase in the burdens of the obligations entered into under either of the acts referred to, by reason of the continued enhancement in the price of gold, he says:

“The bimetallists may be right or they may be wrong; but, at all events, if they are right, then it is noticeably plain that the Irish tenants who have the misfortune to have their rents fixed for terms of ten or fifteen years under the Act of 1881, and in much the same way the Irish tenant purchasers who have the misfortune to have found themselves saddled with the obligation of making annual payments fixed for forty-nine years, are simply sliding down an inclined plane with bankruptcy awaiting them at the bottom of it.”

And again:

“The point, as I have already stated it, is that so long as our monetary system remains what it is, every one who is placed under an obligation to make yearly payments of a fixed amount of money is thereby placed under a burden which is growing heavier from year to year.”

In discussing the question of variability in the purchasing power of gold, he says:

“The reason of the liability to fluctuation in the purchasing power of the sovereign is plain: When gold rises in value a larger quantity of any other commodity, say of corn, of meat, of butter, or of cloth, will have to be given in exchange for any given quantity of gold, such, for example, as the quantity contained in a sovereign. On the other hand, when gold falls in value a smaller quantity of any other commodity, say of corn, of meat, of butter, or of cloth, will suffice to obtain in exchange any given quantity of gold, such as that which is contained in the sovereign. It is an obvious inference that our gold coinage, however useful as a medium of exchange, does not furnish us with a standard of value fixed and unalterable. It does not furnish us, for example, with such a standard as the yard is of length or as the pound troy is of weight. The popular notion that the pound sterling constitutes a fixed standard of value is merely a popular delusion. The sole foundation for that delusion manifestly is that in these countries the values of all commodities are commonly stated in terms of a pound sterling; in other words, in pounds, shillings, and pence; a shilling being a twentieth part of the pound, and a penny the twelfth part of that again.

Page 46

“The natural result of this method of enhancing the value of commodities other than gold is that when prices rise or fall the impression is conveyed to a superficial observer that it is the value of other things that changes, the value of the sovereign remaining fixed.”

Under this head he says again:

“The price of things estimated in gold—their gold price—may change, whilst their price estimated in silver—their silver price—remains unaltered. This will occur if the value or purchasing power of gold goes up or down, while the value or purchasing power of silver remains unaltered. Suppose, for instance, that gold is in any way scarce in relation to the demands upon it. Then, in any country where gold is the standard metal of the currency, those who wish to obtain, a certain quantity of gold, whether in coin or in bullion, will have to give a larger quantity of other commodities in exchange for it; or, to put the matter in another light, those who have only a definite commodity to part with will receive less gold in return for that; in other words, there is a fall in gold prices. Suppose, on the contrary, that gold is abundant in relation to the demands upon it, then those who wish to obtain a certain quantity of gold, whether in currency or in bullion, will not have to give so large a quantity of other commodities to obtain the quantity of gold they require; or, to put the matter as before in another light, those who have a definite quantity of other commodities to dispose of will obtain more gold in return for them; in other words, there is a rise in gold prices. If in either case there is no change in the value of silver, then the price of commodities stated in silver, that is, their silver price, will remain unchanged.”

In referring to the very prevalent notion, especially among the uneducated classes, that the gold unit of measure of value does not vary, he says:

“As for the tenant purchaser, he probably thinks that after the extra pressure of the first few years he may look forward to easy times for the rest of his life. He little knows what is before him. If things go on as they are, it will be harder for him, ten or fifteen years hence, to pay forty pounds a year than it would be to pay fifty pounds a year now; but of all this he knows nothing—how could he? His only idea is that a pound is always a pound, and a sovereign is always a sovereign; so, in the belief that the yearly payment, when it is reduced to forty pounds, will be well within his reach, he puts his head into the halter.”

THE “DUMP” OF SILVER.

All the world will dump its silver on us if we adopt free coinage, says the monometallist. How much, and where will it come from? asks the bimetallist. Oh, the world has billions of it ready for us, is the vague general reply; but when we ask for a bill of particulars we get instead a fine confusion of prophecy.

