THE MONEY QUESTION.

"Ideas are no respecters of persons. They will sap the power of rank, of wealth, of number, and of authority."—*Macleod.*

"There is no such thing as intrinsic value."—*Prof. Jevons.*

"The value of money, other things being the same, varies inversely as its quantity; every increase of quantity lowering the value and every diminution raising it in a ratio exactly equivalent."—*John Stuart Mill.*

"That commodities would rise or fall in price in proportion to the increase or diminution of money I assume as a fact that is incontrovertible."—*Ricardo.*

SPEECH

OF

HON. JOHN P. JONES,

OF NEVADA,

IN THE

SENATE OF THE UNITED STATES,

OCTOBER 14, 16, 21, 23, 24, 25, 27, AND 30, 1893.

WASHINGTON.
1894.

Remonetization of Silver.

SPEECH

OF

HON. JOHN P. JONES,

OF NEVADA,

IN THE SENATE OF THE UNITED STATES,

October 14, 16, 21, 23, 24, 27, and 30, 1893.

The Senate having under consideration the bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes"—

Mr. JONES of Nevada said:

Mr. PRESIDENT: The question before the Senate, broadly considered, involves all the varied interests of this Republic. Every concern of our people, financial and industrial, religious and moral, political and social, come within its all-embracing scope. Upon a proper solution of the problem of money in a country depends the decision of the question whether there shall be in that country more poverty or less, more crime or less, more insanity or less; whether among its people there shall be more employment or more idleness, more happiness or more misery—indeed more liberty or more slavery—for it must be borne in mind that men may be as thoroughly enslaved by unfavorable industrial conditions as by positive legal enactment.

No matter under what form of government a people may live, whether the irresponsible despotism of a military autocrat or a constitution carefully framed to permit the widest play of political action, the table from which Hunger rises unsatisfied will have no seat reserved for Freedom. Surely a subject that affects so vast a range of topics deserves serious consideration. Yet we have been told that upon assembling here in response to the call of the Executive we had nothing to do but to vote, or, at most, to vote first and deliberate afterward. What a travesty upon a republican form of government! What a plain confession of preference for the methods of despotism! "Vote first and deliberate afterward!" It is the echo of the command given by the first Napoleon to the representatives of the Allied Powers assembled in Italy. That was a command worthy of a tyrant; but the boundaries of this vast Republic are not broad enough to give it place. If a lawmaking body has but to act first and deliberate afterward, there is no necessity for parliamentary government. What is needed is a Man on Horseback.

A grave subject, sir, needs grave deliberation. In the Senate of France, upon a discussion of monetary standards, Senator Dumas well said:

> Those who approach these questions for the first time decide them at once: those who study them with care hesitate; those who are obliged practically to decide, doubt and stop, overwhelmed with the weight of the enormous responsibility.

The very essence of deliberation is—time. This debate, we know, has been most impatiently borne by a small but powerful coterie of men who meet in bank parlors in the great money centers in all the countries of the world, and who, whether residing in the United States or elsewhere, have a profound distrust of popular government and an admiration for Napoleonic methods. The discussion here has been conducted under great disadvantages. The speeches of Senators who favor the gold standard demonstrate that the necessity for protracted sittings in a close atmosphere every working day and many nights during the most enervating season of the year is not conducive to the careful study or painstaking analysis of a great question. Neither is it conducive to clearness of thought or accuracy of expression, without which no complex subject can be intelligently or logically discussed. The total disregard of economic truths and of correct definitions on the part of those Senators demonstrates that they have not had the leisure—for it is not to be conceived that they did not have the desire—to bring to bear upon the subject the learning and ability of which they are in an eminent degree possessed.

To discuss this question in all its broad aspects and implications would require a treatise on political and social economy. The subject must be examined with the laborious methods of the student, and every proposition subjected to the test of reason.

Let us be candid, Mr. President, with reference to the question before the Senate. It is not a question of mere expediency; it is one of principle. It is not merely the repealing of a clause of a law already on the statute books, with a view of providing a substitute for that clause. Were that the intention no man can justify a departure in this instance from the unvarying and immemorial custom of legislative bodies, to embrace in the repealing measure the remedy for the evil sought to be corrected. Yet the gold standard press protests that the object is not to place the country upon that standard. The very vehemence with which this statement is made is of itself suspicious. "The lady doth protest too much methinks."

No impartial mind can fail to see that in its way the proposition before the Senate is a repetition of the tactics of 1873. The attempt is to place the country on the single gold standard before the people have opportunity to speak. Deeming the question in all its implications the most momentous which has ever come before the American people, I shall ask the indulgence of the Senate while I attempt, to the best of my ability, to present the subject somewhat broadly.

PREVALENT MISCONCEPTIONS REGARDING MONEY.

In all attempts at fundamental discussion it is necessary first to clear the ground of such obstacles as tradition or ignorance may have placed in the pathway of progress. We know that before men came to understand the forces by which the earth is held in its orbit it was to them inconceivable that a body could exist in space without physical support. Hence in the most ancient of cosmologies the earth—which was supposed to be flat—was conceived to be held in position by pillars, upon which it rested. For, as was argued by the primitive mind, it must rest on something!

While such a belief existed it was in vain to expect any direct progress to be made toward a true science of astronomy. Every phenomenon observed was attributed to a cause wholly removed from the real one; every inference drawn was distorted to fit into the framework of the preconceived theory and to accord with the established opinion. Thus causes were mistaken for effects and effects for causes. In the slow course of ages, as astronomical phenomena multiplied and each newly discovered fact came to be compared with the facts already accumulated, certain anomalies, inconsistencies, and incongruities were revealed, and it was in the effort to reconcile those that it began by degrees to dawn upon mankind that the discrepancies may have had a common origin in some fundamental misconception affecting the entire hypothesis by which the phenomena had been interpreted.

Now, it is not too much to say that the world is to-day more instructed in at least the rudiments of astronomy than in those of monetary science. So far as concerns the ordinary facts of every-day observation those affecting astronomy are much better understood than those affecting money. People will give an intelligible and uniform explanation of the causes even of an eclipse, but a hundred differing and contradictory accounts of the genesis of a panic. Every school boy knows that the apparent movement of the sun and stars around the earth as a central body is a mere optical illusion; and that, contrary to the ancient belief, the earth is not a flat surface. Yet, with reference to money, fallacies equally gross command the unquestioning faith, not of the masses merely, but of men of the highest intelligence in other departments of human knowledge. While those fallacies are accepted as fundamental truths, it is in my opinion impossible to arrive at correct conclusions concerning any question arising in any department of monetary science.

But in the nature of things the errors must have been plausible or they would not have so long survived. Hence their dislodgment can not be effected by mere denial of their truth. The denial must be accompanied by proofs, and those can be derived only from an analysis that shall go to the root of the questions involved, by an appeal to reason in the effort to arouse thought and awaken reflection.

The silver question can not be intelligently discussed without entering upon the entire subject of money, and inasmuch as one of the contentions of the gold-standard advocates is that silver is losing its "intrinsic value," it is necessary for us to investigate the subject of value and ascertain if we may how value, especially the value of money, arises; from what source or sources it is derived, how far the value of money is dependent upon the cost of production of the material of which it is composed, and whether in fact there is really any such thing as "intrinsic value." So also it is necessary to investigate the essential nature of money, the function it performs, and the phenomena connected with the increase and the decrease of its quantity.

We are told that silver is no longer fitted for the full money use because it has less "intrinsic value" than formerly—because the standard dollar of that metal is no longer, in "intrinsic value," the equivalent of the gold dollar at the ratio of 16 to 1. This is regarded by the advocates of the gold standard as an argument of unanswerable force. When they have stated it they deem the discussion closed. Yet, like the pillars which were believed to support the earth, this intrinsic value whether of gold or silver is purely imaginary. Notwithstanding the rejection of the theory by all well-informed economists, it continues to be a refuge for ignorance and sciolism.

In the whole history of time there has been no error in any department of thought that, in the degree of contribution to the martyrdom of man, can compare with this notion of "intrinsic value." Fully refuted and rejected by science, the theory had well nigh disappeared from economic literature until the discovery was made that the hold which, like a blighting superstition, it had obtained on the ignorance of men could be utilized to discredit silver and to plume the single gold standard. Immediately the teachings of science are set at naught, and "intrinsic value" is declared to be the determinative factor in the discussion.

I wholly deny the existence of intrinsic value, whether in gold or any other object. I base the claims of silver, as I have always based them, on the indispensable necessity for some money material acceptable to our people and especially adapted to the money use—a material which shall exist in quantity sufficient to furnish to a rapidly increasing population such number of monetary units (dollars) as shall keep pace with the constantly-growing demands of a country whose development has hardly yet begun.

In order intelligently to determine how far it may be incorrect to say that money or any other object should possess "intrinsic value," we must have a correct conception of the meaning of the term "value."

There is no word in the entire vocabulary of political economy that is so much, and so variously, misunderstood, yet of which it is so essential to have an exact apprehension.

Bailey, in his celebrated work on The Nature of Value, says:

In the examination of the present subject, as discussed by those writers on whose doctrines I have ventured to animadvert, I have been forcibly struck with the vagueness, the inconsistencies, and the errors which have arisen from speaking of value as a sort of general and independent property; and I can not too strongly recommend the student of political economy never to let the word value pass before him without putting the question, "value in what?" or "in relation to what?" The value of a commodity must be its value in something, and whenever the term is used with any definite meaning, that something may be assigned. If it can not be assigned, the reader may rest assured that the author, whoever he be, is writing without any determinate ideas.—*Nature of Value*, pages 34 and 35.

And by way of emphasizing the importance of correct definitions in economic argument, Bailey, quoting another writer, very appropriately says:

To discover error in axioms, or in first principles grounded on facts, is like the breaking of a charm. The enchanted castle, the steep rock, the burning lake disappear; and the paths that lead to truth, which we imagined to be so long, so embarrassed, and so difficult, show as they are, short, open, and easy.

A point always to be borne in mind about value is that it is not an independent entity, nor quality inhering in an object. It is not a material thing, nor can it even exist in the substance of a material thing.

In his Essay on the Value of Gold Prof. Jevons calls value "an impalpable relation;" and in his celebrated work on Money and the Mechanism of Exchange, he says of it:

Value, like utility, is no intrinsic quality of a thing; it is an *extrinsic accident* or relation.

The same author, in his work upon Political Economy, says:

Value implies, in fact, a relation; but if so, it can not possibly be *some other thing*. A student of economy has no hope of ever being clear and correct in his ideas of the science if he thinks of value as at all a *thing* or *object, or even as anything which lies* IN *a thing or object*—*The Theory of Political Economy*, page 82.

And again, in the same work, Prof. Jevons says:

Value in exchange expresses nothing but a ratio, and the term should not be used in any other sense. To speak simply of the value of an ounce of gold is as absurd as to speak of the *ratio of the number 17*. What is the ratio of the number 17? The question admits no answer. for there must be another number named in order to make a ratio.—*The Theory of Political Economy*, page 83.

John Stuart Mill, in defining "value," says:

The word "value," when used without adjunct, always means, in political economy, *value in exchange*.—*Political Economy*, Book 3, chapter 1.

Prof. Francis A. Walker says:

Value is not a property of any thing. It arises wholly out of relations which exist between things.—*Money in its Relations to Trade and Industry*, page 32.

Prof. A. L. Perry, of Williams College, in his work on Political Economy, speaking of value, says:

Value, then, is not a quality of single things, belonging to them as if by nature, as hardness is a quality of a rock or gravity is an attribute of gold; because all physical qualities in physical things, all that which makes or helps to make anything such as it is, may be learned by a study of the things themselves, by themselves. A careful examination and analysis of the mechanical and chemical properties of any physical thing will discover all its distinguishing characteristics, all that makes it that particular thing in distinction from all other things; but it is plain already that the value of anything (if it have value) can not be found out by studying that particular thing by itself alone; the questioning of the senses, however minute, the test of the laboratory, however delicate, can never determine how much anything is worth, because that always implies a comparison between *two* things or more strictly a comparison between two renderings in exchange. Value is not an attribute of single things; not even if the things be physical and tangible.—*Principles of Political Economy*, page 34.

Numberless other citations could be made from writers of the first rank to prove that value is not a property residing in any object, and that therefore it can not by any possibility be "intrinsic."

A correct definition of value I conceive to be: Human estimation placed upon desirable objects whose quantity is limited.

There are then two factors, and two only, which constitute value—two elements entering into its structure; first, human desire for an object, and secondly, limitation of the number of objects of the class to which the desired object belongs. If men have no desire to obtain an article, no value will attach to it. If, on the other hand, men esteem an article highly, then value will be predicated of it in proportion to the degree of scarcity of articles of its class, modified, or, as the economists say, "corrected," by the degree of estimation which, on the average, men place upon articles of that class.

In order that value may exist, there must be not only an object, but a subject; there must, on the one hand, be a human being, and on the other something of which he desires the possession, and of a class the quantity of which is limited. Value therefore is subjective, not objective; and not being objective it can not be "intrinsic."

Limitation of quantity implies greater or less sacrifice to reduce to possession. Hence every expression of value is an expression of degree. It is a quantitative expression of the degree of desire for an object, corrected by the average degree of sacrifice necessary to obtain it. This sacrifice will not be made except in response to desire. Hence value can exist only by reason of demand.

The reason *why* demand exists is not important. It is of no consequence to know *why* men esteem an object or invest it with value; nor does it matter whether the esteem grows out of a use which men find for qualities that inhere or exist in the object itself, or whether, in aid of the ordinary evolution of society, and the development of institutions, they see fit to *confer* upon an object a use or function the exercise of which they find indispensable to their progress, prosperity, and happiness.

NO SUCH THING AS INTRINSIC VALUE.

Qualities may be said to be inherent or intrinsic in objects, but value, being a conception of the mind, can not be intrinsic or inherent. This can not be difficult to perceive when we bear in mind the teaching of science, that color does not reside in the object in which we appear to see it, but is an attribute of the eye itself, and that sound is not a quality of bodies, but a property of the human ear.

If value were intrinsic, if it resided in the article, it could not be taken from it, and it could not be changed by changes in the number of the objects of which value is asserted, or with modifications in the desire of men to become possessed of such articles. Qualities that are inherent do not vary with the shifting degrees of estimation in which they may be held by mankind. Hardness in a stone, gravity in lead, do not suffer either augmentation or diminution by reason of any increase or reduction of the appreciation of men. If value were intrinsic in articles it would remain intrinsic whether people wanted them or not. But things can have no economic properties by and of themselves; those properties exist only because there are people. A thing can have no use unless some one wants to use it; it can have no value unless, in addition to being wanted, some one is willing to incur sacrifice to obtain it.

Suppose a metal to have more value at one time than at another. We know that at both times it has the same specific gravity, the same density, the same ductility, the same tensile strength. These qualities being intrinsic, can not be removed without destroying the object.

If an article had intrinsic value, such value in its entirety would at any given time be 100 per cent. The intrinsic value of gold in 1873 was therefore 100 per cent: it is still, and must always be, 100 per cent. But we know that in comparison with all other things—and value, as already shown, is a matter of comparison—gold to day has a value 50 per cent greater than it had in 1873. Has it to-day, then, 150 per cent of intrinsic value, or 50 per cent more than it is possible for it to have?

Suppose a new and extensive use to be discovered for silver, and a large demand to spring up in consequence, resulting in an increased price (stated in terms of gold) for silver bullion. It would then be said that a new value had arisen for silver. Would that new value be intrinsic? When silver fell 20 cents an ounce in one day, on the issue of the Indian order in council, was that a loss of 20 cents' worth of intrinsic value? And when it rose again, was that rise a recovery of so many cents' worth of intrinsic value?

If all the world should remonetize silver it is admitted by all the advocates of the gold standard that silver would have a much higher value than it now has. Would this *added* value be "intrinsic"?

AUTHORITY EMPHASIZES THE TEACHING OF REASON—THAT THERE IS NO INTRINSIC VALUE.

On this subject of intrinsic value what do the leading authorities say?

"There is no such thing," says Prof. Jevons, "as intrinsic value." (Essay on value of gold.)

John Stuart Mill says:

There can not, in short, be *intrinsically* a more insignificant thing in the economy of society than money.—(*Principles of Political Economy*, volume II, page 23.

Prof. Perry, while a most ardent champion of the gold standard, is compelled to admit the absurdity of the expression "intrinsic value," and to deny such value to gold as well as to everything else. In reviewing the statements of another writer on the subject of money, who had used that term, Prof. Perry says:

This author is led astray by the worse than useless adjective "intrinsic," having never yet learned that there is only one kind of value in economics, namely, purchasing power.—*Principles of Political Economy*, page 341.

Mr. Macleod, in his elaborate treatise upon the "Theory and Practice of Banking," speaking of the expression "intrinsic value," says:

This unhappy phrase meets us at every turn in economics, and yet the slightest reflection will show that to define value to be something *external*, and then to be constantly speaking of *intrinsic* value are utterly self-contradictory and inconsistent ideas. Thus over and over again it is repeated in economical treatises that money has intrinsic value, but that a bill of exchange or bank note is only the representative of value.

Money no doubt is the produce of labor, but, as Adam Smith observed, if it would exchange for nothing it would have no value; so, M. Say says, that the value of gold and silver consists only in what they will buy. How then can its value be intrinsic? How can anything have intrinsic value unless it has the things it will exchange for *inside itself?* "Money has intrinsic value!" Has a piece of money got the merchandise, and all the other things it will purchase, inside itself? Money will exchange for anything—corn, houses, horses, carriages, books, etc., and each of these is the value of the money with respect to that commodity. But which of these is its intrinsic value? The incongruity of these ideas is so glaring that it is only necessary to call attention to it for it to be perceived at once. Yet from the very beginning of the science this phrase has infested it.—*Theory and Practice of Banking*, page 48.

In extending the discussion Mr. Macleod says:

Moreover, we see on considering the term value that it is nonsense to speak of the *representative* of value. Value is a *ratio*—an external relation. What can be the *representative of a ratio*, or of an external relation? To say that money, because it is material and the produce of labor, has intrinsic value, and that a bank note is only the representative of value, is just as absurd as to say that a wooden yard measure is *intrinsic* distance, and that the space of 36 inches between two points is *representative* distance. It is of the first importance to economic science to exterminate this unhappy phrase "intrinsic value," which is clearly shown to be a contradiction in terms.—*Macleod, Theory and Practice of Banking*, 1, 50.

Ricardo (than whom no financial authority stands higher) lays down the principle that even paper money, having not a shred of what the gold-standard advocates call "intrinsic value," will have real value equal to that of gold money, provided the number of the notes be sufficiently limited in quantity.

Speaking of uncovered paper money, he says:

By *limiting its quantity* its value in exchange is as great as an equal denomination of coin, or of bullion in that coin.—*Political Economy and Taxation*, chapter 27.

After further discussion of the subject he continues:

On these principles it will be seen that it is not necessary that paper money should be payable in specie to secure its value; it is only necessary that its *quantity* be regulated according to the value of the metal which is declared to be the standard. (Same work and chapter.)

In other words, Ricardo's statement here is, that if the amount of irredeemable paper money in a country were just equal to the amount of gold which would form that country's distributive share of the gold money of the world, the paper money would have precisely the same value, dollar for dollar, as would an equal amount of gold in that country.

All these writers and many others declare that the value of money—other things being equal—depends on its quantity and not on its material. It is therefore absurd to claim that silver has ceased to be adaptable for the money use because it is said to have lost some supposed attribute that neither silver nor gold nor anything else ever possessed, namely, intrinsic value.

But we have an authority outside the line of writers on political economy, whose words, nevertheless, will attract the attention, if not of the bankers and champions of the gold standard, certainly the attention of the plain people of the United States—the words of one of whom it is written: "And they sent unto him certain of the Pharisees and Herodians, that they might catch him in his talk." Clearly, he was not a believer in the theory that money must have "intrinsic value." His simple inquiry as to coin was: "Whose *image and superscription hath it?*" That was nearly two thousand years ago, yet we find the Pharisees and Herodians of the present time attempting to confuse the public mind with demands for intrinsic value—something that has never existed.

What becomes of the argument for the intrinsic value of money when we see silver money doing a large portion of the business of the western world at a valuation 40 per cent higher than its so-called value measured in gold?

One would suppose that the universal acceptance of token coins as good money by all the people within the boundaries of the largest countries—coins notoriously wanting in so-called intrinsic value—would have long since exposed the entire fallacy of the idea that it is the bullion value that constitutes the money value of the metals. The money for the masses of the people, it appears, does not need to have the full quota of "intrinsic" value—it may be "short" in weight, but for bankers and bondholders money must be of full weight. On this point Gen. F. A. Walker, in his work on Money, says:

> A laborer who is paid on Saturday 22 coined shillings for his week's work, in reality gets less than a sovereign's (20 shillings) worth of silver: the girl who is nominally paid 10 pence for her day's work in the mill, gets only about 3 pence worth of copper. Here, it is said, is a manifest injustice. The wealthy and well-to-do receive their incomes in the principal coin of the country, which is of full weight and fineness; the poor are paid in coins which contain only a part, and perhaps only a small part, of the metal which would be worth the sum for which they are made a tender by law. This complaint, sometimes heard among laborers, was recently given a wider hearing through Col. Tomline, a member of the British Parliament.
>
> The answer of Mr. Hubbard appears to be conclusive, so long as such billon or token money is not issued in excess. It is quite true, says Mr. Hubbard, that silver, rather than gold, is *the medium through which the wages of the laboring classes are paid*; but to show that the laboring classes are injured by the mint regulations it must be demonstrated that the shilling they now receive commands a smaller quantity of the necessaries of life than would a shilling coined as an integral measure of value. The shilling now circulating derives its purchasing power, not from the silver it contains, but from its being by law a twentieth part of a pound—the golden standard. All prices, wholesale or retail, whether of a bullock or a beefsteak, of a quarter of wheat or a loaf of bread, are computed upon a gold valuation. The artisan's shilling is intrinsically the twenty-second [instead of the twentieth] part of a pound, his penny but the four hundred and eightieth [instead of the two hundred and fortieth] part of a pound, but how do these facts affect his interest if he can always, with 20 shillings, or 240 pence, secure the value of a pound?—*Money*, pages 219 and 220.

So long, Mr. Hubbard thinks, as a laboring man can secure the *value* of a pound with his token coinage, matters are all right. Why should the laborer demand intrinsic value? Of course, the proposition changes when it is not a laborer, but, say, a lord, who is to receive money. Then the money must have "intrinsic value."

DOES THE VALUE OF MONEY DEPEND ON THE COST OF PRODUCTION OF THE MATERIAL OF WHICH IT IS COMPOSED?

From the fallacy lurking in the idea of "intrinsic value" is derived the further fallacy that the value of money depends on the cost of production of the material of which the money may be composed.

This is an attempt to apply to money the principle of cost of production (or, as some economists have it, of reproduction), admitted to govern the prices of commodities. But the cases are not parallel. Money, properly considered, is not a commodity. On the very contrary, it is the polar opposite of commodities. Admitting that gold and silver, when not coined, are commodities, yet their value as money is affected by issues of uncovered paper money, so that the law of cost of production, if it is to be applied to the metals as money, must be corrected by allowing for the influence of such paper issues. In countries having a "mixed currency," composed of either or both of the metals in conjunction with paper, the value of the metallic money is diminished—population and demand remaining unchanged—by every increased issue of paper, and, conversely, is increased (*ceteris paribus*) by every withdrawal of the paper from circulation.

If it be sought to avoid the force of this contention by denying that anything can be money except the metals (as, from and after the passage of the bill now before the Senate, it will doubtless be insisted that nothing can be money except gold), I reply that it is too late in the century for that. The leading writers on political economy unite in the declaration that when duly limited in quantity paper money has all the value of gold money, and if sufficiently limited may even have much more value than gold and rise to a premium above it. Our leading American writer on money, a writer recognized in every gold-standard country, and among the leading economists of the gold-standard school in all countries, as one of the most distinguished authorities on monetary science, Gen. Francis A. Walker, whom I have just quoted, defines money as follows:

> Money is to be known by its doing a certain work. Money is not gold, though gold may be money; sometimes gold is money and sometimes it is not. Money is no one thing, no group of many things having any material

property in common. On the contrary, *anything may be money;* and anything, in a given time and place, is money which then and there performs a certain function. *Always and everywhere, that which does the money work is the money thing.—Money Trade and Industry*, chapter 1.

And in order to show that he means precisely what he says, Gen. Walker says:

The claim that greenbacks are not money in the fullest sense of that term; that they can not do all in the way of measuring values, so called, which gold or silver may do is untenable, and it can be of no advantage to any really sound cause to seek to maintain it.—*Money in its Relations to Trade and Industry*, preface.