Page 47

One answers that it will come from Spanish America. But we have already shown that all nations from the Rio Grande to Cape Horn have but $100,000,000 for their 60,000,000 people. The South Americans have but 83 cents apiece. The Mexicans have $4.54. The Central Americans have $2.14. And the South Americans have $550,000,000 in paper money, to bring which to par and maintain it there will require at least $300,000,000 more in silver than they now have. No “dump” from there.

From France, says another. Well, France has $487,000,000 in silver coin, and some bullion; only $12.94 per capita in coin, and valued at 15-1/2 to 1 of gold. At her ratio an ounce is worth $1.3336; at ours $1.2929. Will she rob herself of coin, when she has none too much for business, and sell it to us at a loss of 4 cents on the dollar and freight charges? Germany has but $215,000,000 in silver coin, less than half as much as France, though having 13,000,000 more people, and Great Britain has but half as much as Germany. All the other Europeans together have much less than these three nations, and used at a higher valuation than ours. How then can they “dump” any on us?

From India, say a few. Well, India has a deal of silver—$950,000,000, according to our Director of the Mint. But she has 296,000,000 people, so it is but $3.21 apiece. And the best evidence that she has not too much is found in the fact that she is importing more. China has but $2.08 per capita; Japan has but $4, and is importing heavily; Australia but $1.49, and the black and brown races still less. In short, all the world outside of the United States has but $3,444,900,000 in silver coin, or $2.46 per capita. It is a plain case that there will be no “dump” from the coined silver.

But the bullion, the old silver, the scrap heap, will they not ship that to us by billions? Well, how much is there, and where is it? Will the nobility and gentry of Europe melt down their family plate, the plain people everywhere their silver ornaments, and the Hindoos their household gods, to send us the silver? If so, why did they not do it when a cup, a watch, or a silver god would buy twice as much gold as now? But the supposition is absurd. The manufactured articles are worth very much more than the metal in them, to say nothing of the sentimental value. A prize silver cup, for instance, won in a great race or regatta, could not be bought for ten times its weight in gold. There remain, then, only the scrap heap and the stored bullion, and nobody has been able to locate any great mass of it. Is it reasonable to suppose that moneyed men have been storing away silver for years, making no profit on it and losing the interest, and doing it in the face of a falling market? No, the timid may be reassured; there will be no “dump.”

Page 48

Another class threaten us that a great mass of securities will be “unloaded on us.” Well, Great Britain, Germany, and Holland, all gold countries, are the nations which hold practically all the American stock and bonds held abroad. Of course they did not invest expecting to be paid principal and interest in coin, for they know that there is not enough in this country to pay it; it is in commodities that we must pay. So far as these securities are bad, as we are sorry to say very many are, foreigners having been badly “plucked” by some of our operators, they will be returned anyhow. In fact, they are coming back now. As to those which are good, being held against property capable of earning a steady and reliable income, they will not be returned. Held in gold countries, the interest and dividends on them will be paid in our products measured in the currency of those countries, no matter what our monetary system may be.

But suppose the “prophets” of evil are correct to this extent that silver and securities will be “dumped” on us to the amount of a billion or two. Will the foreigners give us all these good things? Assuredly not. They must all be paid for; and with what? Manifestly with agricultural products, for there is little or nothing else. The farmer must furnish the stuff, and he is ready and willing to do it—yes, anxious. At least three-fourths of our exports are agricultural, and of the new exports probably seven-eighths would be. We find, moreover, that in 1891 55,131,948 bushels of wheat exported brought us $51,420,272, and in 1892, 157,280,351 bushels brought us $161,399,132, while in 1894 the 88,415,230 bushels exported brought us only $59,407,041, and in 1895, 76,102,704 bushels brought us but $43,805,663. Similarly it may be shown that our largest cotton exports have brought us the least money; but this is an old story. It goes without saying, that to the farmer there are three great factors in the present situation: a ruinously low price for his products, a tremendous surplus left over from last year, and an immense crop for this year now adding to the surplus, with no possible home consumption to give an adequate outlet. Suppose then the “dump” should come and the farm produce go—-what then?