Gen. Walker does not approve of Government paper money, because of the danger of overissues of such money, but neither he nor any other leading writer on the subject of money denies that with proper limitation of quantity so-called irredeemable paper money maintains itself, and when so limited in quantity has historically maintained itself, without the slightest difficulty at a par with gold. With more than 25 per cent of all the money of the world uncovered paper money, costing nothing to produce—though costing each man who possesses it *as much to acquire* as if it were so much gold—how absurd it is for anyone to claim that the value of money is determined, as in the case of commodities, by the cost of production of the material. *The value of money, no matter of what material made, is determined by the cost of obtaining it after such material has been made into money; and this value is expressed in the general range of prices of commodities.*

But leaving paper money wholly out of view, and looking even at gold and silver merely as commodities, we shall see that they constitute a category wholly by themselves, and that so far as the law of cost of production applies to them, it applies under circumstances totally different from those under which it applies to commodities in general.

As to all other commodities, the supply is each year consumed by the time the next year's production becomes available; that is to say, at the expiration of a year from the date of production practically little or none of a particular commodity remains to lap over on the new supply. Owing to the indestructibility of the precious metals, however, there is an enormous stock of them always in existence; so that the new supply of each year, whether costing little or much, is so slight in proportion to the quantity already existing that it can exercise but an infinitesimal influence on the value of the total supply in the market.

It is not like the case of a thing of which there may be a surplus. A surplus of anything is such portion of it as is left over after the satisfaction of all demands. Of a metal transmutable into money at will there can never be a surplus. There is demand, and instant demand, for the entire production. The influence of accumulation in steadying the value of the monetary metals has been likened to the effect of an enormous balance wheel in modifying the action of machinery—protecting it from those extreme variations of speed which would otherwise be the instant effect of varying degrees of steam pressure.

Let us suppose, as to any ordinary commodity, say wheat, that there were six months' supply of it in the world at a given time. It is readily conceivable that in a single year that supply might be doubled. But to double in one year the amount of gold and silver which is already in use as money throughout the world would require the production in that year of the enormous sum of over $7,500,000,000. The largest amount ever hitherto produced in one year of both metals combined is only $325,000,000, so that, in comparison with the stock coming over from the past, the new supply of each year is trifling. With all other things the case is reversed; it is the stock coming over that is trifling in comparison with the new supply.

Taking into account the rapid and enormous yield of gold in California and Australia in the middle of the century, if the value of the product had been governed, as in the case of ordinary commodities, simply by the cost of production at the time the discoveries were made, the value of the metal would have fallen enormously and at once; whereas the change that did occur was slight and gradual, the value of money not falling, according to the best authorities, more than 18 or 20 per cent, and that fall spread out over a period of twenty years.

But there is another reason why the precious metals as commodities constitute a category by themselves, namely, that the pursuit of mining is one into which the speculative element enters in a degree wholly unknown in other fields of production.

In all other departments of production the result of effort can be measurably. foreseen. That result will usually bear some approximate degree of relation to the amount of labor exerted and capital employed. Even in agricultural production, the result of which depends in large measure on contingencies of weather, if there be planted an increased acreage there will be expected an increased crop. In fact, crops may, according to demand, be increased practically without limit: soil is always accessible. Not so the precious metals. There is an impassable barrier opposed by nature to the unlimited production of those.

Unlike the products of agriculture, men can not at will deposit in the soil seeds of gold and silver to multiply many fold, and bring forth a great crop.

Unlike the products of manufacture, gold and silver can not be made to order. Mines are discovered, not made: and at this stage of the world's progress can be discovered only after long, tedious, and, on the whole, very expensive search. When so discovered in nine cases out of ten, after absorbing large amounts of capital they have to be abandoned, as of not sufficient fertility to defray running expenses. In the occupation of mining, therefore, the question of what quantity of metal shall result from a given quantity of labor and a given expenditure of money, counting the long enduring search and the profitless exploitation, is so much a matter of mere chance that no intelligent calculations or predictions can be made on the subject.

In the manufacture of ordinary commodities, on the contrary, while there is always the question of what price can be obtained for the products when made, there is at least assurance that by the application of a certain amount of capital and the employment of a certain number of men something approaching definite computations can be made in advance as to the number of articles of a given character which may be expected to result. The larger the amount of labor and capital applied the greater on the average is the result expected. With mining it is altogether different. The hazard is so great as to 99 per cent of the "prospects" that men who succeed in realizing any considerable sum of money in the occupation almost always put the money back into the ground—that is to say, invest it in "promising" ventures which never become anything but promises.

In discussing the cost of production of silver, the operations of the most successful and productive mines only are taken into account. No note is taken of the fact that mining is a lottery and that thousands of ventures are total failures. Many millions of dollars have been expended in sinking shafts, boring and blasting tunnels, erecting hoisting works, creating plants, and constructing mills that have never returned to their projectors the value of one dollar. Yet so-called statisticians and statesmen who know absolutely nothing of the subject, and many of whom have never even seen a mine in their lives, treat us to long disquisitions upon the cost of mining silver. My word will be sustained by that of every experienced miner in this country, as well as in the world, when I assert that taking as a whole the business of silver-mining, for every dollar produced more than a dollar has been actually expended.

For reasons which must be satisfactory to themselves the statisticians and statesmen who are careful to give us their abortive and absurd computations as to the cost of producing silver, do not appear to be equally solicitious to instruct the world as to the cost of producing gold. Perhaps they entertain some fear that investigation as to the cost of gold would show that in proportion to coining value it has, in the main, cost very much less than silver.

It is the belief of well-informed scientists that in the case of gold, the element of cost of production bears much smaller proportion to the money value of the metal than is the case with silver. After an exhaustive investigation covering a series of years, Prof. Suess, of the University of Vienna, perhaps the most distinguished of living geologists, declares in his work on the Future of Gold that nine-tenths of the gold of the world has been obtained from the gravel deposits of old river beds ("placers"), in which work, as a matter of course, the labor cost was the veriest trifle in comparison with the money value of the product.

I will illustrate this by reading a brief extract from a letter written in 1848 by the late distinguished General of the Army, Gen. William T. Sherman, then a captain, stationed at Monterey, Cal. This letter appeared in the New York Tribune of April 7, 1892, as having been read in public by the honorable Senator from Ohio [Mr. SHERMAN] to whom it had been written. After referring to the inconvenience to which the officers of the Army had been subjected by reason of the excited rush of the people, including the private soldiers of his command, to the newly-discovered gold fields, Capt. Sherman said:

> This gold is found in the beds of streams, in dry quarries, in fact mingled with the earth over a large extent of country. * * * Men are now getting from their individual labor from $5,000 to $8,000 a month. This is not fiction. It is the truth. I went with Governor Mason and saw the evidence of it myself.

When an ordinary unskilled laborer, without capital, could make $8,000 a month, an amount sufficient to buy a good house in any city in the United States, the argument from cost of production can not be very strong.

The influence of these discoveries began to be felt only by slow degrees as the new money came to be distributed over the world, and it was because of the increase of the *quantity* of money, and not from any consideration arising from cost of production of its material, that its value fell—not the value of gold alone, though it was gold alone that increased in quantity. The value of silver money also fell, for the metals being freely interchangeable in one country or another at a ratio established by law, both felt the depreciating effects of the increased quantity.

Even now, when the placers seem to be exhausted, and gold is to be obtained only from veins, involving the use of capital and machinery, there is far greater steadiness in the cost of production of silver than of gold, and the gold mines are relatively much the less expensive to work. A plant that will crush 100 tons a day of gold ore can be built for $25,000; whereas one that will crush 100 tons a day of silver ore instead of costing less will cost approximately $100,000. It is the experience of all miners that, once found, gold mines can be worked at a relation of profit over silver mines much greater than a ratio of 1 to 16; but the difficulty is that the mines are not to be found.

Owing then to the special category in which gold and silver must be placed by reason of the special circumstances affecting them the influence of the cost of production on the value of those metals is very greatly overrated. This is fully recognized by the economists who admit that this influence is not direct in any sense as in the case of commodities, and that it is only over long periods of time that it tends to affect the value of money, by affecting the quantity produced.

THE LEADING WRITERS—ON THE INFLUENCE OF COST OF PRODUCTION ON THE VALUE OF MONEY.

On this point Mr. Henry Sidgwick, professor of political economy in the University of Cambridge, England, says:

In consequence of the great durability of gold, together with the fact that *nearly all the gold used as money is practically in the market at any given time*, any change in the cost of production is likely to take a long time to produce its full effect on value. Hence the effects of all changes in the conditions of production of the precious metals are at first, and continue to be for many years, *questions of quantity only, with little reference to cost of production.—Principles of Political Economy*, by H. Sidgwick, page 250.

On the same point, Prof. Francis A. Walker, in his work on Money, says:

Again, it is said, it is the cost of production which determines value. *But it is always and everywhere the relation of the supply to demand that determines value. Cost of production only affects value by affecting the actual or potential supply.—Money*, page 245.

And Prof. Jevons says:

Labor once spent has no influence on the future value of an article.—*Theory of Political Economy*, page 159.

In a further discussion of this subject, Prof. Jevons says:

The great principle of cost of production fails us, because in the case of such durable commodities as gold and silver the accumulated stock on hand is immensely greater than the annual production or consumption.—*Contemporary Review, May, 1881.*

With reference to the influence of cost of production on the value of the metals, John Stuart Mill says:

From their durability, the total quantity in existence is at all times so great in proportion to the annual supply that the effect on value even of a change in the cost of production is not sudden; a very long time being required to diminish materially the quantity in existence, and even to increase it very greatly not being a rapid process.—*Political Economy*, Book III, chapter 7.

And he adds:

Alterations, therefore, in the cost of production of the precious metals do not act upon the value of money except just in proportion as they increase or diminish its quantity, which can not be said of any other commodity.—*Same*, Book III, ix, 3.

An acute writer, F. W. Bain, M. A., of Oxford, England, says:

Cost of production, so important and decisive as to the value of commodities bought with money, is, in the case of money itself, of no account whatever. For, any particular commodity we can do without; and so if it costs too much to produce no one will buy it, but money must be had at all costs, for without it no commodities can be procured at all. And be it observed, money is comparatively permanent. It is not, like commodities in general, consumed in the use. Consequently there is a great and even enormous difference between it and things produced to be consumed. It is, as a rule, the rapidly perishing commodity whose value depends mainly on its cost of production. Each time it is wanted it must be made again. But money, once made, is there for almost any length of time, for though it wastes a little, yet not much; its value, therefore, can be hardly, if at all, appreciably dependent on its cost of production.—*The Principle of Wealth-Creation*, page 101.

In a more elaborate discussion of this question of cost of production, Prof. Francis A. Walker quotes the dictum of Prof. Price to the effect that exchanges are effected by comparing "the cost price of the goods with the cost price of the gold" for which they are exchanged. From this view the American author wholly dissents. Gen. Walker says:

What is in fact the method by which the ratios of exchange between the piece of metal and equal quantities of [commodities] A, B, and C are determined?

Let us bring the matter down to its pure elements by supposing that in a given community where gold has been and still is of such universal acceptability as to become the general medium of exchange, there exist a million pennyweights of this metal; that the country itself yields no gold; that intercourse with foreign countries is, for the time, cut off so that none can be imported; and lastly, that gold is used solely as money and not at all in the arts. Under such conditions—

Prof. Walker says—

articles will be exchanged for pennyweights of gold *without the slightest reference to the cost of producing the metal.* It is literally true, without the smallest qualification, that, in the words of Prof. Jevons, "Labor once spent has no influence on the future value of any article." How, then, can the gold measure the value of the commodities produced within the community?

Here Gen. Walker enters upon an analysis of the process:

The answer is, it does so in the only way in which money ever measures values. Each producer will strive to bring to market that commodity which will command for him the greatest number of pennyweights of gold for a certain exertion and sacrifice on his part; and through the operation of this principle and of this principle alone, the relative worth of all commodities will be determined; *not through a comparison of the amount of labor required for the production of each by turns, with the amount of labor required for the production of the gold, but through a comparison of the amounts of labor severally required to renew and keep up the stock of the different commodities themselves.*—*Money, Trade, and Industry*, page 33.

And he adds:

It is in this way that products are differentiated in exchange *according to the cost of renewing the stock.*

Not the stock of money, but the stock of products to be exchanged. Hence, this author styles money "a common denominator in exchange," in terms of which denominator the mutual relations of all commodities and services are expressed, and by means of which, as he says, "all commodities are placed, one above another, on a scale of prices." It was for this reason that Sir James Stewart long ago called money "a scale of equal parts."

If, therefore, there were no money except money of gold and silver, these authorities show that the theory of cost of production, which is made so much of in discussing the silver question, is for the purposes of discussion of no avail whatever.

All our gold monometallists admit that if Great Britain and Germany should remonetize silver the United States could go to free coinage with entire safety and propriety. What, then, becomes of the theory of cost of production? The cost of production of silver would be precisely the same whether those countries declared for its free coinage or not.

There is a feature of this question which the economists never touch, but which, it appears to me, must be one of the first considerations to occur to a practical man. That feature is this: If the cost of producing silver has been so slight as to make the profits of silver-mining higher than the average return to capital, why is it that so few have engaged in the business? Is it not open to all the world? Do we not know that, from all the countries of Europe, capital in large amounts has sought investment here? Do we not perceive the keenness with which all men of capital and energy search for profitable investments? Can we, therefore, help inquiring why this field, which many appear to think so profitable, is so neglected?

Do not their acts, Mr. President, belie their words? If they were not satisfied that mining investments were on the whole and on the average unprofitable investments, should we not find millions upon millions of dollars from Wall street and Lombard street rushing to the mining regions for investment? But we must do credit to the acumen of the investors of capital. They well know how and where to invest. Instead of putting money into mining enterprises, they put large sums into bank stocks, because they have observed that no matter what other industry may languish, banks pay high dividends. Investors also put large sums into gilt-edged railroad bonds, because they know that such bonds are obligations to pay fixed sums of money at a future time, and that those sums will be paid in dollars of increasing value.

Besides, if they really believed as they pretend to believe, in the theory that the cost of production is the element that determines the value of money, how is it possible that they can at the same time believe, as they profess to do, that gold never varies in value? Do they suppose that during a period extending over hundreds of years the cost of mining gold has remained to the fraction of a cent absolutely the same?

The separation between gold and silver does not result from any change in the cost of production of silver, nor does it result from any change in the purchasing power of silver money. Neither does the enormous increase which has taken place in the value of gold during the last twenty years, an increase of which there is no denial, arise in the slightest degree from any increase in the cost of production of gold. Every man who knows anything on the subject knows that there has been no such increase.

IS MONEY THE COMMODITY-EQUIVALENT OF THE COMMODITIES FOR WHICH IT IS EXCHANGED?

It is the pernicious theory of intrinsic value that has led to the equally absurd idea very generally entertained that money is the equivalent as a commodity of the other commodities for which it is exchanged. With the destruction of the idea of intrinsic value must go also this idea of commodity equivalence. It is persistently asserted that gold bullion does not derive its value from the money use to which the metal is put, but from the value of the bullion as a commodity.

This claim, though held throughout the ages, will not stand the investigation of reason.

Were gold demonetized to-morrow, so enormous is the amount of it in existence compared with the demand for commodity purposes, that an ounce of it, instead of being worth $20.67, as at present, would not be worth perhaps the one-hundredth part of that sum.

In order to ascertain what the commodity value of gold would be were the metal confined to commodity uses, we must suppose it to be made entirely dependent for its value upon the demand for it in the arts—that is to say, we must conceive it to be demonetized and relegated to a commodity. In other words, let us judge of the commodity value by the commodity use, and of the money value by the money use.

Let us inquire what would be the quantity of gold which would be suddenly thrown on the market as a commodity in case that metal were deprived of the money function.

Our Treasury Department reports that the amount of gold money in existence in the world is $3,600,000,000.

As to the amount which is annually withdrawn from the money-use for the purposes of the arts and manufactures, there are no figures which can be absolutely relied upon. Mr. Giffen, the statistician of the London Board of Trade, has stated that in his belief, practically, the annual yield from the mines was absorbed for nonmonetary purposes; and in this estimate I believe he is right. Sir Lyon Playfair estimated the amount consumed in the arts at not less than 75 per cent of the total annual yield. As long ago as 1873, Mr. W. L. Fawcett, in his interesting work on "Gold and Debt," made a careful estimate based on the researches of Mr. J. R. McCulloch, the distinguished English economist, and states the then annual consumption of gold in the arts and manufactures at $110,000,000, and the amount must have annually increased rather than decreased.

But casuistical statisticians, who wish to show that some of the annual yield is available as money, profess to believe that the amount consumed in the arts is only $60,000,000 per annum. If my estimate be correct, then in case of the demonetization of gold and its relegation to commodity purposes exclusively, there would be on hand in the market at the time of demonetization, available for the purposes of the arts, not less than thirty-six years' supply of the metal.

With the competition between its owners for the disposition and sale of so enormous a sum, for commodity purposes, what would be its value? What price would an ounce of gold bring in the market, if there were available for purchase at any given moment a supply sufficient to carry the world along for thirty-six years?

No one being any longer obliged to have gold in any country of the world in order to pay debt or otherwise utilize it as money, who can suppose that an ounce of such discarded metal would bring $20.67?

If, however, we accept the figures of the statisticians—and they are all devoted admirers and adherents of the gold standard—the quantity of gold used annually in the arts is about 3,000,000 ounces. What would be the value of gold per ounce for use in the arts when there were available for that purpose at any given moment the enormous amount of 180,000,000 ounces, or a supply sufficient to meet all demands for the metal as a commodity, not for two years or ten years, but for sixty years?

We know that of wheat and other commodities there is never more than a few months' surplus on hand at a time. Yet the slightest addition to that surplus produces a lowering of the price altogether out of proportion to the quantity of the surplus. How trifling would not the value of wheat be, if, after taking out the quantity needed for the current year's consumption, there remained on the market enough to meet all demands for even two years additional! And even supposing that science and invention should furnish a method of preserving wheat indefinitely in all its original efficiency and purity as an article of human consumption, to what an utterly insignificant price would it not descend if instead of two years or five years' additional supply there were enough to meet all demands for sixty years?

But in our estimate of the amount of the metals that would be thus available, we should be warranted in going beyond even the figures indicated. The estimation in which gold is held in at least that department of the arts which contributes to decoration, and for purposes of ornament, is derived almost wholly from the awe with which it is regarded by the great body of mankind from the fact of its extended use as money. This is what Ruskin very appositely describes as "the effect upon the imagination." Deprived of the imperial money-use and relegated to commodity-uses only, there can not be a doubt that much of the metal now existing in the shape of trinkets would find its way to the secondhand shop.

Whichever of these estimates we adopt, even the least of them, in my humble judgment, constitutes a perfect mathematical demonstration, "strong as proof of Holy Writ," that, deprived of the money function, there would be practically no value whatever in gold bullion.

It surpasses my comprehension, therefore, how men can argue otherwise—especially men who profess to be political economists with, as is supposed, a faculty for exact reasoning.

Let us apply to the question the definition I have given of value: "Human estimation placed on desirable objects whose quantity is limited."

There are in this definition, as I have said, two factors: Human desire for the object, and limitation of the quantity of like objects.

With gold as at present in full and universal use as money, these two factors have full play. As money men esteem gold, and, considering the universal demand for money, the quantity of the metal is limited—so limited, indeed, that no Senator asserts that there is enough of it.

Both conditions, therefore, unite to establish the present value.

But with gold demonetized—with gold deprived of the imperial prerogative of money—one of these factors of value would be wanting to it. No matter how highly esteemed for commodity purposes, it could no longer be said that its *quantity was limited*. Limitation of quantity can not be predicted of an article the stock of which in the market at a given moment is sufficient to supply all demands for half a century to come.

THE AUTHORITIES SUSTAIN THE THEORY THAT IT IS THE MONEY USE THAT GIVES VALUE TO GOLD AND SILVER AS COMMODITIES.

With reference to the share of value which is contributed to gold by the money use, as distinguished from the commodity use, Mr. Macleod says:

It is in fact the peculiar qualities which render gold so useful as a currency that give it the greater portion of its value.—*Elements of Banking*, ed. 1858, page 133.

Says Thorold Rogers, professor of political economy at Oxford University, England:

The fundamental cause of value in the precious metals is *their use as currency.* This conclusion is not so obvious as it might appear. Up to recently ordinary political economists have been accustomed to accept Mr. Senior's dictum, that the measure of value in the precious metals is their use in the arts. It is very possible that this view is still accepted, notwithstanding the experience of the last fifteen years, during which events have occurred which would, one might think, induce these people to reconsider their conclusion.—*Industrial and Commercial History of England,* page 324.

"The experience of the last fifteen years," to which Prof. Rogers here alludes, is the experience under the demonetization laws by which silver ceased to have free access to the mints. He perceived clearly that the fall in the gold price of silver was due to the denial of unrestricted coinage of silver, and not to any question of cost of production or of so-called intrinsic value. Sir David Barbour, in his Theory of Bimetallism, says:

Gold and silver owe almost the whole of their value to the fact that they can be converted into and used as money. If gold and silver were absolutely excluded from the currency of the world their value would be greatly reduced, if it did not almost entirely cease to exist; and if either gold or silver were largely excluded from the currency of the world the value of the metal so excluded would experience a very great fall.—*The Theory of Bimetallism,* chapter 2.

In the same work, Sir David Barbour, dealing with this point more at length, says:

The value of gold and silver is almost entirely due to their use as money and consequently the relative value of gold and silver depends upon the extent to which the different nations of the world use these metals as currency. If one nation after another decided to demonetize silver and to sell the silver contained in its currency, the value of silver relatively to commodities and still more so in comparison to gold, could be made to fall to a very small fraction of its present value.

On the other hand, if the nations of the world demonetized *gold* and sold their gold, the value of gold in relation to silver would experience a very great fall.

In short, we see that the demand for gold or silver is due mainly to the extent to which the legislatures of the different countries decide to use these metals as money, and therefore their relative value is and must continue to be regulated by legislation.—*Theory of Bimetallism,* page 34.

In a letter to the London Times May 7, 1881, Lord Bramwell, speaking of the money value and the so-called intrinsic value of gold and silver, said:

Gold and silver have real and artificial values—real and natural, as for gilding, for use in surgical appliances, forks, spoons, and other things; artificial, for money for circulating mediums. * * *

This artificial value is much greater than the real [value]. If some substitute for gold and silver were found which could be used more advantageously as money and displace them, their exchangeable values would be vastly less than at present. That is, if an ounce of gold exchanges for 2 quarters of wheat now anywhere, it would, if it ceased to be used as money, exchange for much less—how much is beyond speculation.

John Ruskin, who thought deeply and acutely on all questions with which he dealt, says:

In so far as it (gold) has *legal exchangeable value* its worth as a commodity is increased. We want no gold in the form of dust or crystal; but we seek for it *coined*, because in that form it will pay baker and butcher. And this worth in exchange not only absorbs a large quantity in that use, but greatly increases the effect on the imagination of the quantity used in the arts.—*Munera Pulveris*, page 83.

In stating that the exchange value, or money value, of gold "greatly increases the effect on the imagination of the quantity used in the arts," Ruskin means that the estimation in which gold is held for the purposes of decoration is heightened by the fact that it is in use as money, and that while in such use it is a universal order for goods.

In a very recent French publication on political economy, by a professor of high standing, Prof. Gide, I find the following unequivocal and outspoken declaration on this subject:

No doubt, if gold and silver were demonetized in every country, metallic money would lose the greatest part of its value. We must not deceive ourselves as to this matter, and the present fall in silver, caused by its demonetization in some countries, only too fully proves the fact. Yet many authors do harbor this illusion, or at any rate do not put their readers on their guard against it. Most of them seem to say that the government seal stamped upon gold and silver coins merely states their actual value, just as the tickets tradesmen put on their goods. But the declaration that the six-gramme gold piece is worth 20 francs is not only *declaratory*, but is also *determinative* of value. It is because the will of the legislator or, if it is preferred, the agreement of men, has chosen gold and silver as money, that these metals have acquired the larger part of their value, and they would lose it as soon as this agreement or this law happened to cease to exist. Aristotle, too, had perceived this very clearly. Says he in the Ethics, book V: "It was through a voluntary agreement that money became the instrument of exchange. It is called *nomisma* (from *nomos*, law) because money is not a natural product, but exists only through law, and it lies with us to change it and rob it of its utility as we will."—*Political Economy*, page 216.

From any point of view it is absurd to suppose that the money value of gold is derived from the value of bullion. The effect has been mistaken for the cause. The bullion gets its value from the fact that gold from the moment it leaves the mine is potentially money. Gold bullion deprived of accessibility to the mints might drop to the value of copper, with which, for utility (unless some new uses shall be discovered for gold; it is not for a moment to be compared.

The statement that it is not from bullion that gold money derives its value receives support from considerations growing out of the very nature of the case.

From the earliest ages gold and silver were held in high esteem even among savage tribes, because of their adaptability for purposes of ornament. At first, and doubtless for a long period, exchanged as mere commodities, against other commodities, they came by degrees, as their quantity increased, to be used as common media of exchange.

But one of the most important functions of money came to be the function of registering or recording values for the purpose of permitting men to enter into time contracts—what some economists call a "standard for deferred payments." This was a function which could not be fulfilled by a small supply of the money material. For this exceedingly important purpose not until a vast stock had been accumulated were the metals fitted to be clothed, in the interest of society, with the function and office of money. Should transactions and values be based on them as money while yet the stock of the metals was extremely limited, it is obvious that a slight increase of yield from the mines in any one year would create ruinous variation in the unit of value, so that it would be unsafe for men to enter into obligations except those for immediate fulfillment.