First of all there must come as a result a rise in prices. Farmers receiving much more money would immediately pay their most pressing debts; the release of idle money would break the deadlock which now paralyzes trade, and from the farmer the money would at once be poured into the channels of rural business. The consumptive demands would be tremendous because of the long and forced abstinence, and the farmer would supply himself with those things he has so long wanted. The railroads would have a vastly increased business, and as a result there would be a greatly increased demand for labor. Instead of the ruinous “cut in rates” which we read of almost every day, made in order to stimulate the movement of crops, we should soon hear of vastly increased shipments at profitable rates; these of course would soon be followed by increased net earnings, which would in time create increased values of securities, which again would check foreign sales and stimulate purchases. There would be a boom in stocks to dispel the gloom of Wall Street, and we should do the money-mongers good in spite of themselves.

Page 49

Is this all supposition? Well, we are proceeding upon the theory of the monometallists, that a billion dollars' worth of silver and securities would be shipped here. We are showing what must inevitably result if their predictions should hold good—more money for the farmers, more business for the merchants, more transportation for the railroads, and more business for their correlated industries; and, as a result, more work, abundant work, for those now idle. And this last would be the greatest blessing of all. The benefit would be to the farmer, the handlers of grain and all who serve them, to the retail tradesmen, the small manufacturers, all the country artisans immediately dependent upon the farmer, and all those who supply all of these classes. In short, there would be a general quickening of all branches of production and trade as a certain result of the transfer of foreign silver and securities for our agricultural surplus. Is there anything in all this to alarm Americans?

ASIA'S DEMAND FOR THE PRECIOUS METALS.

Among the many errors which distort men's opinions on the so-called "silver question" is the belief that the gold supply of the present and near future need be considered merely as it may affect Europe and America. Asia and Africa are in most men's minds entirely excluded from the calculations. The popular belief in the United States may be briefly stated thus: Asia is and is long to be the land of stagnation. Asiatics are unprogressive and will remain so. In contact with the higher civilization of Europe the yellow and brown races are likely to fade away as did the Maori and the American Indian; or if they continue to increase, their trade and government will be conducted chiefly by Europeans.

One finds this belief expressed in many standard works. "The helpless apathy of Asiatics" is a favorite phrase of Macaulay. "Man is but a weed in those vast regions," says DeQuincey. "In Asia there are no questions, only affirmations," says another philosopher. And no amount of experience seems to shake the popular faith in this notion that what Asia was she is always to be. And yet enough has occurred within the memory of men still middle-aged to dissipate it. Only a few years ago Americans looked upon Russia as an inert mass, semi-barbarous in large part; and when Kennan pictured the horrors of Siberia most readers thought the condition only such as might be expected from such a government and such people as they believed the Russians to be. But Russia is to-day one of the world's greatest powers, with 120,000,000 of people, building the two longest railways in the world, developing the Siberian and Transcaspian region with a rapidity only exceeded in our own far West, and drawing gold from this country and western Europe at a rate that threatens the stability of our financial system.

Page 50

It is only forty-one years since our Commodore Perry astonished the world by securing admission to Japan and proving to the western people that it was at least worthy of their notice, yet that empire has undergone a most beneficent revolution in which the Daimios or local lords consented to a self-sacrifice without a parallel in history, has been the victor in a great war, has adopted the best features of the western civilization while sacrificing none of its own, and is advancing in material development with a rapidity rarely equalled and perhaps never excelled. Five years ago the first complete census showed thirty-six cotton factories with 377,970 spindles; three years later the number of factories had doubled and that of the spindles had much more than quadrupled, and there is every indication that next year's tabulation will show a still more rapid increase. In 1894 there were 17,000 people employed in that industry.

Hon. Robert P. Porter, who has recently returned from Japan, after making a thorough study of her progress and resources, tells us that while her export of textiles of all kinds in 1885 was worth but $511,990, they were in 1895 worth $22,177,626, the estimate of both years in silver dollars. Similarly in the same years the exports of raw silks increased from $14,473,396 to $50,928,440, of grain and provisions from $4,514,843 to $12,723,771, of matches from $60,565 to $4,672,861, of porcelain, curios, and sundries from $2,786,876 to $11,624,701, and several other articles in the like proportion, while the commerce for 1895 showed an increase of $30,000,000 over 1894, reaching a total of exports and imports of $296,000,000, or about $7.50 per capita.

The government granted 2,250,000 yen as a bounty to the first iron works, begun in 1892, and already the products of those iron works in hand-made articles are underselling American products on our Pacific coast. In five years, prior to those covered by Mr. Porter's figures above, Japan's exports rose from 34,800,000 to 68,400,000 yen, and her imports from 27,000,000 yen to 64,000,000 yen. Nor does there appear any reason to doubt the confident statement of British experts that development for the coming years will go on much more rapidly. Politics in the empire already turns upon fiscal and economic questions; of two bills urged in the Imperial Parliament by the progressists, one decrees the nationalization of all railways not yet owned by the state, and the other asks for an appropriation of 50,000,000 yen for the building of a new railroad. While this is going through the press it is announced that Japan has established two new steamship lines, one running from Yokohama to our own Pacific coast, and the other from Yokohama to Marseilles, stopping at Shanghai, Hong Kong, Singapore, and Columbo.

Page 51

The western mind has long looked upon China as given over to hopeless inertia and stagnation, but China has awakened at last. In one year the importation of illuminating oil rose 50 per cent., of window glass 58 per cent., of matches 23 per cent., and needles 20 per cent. In six years the tonnage of vessels discharging in Chinese ports rose by one-third. While these lines are going through the press Li Hung Chang is in Europe negotiating for a loan of 400,000,000 francs to be expended in internal improvements, and he gives the weight of his very high authority to the statement that China is no longer opposed to the introduction of railways.

Consul-General Jernigan reports to the Department of State that the prospectus of a new industry is now before the public at his station, Shanghai. It is called the Shanghai Oil Mill Company, and purposes to manufacture oil from cotton seed. It is the logical result of the cotton mills at Shanghai, and the consequent stimulus given to the cultivation of cotton in China. Since 1890 there have been forty-five new manufacturing plants established in Shanghai. They are all in successful operation, especially the cotton factories, in which large capital is invested. He adds:

“The area suitable for cultivation of cotton in China is almost as limitless as the supply of labor, and labor being very cheap, there can be no doubt that China will soon be one of the great cotton-producing countries of the world, and that this product, produced and manufactured in China, will command serious consideration in all calculations with reference to the cotton market. It will not be safe to discount the cotton of China because it now grades low, for it is certain to improve. At present it is estimated there are 3,000,000 tons of cotton seed, equal to 90,000,000 gallons of oil, now yearly lost to commerce which would find a ready market. The company will start with a capital of 250,000 Mexican dollars. One company has already ordered its machinery from the United States.”

The population of the Chinese Empire is estimated at 400,000,000, but Li Hung Chang declares, and experienced western observers confirm it, that the country with modern improvements could sustain more than twice its present population in a very high state of comfort.

Of all the popular errors, however, the greatest is that of regarding India as an overpopulated, stagnant, and unprogressive land. Suffice it to say here that the population has trebled under British rule, and that the country is abundantly able to sustain in great comfort twice its present numbers by agriculture alone; that the extension of the railway system has recently been rapid, and along with this has gone on a growth of manufactures that is simply amazing. Only recently Burmah borrowed in London $15,000,000 for railway construction, a sum that was subscribed in that market five times over. In these vast fertile regions, which in comparison with what they

Page 52

are destined to be might be called new and undeveloped, live 290,000,000 of people, who are increasing at the rate of something like 2,000,000 per year. And these are but a few of the facts I might present to show that the early development of the Orient is the great fact America must take into account, and that it is almost a certainty that the world's greatest possible production of gold in the future may be absorbed in the East, leaving the West to struggle with an increasing scarcity. Indeed, Prof. Eduard Suess, the great German authority, after giving reasons for his belief that the larger part of the gold product is used in the arts, and that all of it will soon be, points out that Asia will soon, in all probability, absorb almost the entire silver product, and that we shall then have a "crisis" indeed.