It was, therefore, only by very slow degrees that the system of barter, having the precious metals on one side of the equation, gave way to the commercial system in which, from those metals as commodities, by gradual and insensible degrees, was evolved the system of money. Before this evolution could be made perfect, before the metals could have acquired fitness for the money function, there would be needed, and there must have been in existence a stock so enormous as, by its quantity, to insure society against violent and sudden jars in the value of the monetary unit. This stock must have been equivalent to the yield of the mines for a great stretch of time, probably hundreds if not thousands of years.

It must in any case have been such a stock as, in comparison, to have reduced to a point of utter insignificance the mere commodity demand for the metals in any one year.

Testing gold and silver, then, as *commodities* by the same law of supply and demand that is applied to other commodities we find that neither of the metals was wholly fitted to be vested with the money function until by the enormous accumulation of its quantity it was stripped of almost every vestige of commodity value. This was the condition-precedent to the crowning of the metals for the higher and nobler function of money, the imperial function.

If it be the bullion or commodity use that gives gold its value, why do people expect the variations of gold to be less than those to be seen in the value of other things?

It is no unusual thing to see a variation of 10 per cent, for example, in the value of wheat in the course of two seasons, 10 per cent in the value of brass, and similar variations in the value of other things. Why is it that gold should be expected to remain steady in value if the legal-tender function has no influence? Is it possible that throughout all the years of its production, with the wages of labor and the price of machinery constantly changing, the cost of mining gold has remained absolutely stationary—neither increasing nor decreasing in the slightest degree?

WANT OF INTRINSIC VALUE IN BANK "MONEY."

When the silver question is not under discussion the bankers and their allies are only too ready to acknowledge that it is the function and not the material that creates the value of the dollar. Indeed, the very impalpability and intangibility of the dollar is *then* set up as its principal recommendation to favor, because it is supposed to establish the peculiar merit of the banking system. When engaged in lauding the advantages of that system they maintain that bank deposits are money, although having no more material existence than the ink with which the entries are made on the books.

Bank deposits are not concrete things. If anything can be called intangible and immaterial, it is surely an entry in a book. We know that the bank deposits of the country exceed several times over the money in the country, especially if we regard as money only the things having what the bankers call "intrinsic value." Yet there are some books on political economy by writers of respectable position that treat such deposits as money. Prof. Sidgwick says of them:

In such a country as England, where deposit banking is fully developed and payment by checks customary, the greater part of such money must consist of what has been called "money of account," that is, of bankers' liabilities or obligations to pay in coin on demand, not "embodied" or represented otherwise than by rows of figures in their books.—*Principles of Political Economy*, page 233.

Hence it appears that when the bankers can make a profit on dollars, they are willing that the dollars may be immaterial and intangible; but the dollars on which they can not make profit, the dollars in the hands of the people, must have "intrinsic value!" No matter how numerous the dollars on the books of the banks; no matter how intangible or immaterial, so long as the banker is receiving interest on them and they yield him a revenue, although their so-called "intrinsic value" be no greater than the little speck of ink necessary to make the entry and the equally little speck of paper on which the entry is made, they are lauded as equal to the best dollars. They are even declared to be better dollars than the dollars of so-called intrinsic value.

Sycophantic writers and so-called statisticians fill the columns of the press with articles to show how near perfection our money system is, because, as they declare, it is no longer necessary for it to have an existence outside the pages of bank ledgers. But the moment the silver question is under discussion all these admissions are ignored, even wholly denied, and intrinsic value in dollars is insisted on as an absolutely essential factor of money. Consistency is not a jewel for which the bankers and their friends have any special regard, except in so far as it ministers to the pecuniary profit of the banks.

The theory of intrinsic value comes to us from the dim ages of the past, and is indebted for its survival to that blind and unquestioning regard for dogmatic authority which characterized the childhood of our race. Science has discarded some of the errors of those times; reflection has compelled the rejection of others. But so slowly do the forces of truth operate through time that we find the President of the United States, adopting this solecism, taking up his position as a student of political economy with those who lived and wrote in the period when men believed the universe to be confined to the planets constituting our solar system, and that of those the earth was the center.

The geocentric theory made as hard a fight for existence as the theory of intrinsic value has made, but in the light of advancing civilization it was forever discarded. Perhaps I go too far in this statement, as we have lately had a pronunciamento from Brother Jaspar reviving it in the somewhat celebrated declaration that "the sun do move." I would commend to the attention of the President the following statement of one of the most distinguished of economists, one who has distinctly declared that there is no such thing as intrinsic value. He says:

In the physical sciences—authority has greatly lost its noxious influence. Chemistry, in its brief existence of a century, has undergone three or four complete revolutions of theory. In the science of light, Newton's own authority has been decisively set aside, after it had retarded for nearly a century the progress of inquiry. Astronomers have not hesitated, within the last few years, to alter their estimate of all the dimensions of the planetary system and the universe, because good reasons have been shown for calling in question the real coincidence of previous measurements. In science and philosophy nothing must be held sacred.—*The Theory of Political Economy*, by W. S. Jevons, page 266.

Nothing is sacred, Mr. President, but truth. It is the mission and the merit of civilization to discover truth in all departments of human endeavor, and when discovered to maintain and perpetuate it. In none is this more imperative than in the department of money, the department which has to do with the measurement of human sacrifice, with the adjustment of the equity that forms the basis of all equities.

The fundamental idea at the bottom of the theory of intrinsic value is that money is not a societary instrumentality, but an instrumentality appertaining to man as an individual, standing single and alone, without knowledge of or participation in society or civilization. In accordance with this idea it is said that in exchanging a commodity for money men must get *as money* another commodity which, in and of itself, shall be the equivalent of the commodity given in exchange. In other words, it is contended that the process is precisely as if the money and the commodity were simply the commodity equivalents of each other.

This implies that society as an aggregation, society as contra-distinguished from the individuals or separate units composing it, is no factor in civilization, and that a thing which subserves an indispensable societary function, a thing without which it would be impossible for civilization to exist or for the powers of man to develop and expand, becomes the object of no greater esteem by reason of performing the societary function than it would be if it were the possession of solitary man; of man as the wild and imbruted denizen of the primeval forest.

In a word, the theory of intrinsic value is based on the idea that a thing without which it would be impossible for men to dwell together in unity—the very crown and symbol of their progress from barbarism to civilization—can have no value which the individual man is bound to respect.

This is contrary to the whole spirit of institutional existence. It is contrary to all the facts on which our civilization is based and all the inferences derivable from that civilization.

Let us examine for a few moments the process by which money came to exist.

THE EVOLUTION OF MONEY FROM BARTER.

The idea of money arose insensibly out of the custom of barter. As commodities came to be exchanged for one another some were naturally designed for immediate consumption; others to be retained until necessity should compel their use. Of the two classes of commodities indicated, those which should eventually become general media against which all other commodities might be exchanged would naturally be such as could be longest retained without deterioration.

A long list of materials have at various times in the history of the world been used as money. It has always been a question for separate nations or peoples according to the exigencies of their own situation to decide for themselves as to what material would most advantageously serve them for the purposes of money. That which was suitable for the people of one country might not necessarily be suitable for those of other countries. In primitive times it is noticeable that the materials selected by each people were always such as were not only plentiful when and where selected, so as to guard against present deprivation of money, but being natural products of the country, either indigenous to the soil or resulting from the prevailing occupations of the people, insured them against a prospective deprivation of money through tribal onslaughts or the sinister machinations of enemies.

This is a point of great importance in the history of money as indicating an intuition among the masses of mankind, in all ages and countries since the origin of civilization, that the material of money should be not only abundant, but continue through time to be abundant in the place or country in which it was thus selected to fulfill the monetary function. In this intuition we perceive indications that for the purpose of knitting themselves together in the great web called society, men were thus early reaching out after something more than a mere temporary medium of exchange—that they were aspiring to the discovery of some method of estimating or computing, and as it were recording, in terms of this common denominator the mutual sacrifices involved in their exchanges, so that they might no longer be confined to the transactions of a day—no longer restrained by the limitations of barter—so that they might dispense with those limitations and restraints and avail themselves of the benefits of time contracts, without at the same time parting company with equity and justice.

The desire to make preparation for the future constituted the first definite aspiration toward civilization. To enable this aspiration to be realized, it was necessary for men to provide some method by which they could arr nge for an exchange to take place, as it were, by installments, so that a transaction begun to-day might remain in abeyance, to be completed next week or next year, as might be agreed upon, without involving loss to either of the parties to the exchange by reason of its division into two or more transactions instead of being completed in one.

While mankind was still occupied in hunting, it is manifest that the flesh of animals captured in the chase would serve for immediate consumption, while the hides, dried and retained in the form of fur or leather, would serve for a future exchange.

When hunting ceased to be the principal occupation, and men came to settle into the pastoral condition, in which they tended flocks, the most convenient media of exchange came naturally to be live sheep and cattle—those being then the most numerous and most readily transferable, and not so liable as other commodities to deterioration of quality.

In the poems of Homor oxen are repeatedly referred to as something against which other commodities were exchanged, and also as an expression or estimate of value—what has come to be denominated a measure of value. Thus the value of the arms of different warriors were estimated in oxen—those of Diomed being held worth nine oxen those of Glaucus one hundred.

In the agricultural stage of civilization which succeeded the pastoral, different products of the soil (and, in maritime countries, of the sea) were used as money. In India, rice: in China, tea; in various parts of Europe, wheat, barley, and oats; in Iceland, dried fish; in Norway and Greenland, seal skins and blubber; in the countries surrounding the Mediterranean, olive oil—an article very plentiful in production and consumption in those parts, and having the advantages of durability and divisibility. In Central America different kinds of nuts were used as money; in Mexico, coca beans.

In the Colonial period of North America various products of agriculture were not only used as general media of exchange, but in time came to be legal tender. In several colonies tobacco, corn, and a variety of other articles, including the skins of beavers, were lawful tender in payment of debts. In Newfoundland dried codfish was used.

The benefits to be derived from a circulating medium in aiding the civilization of man was illustrated even in the earliest period of the Colonial settlements. The new settlers, in their dealings with the aborigines, found a tribe on Long Island which proved to be far more civilized than those of other parts of the country. Investigation as to the source of their superiority developed the fact that while other tribes had no money, and relied on barter for the satisfaction of their wants, these Long Islanders had certain small cylindrical shells which they polished to a high degree of luster, and, by drilling them lengthwise, formed them into beads, which they used as money.

The beads they strung upon threads and made into belts. This form of money was what was known as wampum, of which there were two qualities, black beads and white—one of the black being held to be equal to two of the white. The colonists, who had brought with them very little gold or silver from Europe, utilized this wampum as money in their dealings with the savages: and in Massachusetts it finally became legal tender even for the planters. "It was good money," says Gen. Walker. It was better money than articles of food or fur, because, by not having such immediate utility as a commodity, it was not so likely to be suddenly withdrawn from the money use.

In all instances the articles selected to perform the function of money were such as had at first been exchanged by barter, as commodities, against other commodities, and by degrees came to be used as articles against which all others were exchanged. Commodities that were not readily perishable, thus insensibly developed into money. But while infinitely better than barter, such commodities could never be relied upon to serve in the most efficient manner all the purposes of money, owing to the fact that notwithstanding their comparatively nonperishable character they were so useful as to render society constantly exposed to the danger of being deprived of money by reason of the consumption (and consequent destruction) as commodities of the very material constituting the money of the community.

Thus, where articles of food were used as money, it was impossible to say how long they would be permitted to play the monetary role. In severe climates, in which furs were money, there was no surety how long they would be allowed to remain in the monetary condition. No complicated chemical or mechanical process being necessary to turn them to commodity-use, a piece of fur which in the morning was money, might before evening be an article of apparel. Hence with the development of the art of mining it was perceived that the metals offered better media than any that had been theretofore used as materials of money.

While other commodities answered sufficiently the purposes of exchange in the primitive condition of society, whether as instruments of barter destined to immediate consumption or even as media of exchange when both sides of a transaction were to be made on the spot, they were not so well adapted as the metals to be instruments of so-called measurement or expressions of value, when on one side nothing was *immediately needed* for consumption, and when, therefore, one-half of the exchange was necessarily relegated to a future period. The more useful and necessary an article was as a commodity, that is to say, the more important it was as an article of food or clothing for the comfort and sustenance of man, the greater the probability that it would shortly be consumed, and thus be removed altogether from the monetary use.

As society advanced, although still restricted to primitive labor, people came to have a larger variety of occupations. Thus, a greater number of exchanges became necessary, the disposition to accumulate—to provide for a rainy day—became more and more developed; and men did not at once consume all the products of their labor. As wealth grew and exchanges multiplied, it became more and more difficult to retain without deterioration the articles exchanged. Hence a great increase took place in that class of transactions which, on one side at least, did not demand the immediate consumption of the articles forming the subject of exchange. With a constantly growing division of labor those who were producers were making more of one class of articles than they could themselves either consume or dispose of; other men therefore became *traders*, whose business it was to lay in a stock of articles for future exchange.

Some instrumentality was then needed by which the degree of mutual sacrifice incurred by the parties to an exchange could be estimated, or, as it is usually called, measured, and a definite expression or record of such measurement secured. How should such an instrumentality be secured?

All classes of objects or materials that before the birth of mining could be accumulated in sufficient quantity to serve for money were in the nature of the case more or less perishable. It was only with the discovery of the art of mining that it was possible to effect any great degree of accumulation of material adopted for the money use.

The indestructibility of the metals and their universal acceptability for purposes of ornament pointed to them as the best materials for accumulation. Gold and silver, by their ready divisibility, noncorrosiveness, and susceptibility to luster, naturally lent themselves to the process. Their high esteem constituted them in all parts of the world the prime articles of barter, against which any other articles at any time could be exchanged.

In the slow process of the ages the metals were being gradually withdrawn from the commodity use and applied to use as money. During this period the demand for them for purposes of ornamentation and as commodities became insensibly merged in the demand for them as money. Notwithstanding the universality of the desire for ornament there is a desire more universal and more urgent—the desire for articles of absolute necessity, for such as will sustain life. In the form of commodities the utility of the metals was limited to the satisfaction of one want and that not an indispensable want, but a want likely to be experienced only after indispensable wants were supplied, a want felt most among the rich or the well to do.

When they became money instead of supplying one want they would supply *all* wants. Their use instead of being confined to the rich would extend to every class of the community. He who should possess them would possess not merely an ornament, he would possess *all things;* not merely a ring to adorn his finger (a trifling want at the best), but clothing to protect him from the inclemencies of the weather, a bed in which to rest, a house in which to find shelter (wants of the most material character): above all, food to sustain life, and what will not a man give for his life!

As the quantity of the metals, then, increased, the very act of increase which by degrees was rendering them of less and ever lessening value as commodities, was at the same time, and by the same process, rendering them valuable as money. So that the demand for the metals for purposes of ornamentation became insensibly and by degrees merged and absorbed in the greater and more exigent demand for them as money. And although the process was a gradual one, the time finally arrived when, owing to the prodigious stock on hand, they no longer owed to the commodity demand any portion of their value. But this took no value from the metals. It was a mere transference, by slow and imperceptible degrees, of the cause or source of their value.

By this transference the metals *lost no dignity;* on the contrary, they enormously gained dignity. It would be an impeachment of the judgment and penetration of mankind to suppose that it could more highly esteem or value an article for the degree of utility which it may be supposed to possess in the tawdry trappings of apparel—a function of mere ostentation, in which the king may be emulated and outdone by the clown in the circus—than for the immeasurably greater degree of utility which it must possess for mankind as money—as the great instrumentality which delivers men from savagery, admits of their aggregation in communities, renders possible a division of labor suited to the aptitudes of each and the needs of all, develops skill of hand and brain, feeds the hungry, clothes the naked, shelters the homeless, educates the ignorant, uplifts the humble, refines the gross, and gives heart and hope and happiness to all who are weary and heavy laden.

In all of these capacities money not only possesses value, but value so inestimable that civilization could not exist without it. Is not this the test of the highest value? What difference does it make what the reason of its value is, if we only recognize that it has value, and that changes in its value are fraught with most serious consequences, whether for good or ill, to the human family.

The service which money performs is one wholly of a societary character. Without a group, without an aggregation of people, there is no office which it could fill. To a man in isolation it would be utterly useless; in fact for him it could not exist. Having no one with whom to exchange anything there would be no necessity for any instrumentality of exchange. Having no one to whom to give, or from whom to receive, he would have no need to compute or record the degree of sacrifice involved in any of his labors.

MONEY ESSENTIALLY A FUNCTION RATHER THAN A MATERIAL.

Money is not, therefore, a natural production, but a creation of society, and can be created only by society. The metals are natural substances, that is, they are products of physical nature. Money is not such; not an emanation of the earth, but of the mind of man, not the work of his hands, but of his brain. Essentially money is a function rather than a material, an intangible yet most palpable and mighty power, as superior to the material which clothes it, the agent endowed with the money function, as the spiritual nature of man is superior to his physical nature. The relations are more nearly parallel indeed than upon a cursory glance would appear.

In its essence money can not be a material thing any more than a function of the brain can be so. As civilization develops functions are differentiated from the things with which, in the rude original of society, they have been identified. Nothing better illustrates this than a glance at the origin of civil society.

As men emerged from savagery, the strongest among them, who in personal combat subjugated all others in his environment, became ruler or governor of the community. He ruled by right of animal strength.

Thus in physical force had government its origin. But as civilization advanced and the tribe of twenty or fifty developed into the nation of millions, one man could no longer cope with his environment. One was not equal to all. Why, then, did society tolerate him; why did it retain him as governor? Was it still for his physical qualities? By no means. Society had made a great discovery—namely, that the function was more important than the person. However unwelcome might be the individual, even though despotic, he fulfilled an indispensable function, and as society became stronger, and the ruler, as an individual, relatively weaker, the function did not lose, but on the contrary *gained* strength.

No country in the world better exemplifies this than the United States, in which the person who presides over the Government is only the principal servant of the people, and (except when the silver question is under discussion) is recognized to be merely a servant. From age to age, through unbroken centuries of time, the *function* has been recognized as indispensable to the existence of society. Whatever the name, nation, or title of the person, he takes his place at the appointed time, in the interest of society, and although, looking to the traditions of a distant past, he may ascribe his elevation to inherent qualities of his own, yet the philosophy of history should admonish him that he is mistaken. And when, in time, the inevitable call comes, and the final accounting is made, he passes away and his place is filled by another. The individual is dead; the function never dies. "The king is dead; long live the king."

As men began to reason it was seen that without the existence and exercise of this function of what in monarchies is called the king, and in republics the chief magistrate, the social relations could not endure; men could not, so to speak, cohere in communities, and would again be relegated to primitive individualism—in other words to barbarism. Without this function society would be separated into its component elements—to individual and fragmentary existence, to isolation and impotence. At all hazards this was to be avoided. Not thus was the destiny of man to be fulfilled. So the institution of government, which, in the crude beginning, was created by an individual from motives altogether personal, and by no better right than that of the strong over the weak—was continued by society as the very quintessence of its own existence.

But what a transformation in the agency by which this is accomplished! The work of the bludgeon, even of the bullet, is performed by the ballot—how much better it is not necessary to suggest. The material of the bludgeon may be stronger than the material of the ballot, but the *function* of the ballot is as strong as that of the bludgeon.

It is, after all, for their functions that all things are esteemed, for their services to mankind that all things are valuable. An Indian gets a bright new rifle from a passing trader. It is the most beautiful thing the Indian ever saw. He understands firearms, and can use them well, but he has never seen anything so beautiful as this. He prizes it beyond anything he ever possessed. Not only has it great beauty, but the trader informs him that it has great "intrinsic value." It is of the utmost service to the Indian in procuring food and for self-defense. One day it gets out of order. He can not use it. He is obliged to go without food and without defense. It has lost none of its weight, its polish, its material. Its so-called "intrinsic value" still exists. It is simply incapable of performing its function, and it is wholly valueless.

In a few months, the trader, repassing that way and finding no serious derangement in the parts of the rifle, is able in five minutes to restore its function. Immediately it is as valuable as before, yet there has been no addition to its "intrinsic value." The only change is that its *function* has been restored. Which factor was it that contributed most to the value of the rifle, the material of which it was composed or the function which it served? While it was out of order—while deprived of its function—the rifle was no better than so much old iron, worth perhaps a cent a pound. When the function was restored I suppose it will be said that again it had great "intrinsic value."

Let us take another illustration:

Suppose a great painter to produce a picture which extorts favor from the critics and commands the admiration of the world of art. The multitude flocks to see it. Shortly it is stated that the picture has been sold. It has been bought by the governors of the academy, to adorn one of the beautiful galleries of that beautiful structure. The question is asked how much was paid for the picture. No one knows; but it must be a great sum.

What are the elements that determine the value of a picture? Is it the labor involved or the length of time taken to produce it? Some men, good artists, might work hard for a lifetime without rivaling it. Is it the value of the pigments consumed or the brushes used in its production? Surely not. Is it the first cost of the canvas? Not at all. What, then, is the source of its value? To answer this question we must ask, "What is the *function* of a picture? What office does it fulfill? What service does it render?" Is it not to gratify the artistic taste? To whatever degree it serves that purpose the picture will have value without reference to the labor bestowed upon it, the length of time taken to produce it, the cost of the colors used in the embellishment of the canvas, or the cost of the canvas itself.

Would anyone say that the perfect performance of the function is not sufficient to give value to the picture? It can be nothing else, inasmuch as the purchaser does not expect to put it to any use except the gratification of the sense of sight. Is it not enough that by its beauty it contributes to the delight of the beholder? What other function could a picture perform? If it did not perform that function to the degree that it does would its value have been so great, even had the painter expended on it twenty times the labor and had the materials cost a thousand times as much?

Everything, then, in its place; everything to its use. The beauty of this picture is not a concrete thing. It can not be handled. The canvas may be handled, the pigments may be touched, but the beauty is an immaterial and intangible quality. Yet the beauty—the intangible and immaterial factor—not the concrete object *on* which, nor the concrete instrumentality *by* which the embellishment is effected, determines the value of the picture.

So it will be found, as I have said, as to all things that aid the advancement and progress of man. For him, whatever the material composition may be, the essence of the article, and the source of its value, is and must always be the use it subserves, the service it performs, the function it fulfills.

One further illustration as to the importance of the function in contradistinction from the material by and through which it may be exercised. Suppose we bring together in a large receptacle 96 pounds, by weight, of water, 10 pounds of pure glue, 3 pounds of white of egg, 34 pounds of fat, 8½ pounds phosphate of lime, 1 pound carbonate of lime, 3 ounces of sugar and starch, 7 ounces fluoride of calcium, 6 ounces phosphate of magnesia, and a little ordinary table salt. Now, what have we? One hundred and fifty-three pounds of chemical ingredients. What are they worth? What is their "market value"? Excluding the water, which may cost nothing, they can be bought in a village store (combined drug store and grocery) for $2 or $3.

In this list we have all the constituent elements that, taken together, constitute the average physical man; weight 153 pounds From a material point of view the man is complete. Why does he not arise and walk? What is it that constitutes the difference between this body of matter and the man of whom it is the corporeal equivalent? The function of life! In comparison with the distance between that mass of inert material and the living man of the same weight, it is not too much to say that the distance from the earth on which we dwell to the farthest of the fixed stars is but as the elemental point—which geometry declares to have neither length, breadth, nor thickness.

However necessary then a material may be as the bearer of a function—the instrumentality by which it is given effect—it is not the material that gives value to the function, but the function that gives value to the material. Considering the function which money subserves, can it be necessary to supplement with commodity value (a value derived from a trifling and frivolous use) the far nobler value, which, in the nature of the case, must be conferred on the material by the imperial and unapproachable money function?

For men in the societary condition this function is well described by Hobbes in his Nutrition of a Commonwealth. He characterizes it as a measure—

by means of which measure—

he says—

all commodities, movable and immovable, are made to accompany a man to all places of resort, within and without the place of his ordinary residence, and the same passeth from man to man within the Commonwealth, and goes round about, nourishing as it passeth every part thereof, insomuch as this concoction is as it were the sanguinification of the Commonwealth. * * * By concoction I understand the reducing of all commodities which are not presently consumed, but reserved for nourishment in time to come, to something of equal value.

Would time permit, a further consideration of the essential nature of money would but strengthen the demonstration that the intricate relations of society, which, at every turn, cross and interlace and superimpose, can only be maintained in all their vigor and efficiency—in all their harmony and beauty—in all their strength and complexity—by means of money. What heat is to the physical universe money is to the universe of industry and commerce. It is the great resolvent and analyzing agency of human effort. A sufficiency of it maintains the warm glow of life in all parts of the system; an insufficiency chills the business currents, and if the insufficiency be progressive, results in the congelation of all energy.

In rendering possible a division of labor, by means of which men become skilled in the separate departments of industry and even in special lines of each department, money divides and subdivides all things into infinitesimal fractions and renders the exchange of each fraction as practical and as advantageous as the exchange of the integral articles of which these fractions form a part.