In my travels through India and the Orient generally I took notice of her enormous capacity to export wheat. As a result, I predicted that the export, then but fairly begun, would soon menace our supremacy in the British market. I began at the same time to study the social and industrial condition of Russia, and was soon satisfied that she was in the dawn of a great day. I predicted the eastern extension of her enterprises, and increased political influence, especially with China, and the consequent absorption of western gold and capital generally. It appears from the latest summary of the United States Bureau of Statistics that Russia had, on the first of January, 1892, $324,828,300 in gold in her banks, and on the last of last May $424,193,700. If she carries out her present policy, this is less than half of the amount she will require. On a strictly gold basis we must allow her at least $10 per capita, which would make for the empire $1,200,000,000. But if we greatly reduce the per capita, in view of the undeveloped condition of her subjects, the amount still to be required will be enormous. During the same four years and five months the Bank of France has increased its holdings of gold from $260,888,299 to $391,519,658; the Austrian-Hungarian Bank from $26,634,400 to $133,006,312, and the Bank of England from $109,342,800 to $232,791,709, while the Banks of Germany, Belgium, Spain, Italy, and the Netherlands have also increased their holdings some $30,000,000. Thus we see that in these few years the leading nations have added nearly $500,000,000 to their previous hoards of gold, which shows too plainly that they are looking forward to a gold famine. How much more will Asia demand? In my opinion, India, notwithstanding British rule and influence there, has developed less rapidly than China will when she once comes into as intimate contact with western nations as has India, for the rigid system of caste which prevails in India and which does not exist in China has been and will be the cause of greater immobility. It is not possible to say how long it will operate as an impediment to a high industrial development,

Page 53

but from the lessons taught in other countries where race and religion create similar castes, we may believe in its long continuance. I take pleasure at this point in referring to the late able work of Prof. Charles H. Pierson, of Oxford, who passed twenty years in the Orient. In his “National Life and Character” he points out that China in 1844 had doubled her population in eighty years, and there since has been a great increase; that Russia has doubled since 1849, very largely by natural increase, the Russian peasant being the most prolific of human beings; and the Hindoos, who had doubled in eighty years, have recently gained 20,000,000 in ten years.

Professor Pierson also points out the great error of assuming that the black and yellow races will fade away before the white, and shows it to be far more likely that with the increased security afforded by British and Russian rule they will increase so rapidly as to industrially force the white race back to the higher latitudes of the north temperate zone. Industrial commonwealths will not dispense with great armies—at least not for a long time—but China has passed the militant age, and reached the purely industrial. It may be said that work is a pleasure to the Chinese, as active sports are to Western people. Continuous toil is looked upon as a matter of course. To them it does not seem a hardship that men should work. As a measure of the possibilities of the Orient, consider what has been done in the western world within half a century, where the population is much less than one-half of that of the far East. Over four hundred thousand miles of railroad have been constructed, together with a vast, almost incalculable system of telegraphs, to say nothing of the great cities and common roads, or the enormous mass of productive machinery, which has even outrun the increase of population.

In round numbers, some forty thousand millions in capital have been absorbed in railroads alone. Add the amount absorbed in telegraphs, telephones, steamships, and electric plants, and a thousand and one appliances of civilization, and the total is beyond comprehension. And all these things have yet to be created and adopted in the Oriental countries. How rapidly the development may go on there, and what an enormous mass of capital will be absorbed, is clearly indicated by what has been done in a very few recent years. And so far we have left Africa entirely out of the account, a country with a vast population and richly dowered with natural resources and with a capacity for rapid development.