Aristotle well understood this function of money and well expressed it in the following paragraph in the Ethics:

> Intercourse takes place between people having different objects of desire. In order that they may be exchanged with each other it is necessary that they should be compared, for which purpose money came forward, and is as it were a medium, for it measures everything, both the excess and the defect; as, for instance, how many pairs of shoes will be equal to a house or to food; for if this is not done there will be no exchange or intercourse. All things, therefore, must be measured; but it is, in truth, want—

That is to say, demand—

> which holds all things together, for if persons wanted nothing from each other, or not equally, there would be no exchange. Money, then, has been made, by agreement as it were, a substitute for demand, and is so called because it exists not by nature but by law, and it is in our power to change it and make it useless for the purpose. If it were not possible to exchange there would be no commerce. If a man requires nothing at the present time money is, as it were, a surety to him for a future exchange that it shall be made when he wants it. But money itself is not always of the same value, but yet it has more tendency to remain fixed, wherefore everything ought to be appraised, for so there will be exchange. Money, *like a measure, makes things equal;* for if there were no exchange there would be no intercourse, nor any exchange if there were no equality, nor any equality if there were no common measure. In truth, it is impossible that things differing so much should be commensurate, but for practical use it is sufficiently possible. Money makes all things commensurable, *for all things are measured by money.*

The frequent references of Aristotle to money as a "measure," his saying that it "measures" everything, and that it makes things "equal," show that even in his time money was well understood to be rather a measure of value than a mere medium of exchange, and that its greatest function was as such measure. However useful as a commodity might be the material of which it was composed, it was impossible for it to be so valuable for any commodity-use as for that supreme use which consists in measuring and adjusting the mutual relations of men in the work of producing and distributing wealth, by which not only is life sustained but by which the physical, intellectual, and moral development and elevation of man is made possible.

MONEY COMPARED WITH LETTERS.

In the ninth chapter of his history of the Decline and Fall of the Roman Empire the historian Gibbon compares the invention

785

of money with that of letters, and adds that both of these institutions, by giving a more active energy to the powers of human nature, "have contributed to multiply the objects they were designed to express."

Nothing can be more correct than this statement. No invention of man, with perhaps the single exception of the invention of letters, is to be compared with that of money—if money may be called an invention.

The indications of history are that money preceded the invention of letters; for in all the oldest writings that have been discovered money is mentioned. It is certain that letters could have been of but very limited utility to men until they had learnt to use some article for money. Next after spoken language, money is the great instrument of association. Without it, men would have found difficulty in achieving such a degree of association as to invite or demand the invention of letters.

As without some considerable development of language men must have remained savages, so without the invention or evolution of money they could have lifted themselves but little above the savage condition. As Gibbon says, both money and letters have contributed to *multiply* the objects they were designed to express. All thinkers agree that language is not a mere instrument for giving expression to thought; much more than that, it is also an instrument for the development—the creation—of thought.

Without the faculty of "thinking out" a subject by the differentiation or modification of old words, or the invention of new, the powers of the human mind would be torpid and inert.

The function of language, therefore, in the advance of man has been to supply the tools with which to analyze and synthesize thought, to subdivide it into its component elements—its separate ideas—and to arrange or rearrange those ideas in orderly sequence and juxtaposition. Thus only could the great chasm between concrete things and abstract conceptions have been bridged.

But the work of money even in these respects was hardly inferior to that of language. Since the dawn of creation the wants of man have been extending. The satisfaction of physical wants begets mental wants, which in turn operate as incentives to the further increase of the range of wants both physical and mental. Man may be distinguished from the remainder of creation by describing him as the unsatisfied animal. His wants are insatiable. That which was yesterday the goal of his ambition is to-day but the starting point for some new want. It is the paradox of his many-sided nature that it finds repose only in eternal activity.

The tools which language has supplied to man for the development and multiplication of thought, money has supplied to him for the development and multiplication of things—*without which thought could not be.*

The absence of all means of specialization, and of the power of training and developing aptitudes among men, would constitute society a gathering of languid, dronish, and unaspiring people, scattered in isolated hamlets, remote from each other, and incapable of any high degree of civilization.

In contradistinction from a society conceivably without money, we may point to the marvels of the nineteenth century. Those marvels, however, in my opinion, fall very far short of the achievements with which mankind could now be credited had our philosophers, statesmen, journalists, and so-called financiers devoted to the subject of money a tithe of the attention that they have devoted to some of the minor considerations of social progress.

With the advancement of man in the subordination of the forces of nature, it must, to the reflective mind, seem amazing that every few years—and those years recurring with remarkable regularity of periodicity—there should be a crash in which the entire body of the arts and industries of mankind is brought to the ground, as if we were still in the initial stages of civilization and knew not how to preserve that which we had gained.

There can not be a doubt that this results from the total insufficiency of the money supply to transact the enormously increasing business of the world, yet we find the demand for gold constantly increasing; Austria, for instance, with its population of forty-one millions having, by the act of August 2, 1892, gone to the gold standard, and even Russia, which does not intend to go to it, taking out of the monetary circulation of the world and locking up in its war chest nearly $500,000,000 of that metal.

Yet notwithstanding the rapid increase of population and commerce and industry all over the world and especially in the United States, we are told that we must enter into a contest for gold with the countries of the Old World, and that without having made any agreement to do so, we must pay out gold upon demand to every Austrian broker and speculator who can make a little commission by gathering up the money of our country and sending it away; and that at the same time that we are thus losing one form of our money, we should not be permitted to have an equal quantity of any other form of money to take its place. The gold-standard men tell us that if there should be a premium of even 1 per cent on gold the silver money of the country—notwithstanding that it is legal tender for all debts, public and private—would fall, or as they call it would "slop" to the bullion value of the silver that is not coined—that portion of the metal that is denied the imperial and all-important function of money; and this they call the natural or "market" value of silver.

DEMAND FOR COIN COMPARED WITH THAT FOR BULLION.

Here is a piece of silver bullion (exhibiting it)—a piece of metal not coined, and therefore not having the legal-tender function conferred on it by law. Suppose I should offer it for sale, what would be the demand for it? Inasmuch as it could be used only as an ordinary commodity, I might travel over the entire city without finding anyone who would want it. Yet the price it would thus bring, the price arising from a demand for only one purpose—and by only three or four persons in an entire city—is the value which the gold-standard Senators say that silver would have if the demand were increased to so enormous an extent as to make it a demand for all purposes—to make it a demand not by a few hundred men in the entire country, but by every one of the 67,000,000 inhabitants of the United States.

Suppose the Government should put its stamp on this piece of metal that I have exhibited and make of it a piece of legal-tender money, would not a transformation be effected? Would it not be transmuted from an inconsequential thing—a thing that hardly any one would need—into a thing of supreme importance which no one in the country, however independent and self-sustaining, could do without; yet these economists around me tell me that the value of that piece when it represents a demand for all things, an exigent and inexorable demand upon which life itself depends, should be measured by its value when it represents a demand for only one thing—a single commodity—which like any other commodity could be readily dispensed with.

Mr. GRAY. It does not make any difference as to the quantity?

Mr. JONES of Nevada. The quantity of money, other things being equal, as I shall show in the course of my remarks, fixes the value of money. Nobody has ever successfully controverted that, and the authorities all admit it. No Senator on either side of the Chamber denies the proposition that it is the number of units of money (dollars, francs, or pounds sterling, as the case may be) in circulation in a country that fixes the value of each unit in that country.

The demand for money is universal. When people want money it is not particularly gold that they want; they want something that has general purchasing power, something that is a ticket of command for all things.

Mr. GRAY. Could it not be done with copper?

Mr. JONES of Nevada. Undoubtedly; but there is too much copper; that metal has never been admitted to unrestricted coinage because there is too much of it; while silver has from time immemorial had unrestricted access to the mint, and there is not, and never has been, too much of it. The world has become accustomed to the coinage of all the gold and all the silver yielded by the mines and there is no necessity for the abandonment of that plan. It has been followed for thousands of years, and of both together there has never been too much.

Mr. HOAR. Will it disturb the Senator from Nevada if I ask him a question?

Mr. JONES of Nevada. Not at all.

Mr. HOAR. I should like to ask the Senator, if his theory be true, then why he asks Congress to incur the expense of using several hundred million dollars' worth of silver coinage, whatever the cost may be, by taking a material which costs 65 cents for every dollar instead of making our dollars out of a material like copper or leather or brass, or something of that kind, which does not cost one-tenth the amount? Why are we to expend so many hundred million dollars for silver when we can get something cheaper that will answer the same purpose?

THE AUTOMATIC SYSTEM OF MONEY.

Mr. JONES of Nevada. Because the belief of a majority of the people of this country has been in what has been called the automatic system, a system not regulated by legislation; and the creditors of the world, the holders of the bonds of the world, including of course the creditor classes of the United States, are always vehemently against government interference with money, except when it is getting cheaper. At this time their objection is to silver. Forty years ago their objection was to gold. If by any chance gold should again become plentiful, they would again insist on its demonetization.

In 1848 a great discovery of gold was made, and the most learned of scientists, in the interest of the bondholding classes (those who are now, in my judgment, attempting insidiously to enslave the world), wrote endless essays bewailing the disadvantages to result to the bondholders and owners of public debts by reason of the beneficent discoveries in California and Australia. They advocated as to gold then what they advocate as to silver now, that it should be eliminated from the category of the automatic theory, which from the earliest period meant the coinage of both gold and silver at a relation established by law or mint regulation. In the interest of this class, Germany actually demonetized gold in 1857. In no instance in the history of the world, when one or both of the mètals has been getting dearer, have the creditor classes been heard to favor governmental interference with the automatic system; but on the contrary, they have denounced all such interference as an interference with natural law.

But no sooner did they find one of the metals—whether gold or silver—becoming a little cheaper by reason of increased production, no sooner did they see a prospect of losing the unearned increment which by reason of the almost constant increase in the value of the monetary unit they had been receiving, than they reversed the entire policy of history and—for example, before the French monetary commission of 1869—declared in favor of governmental interference with the automatic theory, with what they had theretofore called "natural law"—even going so far as to declare that as governments control the standard of money they ought, so far as possible, to assure its value—by value meaning of course purchasing power. But without reference to the interested contentions of the creditors, the people of this country are, I believe, in favor of the automatic theory, *provided it is to be consistently and impartially carried out.*

Mr. STEWART. Will my colleague a little more fully explain what is meant by the automatic system? A good many people who may read his remarks when in print may not know the precise meaning of the term.

Mr. JONES of Nevada. The theory is that by depending on the yield of the mines for the supply of the material from which money should be made there would be secured what has been called an automatic or self-regulating method of determining the quantity of money. Under that system by which, when carried out in its integrity, both metals were used, creditors and debtors alike took their chances of a greater or less increase in the money volume and of their being affected injuriously by one change or the other, By confining the money used to a single metal the creditor is eliminated from the risks of the partnership and that which in the case of the debtor was but half a share in a risk is by the change turned into an entire certainty of loss, while the creditor is sure to gain.

It is quite probable that if the yield of both metals should be fully availed of for money purposes all classes in this country will be willing until such time as the mines shall fail to yield a sufficient supply of both for the purposes of the world's money, to continue to trust the regulations of the money volume to the limitations which the rude obstacles of nature oppose to the production of the metals, rather than confide that function to the action of legislation.

Senators have stated here that they are bimetallists. The distinguished Senator from Massachusetts [Mr. HOAR] in a most eloquent speech said that those who agreed with him were bimetallists and wished both metals to be in circulation at one time, while we on our side, he said, were silver monometallists. But, Mr. President, if there be enough of one metal, why have two? If both can not be made to circulate at the same time on account of the scarcity and therefore the increasing value of one, in consequence of which increase it leaves the country, I am in favor of having the one of which there may be a sufficient quantity.

The question is not whether we shall have a white or a yellow metal upon which to put the stamp of the Government; the question really is, shall we have a quantity of money that will maintain justice between debtor and creditor in the matter of deferred payments—a feature not only of great but of surpassing importance. Mr. President, justice is in my estimation much more sacred than gold. When it is said that we should have a dollar that will be at a parity with gold, I reply that we might better have a dollar that will be at a parity with the products of the labor of our people—at a parity with a bushel of wheat and with a pound of cotton. What I wish to see in this country is a dollar that will be, and will stay, at a parity with justice. Gold is at a parity with nothing, but on the contrary is at a disparity with everything.

Mr. ALDRICH. Will it disturb the Senator——

Mr. JONES of Nevada. Oh, no.

Mr. ALDRICH. I will not interrupt the Senator if it is not agreeable to him.

Mr. JONES of Nevada. I have not the slightest objection.

VALUE OF MEXICAN DOLLARS.

Mr. ALDRICH. I understand the Senator from Nevada to say that the value of money depends upon a limitation of the units of quantity, in one part of his argument, and in another part of his argument he says that it depends upon the legislative legal-tender function which is given to it.

Now, I ask the Senator is it not necessary in order to maintain the value of money that both these qualities should coexist? Otherwise is it not true that the coin will only represent the market value of the bullion that is in it? Take the case of Mexico, for instance, where the silver dollar is an unlimited legal tender and where the purchasing power of the silver dollar coined by the Government is no greater than the number of grains of silver bullion that it contains.

Mr. JONES of Nevada. I have frequently stated in the Senate that silver bullion everywhere, on account of that metal being used by Mexico as money, is worth somewhat more than it would be if Mexico did not so use it; but so slight is the capacity of that country for producing commodities that will command the products or money of other countries that it fails to raise the bullion value to any material degree. Of course, with unrestricted coinage in any country, the bullion value and the mint value will in that country be coincident.

As the Senator says, I have stated again and again that money is a creation of law, and that the value of the unit depends upon the number of units, but he is aware that I have also frequently stated that no matter how many or how few may be the monetary units in a country they will represent all the value that is possible to exist in the shape of money in that country at that time. If the business of a country were being performed by $50,000,000, no value would be added by making the number of dollars one hundred million, other things remaining unchanged; because unless population and business should have increased that one hundred million would have no more work to do than had been done by the fifty million.

Mr. ALDRICH. As I understand the Senator's argument now it is this, that the reason the coinage value and the bullion value in Mexico is the same is because of the greater number of units in circulation in Mexico as compared with the business of that country and the demand.

Mr. JONES of Nevada. Certainly.

Mr. ALDRICH. Would not that same thing be true in the United States if the number of silver dollars in circulation here had the same relation to business that it has in Mexico?

Mr. JONES of Nevada. Undoubtedly, if this country had as much money in proportion to its business as Mexico has, it would result in the same range of prices as results in Mexico.

It is impossible for this country, whose business is infinitely greater than that of Mexico, to obtain the amount of silver which would be necessary to constitute as many dollars in proportion to its business as the people of Mexico have in circulation. So vast a quantity of silver is nowhere to be found. It is not that the people of Mexico have much money per capita, but that they are not a money-absorbing people. That country is one of small population—not one-sixth that of the United States, and with a foreign trade hardly more than one-twentieth that of the United States; besides which almost all of its exports comprise articles which the countries of Europe could without material inconvenience altogether dispense with. Its domestic trade can hardly be one-hundredth part that of the United States, and much of it is conducted by barter. The demand of the Mexicans for money of any kind is so insignificant that it can not be expected to materially raise the gold price of silver bullion.

We know that the value of such bullion as is not transmuted into money necessarily changes with every new demand; and our contention is that with unrestricted coinage the demand which the United States would make for silver would put the uncoined metal to a parity with the coined metal all over the world, because the price established here would become the price everywhere. Every holder of silver bullion in any country would demand for it per ounce in that country the very price that he could get for it in this, minus only the cost of shipment. We point to the fact that France, when it had less than half the population of this country, kept the metals at a parity without the slightest difficulty for three-quarters of a century; and to the fact that when in 1890 there appeared for a time to be a prospect that our mints might be opened to the unrestricted coinage of silver the price of bullion rose to $1.20 an ounce, and as it rose here it rose correspondingly all over the world, as the official figures will prove.

But there has been no depreciation in the value, that is to say, in the purchasing power, of the silver money of Mexico. What a Mexican dollar would buy in Mexico in 1873 it will buy in Mexico to-day. Had there been a depreciation it would have evinced itself through a rise of commodities. There has been no such rise in the prices of commodities, measured in silver, in Mexico or any other silver-using country.

A COMPARISON OF HORSES.

The Senator from Rhode Island seems to assume that if we should decide on gold as the money standard of this country we should obtain an unchanging standard of value. The very pith of our contention is that gold is constantly rising, and that by adding silver to gold in this country we should arrest this rise. The gold-standard advocates argue as if by depriving silver of its right of unrestricted access to the mint the value of gold had not been augmented. Why, Mr. President, by devolving the entire demand for money upon gold alone an enormous increase has taken place in the value of that metal. In the very nature of the case it is impossible that such a result could have been avoided.

To use a homely illustration, suppose that in any given country there were a certain number of white, and a certain number of yellow horses, and that a law were passed forbidding the harnessing of the white horses, so that all the work would necessarily devolve upon the yellow. On the one hand the increased demand for yellow horses must naturally increase their value, while on the other hand the demand for white horses, being proportionately reduced, the value of such horses would naturally fall. Suppose that afterward a law were passed restoring to white horses the right to be harnessed, is it not obvious that then the demand, instead of being all concentrated on one class, would again be divided between the two classes, and that as a consequence the value of yellow horses would diminish, while that of white horses would increase?

Mr. GRAY. May I ask the Senator, in connection with his very interesting illustration of the two metals, whether if a man had a yellow horse which was capable of doing all his work it would be economy to buy also a white horse, which would have to be fed, and to divide the work between the two.

Mr. JONES of Nevada. The condition on which the Senator bases his inquiry is of course hypothetical. The very contention we make is that there are not enough in number of the yellow horses. To drop metaphor, the reason why, to the eyes of many persons, there appears to be enough money is because money is something that in its nature is wholly unlike anything else. Whatever quantity of it may at any time be in use will at that time appear to be enough, because as the quantity of money (in proportion to population and demand) becomes less and less, the prices of commodities and property necessarily become less and less; so that a quantity of money which at, say, the present range of prices might be wholly insufficient to effect the present volume of exchanges, might, when property and commodities had fallen to a lower range, be ample to exchange *at the lower range of prices* all the commodities and property in the market.

To illustrate, we have to-day a certain quantity of money in this country. That quantity results in the establishment of a certain range or level of prices of commodities and property. Now, there would be no trouble whatever in transacting the business of the country with one-half or one-fourth that quantity of money, provided we were content to let the prices of commodities and property fall to a level sufficiently low to be compatible with the reduced amount of money. The objection is not, therefore, to low prices, of themselves, but to *the persistence of the lowering process*—the constant and unending fall—which renders it impossible for industry and commerce to find a steady level from which prosperity might begin.

EFFECTS OF CHANGES OF MONEY VALUE ON DEFERRED PAYMENTS.

Even an unceasing fall of prices would be a matter of no consequence if all transactions were for "spot cash"—if no debts had been contracted or deferred payments bargained for. All will admit that under conditions as they are at the present time if the money unit were to double its purchasing power in, say, one year, so enormous is the volume of debt and of deferred payments that the entire business world would be overwhelmed with bankruptcy. But were all payments cash payments—were there no debts or time obligations to be provided for—the value of the dollar might even in that brief period double with impunity. This will be plain on a short analysis.

A year is composed of three hundred and sixty-five days. Suppose the dollar in that time to take on an additional 100 per cent of value, yet in a contract requiring but five minutes from the instant of inception to that of consummation, the proportion of the increase attaching to so brief a period would be infinitesimal. Neither party to the contract could be injured. The value which the dollar would have when the contract was entered into would be its value when the contract was executed. No greater degree of sacrifice would be required to fulfill it than the degree that was bargained for.

How different are present conditions! The very essence of modern industrial life is the time contract. No enterprise is now undertaken except upon a foundation of debt—a foundation often wide and deep. The feature which above all other features distinguishes our age from all the ages of the past is the deferred payment. Obligations involving future settlements amounting not merely to thousands of millions, but to scores of thousands of millions of dollars have been incurred. With a just monetary system these obligations are entirely consistent with prosperity. Under such a system those enormous obligations could be met with entire equity, and to the great benefit of society; but under the operation of a money volume shrinking relatively to demand, time obligations, by a subtle and furtive process, operate as a withering blight upon industry.

Year by year the equities involved become more and more distorted; the payments demand for their satisfaction more and more of the products of labor. Against this secret and clandestine progress no degree of intelligence or foresight can protect the man of enterprise or of projective mind, who, with capital, energy, and skill, undertakes to employ laborers. It is in vain that he has thoroughly learned his business and understands its varied processes and possibilities—in vain that he looks ahead and bases his operations upon carefully worked-out plans and estimates. All foresight and calculation are thwarted and set at naught by the influence of this silent but baleful increase in the value of the monetary unit—an increase which expresses itself in a fall of the prices of the commodities in whose production the investor employs laborers and to which he devotes his capital and his skill.

I have said that the objection is not against low prices *per se*, but against the persistency of the fall. Were the downward trend to be arrested at any given stage, prosperity would set in as soon as it became evident that prices were to continue firm.

By failing to keep the quantity of money in the country increasing according to population and demand, this downward trend might continue until wheat should reach 20 cents, 10 cents, or even 5 cents a bushel, and cotton 1 cent a pound, without any other evidence of an insufficient money supply except the fact of the fall of prices, the bankruptcies which it creates and the idleness to which it relegates laborers. But are not those evidences enough? If debts are contracted while wheat is a dollar a bushel, cotton 12 cents a pound, and all other commodities in proportion, does the Senator from Delaware think that prices should be permitted continually to fall by reason of a diminution in the quantity of money?

HAS GOLD APPRECIATED?

Mr. GRAY. No; but I was referring to the illustration which the Senator used, which was amusing, and illustrations often help argument. I merely asked whether, if a yellow horse were capable of doing efficiently all the work of his owner, it would be economy to buy a white horse and feed him in order to divide the work between the two? As to whether it is a good thing that gold or any or all the metals shall appreciate, so that the prices of commodities shall go down, I wish to say that the argument regarding appreciation rests, to my mind, upon an assumption. There is no evidence—none has been adduced which appeals to my judgment—to show that there has been an appreciation of gold so as to produce this decline in prices. That argument, I think, is one that has to be met in the discussion of the subject.

Mr. JONES of Nevada. When we talk with business men, while the silver question is not under discussion, no denial is made of the fact that for the past fifteen years there has been hardly any profit in business. I had a conversation the other day with the Senator from New Jersey [Mr. SMITH], who so ably addressed the Senate on this subject, and he admitted to me that business men in general have had a difficult task to make ends meet for the past fifteen years. Occasionally somebody, under exceptional conditions, makes a little money, but the large majority of business men have had uphill work.

This is because the margin of profit is narrow, and in the greater number of instances there has been no profit at all. The prices of the products of labor have been persistently falling for twenty years. The Government of Great Britain has been obliged to appoint commissions to inquire into matters of depression of trade. The London Economist and other papers have called attention to the depression; the French and other continental papers admit it; and it was admitted by all the delegates who attended the Brussels conference. The general and long-continued depression is everywhere and always admitted in Congress, except when silver is under discussion.

Mr. GRAY. Will the Senator allow me?

Mr. JONES of Nevada. Certainly.

Mr. GRAY. I admit, and stated the other day, that prices in the last twenty years have declined in a most notable way; but the question at issue—and if I am wrong I shall be glad to have the Senator correct me—the question at issue, and which we are called upon to consider here as the most important involved in this controversy, seems to me to be whether that decline in prices is due to the appreciation of gold or to other causes which affect the production and labor cost of commodities.

Mr. JONES of Nevada. If the fall of prices resulted from improved methods of production, business would be prosperous and there would be no need of royal commissions to inquire into the long-continued depression. "Improved methods" could not make business unprofitable. The very reason why manufacturers have recourse to new and improved methods is because they can make more profit by adopting them.

THE RATES OF INTEREST AS INDICIA OF RISING VALUE IN MONEY.

But a convincing, and, indeed, an overwhelming argument, one which it seems to me can not upon mature examination be resisted, is the fall in the rate of interest. I have not reached that subject in its order yet, but now that it has been broached, I lay down this as a fundamental proposition, that in a new and undeveloped country, among a people energetic and aspiring, when the rates of interest constantly fall it is an unerring sign that the purchasing power of the money unit is constantly increasing from causes having their origin in an insufficient money-volume. In a country whose development has hardly more than begun, if those of our people who have the genius to project great enterprises were not thwarted by some subtle, unseen, and unsuspected force, you would not find money in such light demand. During the past twenty years interest has fallen in just about the same proportion that the British royal commission said the value of gold had advanced. I assert that as the purchasing power of money increases its interest-bearing power decreases, and for a very plain reason, as the Senator will see when I state it.

Mr. GRAY. The Senator from Kansas [Mr. PEFFER] has told us at very great length that the interest on money is too high.

Mr. JONES of Nevada. Interest on money is always too high when the prices of commodities and property are falling. What good can it do a man to borrow money even at 1 per cent if on his property investment he loses 6 or 8 per cent? When prices are falling, any rate of interest is too high; it confiscates the property of the enterprising man, which property is confiscated into the possession of the man who sits in his bank parlor engaged in merely juggling with the counters by which the transaction is effected.

Mr. WHITE of Louisiana. May I ask the Senator if his argument is that the effect of the remonetization of silver will be to increase the rate of interest the people of the country will have to pay?

Mr. JONES of Nevada. There is not a particle of doubt about it. Men pay interest ungrudgingly when enterprises yield a percentage of return higher than the rate of interest.

There is at present no profit anywhere in business. If the Senator from Louisiana [Mr. WHITE] can go before the sugar-producers of his State, and the cotton-producers of the entire South, and tell them that there is going to be a sufficiency of money, and that the prices of the sugar and cotton and of everything else produced in Louisiana are going to be held firm they will not be particular about the rates of interest. When all prices are falling men are compelled to conform to the fall.

Business is then conducted on a plane inclining downward. After men have produced goods at one level they find themselves compelled to market them at a lower level. This enormously handicaps the producers. For twenty years men have been paying more interest than under the conditions of business they could afford to pay. Although the *rate* may have been low, the amount paid was more than the profit they could make by the use of the money they borrowed. I deal with that subject in its order later, and must content myself for the present with this brief reference in reply to the suggestions of Senators.

By the passage of the bill before the Senate you continue and intensify that process. Business will continue to be unprofitable. You go absolutely to the gold standard when, as is admitted by Mr. Giffen, the statistician of the London Board of Trade, and others, nearly all the gold produced is consumed in the arts and manufactures, and hardly any is left for circulation as money. This, too, when the population of this country, unlike that of any other country upon earth, is increasing at the rate of 2½ per cent per annum, and the demand of the entire population for every want of daily life is made upon money. Two and one-half per cent increase of population means a 2½ per cent increase of demand for money, and yet it is proposed to cut off *all* increase—to cure what? To cure a disease which every reflecting man not jaundiced by the color of gold admits is not a surplus, but a scarcity of money. I do not see how anyone can reconcile it with his conscience, knowing that there can be hardly any addition to the gold money of the world.

Without impugning the motives of any person, I say it is a crime against mankind; it is an act of treason against the human race. We must make a choice; if the proposition is to keep a standard of gold at the expense of justice, give me, Mr. President, a standard of justice at the expense of gold.

THE DANGER OF A SILVER BASIS.

Mr. VILAS. If it would not interrupt the Senator, I should like to ask him one question.

Mr. JONES of Nevada. It will not interrupt me a particle. I want all the light possible thrown on this question.

Mr. VILAS. I understand the Senator's position to be that the remonetization of silver by free coinage would enhance its value. Now, does the Senator not recognize that at any of the ratios proposed for that purpose there would be a great risk, at all events, of a monetary derangement in such a scheme?

Mr. JONES of Nevada. I will answer. In the first place, all the silver that we have remonetized, every dollar that has been struck off at the mints, weighing 371¼ grains of pure silver, or 412½ grains of standard silver, has been right up to parity. That is indisputable. Only the portion that has not had the supreme prerogative of coinage conferred upon it has depreciated. Every silver dollar that has been coined is as good as a dollar of gold or of anything else.

Can the Senator point out any country from which there is any great amount of silver to come here? Does the Senator doubt that if there were only one dollar more of silver to be coined it would go right up to a parity with the gold dollar, as all the other silver dollars have gone? And if he does not doubt that, does he know where any extraordinary number of dollars are to come from?

Mr. VILAS. I do not suppose that the Senator can make the answer he is making now without knowing that the reason why the silver dollars have been held at par is because the Government has done it by force of its pledge of parity, and by the practice of the Treasury in maintaining it.

Mr. JONES of Nevada. I can say to the Senator that I was on the conference committee which made what he calls a "pledge of parity," and there was no "pledge of parity" given. There is not, in my judgment, a lawyer in this body who will tell me that under any rule for the interpretation of statutes a stray expression, such as the Senator calls a "pledge of parity," without any provision for its enforcement, is more binding than a provision distinctly and expressly mandatory, specifying with precision what, under certain circumstances, the executive officers should do.

There was never any promise made that the silver dollars should be exchanged for gold. And as every man knows, during the very period in which the gold standard press was stating that the people of this country feared the silver dollars would go to a discount, those very dollars were going to a premium over gold. There was never a more impertinent declaration put before a people than that the recent panic was occasioned by any fear on the part of the people of this country that their silver money might not retain all its value. What better proof can be cited of this than that silver dollars went to a premium of 3 per cent over gold?

During all the period of the panic I never heard of a man taking any portion of the money of the United States, whether a silver dollar, a greenback dollar, a Treasury note, or note of any other kind, to the Treasury to be exchanged for gold. In all the "runs" that were made upon the banks and all the money that was taken out of the Treasury no effort was made by our people to get gold. The fear entertained by the people was not of the kind of money in which they would be paid. What they feared—and subsequent events proved their fears to be well-founded—was that the banks did not have any form of money in which to pay.

Mr. VILAS. Then do I understand the Senator to mean to answer that, in his judgment, there would be no risk of serious monetary disturbance if at once unlimited and free coinage were given to silver at the ratio of 16 to 1?

Mr. JONES of Nevada. Why, Mr. President, if the Senator from Wisconsin would only tell me what he fears—for, from the way he argues, it seems to me that he must fear something—if he would describe to me the character of his fear, I might argue with him about it. I have not the slightest doubt that in ten minutes after a free coinage bill became a law silver would be at a parity with gold.

I can say another thing to the Senator, that, with a decreasing quantity of gold in the world, silver, if endowed with legal-tender functions, would keep on a parity with gold without the slightest difficulty, and I will give the reason for it. I hope I shall be excused by the Senate for anticipating at this time a point which I shall reach in its natural order later on.

How could silver, when once made full legal tender in this country, fail to maintain a parity with gold? Let us see how that would be. According to the admissions of the Treasury Department we have $600,000,000 of gold in the United States to-day. Our total money supply is given as $1,600,000,000. On the basis of that money stock the prices of commodities hold their present level. Does anybody suppose that if we should come to have less than one billion six hundred millions of money in circulation we could have a rise of prices? Will a contraction of the money volume result in an increase of prices? Is that possible under any theory of finance of which anybody ever heard?

Mr. VILAS. If the Senator desires an answer——

Mr. JONES of Nevada. Yes; I desire to know if we can have an inflation with a smaller quantity of money?

Mr. VILAS. I will ask the Senator this question: If that condition of things took place, would not the owners of silver in Europe and Mexico and other parts of the world bring their silver here to be coined into dollars with which they would buy our gold and transport it to where it was worth more than the silver?

Mr. JONES of Nevada. I will admit all that, just for the purpose of the argument, but I have never been able to find these owners of silver; I have never known where they lived or where they are to be found; and nobody has ever pointed them out; but I will take it for granted the Senator knows about it and that they are a great menace to this country—threatening every day to come here and pour their money into this country.

Mr. VILAS. Has the Senator never heard of the fact that the Bank of France has some $700,000,000 of silver in its vaults?

Mr. JONES of Nevada. I will take all the facts. The Bank of France has $250,000,000 of its reserve in silver and that silver can not be sold without legislation changing the money system of the country. It is held there at a ratio of 15½ to 1. If they did sell it they would have to bring it here at the ratio of 16 to 1 and lose 3 per cent on every dollar they brought. If the Bank of France or any individuals in France wanted to send here any French silver which does not form part of the bank reserve they would have to gather it in from all the nooks and corners of the country at great expense for brokers' commissions. That expense would be in addition to the loss on the ratio. There would be another loss in melting it up and eliminating the alloy preparatory to presenting it at our Mint. The French people have never been particularly anxious to lose money. They are among the ablest financiers in Europe, and have maintained greater financial stability than any country of that continent.

Mr. VILAS. By stopping the coinage of silver.

WHY FRANCE CLOSED HER MINTS TO SILVER.

Mr. JONES of Nevada. I will answer that suggestion at once. In the first place, as a scientific principle, a stationary population needs no increase in the volume of its money, and France has a population that is stationary. In the second place, at the time of the suspension of the silver coinage, the legions of Germany had trampled into the dust the ensign of France, and in the pride of conquest had extorted a thousand million of dollars from a humiliated people. Germany at the same time demonetized silver and adopted a gold standard, expecting and intending to send the discarded silver to France and get French gold.

France had no objection to silver, which has always been the money of her people; but France wanted nothing that was German, whether good or bad. The reason for the action of France, therefore, was a political and not an economic reason. Her people were actuated by motives of national pride. Resenting with bitterness the humiliation to which the armies of Germany had subjected them, they were prepared to resent with equal bitterness any attempt of Germany to make the monetary laws of France a means of contributing toward the carrying out of any policy which Germany might decide to be for her own welfare.

Mr. STEWART. If my colleague will allow me, France has not given the one year's notice required under the agreement of the Latin Union; and if she went to an exclusive gold standard she would have to pay $1.33 an ounce in gold for more than one hundred millions of silver. That she refused to do.

Mr. JONES of Nevada. She never has done it, and she never will do it. She sees that silver is doing all the work of gold.

The Senator from Wisconsin [Mr. VILAS] talks as though, if a people have a white token which performs exactly the same service as a yellow token, and of which nobody complains, but with which everyone is satisfied, and which, in fact, everyone must have for use in the everyday business of life, men will eagerly grasp at an opportunity to lose 4, or 5, or 6 per cent in exchanging it for something that will do no more service and perform no better service. That, I suppose, is what the Senator means.

But I will take him at his word and suppose that the Bank of France should send its $250,000,000 over here and buy so much gold. The prices of commodities here could not increase on that account. We should have no greater number of dollars than before the gold went out, so we should still have the gold range of prices. The Senator does not, I presume, mean to say that we could have an inflation of prices in a country when the quantity of money did not increase. Having at present $1,600,000,000 of money, if two hundred and fifty millions of gold went out and no more than two hundred and fifty millions of silver came in, we should have the same amount of money that we had before. There could, therefore, be no inflation. Wheat and cotton would bring as much as before, and so would all other products of labor. What, then, would be the harm?

Mr. GRAY. May I ask the Senator why it was that in the era of high prices prior to 1873 the per capita circulation in this country was less than it is now, if we are to believe the statistics we have from the Treasury Department?

Mr. JONES of Nevada. The statistics are not correct. Every student of the subject knows them to be incorrect.

Mr. VILAS. I should like, if I do not interrupt the Senator too much, to again ask him a question.

Mr. JONES of Nevada. I shall be glad to hear the Senator.

Mr. VILAS. The Senator assumes that I am saying something or making some argument, when I only addressed him a question. I asked him whether there was not danger of a monetary disturbance in the event of our going to the free coinage of silver. I suggest that the price of silver in the world is not to exceed 60 per cent of the price which would probably be fixed upon it by such action on our part. Now, I ask the Senator if the two hundred and fifty millions of gold which he just mentioned would not go up proportionately?

Mr. JONES of Nevada. I presume that an artificial panic might be created, the same as the last one was, if you could get the Government and the bankers generally to engage in it.

Mr. VILAS. I should like right there to say that if it be true that a panic would follow, which the Senator chooses to designate as an artificial panic——

Mr. JONES of Nevada. That would be a correct designation for it.

Mr VILAS. I want to ask, then, if the true remedy, to meet what the Senator contends is an evil, is not to demonetize gold, to withdraw its legal-tender quality, and leave both metals stand upon the same plane?

Mr. JONES of Nevada. Why, Mr. President, the Senator argues as though I had said there would really be a panic on account of the exchange of gold for silver. There would not be the slightest panic unless, as I said, the banks and the Government, acting together, were determined to make one. They can make one under any circumstances. But when the Senator talks about all the silver in the world coming here, I ask him how the silver of India is to come? Does he suppose the people of that country will sell their silver for our gold? Up to the time of the demonetization of silver by Germany and the United States, did India send forth her silver to buy gold? Did Mexico? Did any silver-using or silver-producing country?

Mr. VILAS. Not then.

Mr. JONES of Nevada. Why not? It could have been done then. Silver was money then in Germany, in France, in the United States, and in many other countries.

Why should the East Indian, however, part with his silver? The disparity between silver and gold has not arisen from a fall in the purchasing power of silver. Silver bullion in Liverpool or London to-day will buy as much of the products of labor—as much of the products of the farmers of Wisconsin and the planters of the South—as either silver money or gold money would buy twenty years ago.

Silver is performing the same beneficent function now in India that it performed then. Yet Senators are unable to see that the change which has taken place is an advance in the value of gold. To the eyes of people generally in gold-standard countries silver appears to have fallen, while to the eyes of the East Indian, who sees silver buying as much as it ever bought, the change that has taken place is that gold has risen. Should silver and gold now reach a parity, that fact would, to the East Indian, be an unerring indication, not that silver had risen, but that gold had suddenly fallen. In neither case would it make the slightest difference to him. As he had refused to buy gold when it was rising in value, so he would naturally refuse to buy it if the process should be reversed and it should fall in value.

WHY DID NOT THE LAW OF 1890 RESTORE THE PARITY?

Mr. HIGGINS. Will the Senator yield to me?

Mr. JONES of Nevada. Certainly.

Mr. HIGGINS. I understood the Senator, in reply to the Senator from Wisconsin a few minutes ago, to ask where would the silver come from to depress the value and the price of it if we went to free coinage. Now, I ask the Senator, in turn, why was it when we undertook to buy, and did buy, 4,500,000 ounces of silver bullion a month—54,000,000 ounces a year—under the Sherman law, that it did not put up and keep the price of silver at a parity with gold, but that the supply of silver in the world was such that even our purchase of the American product did not bring it to a parity?

One other question, which is in keeping with the one I have just propounded: If the Senator's theories are true, how is it that India found that, under the free coinage of silver there, the value of the rupee went down to the bullion value of the silver, and exchanges there so fluctuated that India has had to abandon the free coinage of silver and undertake to establish an artificial value at 1*s.* 4*d.* an ounce?

Mr. JONES of Nevada. The Senator from Delaware [Mr. HIGGINS] has heretofore stated that at the time of the passage of the Sherman law the opinion was expressed that the purchase of 4,500,000 ounces of silver bullion a month would bring silver to a parity with gold. Even had that opinion been expressed, Mr. President, it would naturally have been based upon the value of gold at that time; that is to say, it would have been expressed with reference to the level at which gold in its upward trend had at that time arrived. But without regard to silver, the value of gold has continued to rise. If I may use an illustration, the case is somewhat analogous to one in which a person contracted to erect a dam across a river with a view to bringing the level of the water to a height corresponding with that of a pillar whose summit was a given number of feet above the level of the stream. All the calculations of the engineers showed that in order to accomplish the desired result, the proposed dam would need to be a structure rising a certain number of feet from the bed of the river, and incidentally, it was noted, that when finished it would be on a level with a considerable number of objects, such as rocks, etc., near the bank of the stream, and houses, fences, etc., farther in shore. But when the dam was finished to the height proposed, it was observed with surprise that the level of the inclosed water was farther from the summit of the pillar than it had been before the dam was constructed. So the computations of the engineers were again carefully revised, and it was found that no error of calculation had been made. The height of the dam was then compared with that of the numerous objects on shore, with which, as had originally been observed, its height when completed, should correspond; and it was found, as to all those objects, that it fully complied with the conditions. It then became manifest that what had happened was that during the progress of the work of construction the pillar was rising faster than the dam. This was evidenced by the fact that the summit of the pillar was now plainly higher in its relation to all the surrounding objects than it had been when the dam was commenced. Notwithstanding this, there were large numbers of persons who insisted that what had happened was that the water had fallen below the original level of the stream.

Metaphor apart, it is, as I have said, not silver that has fallen, but gold that has risen. Prices of commodities measured by silver have remained firm; measured by gold they have fallen more disastrously during the past three years than at any previous period, and more rapidly in foreign countries than in this country. By reason of this greater fall abroad than here even the operations of the McKinley law have to a great degree been neutralized, and, as a consequence, the importations of commodities into this country have been enormously increasing. So that gold was for a season taken from here to pay for those excessive importations, although that was not the only reason for the outflow of the metal. There were imperative needs of Europeans for gold to meet obligations of their own, arising largely out of a great panic in gold-standard Australia, and a panicky condition all over gold-standard Europe; besides the demands of Austria in its ill-advised attempt to go from the silver to the gold standard. But all this outgo of gold from this country has been ascribed to the Sherman law.

When the Senator says that in India the value of the rupee fell to the bullion value, I will say to him that with unrestricted coinage the coin value and the bullion value were always coincident; so they were in India, and so they always will be wherever coinage is unrestricted and there is no charge for coining. There never was, consequently, any variance between the market and the mint value of silver in India. As to the statement that India had to abandon free coinage, the Senator may not be aware that great protests have been sent from the East Indian people to the government against this monstrous violation of every equity, this monstrous invasion of the rights of the 280,000,000 people of India.

In manufactures and general development the people of India, in the past twenty years, have made marvelous and unprecedented progress. The cotton mills of Bombay are now supplying to China and Japan six times the quantity of cotton yarns which Great Britain supplies, and all this with a money metal that they say is "falling." The Senator seems not capable of seeing movement except in one direction. It is impossible for him to see a rise; he can only see a fall. We assert that in purchasing power silver did not fall in India; that measured by labor, and by the products of labor measured by the wheat and the cotton that the ryot produces, and by the yarn he spins, in short, measured by everything that he makes, or that he does, there has been no change in the value of silver in India. I repeat, it is not silver that has fallen, but gold that has risen.

All political economists agree that while a number of things may change their relations to each other, yet, when all appear to change in relation to one particular thing it is not in reality all things that have changed, but the one thing that has changed. All things appearing to have changed with relation to gold, it is absurd to suppose that all things have really changed and that gold is unchangeable. It is gold that has changed.

THE EAST INDIA QUESTION.

Among the 280,000,000 people of India there has been no change of value in the rupee; there has been practically no change in the rates of wages. Statisticians have attempted to show a change by showing some increase for personal services in the seaboard cities of servants of the English resident officials, but there has been practically no change.

Mr. STEWART. And that is why the rupee is called the "perverse rupee."

Mr. JONES of Nevada. Yes; Mr. Goschen, in England, characterized it as the "perverse rupee" because it did not change in value at all, notwithstanding that from the English point of view it ought to change.

Mr. HAWLEY. I am somewhat troubled by what the Senator is saying in respect to India, where there is a vast multitude of employés of various sorts, and officers in the military and civil service, whose salaries have been and are now paid in rupees. The Senator is perfectly familiar with all of these questions, of course, as to India, and knows that one of the difficulties of the situation there was that these officials appealed to the mercy of the British Government, saying that those living on fixed salaries could not support themselves. What occasioned that condition of things in India.

Mr. JONES of Nevada. I will tell the Senator what was really the matter. The cupidity of the Englishman is a good deal like the cupidity of the American? When the contingent of English officials stationed in India and drawing their salaries in rupees saw that in England the newspapers and bankers were constantly talking of the "fall" of silver, although these Indian officials got as much for that silver as before, they said: "Whatever may happen to the Hindoo we shall be much better off if we can secure the adoption of the gold standard in India." What is true of officials in India is true of officials everywhere, whenever a man thinks he can get an increase of salary he will apply for it.

Mr. STEWART. From the President down. [Laughter.]

Mr. JONES of Nevada. Yes, from the President down. That is inherent in human nature. Those men could then buy with their silver as much as they could buy at any previous period, but they wanted to have their salaries doubled.

The East Indians have universally complained of the action of the British Government. They find that it takes 2 pounds of cotton and 2 bushels of wheat to pay the same amount of interest on the enormous gold debt due to Great Britain that 1 pound or 1 bushel would pay before. This means that it now takes two days' work in India to pay the same amount of interest on a sterling debt that one day's work would pay before. Great Britain has her great dependency in a practically helpless condition.

Bitter as are the assaults of the English writers against "fiat" money, the British Government has by its order of June 28, 1893, established fiat money throughout India, for no stickler for "intrinsic value," so called, can for a moment suppose that with the limitation upon its coinage, the rupee is any longer anything more than if the stamp of the government were placed upon so much paper.

Mr. TELLER. Will the Senator from Nevada allow me to make a suggestion to the Senator from Connecticut [Mr. HAWLEY]?

Mr. JONES of Nevada. Certainly.

Mr. TELLER. If the Senator from Connecticut will examine the report of the English commission of 1888, he will find the question which troubles him thoroughly discussed and solved. The complaint of the Indian officials was that they had to expend a portion of their income in England; for instance, they had to send their children to school in England, as they could not be educated in India, and purchases had to be made in England which could not very well be made in India. The English commission thoroughly discussed that question. The hardship on an English officer in India was that probably one-half of his income was spent in England and he had to transmute his rupees into gold. That commission directly stated that, so far as the purchasing power of the rupee in India was concerned, it had not fallen.

THE SILVER BASIS AGAIN.

Mr. JONES of Nevada. Now, I want to return to my friend from Wisconsin [Mr. VILAS]. He fears that the silver reserve of the Bank of France, $250,000,000, may come over here. Suppose it should come. We have $600,000,000 of gold in this country. Deducting $250,000,000 from that, we are left with $350,000,000 of gold. We have, then, no more money than before, for a dollar of silver can perform no more monetary function or service than a dollar of gold. There is, therefore, no inflation; no cheating of the creditor; he gets as much as he did before for every dollar he lent.

Suppose Austria sends in $20,000,000 more, that makes $270,000,000, and we have $330,000,000 left. Now, suppose Germany sends in $80,000,000. We have still left $250,000,000—but not a dollar of increase of money, and consequently no change of the general range of prices. How can you have inflation or any variation between silver and gold until you first have enough silver by itself to do all the business that both gold and silver did before? So that you would need to have more than $600,000,000 of silver brought in before all the gold could go out, or before there could be any rise in prices of commodities, for no one will pretend that there could be a condition of inflation without an increase of the volume of money. We must remember that when our gold got to Europe it would raise prices there, and so help all the sooner to establish an international equilibrium, rendering it less necessary for gold to leave here.

Mr. VILAS. Does the Senator not see that $360,000,000 of silver, 60 per cent of $600,000,000 of gold, would be coined into $600,000,000 of silver dollars with which the $600,000,000 of gold could be obtained? We assume that silver is worth 60 cents upon the dollar of gold. You propose at that ratio to adopt free and unlimited coinage. Then, what hinders $360,000,000 worth of silver being brought in here and coined into $600,000,000 of silver to be exchanged for $600,000,000 of gold?

Mr. JONES of Nevada. I think the Senator ought to show where the silver would come from.

Mr. VILAS. Is it not more than $360,000,000?

Mr. JONES of Nevada. I do not know where the Senator could get the silver.

Mr. VILAS. Silver is for sale.

Mr. JONES of Nevada. In what market?

Mr. VILAS. There is $360,000,000 worth of silver bullion.

Mr. JONES of Nevada. The visible stock in the United States is not $3,000,000. When Senators speak of the immense amount of silver that would come here, I should like them to point out where it is. I am trying to find out where it is, and the Senator can not point it out.

Mr. VILAS. If there is no silver to be coined, what advantage is there in free and unlimited coinage?

Mr. JONES of Nevada. The small amount coming annually from the mines would be coined. I deny the Senator's statement. I assert—and I challenge authoritative contradiction—that there is not $20,000,000 of silver bullion for sale in the world.

Mr. VILAS. I was going to ask the Senator if there were not almost $200,000,000 worth of silver produced from the mines last year? I do not mean from our mines, but from the mines of the world.

Mr. JONES of Nevada. Not quite so much; but even were it so, what then?

Mr. VILAS. We have it yet. If the Senator takes the ground——

Mr. JONES of Nevada. I will take these figures just to accommodate the Senator. Does he mean to tell me that there is $200,000,000 of silver for sale at 60 cents for 371 grains? That silver of last year is not on the market now.

Mr. VILAS. I will ask the Senator if he does not understand that there are nearly four thousand millions of silver in the world?

Mr. JONES of Nevada. Between $3,800,000,000 and $4,000,000,000.

Mr. STEWART. What can it be bought for?

Mr. VILAS. About 68 cents on the dollar in gold.

Mr. JONES of Nevada. Oh, no. Only the uncoined surplusage that is denied access to the mint could be had at that price, and the moment that surplusage were taken up silver would rapidly go to its old relation. The free coinage of silver in this country would take up at once the entire surplus—which is but a small surplus—that is left on the market uncoined. Even to-day, however, no larger amount of silver could be bought for gold in India than enough to meet the current gold liabilities of the Indian Government.

Mr. VILAS. I think the Senator's difficulty is apparent——

Mr. JONES of Nevada. The Senator says the difficulty is apparent. I say to him that only twenty years ago when silver was at a premium over gold, and the East Indians could get the benefit of that premium in the sale of silver, they did not sell it for gold, because they did not want the gold. Gold does not circulate in India, and in the nature of things can not circulate there. Wages at 10 cents a day can not be paid in gold. We must remember that about the time of the passage of the Sherman law silver bullion rose to $1.20 an ounce, but it rose not in this country alone. It rose to that figure all over the world. Silver bullion could not then be purchased in India, in England, or anywhere else in the world at a less figure than it could be purchased here, and everybody knew the reason for the rise was the prospect of favorable legislation in the United States. No one can point to any instance in which silver could be bought any cheaper in one country than another, considering transportation charges, etc. Whatever the price of silver is here it will be in India, in England, in Germany, and wherever else telegraph cables reach.