Possibly the Orientals will not suddenly become progressive to the degree here anticipated, though Russia’s eastern march has fairly rivalled our western march; and it must be borne in mind that to develop the appliances of western civilization we had all the experiments to make, all the crude preliminary work to do in creating the system, which the Orient will receive from us in its present perfected form, and be able to go on without any mistakes, and thus enable them to adopt within a very brief time that which we gave the labors of several generations to discover, develop, and apply.

Page 54

How enormous, then, will be their absorption of western capital and gold.

Is it still maintained that the Orientals lack the capacity for such development? Then look at their achievements in every country to which they have emigrated, and especially in this. Their progress here in the industrial arts, even while they were but a handful, was so rapid that the government was called on to restrict them. Even now the papers contain alarming statements to the effect that Japan is invading our markets with those specialties in the making of which we, but a little while ago, considered ourselves superior to all the rest of the world. And no tariff is high enough to keep them out. It is observed by all travellers in China and other Oriental countries that there exists in as great a degree as in the West a desire for indulgence in those things classed as mere luxuries which, in all nations, absorb so great a share of its total wealth. Every one who travels through the eastern countries marvels at the extraordinary richness and delicacy of those things adopted by them for ornamentation, luxury, and convenience. And they are of such a character as, far more than in the western world, involves the consumption of the precious metals. Along with the national desire to adopt that which is useful and ornamental, a highly mimetic nature prompts them to seize upon and adapt with singular readiness that which is brought to their notice as being useful and constituting a salient feature of western civilization.

To sum it all up, we have in Asia somewhere near 800,000,000 of people, who are certainly increasing by 10,000,000 a year, probably many more, and these people pressed on by Russia on the north and west, by Great Britain and France on the south, as well as by the wonderful energy of the Japanese on the east. How much gold will all these people absorb in the future? And it should not be forgotten that not only is the present population to be supplied, but an increase of population is to be allowed for, which at ten dollars per capita would alone absorb the entire annual gold production above the amount used in the arts. If any one thinks this forecast fanciful, I only ask him to consider what has been done in the last thirty years, and then make his estimate. For what the possible absorption of the precious metals by the Asiatic people may be, we need only to refer to what has been done by India. By reason of the development of her industries and resources caused by her intercourse with western nations she has imported in net excess of exports, from the years 1835 to 1893, $750,000,000 of gold and $1,750,000,000 of silver, or about one-seventh of the entire world's output of gold and about one-half of the world's output of silver during that time. Professor Shaw is authority for the statement that her demand for the precious metals is yet unabated and great as ever. When we remember that the average population of India during this time was only about 200,000,000, and that there are about three times as many people yet in Asia who have even greater latent powers to absorb the precious metals, one can form some feeble estimate of what an exhaustive drain upon the gold and silver supply of the world will ensue when these nations awaken and develop their resources and energies through the stimulating influences of western ideas and example.

Page 55

Having considered the possible momentous absorption of the precious metals by the Asiatics, it may be well to consider what Europe itself is likely soon to do in the same line. England, France, and Germany are the three most substantial and commercial nations of Europe, and their experience may be taken as an index. We find that these three use on an average $16.40 per capita of gold. To give the same to the rest of Europe, including Russia and Turkey, will require, in addition to their present stock, $3,780,000,000 in gold, or nearly as much as the entire world's present stock of gold coin.

If the example of France and the Netherlands—two of the soundest and most conservative nations in the world—be similarly taken as an index to the probable use of silver, it appears that these two nations average $12.50 per capita. To supply the rest of Europe to the same extent will require an addition of $3,563,000,000 to her present stock of silver, or about three-fourths as much as the present coined silver of the world. In view of these facts, is not the real question, not whether there is gold enough, but whether there is both gold and silver enough for the future monetary requirements of the world? Does it not seem that the nations are soon to be confronted with this dilemma: that the product of the precious metals must be greatly increased—and is that possible?—or that for the want of gold and silver there must be a serious check to the progress of civilization?