Mr. BUTLER. The Senator from Wisconsin [Mr. VILAS] has stated to the Senator from Nevada that the annual product of silver was about $200,000,000, and left the inference to be drawn that that $200,000,000 would be dumped into this country if we went to the free coinage of silver. As an offset in part to that inference, I desire to ask the Senator from Nevada if he can give us an approximate statement of what proportion of that $200,000,000 of silver is used in the arts and industries?

Mr. JONES of Nevada. I suppose about 30,000,000 ounces would be used in the arts. But the Senator from Wisconsin has failed to answer as to where this silver would come from to take the place of gold so as to have inflation in this country. I should like to have the Senator from Ohio [Mr. SHERMAN] or the Senator from Rhode Island [Mr. ALDRICH] tell me where the inflation could come from and where the silver could come from that would change the parity, or would make a disparity between silver and gold in this country?

Mr. SHERMAN. I have been appealed to by the Senator, and I will say that this same argument was one which largely led the Senate of the United States over three years ago to adopt what is known as the act of July 14, 1890. The truth is silver would be brought here from all the markets of the world, and a vast mass of $3,800,000,000, amounting to many million ounces, from all parts of the world, would come here and be saddled upon us at its market value.

The same argument now so earnestly and ingeniously put, and always put by the Senator from Nevada, was proved to be fallacious four years ago.

Mr. JONES of Nevada. I made no argument that was fallacious. I stated the exact facts which existed at that time. The Senator refers to market value. What is it that makes market value? I supposed that the market value was the result of the supply as correlated to the demand; these two forces operating upon each other. Does the Senator mean to tell me, with a demand constant, incessant, and always at a maximum, for money, by seventy million of the greatest money-absorbing people on the face of the earth, that with unrestricted coinage any other market price than the money-price or mint-price could exist? Is it possible that the market price takes no cognizance of the fact that seventy million people, night and day, are demanding that which is money? Why, Mr. President, the Senator's contention, I say with all respect, is perfectly absurd. I ask the Senator where the silver could come from. Did the Senator ever know of a dollar of silver coming out of India? Silver in France is selling to-day for a dollar and thirty-two cents an ounce.

Mr. ALDRICH. In gold?

Mr. JONES of Nevada. Of course it is—exchanging for commodities at the same rate that gold exchanges for the same com-

785

modities. I should be glad to be informed how France could sell silver.

Mr. ALDRICH. Silver bullion sells there relatively at the price it sells in the United States.

Mr. JONES of Nevada. But there is no bullion in France. I am talking about the only silver there is in France, which is in the shape of francs.

Mr. ALDRICH. We have a coin, for instance, the five-cent piece, in the United States, made of nickel and other combinations of metal, which sells for one hundred times its market value in the same way the Senator speaks of silver being sold.

Mr. JONES of Nevada. You can coin gold so that the ten-dollar piece will sell for a hundred times its market value.

Mr. ALDRICH. That is not selling at all. It is used with certain alloys as money in limited quantity and maintains a certain value on account of the limited quantity.

Mr. JONES of Nevada. It is precisely because you do not limit the quantity of gold you coin that the coin value and the market value are coincident.

Mr. HOAR. Why does not the Senator favor the free coinage of nickel?

Mr. JONES of Nevada. Because there is too much of it. I am trying to have somebody point out where there is too much silver. Besides, nickel has never had unrestricted coinage, and silver always has had, until 1873. I have asked the Senator from Wisconsin to tell me where all the flood of silver is to come from, and he showed that he did not know anything about it. I want somebody else to point out where silver bullion is coming from.

Mr. HAWLEY rose.

Mr. JONES of Nevada. I will hear the Senator from Connecticut.

Mr. HAWLEY. I will state within a few million where it came from. Here is a list showing the August supply [reading]: "Boston and Colorado Smelting Company:" later, "Boston and Colorado Smelting Company;" later, Boston and Colorado Smelting Company;" and so on, giving the various mines and smelting companies that supply silver.

Mr. STEWART. If my colleague will allow me I will state that that bullion was offered from time to time, probably the same bullion. That was after the market price had been abolished by the Treasury Department.

Mr. HAWLEY. I am reading the offers, and opposite each one is "accepted."

Mr. STEWART. There was very little accepted in the month of August.

Mr. JONES of Nevada. How much was the August supply?

Mr. HAWLEY. The total of the August supply? It was not a great deal.

Mr. JONES of Nevada. I am asking where these millions are to come from?

Mr. HAWLEY. I wish the Senator would tell me—probably he knows the figures better than I do—have we not bought something like 150,000,000 ounces in the last three years?

Mr. JONES of Nevada. In three years? Why, that amount did not begin to be enough to keep pace with the increasing demand, owing to increase of population and business.

Mr. HAWLEY. That is another question.

Mr. JONES of Nevada. No, I deny that silver enough can be got anywhere to make an inflation in this country. I say that from the day the Sherman law was passed the general level of prices of commodities fell, and I assert that a dollar issued under that law last spring, not speaking of the panic period, was worth more than the first dollar issued under that same law. That fact was made plain by the report of the subcommittee on tariff of the Senate Committee on Finance, of which subcommittee the Senator from Rhode Island [Mr. ALDRICH] was chairman. That subcommittee attempted to show that the fall of prices was brought about by the operations of the McKinley law, while I maintain that it was really produced by an insufficient quantity of money—by a quantity of money whose increase was not keeping pace with the increase of population and business. It was attempted to show that the reduction was effected by the tariff law, without any time having been allowed for the genius of the American people to operate by invention upon machinery, a result which the tariff is supposed to effect by putting millions of workmen into well-equipped shops, and giving them ample opportunity to develop their genius.

Singular to say those "improved processes" began their effects as early as two months after the passage of the McKinley law! The fall in prices, it was said, was the beneficent result of that tariff, when in fact that fall had its genesis long prior, in the increasing scarcity of gold as compared with the demand for it. So that, as I have said, every dollar issued under the Sherman law was more valuable than any prior dollar issued under the same law, and the last one was much more valuable than the first.

Is that inflation? Does that show that there were too many dollars out? Is that the reason why the supply of those dollars should be cut off by repealing the purchasing clause of the so-called Sherman bill? What good reason in morals or philosophy, or political economy can be advanced for cutting off the supply of money from the country when notwithstanding the supply the unit of money has been and is constantly increasing in value and looting the debtor in the interest of the idle creditor? How do Senators defend themselves in this body for cutting off the supply of money, when it has been shown that the supply instead of inflating prices has not been sufficient to keep them from constantly falling and the load upon the already overburdened back of the debtor has been increasing from day to day?

That, Mr. President, is the reason why we oppose this bill. We are threatened here with a deluge of silver, but no Senator can point out the source of the deluge. We have for fifteen years heard of this deluge, but only when some silver law has been under discussion. When the Bland act was being debated in 1878 the New York papers had a statement to the effect that a new process of cupellation had been discovered by which an enormous quantity of silver could be obtained by melting up old lead pipes, and that that was one of the sources from which we might expect a "deluge" of silver. Then they said that there had been mines of fabulous riches discovered in the unexplored mountains of Peru, and all that was needed was simply to run a tunnel and take out all that you wanted. These mountains did not materialize.

Mr. VILAS. Will the Senator allow me?

Mr. JONES of Nevada. With pleasure.

Mr. VILAS. I remember reading some time ago of a countryman who listened to the Latin debates at Oxford. Somebody asked him if he understood the tongue. He said no, but he always knew who was wrong in the argument. "And how?" was asked. He replied, "by seeing which one got angry first." [Laughter.] Now, I regretted that my learned friend, a very able Senator, who is the special champion of silver, should for a moment have made a retort that calls upon me to observe that we do not pretend to know all the laws of finance and all the courses of nature and all the effects which will be produced by experimental efforts in the interest of some special problem; but I do wish to ask his attention to the fact that when he began to answer the question which I addressed to him he assumed that silver would come to this country, and proceeded to argue that there would be no harm produced by the inflation, because $250,000,000 of silver would come, upon the supposition he made, to take out the $250,000,000 of gold.

I called his attention to the fact then that for the $600,000,000 of gold but $360,000,000 of value of foreign silver would be necessary to take the place of it; and he answers me then, "Where is the silver to come from?" forgetting that he had assumed that the silver was to come, as everybody must know would be the fact with $4,000,000,000 worth of it in the world, and a demand here for $360,000,000 to take $600,000,000 worth of gold.

Mr. JONES of Nevada. For the sake of the argument I assumed it to come, and I showed that if it came it could do no harm. But if the Senator continues to assert that $360,000,000 worth of foreign silver would come, it is incumbent on him to show where it is to come from. I have already stated that there was silver coin in France that was selling at a higher price than even our free coinage would give. It is already exchanging in France at a higher rate than it is exchanging here. Nobody is going to gather up the silver of France and send it here and lose 3, 4, 5, or 6 per cent on it. Nobody would do that in any other country. In discussing the supposititious available stock

I had reference to silver that is not permitted coinage, that has not access to the mint. Where is that? No man can point it out.

Then I called the Senator's attention to another thing. If this country should adopt free coinage at the ratio of 16 to 1 (and at the present relation of silver to gold it would be about 25 to 1) does he imagine that when the Government advertises that it will take silver at 16 to 1 any man anywhere will take any less than $1.29 an ounce for it? Does the Senator imagine anybody is going to do that? The moment a free-coinage bill is passed, that instant silver goes to $1.29. Is not that in accordance with our knowledge of human nature?

Does any business man in this body suppose that if silver were $1.29 an ounce here he could get an ounce of it anywhere for less than the amount at which this Government says it will take it? I again inquire: Who has any? I have asked these gentlemen to point out where it is. They can not point it out. Great Britain has none. All that is in France is selling at a higher rate and as to all that is in India, none has ever left India that went into it. Will France gather up pieces of money that are already full legal tender, performing every service that could be performed by gold, and send them here at a loss?

Mr. GRAY. Bullion?

Mr. JONES of Nevada. Where is the bullion? Senators can not point to it. I have asked where it is because I wish to strip the mask off this entire pretense. Twenty-five million dollars of bullion can not be found. No Senator can point it out. We are for ever being told about the great flood that will come upon us. This "flood" is a myth. It will not stand examination.

Mr. HILL. Will the Senator from Nevada allow me a moment?

Mr. JONES of Nevada. Certainly.

Mr. HILL. I rise not for the purpose of asking a question but to appeal to him that he will not allow interruptions, but continue his speech in the order he set out for himself. I for one would like to listen to his connected speech.

Mr. JONES of Nevada. That course is entirely agreeable to me. The digressions I made were with the view of answering such questions as were put to me. Much that I have said in this way will be dealt with in its proper order in the course of my remarks, and therefore if I shall seem to repeat the substance of something that I have stated in these colloquies with Senators, I hope I may not be regarded as boring the Senate.

Mr. HILL. It will bear repetition.

Mr. JONES of Nevada. I thank the Senator.

Mr. ALDRICH. Before the Senator leaves this part of his argument I wish to say a single word, not for the purpose of interfering with his speech or to divert his attention, but in answer to a statement he made some time ago.

The Senator challenged the friends of the pending measure to show where the silver was coming from, that is to be brought here and coined under free coinage, and I understood him to say that we could not point out more than $50,000,000 of uncoined silver in the world, and perhaps more than $25,000,000.

Mr. JONES of Nevada. Put it at $25,000,000 of bullion uncoined.

Mr. ALDRICH. That this statement may not go out unchallenged, I quote from an address made by Mr. Balfour at the Egyptian Hall, Mansion House, London, August 3, 1893, in which he estimates the amount of uncoined silver in India to be "between one hundred and thirty and two hundred million pounds sterling;" in other words, from $650,000,000 to $1,000,000,000.

Mr. Balfour makes the further statement, which is undoubtedly true, that this silver has been retained in India heretofore from the fact that the people of India had the right to take it to the mints and have it coined at any time into money; in other words, that this uncoined silver was in their hands practically a legal tender for all the uses of money in the payment of debts and other uses. The Indian Government having taken away the right of coinage, this silver bullion is in the hands of the people of India, and can not be used except to be sold as silver bullion at 60 or 70 cents an ounce, or whatever the price may be. If the United States fixed the price at $1.29 an ounce in gold, I ask if any one holds that that bullion would not be likely to come to the United States?

This estimate of between £130,000,000 and £200,000,000 sterling is made by Mr. Balfour. Mr. David Barbour, of the Indian finance committee, whom I regard, and I believe the Senator will agree with me, as the ablest and clearest writer upon the theory of bimetallism, estimates the amount of uncoined silver in India at a larger sum than this. It seems to me that this statement alone is a sufficient answer to the Senator.

I do not intend to interfere with the argument the Senator is making, but I might supplement these authorities by many others as to the extent of the stores of silver in the world both coined and uncoined.

Mr. JONES of Nevada. I wish the Senator would do it now I do not know where that silver is.

Mr. ALDRICH. I have called the Senator's attention to estimates made by friends of bimetallism that it now amounts in India alone to between $650,000,000 and $1,000,000,000.

Mr. JONES of Nevada. Why, Mr. President, the East Indians have this silver laid away in the shape of idols and religious charms, which they hold in far higher esteem than money. Even were Mr. Balfour correct, which I doubt, I ask the Senator whether in case the price of silver rose in some foreign country those idols and charms would be sold? If so, I should like to know what the East Indians would get in return for them?

Mr. ALDRICH. They would get gold.

Mr. JONES of Nevada. Gold! There is not a single thing in the Western World that the ryots of India use or want. They do not want gold. What would they do with gold after they got it? Why should they sell their silver even if they knew they could get $1.29 an ounce in gold for it? During all the ages when they could get $1.29 for it they did not sell, but constantly increased their hoards of it. Why should they sell it now for $1.29 in order to get a thing for which they have no use?

Mr. ALDRICH. There was a very good reason why they did not sell it then to America.

Mr. JONES of Nevada. Why?

Mr. ALDRICH. Because they had a market at their own doors.

Mr. JONES of Nevada. But they never sold it.

Mr. ALDRICH. They did sell it, I beg the Senator's pardon.

The statistics of the Indian mint show that in very many years, and I think in a majority of years—it is not so in all the years, but it is so in a great many years—the coinage of the silver rupee in India was very much greater than the total importation of silver, showing that this great mass of silver bullion was put into coinage according to the wants and demands of the Indian people. They had a market at that time at their very door in the Indian mint. That market, which was the only market they had, has now been closed to them; and to say, as the Senator does, that the people of India are unlike the people of any other country in the world and have no demand or use for money——

Mr. JONES of Nevada. I did not say they had no use for "money." I said they had no use for gold.

Mr. ALDRICH. I so understood the Senator.

Mr. JONES of Nevada. I said they do not want anything supplied by the western world.

Mr. ALDRICH. Does the Senator mean to say that any people on this wide earth have no use for gold?

Mr. JONES of Nevada. I say so.

Mr. ALDRICH. I do not know of any.

Mr. JONES of Nevada. I never heard of the East Indians having any use for gold, except for ornaments or charms. They have no use for it as money.

Mr. ALDRICH. Gold is the measure of everything, and can be converted into everything.

Mr. JONES of Nevada. Gold is the measure of nothing in silver-standard countries. Gold-standard countries use gold for their measure; silver-standard countries use silver. Among the 280,000,000 people of India there is hardly one in a million who, in any bargain or transaction relating to labor or its products, knows anything whatever of gold.

If there is no demand among the East Indians for anything produced in the western world they would not dispose of their silver for gold. The Senator's statement about what was coined at the Indian mint proves nothing. It simply proves that by reason of abrasion recoinages took place. There has always been a proportion of recoinages in India every year. The statement does not prove that the charms are coined.

Mr. ALDRICH. I will bring proof of my statement from the testimony taken before the Indian commission at a recent date—1888.

Mr. JONES of Nevada. Does the Senator go so far as to say that the charms, etc., to which I have referred, were coined?

Mr. ALDRICH. I do. A large number of witnesses stated that this uncoined silver in India was taken to the mint and coined whenever the wants of the people who held the silver required that it should be done.

Mr. JONES of Nevada. There is no more danger of that silver coming out of India than there is that the silver money in circulation in India would flow out.

Mr. ALDRICH. I will suggest to the Senator from Nevada that the statement which he originally made was not that the silver would not under any circumstances come to the United States, but that there was no such stock of silver in existence.

Mr. JONES of Nevada. Every one knows there has always been a large stock of silver in existence in India, but what I assert is that there is not any stock of silver there that would leave India, and therefore it is not in existence for that purpose. I am quite sure that the Senator will find upon examination that the annual recoinages of the old rupees fully account for the difference between the net imports of silver to India and the amount of coinages shown by the mint returns.

Mr. ALDRICH. But suppose the price of silver here should be sent up by our action?

Mr. JONES of Nevada. They could sell it for its market price in London, which would then be the same as here, less only the cost of transportation to this country. They could sell it at that price wherever silver is bought and sold. But does the Senator suppose if an East Indian has a charm which he almost worships, and which cost him $1.16 in the products of India, he will sell it as soon as the metal in it becomes worth $1.17 in gold?

Mr. ALDRICH. I think he would. If he sends that silver to London at the present time he gets no more than the rupee is worth in India, and he gets no better market than the bullion is worth at home.

Mr. JONES of Nevada. There is no market in India for the bullion. If they can not coin it, what will they do with it?

Mr. ALDRICH. The Senator from Colorado [Mr. TELLER] and several other Senators have called attention to the fact that the importation of silver has been going on in India since the suspension of silver coinage. If there is no market why are they sending it? There certainly is a market, but it is a market for the bullion itself at its present market price. If you increase that market price here from 70 cents to $1.29 an ounce, you could not stop the silver flow to the United States.

Mr. JONES of Nevada. If I may suppose a somewhat parallel case, it is hardly to be presumed that because of an increase in the price of silver bullion the Christian people of the United States would propose to sell the Communion service of their churches. Now, the Hindoo is not merely religious; he is intensely superstitious. He attaches great virtue to these idols and religious charms, and would as soon think of selling them as our people would think of ordering a sale of the Communion service of their churches because of a rise in the price of silver bullion.

Mr. ALDRICH. I hardly think that is an answer.

Mr. JONES of Nevada. It is a complete answer.

Mr. ALDRICH. The Senator knows as well as I, and very much better, that from 1834, or whenever the silver production of the United States was commenced, up to 1873, practically the silver bullion of the United States went to the French and other European mints, because they paid 3 per cent more for it than could be obtained for it in the United States.

Mr. JONES of Nevada. Undoubtedly.

Mr. ALDRICH. If the Senator supposes that with a difference of between 70 cents and $1.29 the people of India would not take advantage of this market he gives them credit for very much less intelligence than I think they have.

Mr. JONES of Nevada. The Senator does not state the proposition at all. When silver becomes $1.29 here it becomes $1.29 everywhere. To show that it is law that governs absolutely the value of silver and the value of gold relatively we have but to look at our own history. Between 1792 and 1834 we had no gold in this country. All our business was done with silver. Why? Because silver was overvalued here, 15 pounds of it being a legal tender equal to a pound of gold; while by the law of France 15½ pounds of silver were required in that country to be given for a pound of gold. Yet we have been told here in a great number of speeches on this floor that the relation we made was not the "market" relation. Why, Mr. President, there was no "market relation" about it. It was law that fixed the relation. The relation established by our law overvalued silver as compared with the relation established by the law of France. The French having made 15½ pounds of silver the equivalent of 1 pound of gold, while in this country we made only 15 pounds of silver the equivalent of a pound of gold, who was going to send a pound of gold here to exchange it for 15 pounds of silver, when he could send his gold to France and get 15½ pounds of silver for it?

What was the result? Although there was only one-half of 1 per cent difference, and that in a metal most precarious in its supply, involving greater degrees of difference in cost of production than almost any other commodity known to man; we all know that the law of France operated to take all the gold out of this country and leave all the silver here. Then in 1834, when the mines of North Carolina and other portions of the South were discovered, we changed our relation; instead of 15 to 1, we made it 16 to 1. That meant an overvaluation by law of gold as compared with silver.

No "market" had anything to do with fixing that price. It was the *law*. Clear up to 1834, for forty years in the history of the Republic, all the gold went out, owing to the figure at which the law of our country had fixed the relation of the metals, and for the same reason all the silver at a later period went out. When we made the ratio of 16 to 1, only one-half of 1 per cent over the former valuation, from that time on gold came and silver went. That was entirely due to the laws establishing the ratios in the two countries respectively, making the two metals interchangeably legal tender at a ratio in one country different from that at which they were legal tender in the other.

Mr. ALDRICH. I invoke in behalf of the statement which I make the very law which the Senator has been stating with such clearness. I believe from 1834 to 1873 the United States paid $1.29 an ounce for silver bullion for coinage purposes, and practically the French people paid $1.33 an ounce for silver. By a law as invariable and as irresistible as the law of gravity the silver went to the French mints to be coined. Why? Because 3 per cent more was paid for it there. That will be true in India, and it has always been true everywhere.

The Senator says it is the law of legal tender that fixes the value of silver. Take the example of India, which has had her mints for a generation open to the free coinage of silver at the ratio of 15 to 1, and with the silver rupee at the par value of 2 shillings, we have seen the purchasing power of that rupee go down, down, down to 1 shilling and 3 pence, although there are 270,000,000 of people who were using silver as currency.

Mr. JONES of Nevada. I must deny the Senator's statement.

Mr. ALDRICH. The people of India who hold this silver can not get to-day in any country in the world any more than its market price in India and its bullion price in London for their coin. I say that there is no country on the face of the globe, civilized or uncivilized, which would pay any more for this Indian coin than its bullion market price in London; but if we say in the United States that this great Government, that this great people, with our vast resources, will make an open offer of $1.29 an ounce for something that is not worth over 70 cents in the other markets of the world, if the Senator asserts that that silver will not flow to the United States for a market, then he does not believe in any of the natural laws which govern this and all other questions.

Mr. JONES of Nevada. Mr. President, the proposition of the Senator borders on absurdity, if I may say so without meaning offense to the Senator. The idea that the people of India are going to trade off that which is essential to the peculiar civilization which they have for something that they do not need and never use, will not stand for a moment.

The Senator talks as if the people of India were hungering and thirsting for gold. They do not want it. We have nothing that they could buy with it, since we produce nothing whatever that they use.

When the Senator states that silver has been continually declining in value we deny it, and have denied it, and supported our denials with proofs over and over again. He produces no proof of any such decline.

The silver rupee buys as much for the East Indian to-day as it ever did, and yet Senators insist that it has fallen. But they do not prove it. By reference to no range of prices anywhere, by reference to no products of labor anywhere, do they prove that it has fallen. The Senator does not see that it is gold that is rising and not silver that is falling.

Mr. ALDRICH. The Senator says we can give the East Indians nothing in exchange. We have gold which the Senator himself says represents everything and purchases everything.

Mr. JONES of Nevada. It represents everything in gold-standard countries. But the Hindoos do not want gold. Their money is silver. To them silver represents everything and purchases everything.

Mr. ALDRICH. Let us look for a moment and see. The Indian ryot has the rupee, with which he purchases clothing or whatever it may be. He might get a certain quantity to-day at a certain price of silver. Whatever might be the relation between the price of wheat and the price of silver in India, he certainly would get twice as much if he could change that rupee into twice as much gold, whatever the article to be purchased.

Mr. JONES of Nevada. He gets wheat and rice, and such very few other things as suit his limited needs, in his own country.

Mr. ALDRICH. He wants to purchase something, or else he would have no use for the rupees.

Mr. JONES of Nevada. Millions upon millions of Hindoos do not even know that there is such a country as the United States. Are they going to send rupees here to be exchanged for gold so that they can buy some rice and wheat, which are growing right around them?

Mr. ALDRICH. I do not think that is a fair answer.

Mr. JONES of Nevada. I think it is.

Mr. ALDRICH. The real argument reduced to its last analysis is simply this, that there are people in the world to whom it would make no difference whether the purchasing power of their money should be doubled.

Mr. JONES of Nevada. But the purchasing power does not depend upon the relation between it and gold as is shown by the fact that twenty years ago the relation between that silver and gold was 33 per cent different from what it is to-day, and yet the purchasing power of silver was as great then as that of gold. Does the Senator deny that fact?

Mr. ALDRICH. I do indeed.

Mr. JONES of Nevada. I made a speech in this Chamber in 1890, in which I demonstrated in detail by figures of actual market prices of commodities and of silver bullion that a given number of ounces of that bullion would then buy or command as much of commodities in the market as would either silver money or gold money in 1873. That demonstration has not been criticized or shown to be incorrect in any particular, and can not be. The figures were based upon quotations of prices furnished by the Bureau of Statistics of the Treasury Department. I assert now that the silver rupee will purchase as much to-day as it would in 1873, when at our relation silver was 3 per cent premium over gold.

Mr. ALDRICH. I think I can illustrate what I mean by making this statement: A thousand rupees represent say 165,000 grains of silver. That silver could be sent to London to-day and exchanged for a certain amount of gold. If the United States bids double the present price of silver it could be exchanged then for twice that amount of gold.

Mr. JONES of Nevada. Does the Senator suppose, when the Government of the United States gives $1.29 an ounce for silver that anybody can get an ounce of the metal for any less than that amount anywhere in the world? Does he not suppose that it will be $1.29 everywhere?

Mr. ALDRICH. If we bid $1.29 it will all come here.

Mr. JONES of Nevada. Suppose it comes; all we can do is to exchange it. It can be exchanged as well where it is.

When this subject comes to be carefully examined it will be found that remonetization will simply put silver back to where it was before it was demonetized. It had run along for nearly a century with practically no change. Why should it have changed since 1873 any more than before, except for that one legislative act? There is not the slightest reason why a trifling increase of the quantity produced should affect the relation between the metals. During the infinitely greater increase in the yield of gold after 1848 the metals did not separate, but were held together by the law of France. This country is now infinitely stronger than France was then, and has an absorbing power for money greater than all Europe combined. It consumes per capita three times as much of all the products of labor as does the population of Europe. The money-absorbing capacity of this country is unequaled by that of any country in the world.

(At this point the honorable Senator yielded to Mr. VOORHEES for a motion to adjourn.)

Monday, October 16, 1893.

A WORD AS TO PREPARED SPEECHES.

Mr. JONES of Nevada. Mr. President, the remarks of the junior Senator from Massachusetts [Mr. LODGE] a few moments ago in support of his resolution to forbid the reading here of written speeches demonstrate that the adherents of the gold standard do not believe it to be worth while to make careful preparation for the discussion of this great economic question. Yet I call the attention of the Senate to the fact that scarcely a single contention of those who oppose the pending bill has been answered in any speech on the gold-standard side. When therefore the junior Senator from Massachusetts tells us that he wants no written speeches delivered in the Senate, it means that he and those who agree with him are willing to discuss this great, all-absorbing, and far-reaching question either as I have said wholly without preparation or with such preparation only as may be involved in committing to memory a Fourth of July oration.

The preparation to be made for a discussion of this subject consists not in schoolboy attempts to commit speeches to memory, but in a serious and careful study of the reasons for and against the passage of the proposed measure. So far as I am concerned I have no desire to commit speeches to memory, but I do wish that any speech of mine to which the Senate may do me the honor to listen shall bear evidence at least that some "midnight oil' had been expended in its preparation.

I have attempted to demonstrate that there is not in money any such thing as intrinsic value; that, essentially, money is not a material thing, but a function, which function vitalizes and gives value to the piece of material which serves as the bearer of the function.

MONEY—DERIVATION AND SIGNIFICANCE OF THE WORD.

But while money is a function rather than a material, yet it is correct enough by a species of metonymy to designate by the name "money," the material on which is impressed the symbol of the supreme authority of the nation, by right of which alone any object may exercise the money function. For, as we say that a man has a clear head when we mean that his judgment is good, or that he is a brilliant man when we mean that he has a superior mind, so the name "money" may with propriety attach to the thing upon which the money function is impressed.

The word has a peculiar derivation—one that should invite reflection. It comes to us from the Latin word which signifies a *warning*. The coining operations of the Romans were long carried on in a temple dedicated to Juno, under the appellation of Juno Moneta, because on the occasion of an important battle the goddess had given to the Romans a warning or admonition, by taking advantage of which they were successful. Thus the origin of the word has a significance far beyond that which the Romans intended—a significance which has continued to the present time, and will continue while man inhabits the planet. This warning, correctly interpreted, signifies that no institution of civilization is of greater importance than money. To a free people especially it signifies that none should be more sedulously studied, none so carefully regulated, none so vigilantly guarded, if they would preserve not alone their prosperity, but their liberties.

Money being useless to man in a condition of isolation, and therefore entirely a societary instrumentality, it must be the creation of society (that is to say, in so far of governments), and can not be that of an individual, except as he may derive power from the supreme authority—the authority which represents the people in their collective capacity.

Money may be composed of anything capable of division and identification——division in order that the pieces may be convenient for handling, and identification that all men may know these pieces to be *duly authorized* units of money.

So long as those pieces are capable of complete identification, and can, regardless of the credit of the persons using them, be passed and received from hand to hand in the community, in final payment for commodities and services, and in full legal discharge and liquidation of debts, they constitute money, without reference to the material of which the pieces may be composed. This is the teaching of history, and the unavoidable deduction from the reasoning of the leading economists—a deduction from which there is no more escape than from the principles of human reason.

But while, abstractly considered, the material is of no importance, yet from the point of view of the habits and customs of a people the material is of much importance, provided there be enough of it to maintain the general range of prices of commodities at a steady level. A people's habits and customs are not to be ignored with reference to the material of the money which they shall use any more than with reference to anything else which has been hallowed by time. A material that has been in use among a people from time immemorial can more readily be continued in use than can a new material find acceptance. But inasmuch as it is not for its own sake that money is needed, but in order to effect exchanges and maintain the equities of time contracts, if there be not enough of such material to maintain the general range of prices at a steady level, there should be no hesitation in adding to it a sufficient quantity of some other fitting material to accomplish that purpose.

THE VALUE OF MONEY SHOULD BE UNCHANGING.

While, in discussing the question of money, some of the minor authorities have exhibited much confusion of thought, the *great* authorities—the dominating minds—give us a body of principles which compel the mind in search of truth to accept the principle that whatever society decrees to be money is money. As

Prof. Francis A. Walker says: Whatever does the work of money is *money*—whatever performs the money *work* is the money *thing*.

The value of the unit of money, so far as human wisdom and prescience can provide, should be unchanging. The expression "value of money" does not mean the commodity value of the material, but the *money value of the unit*. Money is valuable, not for the power of being transformed into *one* thing, or, as is said, of being "redeemed" in one thing, but the infinitely greater power—the power which the alchemists sought, and which Aladdin foreshadowed—the matchless and magical power of commanding, as by the wave of the enchanter's wand, the transformation and transmutation of all things into one another at will. This is the power which constitutes money the greatest instrumentality of an advancing civilization. In comparison with this all-embracing power how insignificant the power which commends the material thing on which money function may be placed to the admiration of savages for the trivial purpose of decoration—whether the decoration be as with the more civilized people for the wrist and the neck or, as among less civilized, for the ankle and the nose. Money has value for the reason described by the prophet—because it "answereth *all things*."

Money not being essentially a material thing, but an office or purpose served by a material thing, its value does not, as I have stated, depend on the cost of production, or the cost of reproduction, of the material which may be selected to bear the evidence of monetary authority.

HOW VALUE OF MONEY IS DETERMINED.

The sole constituents of its value are supply and demand; that is to say, the supply of *money* and the demand for *money*.

In a system of civilization such as ours, based upon a division of labor by which men no longer make complete articles, but only parts of articles, no man can by his own efforts supply directly anything but the merest fraction of his own wants. He can only secure the satisfaction of all his wants by exercising his skill in his own vocation, and by disposing for money of the articles or parts of articles which he has made, demanding, through money, such other articles as he needs. Inasmuch, then, as it is through money that men seek the satisfaction of their wants. it is on money that the first demand for all things presses.

In modern civilization none but mendicants make demand directly for coats, hats, shoes, or other things. When men want hats, shoes, or clothes they do not offer to exchange labor directly with the hatter, the shoemaker, or the clothier. Each offers his labor to employers of his own trade, and with the resultant money makes an effective demand upon the hatter, shoemaker, or clothier. All objects that are useful to man and desired by him are thus obtained by means of money. Hence the demand for money is equivalent to the demand for all other things, and must always be infinitely greater than the demand for any one thing. As to any other article or object, the demand is merely for one article or class of articles; as to money, the demand is a demand not for one article, but for all articles.

The competition for money, therefore, is not only incessant but instant, urgent, importunate, and universal. So long as men have needs it will be ceaseless and unremitting. Each worker gives his services not for goods to be obtained from the maker of such goods, but for money to be obtained from his own employer. Each employer, in turn, parts with the goods made by the workman, not directly for other goods but for money. Thus all men are engaged, each in his own vocation, in unceasing competition with every other man, for units of money—each hatter in competition with every other hatter, each shoemaker with every other shoemaker, and so the process continues through the long round and procession of occupations.

The competition for money is therefore equal to the competition for all other things combined. The demand for it is equal to the sum of the demand for all other things.

As to the supply of money, upon which that demand is made, it does not consist of any special *kind* of money or *material* of money. The demand is for any or all kinds or materials that may be in use as legal tender and which may be decreed by society to be money. The supply of money in a country, therefore, is not the supply of a particular kind but the total supply of all kinds—the number of monetary units either at the time in actual circulation or susceptible of being at any moment placed in circulation.

Here we have an equation in which, on one side, stands a total demand for money and on the other a total supply of money. The force of demand operating upon supply determines the value of money. The important feature of this value is not the total value of all the money in a country, but simply the value of the unit. As already stated, money has not a value distinct and apart from purchasing power.

Yet there is no fallacy so universally accepted and adhered to in the popular mind as that the value of money means the cost of production of the material of money. It especially suits the purpose of the champions of the gold standard that the masses of the people shall be led to believe that the value of money depends on the value for commodity uses of the piece of material on which the money stamp is placed, because inasmuch as gold has now free access to all the European mints, and there is no charge for coinage, the mint price will naturally be and remain, invariably, the commodity price, while the portion of silver that has no access to the mint may, for commodity purposes, be of less value or price, stated in terms of gold, than the ratio established by law for such portion of that metal as may be made into money.

One of the metals being potentially money as soon as smelted from the ore or dug from the sand, while a portion of the other is left uncrowned and devoid of the money function, no comparison can be instituted between the *uncrowned* portion of *one* and the *crowned* portion (which is the *entire portion*) of the other. It must be observed that all the silver that in any country of the world is in full use as money of final payment—such portion as has been crowned (as all gold has been crowned)—has the full power and value of gold money at the relation established by law. No man can show any difference between them in their power to purchase commodities or property. What sense, then, is there in these statements about a 60-cent dollar? If the men in high station, selected by the people for their supposed fitness for the places to which they were chosen, would give to a subject of the importance of this one-half the time they devote to matters of trifling consequence, they would not mislead the people who have reposed confidence in them.

NO VALUE IN MONEY EXCEPT PURCHASING POWER.

Any one who will note what the economists say as to the meaning of the term "value of money" will have no difficulty in arriving at a clear comprehension of it. John Stuart Mill says:

> The value of money is, to appearance, an expression as precise, as free from possibility of misunderstanding as any in science. The value of a thing is *what it will exchange for;* the value of money is what money will exchange for—*the purchasing power of money.* If prices are low, money will buy much of other things, and is of high value; if prices are high, it will buy little of other things, and is of low value. The value of money is inversely as general prices, falling as they rise, and rising as they fall.—*Political Economy*, Book III, chapter 8.

This statement of the great economist can hardly be misunderstood. He applies the term "value of money" wholly to the relation which money bears to *commodities*, not to the cost of production of the material of which money is composed. After saying that "the value of money is what money will exchange for," he adds that the value of money is "inversely as general prices—falling as they rise and rising as they fall"—showing that he regards the value of money as *wholly* a question of its purchasing power.

On the same subject Prof. F. A. Walker says:

> When we speak of the value of either gold or silver we mean the *power it has to purchase other commodities*, including the one element of money besides itself.—*Money*, page 230.

And again Prof. Walker says:

> Economists have been wont to make this distinction between value and price: *Value is purchasing power—power in exchange;* price is the power to purchase money—it is the money value of commodities. Money itself, then, while it has value (the value of a given amount of money *being measured by the quantity of commodities it will purchase*) has not price.—*Money*, page 229

Prof. Sidgwick emphasizes the signification of the term by stating that in economic discussion there is no method of avoiding confusion except by always and everywhere insisting that the only correct interpretation of the term "value of money," is—

> *The purchasing power of money, or its exchange value measured in commodities other than money.*

Prof. Fawcett, once a cabinet minister of Great Britain and a distinguished professor of political economy in the University of Cambridge, is equally emphatic as to the meaning of the term "value" when applied to money. He says:

> When, therefore, in political economy the precious metals or the value of money is spoken of, *the purchasing power* of money is referred to; or in other words the *power of money to obtain other commodities in exchange for it.*

He continues:

> It must, therefore, be distinctly borne in mind that although men of business consider the value of money to be represented by the rate of interest, yet the signification which is here—

that is, in political economy—

> attached to the money, is such as to describe the value of money to be great when prices are low, and to be small when prices are high.—*Political Economy*, page 364.

So that Prof. Fawcett sees no value in money except through prices, that is in its command over commodities. But it is useless to multiply authorities. All that are worth quoting are to the same effect.

Inasmuch, then, as the term "value of money" signifies simply purchasing power, the total value of all the money in a country would, at any given amount, be the same, whatever the number of units into which it might be divided. If a country has $1,000,000,000 in circulation, the total value of that entire sum would be as great as if the number of dollars were at that time two thousand millions. The only difference would be that the unit—the dollar—would in the first instance have twice as much purchasing power as in the second.

The money unit being the unit by which human effort or sacrifice is measured, the consideration with respect to it that outweighs all other considerations is that of stability of value. Inasmuch as the societary condition is indispensable to the civilization and progress of man, and money the dominating institution by which aggregation and association are possible, without which progress would be unattainable, if there be one object that, more than another, demands the attention and thoughtful consideration of mankind, it is to maintain unchanging through time the value of the monetary unit.

MONEY THE ONLY THING IN THE WORLD FOR WHICH THERE IS NO SUBSTITUTE.

Money differs from all other things in the fact that there is no substitute or alternative for it, and in the nature of things never can be. In the utilization of all other things that tends to the comfort or convenience of man advantage is taken of a law of substitution. If a thing which has been in general use becomes for any reason very scarce, and as a consequence very dear, a proportion of the people abandon its use, and adopt something which serves the same purpose. Thus, if, owing to the prevalence of distemper which carries off considerable cattle, beef rises in price far beyond its ordinary limit, large numbers of the population will abandon its use, and substitute for it mutton or some other form of animal food.

If a certain brand of flour becomes much dearer than ordinary people substitute for it another brand; or if, owing to a failure of the wheat crop, all flour becomes much dearer, great numbers of the people will wholly relinquish its use for the time being. So if one description of wood, say oak, becomes scarce and dear another wood, as ash or maple, is utilized instead. This serves as the defense of the great mass of mankind against the selfishness and cupidity of a few who would without hesitation establish a corner in any single article of universal demand if they believed that, no matter how high its value rose, the people would be compelled to obtain it.

If a man be regarded as a public enemy who merely corners wheat what would be thought of those who combine to corner all articles of food without discrimination? But when men corner money that is precisely what they do. When they deprive the world, or, which is enough for our purpose, when they deprive their own countrymen of a sufficiency of money they are cornering not only wheat, but every other article of food as well as every article of clothing. Notwithstanding the fact that gold is growing more valuable every day, they have so used their power that the people are deprived of a full and free resort to a substitute. Well aware that owing to the very nature of money, owing to the transcendent importance of the function which money performs, there can be no substitute for it, and knowing that the less there is of money in proportion to the demand the more valuable will become the debts of which they are the owners, they deliberately deprive mankind by law of the immemorial right to supplement the deficiencies in the supply of one metal by a resort to the supply of the other.

Mr. President, no matter how high the value of money may rise the people must have it. Hence, when it becomes insufficient for the demand—the monetary obligations of the people being imperative—the products of labor must be sold for less money than before. The value of the unit might increase to such an extent that the price of a bushel of wheat might fall to one-tenth or one-hundredth part of its present figure, yet would the demand for money be as exigent as ever. Instead of finding a substitute for it, as could be done in the case of anything else that became scarce and dear, people would be compelled to attach to fractional parts of the dollar the value which now they attach to the dollar itself.

For everything, then, except money, there is some substitute to which, in case of necessity—in case of a corner—men may resort. For money, there is none. The fact of its scarcity and dearness will not only not lessen the urgency of the need for it, but will increase that urgency and need. Inasmuch as nothing else will pay debt or keep the sheriff flag from the window, legal-tender money must be obtained at any sacrifice. This is clearly recognized by Prof. Sidgwick, who says:

It appears, then, that coin forms an exception to the general rule that the scarcity of any commodity extends the demand for its substitute.—*Political Economy*, page 252.

Mr. HIGGINS. Will the Senator yield for a question?

Mr. JONES of Nevada. Certainly.

Mr. HIGGINS. I do not know whether the Senator confines his proposition to coin, as Prof. Sidgwick put it, or to money generally, but is not paper a substitute for gold or other coin?

Mr. JONES of Nevada. I have already stated that anything which is full legal tender is money.

Mr. HIGGINS. Then the proposition of the Senator is that gold can not be increased; but he ignores the fact that the volume of money can be increased outside of gold by the issue of paper, money of account, and other such devices.

Mr. JONES of Nevada. My proposition is precisely what I stated it to be—that there is no substitute for *money*. Generally when people refer to "money of account" they mean money of no account. They refer to money that is not legal tender. They refer to devices that will enable a man to get into debt, but when trouble comes will not enable him to get out. Nothing is or can be money in the full or in the proper sense that needs to be redeemable in anything else before it can pay a debt. Money is not money if it be confined to redemption in one thing; it must be redeemable in all things. The very essence of money is re deemability in all things that are for sale and all services that are for hire. That is the character of money to which I refer.

Mr. HIGGINS. I suppose the Senator means what is known as fiat money.

Mr. JONES of Nevada. All money, whether of gold, silver, or paper, is "fiat." Money is created by law, and derives its value from limitation of quantity. Gold money is as much "fiat" money as is paper money, for the reason that for any other use than the money use there is conceded to be sixty years' supply of gold on hand, which, were gold demonetized, would be available in the market for all the purposes to which gold is adapted in the various arts and manufactures. In other words, gold money is "fiat" money because it has not "intrinsic value." Owing to the fears of the money-lending classes that legislators would issue too much paper money, they have preferred that mankind should adhere to the automatic system—the system of relying upon the mines for the material of money.

The creditor classes are now, however, departing from that system. They are determined to have a system of money in which the unit shall from year to year acquire greater and greater control over property, including the products of labor. Hence in order to restrict to a minimum the quantity of money, and increase to a maximum the value of the money which they have already reduced to possession, one of the metals that from immemorial time had been used as money is denied the right of access to the mints, and the other metal established as the only metal of unrestricted coinage. In other words, while it had long been their contention that the world should always rely on the mines for the material of money, they now announce their determination that the world must be content with such fragment of the automatic system as is certain to work an advantage for the creditors.

WHY FRANCE CLOSED HER MINTS TO SILVER.

Mr. HOAR. Will the Senator please state why France demonetized silver?

Mr. JONES of Nevada. France ceased the coinage of silver because Germany, having gone to a gold standard, had three or four hundred millions of silver to sell. France was determined not to accommodate Germany by admitting her silver to the French mints.

Mr. HOAR. Is it not true, then, that France, which I think the Senator stated in his speech of yesterday is the ablest financial nation in the world, demonetized silver for precisely the reason, in the first instance, that we are asked to repeal the Sherman law, to wit, that if she did not do it, the silver of other countries would be put on to her and flood her at once?

Mr. JONES of Nevada. It was a political, not an economic reason that actuated France. It was a reason founded upon national pride. It was hatred of Germany, not any fear of silver—which had always been and continues to be the popular money of France. The French people would not at that time take the silver of Germany nor anything that was German under any conditions, no matter how pecuniarily advantageous it might be for France. But without reference to the motive of France, there is one good and sufficient reason why this country can not afford to follow her example. As I have already remarked, it is population that makes a demand for money. Without population there would be no demand for it. With increasing population there is increasing demand. With a stationary population the demand for money is stationary. In respect to increase of population this country is in a wholly different category from all other nations of the world. The population of France practically is stationary, while ours is increasing at the rate of 2½ per cent a year—a percentage unprecedented in the history of nations. The population of France has not increased as much in ten years as ours has in four months. France is an old and finished country, while our country is new and unfinished.

Mr. HOAR. What I wish to ask the Senator is, if, in his judgment, it was good finance in France, the ablest financial country in the world, as he stated, to demonetize silver, whether it would not be good for us?

Mr. BUTLER. Do I understand France has demonetized silver?

Mr. JONES of Nevada. No. France simply ceased to coin silver.

Mr. HOAR. That is all the Sherman law provides for.

Mr. BUTLER. I am not talking about the Sherman law.

Mr. JONES of Nevada. Does the Senator from Massachusetts think that the condition in France, with a stationary population would apply to this country, where we are increasing in population at the rate of 2,000,000 per annum?

Mr. HOAR. I will answer the question with great pleasure, if the Senator would like to have me do so.

Mr. JONES of Nevada. I should like to have the Senator do so.

Mr. HOAR. I think the rule for a stationary population and for an increasing population would be the same in this respect, that if the flood of the inferior metal was likely to be so great as not only to provide a legitimate increase of currency for the wants of the population, but to drive out the gold of the world, so that the country would have left for its own use nothing with which it could pay its debts to foreign nations, exactly the same doctrine would apply. I think that is one fallacy in the Senator's proposition.

Mr. JONES of Nevada. If there were a flood, if it would bring in one thing, and if it would drive out another—and I do not know how many more "ifs"—certain results would follow.

Mr. HOAR. I answered the Senator's question exactly. His question was preceded by an "if."

Mr. JONES of Nevada. I do not remember that it was.

Mr. HOAR. The Senator asked me if it was proper for a nation, with a population increasing two or three millions per annum, to do the same thing which a nation would do whose population was not increasing, and I replied that if the circumstances were such that the proportion of the cheap metal and the demands of the nation increased more largely than the increase of population, such would be the case. The Senator put a hypothetical case to me, and I said "yes."

Mr. JONES of Nevada. The Senator fails to show that there is any such increase. I understood the Senator to say in his speech some days ago that he was a bimetallist, and that his vote in favor of the pending measure would not be a vote against silver. He knows that our population is increasing at the rate of nearly two millions every year, and yet he proposes to cut off such little supply of money as we have been getting through the operation of the Sherman law. Nobody pretends that there is a flood, or any danger of a flood, by reason of the four and a half millions of silver purchased per month.

Everybody who has examined the question knows that a Treasury note issued last month, or any month within the past year, was worth more than the first note issued under the Sherman law. Each month has seen each note more valuable. How, then, I should like to ask the Senator, does he excuse himself to his conscience for cutting off this money, increasing the burdens of debt, and increasing the number of people relegated to involuntary idleness by reason of falling prices? Why does he propose to cut off the present supply when it is proved not to be enough?

Mr. HOAR. Because we have got now a larger amount of currency *per capita* than that of any other nation on earth.

Mr. JONES of Nevada. That will not do.

Mr. HOAR. That is the Senator's opinion. We have a supply which is to increase for a number of years to come by the coining of the existing bullion in the Treasury, and by the increase of whatever comes in of the new product of gold. We shall also have, in my opinion, all the paper instrumentalities which are to be added for the next five or ten years, until there can be a reconstruction of our financial policy on a theory which will use both gold and silver, as I conceive they should be used, for the purpose of national coinage. I hold that we ought to have not only an abundance, but an increasing supply of currency for the people of this country.

Mr. JONES of Nevada. The Senator does not answer the proposition I have made.

Mr. HOAR. I think I have answered it.

Mr. JONES of Nevada. I alluded to the fact that the subcommittee of the Committee on Finance, of which, I think, the Senator from Rhode Island [Mr. ALDRICH] was chairman, made an examination of the range of prices, and found there had been a fall everywhere. Did the Senator ever hear of inflation simultaneously with a fall of prices?

Mr. HOAR. Not in labor.

Mr. JONES of Nevada. Labor is not like a bushel of wheat.

Mr. HOAR. Will the Senator pardon me? When he states a fact will he permit me to say, in all respect, he should state a fact?

Mr. JONES of Nevada. I spoke of commodities.

Mr. HOAR. The Senator said there had been a fall of prices everywhere. His argument about labor is another question. Let us finish the other first.

Mr. JONES of Nevada. There is a fall in the price of labor also, if you take into account the number relegated to compulsory idleness.

Mr. HOAR. That is not what the committee finds.

Mr. JONES of Nevada. I do not care what they find. I am stating the fact that millions are out of employment.

Mr. HOAR. Does the Senator think it is quite the way to conduct this debate, which he is conducting so much to our instruction, for him to affirm that the committee said something as a fact, and when I pointed out that they did not include labor, he says he does not care whether they did or not? Then he says that they found labor was relegated to enforced idleness; and when I say in reply, "Yes, they include labor," the Senator says, "I do not care whether they include labor or not."

Mr. JONES of Nevada. That committee had two objects in view. The Senator from Rhode Island took the position that the fall of prices was due to the operation of the tariff. The then Senator from Kentucky, Mr. Carlisle, wished to show that the fall was not due to that cause, and the Senator from Tennessee [Mr. HARRIS] agreed with him. I will say to the Senator from Massachusetts that in gold-standard countries all over the world the price of labor is falling, as is evidenced by the unprecedented strikes now on in Great Britain and elsewhere. But when we say that a shrinkage in the volume of money causes a fall in prices, we do not mean to say that the fall takes place coincidently with the shrinkage in that volume, or that when it does take place, it is necessarily of the same percentage as that of the fall of prices, because, as I have already remarked, every power of society is exerted to keep prices from falling.

Every man who has anything to sell does everything in his power to hold prices up. This determination to keep prices steady at a time when the volume of money is not keeping pace with demand finally results in a collapse. That is the real genesis of the recent panic, as I shall show later. The range of prices which prevailed was becoming daily more and more incompatible with a quantity of money that was diminishing relatively to demand. The increase of population and business was greater than the increase of money.

Mr. HOAR. We were trying to get at what the committee said, and I think the Senator stated it erroneously.

Mr. JONES of Nevada. The committee said there had been a general fall in prices. But they could not separate the prices of labor. Labor that is idle is getting no "price" whatever. The attempt to maintain the gold standard in this growing country reminds me of the story of a man who went into a clothing store to buy a coat. In response to his demand the proprietor of the establishment promptly took down a coat. The man managed by great effort to get his arms into it, and by the aid of the clothier and two or three of his clerks the coat was finally buttoned. To the eye of the looker-on it then appeared as if it had grown on him. Said the clothier: "That is the nicest coat that any man ever put on." The customer replied: "It is a nice enough coat; there is only one difficulty with it; I can't move in it, or take a full breath; my blood won't even circulate." To this the ever-ready clothier replied: "Mine frient, when a man has a chance to get such a coat as that, he ought to be willing to train down to it." [Laughter.] So it is with our gold-standard friends. They are determined that the country shall "train down" to the gold standard. They will find our people hardly ready to "train down" quite so much. The people of this country prefer to have clothes

785

large enough to admit of natural and unrestrained breathing and locomotion.

I will now resume the thread of my argument at the point at which I was interrupted. I was discussing the importance of stability of value in the monetary-unit.

EXCEEDING IMPORTANCE OF STABILITY OF VALUE IN THE MONETARY UNIT.

It being impossible, then, to provide a substitute for money, and the demand for it being always at a maximum, it is the only thing the demand for which can be measured and ascertained in advance. It is the only thing the very nature of which gives absolute assurance that it can not be dispensed with, or that the demand for it will in the slightest degree fall away. That demand is always in a direct ratio to the demands of all the people for all the things that satisfy human wants. Those wants do not decrease with time; they are certain to increase with population.

The struggle for money being always at a maximum, the value of the unit can not be increased except by decreasing the number of units while the population remains stationary, or increasing the numbers of the population while the number of the units of money remain stationary.

Money is as indispensable to men in society as the air they breathe is to their individual existence, and as necessary to their industrial advancement as liberty is to their political development. If the air which is necessary to our physical being should at times be found sufficient and at times insufficient for the sustenance of life, would it not be deemed a defect in the order and arrangement of the universe and of the adaptation of means to ends?—or at least would not men exhaust the resources of chemistry and natural philosophy to devise means by which a sufficient quantity of it might be evolved from other gases or other forms of matter to sustain the lives of all who might be born?

PROGRESS IN ALL DEPARTMENTS OF HUMAN THOUGHT EXCEPT THAT OF MONEY.

By slow and painful toil man has emerged from barbarism, advancing step by step in the different departments of science and art. In astronomy, in chemistry, in every walk of science, the human mind has been on the alert, the theories of ages have been overthrown and entire revolutions effected. Note the progress in the arts. Take the art of locomotion. First, the wearisome journey on foot, pack on back; next, the subjugation of the brute creation in order to lessen the drudgery of man; next, the invention of the wheel for land carriage, an invention of prime importance; next, the utilization of one of the forces of nature—water—in its natural bed, to sustain the load, while with paddle or oar men propelled raft or boat; next, still availing of the use of this agent in its natural place to float the burden, calling in the assistance of another force, the wind, to propel it.

Later, and only after long ages, men learnt the secret of taking the water from its place and transporting it with the burden, invoking the assistance of another natural force, heat, to subdivide that water into minute particles which by expansion provided an irresistible power, by means of which ships may "sail" against the wind and by which trains have reduced the toilsome and exhausting land journey of months to the pleasant and exhilarating trip of as many days. And now comes the electric force, the unit of which constitutes a subdivision of matter infinitely more attenuated than the most minute atom of water. All this progression of discoveries and achievements in but one single department of human effort! And who can say that the end is yet! In every department of science and art, of literature and philosophy, we see eager and intensely active minds ever on the alert for the discovery of new truths which may enable mankind with infinite and unappeasable curiosity to peer one step farther into the great unknown.

But with reference to money, the thought of mankind appears to be still in the paleozoic age. Notwithstanding the enlightened civilization of our time, men sufficiently scientific and clever to calculate the distance from the earth to the sun—to compute the periodicity of comets, and, by the aid of the spectrum, to analyze and subdivide the solar ray, are found to be as children in the domain of monetary science. Even the economists themselves—dimly seeing the "kindly light," and fearing to follow, are content to argue in a circle and grope in a darkness compared with which midnight may be called noon. Students of books rather than of men—of theories rather than of life—struck with awe at the power of wealth and the glamour of privilege—they either pause at the very threshold of discovery and retrace their steps, or, seeing the truth, prefer to appear ignorant lest they give offense to the mighty.

Many of the most able economists, aware of the serious injustice effected by changes in the value of money, especially changes by which the value of the unit becomes greater—acknowledging its existence to be an evil of enormous proportions, are content to stammer falteringly forth the truth as it is, and permit the evil to continue without protest and without effort at a remedy.

As for that class of so-called statesmen and writers, who regard the value of gold as fixed and immutable, their ignorance or conceit, or both, entitle them either to commiseration, or to contempt; and were it not for the injury which results to society from the persistence with which the assertion of this error continues it would not be worth noticing. But we find men in exalted places who take up this subject of an afternoon in an easy chair, giving forth solemn and ponderous opinions upon the gold standard in order that we may have "the money of the world," as if justice were not more to be desired than gold, and as if the United States did not form an important part of "the world"—for us here by far the most important part.

STABILITY OF THE MONETARY UNIT AS IMPORTANT AS THAT OF THE MATHEMATICAL UNIT.

Stability of power in this important factor in human affairs is of precisely the same importance that stability of power is in the factors of our numerical notation. In that system all depends upon the immutability of the power of the single unit—the figure 1—the same yesterday, to-day, and forever. What would be thought of a system of computation in which that figure, which now stands for our conception of a unit, and which forms the basis of all calculations, should, a year hence, stand for the conception which we now entertain of a unit and a half, and should keep progressively adding to its mathematical power, so that two years hence it would represent what we now conceive to be the power of one and three-quarters, or two, or any other sum that may be imagined, without rule or precept, without guiding or governing principle—the creature of accident and contingency? Such a system would result in the destruction of all mathematical accuracy in transactions extending beyond the present moment, and would require, every few years, a reconstruction of all equations and calculations.

If it be important to maintain unchanging the power of the *mathematical* unit, which is the basis of all measurement and account, it is no less important to maintain as undeviating and invariable as human wisdom can devise the enormously important power of the unit of money—that instrumentality by which the mutations in value, of all other things, may be correctly ascertained and determined. It will be at once conceded as to mathematics that were a system of accidental or fortuitously shifting notation to exist side by side with what in other respects might be a high civilization, it would be wholly unworthy of the genius and achievement of the human mind. Yet, the monetary system of the world, and especially the gold standard, is a close parallel to this. The value of money is permitted to become greater or to become less—to increase or to diminish—from year to year, not, as alone should be the case, according to changes in the relations of supply and demand affecting the articles which it is the function of money to exchange and to measure, but most momentous changes occur in the value of money, from considerations arising from irregularity in the supply of money itself.

The only changes in the value of money that can occur from causes affecting itself must be from causes affecting *supply* alone. There is never any cessation in the *demand* for money. While human wants remain insatiable that demand must always be at a maximum.

THE VALUE OF MONEY DETERMINABLE BY SCIENTIFIC REGULATION OF ITS QUANTITY.

Money exercises control over all human needs. Those needs are not accidental or sporadic; they are regular, continuous, unceasing, and exigent. They are not less to-day than they were yesterday. They do not depend on contingencies. Their urgency is not momentary or transitory. The need for food is as regular and inevitable as the flow of time; the need for clothing as periodical and imperative as the recurrence of the seasons. Inasmuch as, with division of labor, it is only through money that these needs can be satisfied—that supplies of food and clothing must be obtained—as well as all other material things that pertain to the comfort and happiness of man, upon what principle of reason, I ask, should the supply of money be permitted to vary according to accident?

This being the teaching of all the great authorities on political economy, how do Senators explain the paradox which they set up, namely, that although gold might be suddenly withdrawn from the country, all the other money of the country, which did not go, would buy less than before—in other words, a reduction in the volume of money—the making of dollars scarce—would make each dollar less valuable instead of, as political economy teaches, making each more valuable. Their theory is that the silver dollar would fall to its bullion value; that there would be a great rise in the prices of commodities, for that is the meaning of a fall in the value of money.

We know that among 70,000,000 people every guild and occupation is in daily and incessant competition with every other guild and occupation for units of money—that every man is in unceasing competition with every other man—all for units of money. Hence, prices can neither rise nor fall all along the line, unless some change takes place in the demand for money. How, then (population and demand continuing the same), is it possible for any one man, or set of men, to change the value of money? It is absurd to suppose that the value of money among 70,000,000 active and alert people is determined by Mr. Ickelheimer, or Mr. Ochelhausen, or Mr. Anybody-else. If the demand for money remains the same, and the supply be decreased by the withdrawal of the gold, no Senator can explain how it is possible for the silver dollar, or any other legal-tender dollar, to fall even in the most infinitesimal fraction of a cent.

The life of money is the legal-tender function. That function is the all-sufficient guaranty of the money value. As I have said, if I take a piece of silver bullion not having the potentiality of money and search all Washington, I might not find one man in ten thousand who would make a demand for it.

While in that form, the demand for it is a demand for but one thing—silver bullion. But put the stamp of the Government on it and endow it with the function of legal tender,—which, so far as money is concerned, is the *function of life*,—and the same piece of silver becomes a demand for all things, and is capable of supplying all things, so far as its value may extend. It is an order on society for everything on sale and for all services that are for hire.

Should I fare any better with gold? If a man took a nugget of gold, supposing that metal also to be deprived of the potentiality of money, and with it a certificate from the assay office of the Government, or from the Director of the Mint, or from the Secretary of the Treasury, to the effect that this piece of gold is exactly equal in weight and fineness to a five-dollar gold piece, he would find not one person in ten thousand demanding it, and such demand as should be discovered would be a demand for but one thing—gold bullion—a trifling thing in the economy of civilized life. But impress it with the stamp of the Government, making it also subject to the law of legal tender, and instantly it becomes transmuted into an order for all saleable goods or services.

If before coinage the piece of gold were round and flat, and weighed exactly 25.8 grains of standard metal, would that be a dollar? All agree that it would not. Yet it is precisely the same in every respect with the dollar turned out from the mint, except that it has not the stamp of the Government. The instant that stamp has pressed upon it the "image and superscription" provided by law, it is then a dollar. The word "dollar," therefore, is a denomination; it is simply a name for the money unit of the United States, whether the proof of the fact be stamped on metal or on paper. The value that it has is derived from the law of legal tender, when it becomes an order for all things on sale in the country issuing it. Its value, after becoming such ticket of command, is determined by the competition of all men to get it. This competition becomes more keen as the number of dollars *decrease* in relation to population; it becomes less keen as the number of dollars *increase* in proportion to population. The thing that decides, therefore, how much the dollar shall be worth is not any so-called intrinsic value in the dollar, but the competition of all the people to get dollars, that is to say, *demand* operating against *supply*.

Now, with reference to all other things than money it is never possible to foretell the demand, nor to foretell the supply. The adaptability of many things to be called into requisition as substitutes for any one thing, and the consequent variability of demand, renders it impossible to estimate in advance the demand that will be made on any commodity. Inasmuch, also, as the supply of all commodities usually comes from a great variety of sources, and is subject to the widest variations and mutations, it is not within the bounds of possibility for human judgment to estimate the probable or approximate supply.

With reference to money, however, were its principles fully understood, and the factors of supply and demand entering into its value properly appreciated, it would be a most simple process for society, that is for each country or government, to regulate its value so that industry would be conducted on a basis of approximate steadiness; and so that any alterations in value would be, as they should be, due wholly to causes affecting the relations of supply and demand bearing on the *articles or commodities* whose value it was desired to measure; and not at all from considerations affecting the value of money independently and of itself.

But, it is said, law can not make value. Do the advocates of the gold standard deny that *demand* makes value? Undoubtedly, law can not make value, because value resides in the human mind. But when the law creates a demand for something and keeps that demand constant, and unceasing, and unwavering, then, the quantity of the article being limited, does anybody doubt that the law which creates this demand gives to the material a value which, without the demand, would not attach to it?

People want gold and silver for some purposes in the arts, say for adornment. But they also want gold and silver for the greatest concerns of life—for the mutual exchanges of property and to liquidate obligations, that if not liquidated will involve bankruptcy. Hence there is a universal struggle to get units of money, to get the things that are made the ultimates of payment.

Their value is automatically fixed by this universal struggle to get them. Consequently their value will be determined by the quantity of them that is out, as compared with the demand for them. If this be denied, where would be the danger or the injury of inflation?

It is rendered possible to regulate the value of money for the following reasons:

1. The demand for money is not a variable quantity, but is always as great as it is possible to be, depending on all the wants of all the people, which are always at a maximum.

2. The supply is the creation solely of the Government, as nothing is money until the stamp of the Government is placed on it, under authority of the great law of legal tender.

Legal-tender money can never decrease in value so long as there is no increase in its quantity in proportion to population; and it can never increase in value so long as it does not decrease in quantity in proportion to population. Inasmuch as it is population that makes a demand for money, and without population there would be no such demand, the least increase that should be made to the volume of money would be an increase *pari passu* with the increase of population.

These considerations render it entirely practicable for society, that is to say, for civilized governments, with a fair degree of approximation, to regulate and prescribe the value of the money unit.

No greater boon since the invention of the art of writing could be vouchsafed to man than the securing of a perfectly steady and unchanging value in the unit of money. It is an object well worthy the most enlightened thought of an advanced age, for, when secured, there will be introduced a new order of the ages, a new impetus to human aspiration and effort. As nearly as may be it will be the realization in the concrete of man's ideal of abstract and eternal justice.

The annual gold yield, whether coined or uncoined, being practically all absorbed in the arts and manufactures, where is our money now to come from? No greater injustice was ever perpetrated upon a people than the cutting off of the only source of increase of the money supply, so that, without compelling a fall in the prices of all property and commodities, they can not meet the increase of 2,000,000 of population each year. The Sherman law has supplied about $800,000 a week of new money to meet the increase of 40,000 persons added weekly to our population, or only $20 for each person added, which is about $5 less than the Treasury reports show to be our average *per capita* of money.

EFFECTS OF INCREASING AND OF DECREASING MONEY SUPPLY.

Sir Archibald Alison in his history of Europe portrays in eloquent words the effects of an increasing and a decreasing volume of money upon the progress of society. He says:

> The two greatest events that have occurred in the history of mankind have been directly brought about by a contraction and on the other hand an expansion of the circulating medium of society. The fall of the Roman Empire, so long ascribed in ignorance to slavery, egotism, and moral corruption, was in reality brought about by a decline in the silver and gold mines of Spain and Greece. And, as if Providence had intended to reveal in the clearest manner the influence of this mighty agent on human affairs, the resurrection of mankind from the ruin which those causes had produced was owing to a directly opposite set of agencies being put in operation. Columbus led the way in the career of renovation; when he spread his sails across the Atlantic, he bore mankind and its fortunes in his bark. The annual supply of the precious metals for the use of the globe was tripled; before a century had expired the prices of every species of produce were quadrupled. The weight of debt and taxes insensibly wore off under the influence of that prodigious increase.
>
> In the renovation of the industry the relations of society were changed, the weight of feudalism cast off, the rights of man established. Among the many concurring causes which conspired to bring about this mighty consummation, the most important, though hitherto the least observed, was the discovery of Mexico and Peru. If the circulating medium of the globe had remained stationary, or declining, as it was from 1815 to 1849, from the effects of the South American revolution and from English legislation, the necessary result must have been that it would have become altogether inadequate to the wants of man, and not only would industry have been everywhere cramped but the price of produce would have universally and constantly fallen. Money would have every day become more valuable; all other articles measured in money less so; debt and taxes would have been constantly increasing in weight and oppression. The fate which crushed Rome in ancient, and has all but crushed Great Britain in modern times, would have been that of the whole family of mankind. All these evils have been entirely obviated, and the opposite set of blessings introduced by the opening of the great treasures of nature in California and Australia.

The closing remark of this acute observer and eminent historian correctly states that the blessings to which he referred had been "introduced," but unfortunately they had hardly time to be more than introduced before they vanished. The supply of gold began to decline. Had not the cupidity of the creditor classes been aroused, the blessings which the increased supply of gold brought to the world would have been continued to humanity through the gradual and beneficent increase in the supply of silver which followed the decline of gold.

Every dollar of gold—the "cheap" money of the period, became equal to a silver dollar, then the "dear" dollar. When in its turn gold declined in quantity and silver became more plentiful, every dollar of silver would have had precisely the same effect as a dollar of gold. It would have continued in operation the manifold factors of prosperity set in motion by the gold discoveries. Wherever silver has been used as full legal tender money it has proved a blessing, as has been abundantly seen in India, whose prosperity has never known such rapid advance as since silver was demonetized in Europe.

MONEY OPERATES UPON INDUSTRY THROUGH THE MEDIUM OF PRICES.

In the report of the Monetary Commission of 1876, of which I had the honor to be chairman, I discussed the effects of a scarcity as contradistinguished from a sufficiency of money, and with the permission of the Senate I will make a few quotations from that report. The statements fit the situation to-day with the same exactness that they fitted it then:

"Whenever gold and silver prices have become adjusted to a given stock of those metals, an increase of that stock, other things remaining unchanged, will cause a rise and a decrease will cause a fall in prices. But under such conditions other things never do remain unchanged. There are powerful causes, moral and material, which invariably operate, when money is increasing in volume, to moderate the rise in prices and to intensify their fall when it is decreasing. Hence the fall in prices caused by a decreasing volume of money would be much greater in degree than would the rise caused by a proportionately increasing volume.

"Whenever it becomes apparent that prices are rising and money falling in value in consequence of an increase of its volume, the greatest activity takes place in exchanges and productive enterprises. Every one becomes anxious to share in the advantages of rising markets. The inducement to hoard money is taken away, and consequently the disposition to hoard it ceases. Its circulation becomes exceedingly active, and for the very plain reason that there could be no motive for holding or hoarding money when it is falling in value, while there would be the strongest possible motive for exchanging it for property, or for the labor which creates property, when prices are rising. Under these circumstances labor comes into great demand and at remunerative wages. This results in not only increased production, but increased consumption. The wants and expenditures of laborers increase with their earnings. Large enterprises, safe and unsafe, are at such times inaugurated by eager adventurers, and as frequently as otherwise upon insufficient capital.

"If, however, the volume of money should increase in undue proportion to the new demands for it so as to cause a continuous and persistent rise in prices, it would encourage gambling in prices instead of encouraging production, and would end in the destruction of that industry which it at first stimulated. Such would be the haste to convert money into property that the price of all forms of property would advance more rapidly than the wages of labor. The laborer, excited by the apparent increase in the value of everything, would soon become discontented with the slow accumulations of his increased wages. Using his surplus earnings as a basis of credit, which is readily extended upon small margins when prices are rising, he would leave the field of productive industry for the illusory but more inviting field of speculative venture.

"It may, however, be possible that when industry has been dwarfed, commerce paralyzed, and the spirit of enterprise crushed out by long-continued shrinkage in the volume of money and falling prices, the stimulus of rising prices would be a necessary temporary treatment."

That is what is needed now, a stimulus to prices—in other words, more money and not less. Does anyone suppose that money would remain hoarded one day in this country if it were known to the people who are hoarding it that more money were going to be put in circulation, and that, therefore, by a gentle rise of prices, business all over the country would experience the utmost activity? Would not the hoarded money leave its hiding places on account of the return to be realized from its use in productive enterprises—in enterprises that would call from idleness to labor every man who may be out of employment—and what greater boon could be conferred on a country than that all its people should be at work?

THE FALLING OFF IN THE QUANTITY OF MONEY A POTENT FACTOR IN PRODUCING THE COLLAPSE KNOWN AS THE DARK AGES.

"At the Christian era the metallic money of the Roman Empire amounted to $1,800,000,000. By the end of the fifteenth century it had shrunk to less than $200,000,000. During this period a most extraordinary and baleful change took place in the condition of the world. Population dwindled, and commerce, arts, wealth, and freedom disappeared. The people were reduced by poverty and misery to the most degraded conditions of serfdom and slavery. The disintegration of society was almost complete. The conditions of life were so hard that individual selfishness was the only thing consistent with the instinct of self-preservation. All public spirit, all generous emotions, all the noble aspirations of man shriveled and disappeared as the volume of money shrunk and as prices fell.

"History records no such disastrous transition as that from the Roman Empire to the Dark Ages. Various explanations have been given of this entire breaking down of the framework of society, but it was certainly coincident with a shrinkage in the volume of money, which was also without historical parallel. The crumbling of institutions kept even pace and step with the shrinkage in the stock of money and the falling of prices. All other attendant circumstances than these last have occurred in other historical periods unaccompanied and unfollowed by any such mighty disasters. It is a suggestive coincidence that the first glimmer of light only came with the invention of bills of exchange and paper substitutes through which the scanty stock of the precious metals was increased in efficiency.

"But not less than the energizing influence of Potosi and all the argosies of treasure from the New World were needed to arouse the Old World from its comatose sleep, to quicken the torpid limbs of industry, and to plume the leaden wings of commerce. It needed the heroic treatment of rising prices to enable society to reunite its shattered links, to shake off the shackles of feudalism, to relight and uplift the almost extinguished torch of civilization. That the disasters of the Dark Ages were caused by decreasing money and falling prices, and that the recovery therefrom and the comparative prosperity which followed the discovery of America were due to an increasing supply of the precious metals and rising prices, will not seem surprising or unreasonable when the noble functions of money are considered. Money is the great instrument of industry, the protoplasm of civilization, and as essential to its existence as oxygen is to animal life. Without money civilization could not have had a beginning; with a diminishing supply it must languish and unless relieved finally perish.

SOCIAL AND POLITICAL DISCONTENT DISPELLED BY CALIFORNIA DISCOVERIES.

"Symptoms of disasters similar to those which befell society during the Dark Ages were observable on every hand during the first half of this century. In 1809 the revolutionary troubles between Spain and her American colonies broke out. These troubles resulted in a great diminution in the production of the precious metals, which was quickly indicated by a fall in general prices. As already stated, it is estimated that the purchasing power of the precious metals increased between 1809 and 1848 fully 145 per cent, or, in other words, that the general range of prices was 60 per cent lower in 1848 than it was in 1809. During this period there was no general demonetization of either metal and no important fluctuation in the relative value of the metals, and the supply was sufficient to keep their stock good against losses by accident and abrasion. But it was insufficient to keep the stock up to the proper correspondence with the increasing demand of advancing populations.

"The world has rarely passed through a more gloomy period than this one. Again do we find falling prices and misery and destitution inseparable companions. The poverty and distress of the industrial masses were intense and universal, and, since the discovery of the mines in America, without a parallel. In England the sufferings of the people found expression in demands upon Parliament for relief, in bread riots, and in immense Chartist demonstrations. The military arm of the nation had to be strengthened to prevent the all-pervading discontent from ripening into open revolt. On the Continent the fires of revolution smoldered everywhere and blazed out at many points, threatening the overthrow of states and the subversion of social institutions.

"Whenever and wherever the mutterings of discontent were hushed by the fear of increased standing armies the foundations of society were honeycombed by powerful secret political associations. The cause at work to produce this state of things was so subtle, and its advance so silent, that the masses were entirely ignorant of its nature. They had come to regard money as an institution fixed and immovable in value, and when the price of property and the wages of labor fell they charged the fault not to the money, but to the property and the employer. They were taught that the mischief was the result of overproduction. Never having observed that overproduction was complained of only when the money stock was decreasing, their prejudices were aroused against labor-saving machinery. They were angered at capital, because it either declined altogether to embark in industrial enterprises or would only embark in them upon the condition of employing labor at the most scanty remuneration. They forgot that falling prices compelled capital to avoid such enterprises on any other condition and for the most part to avoid them entirely. They did not comprehend that money in shrinking volume was the prolific parent of enforced idleness and poverty, and that falling prices divorced money, capital, and labor, but they none the less felt the paralyzing pressure of the shrinking metallic shroud that was closing around industry.

"The increased yield of the Russian gold fields in 1846 gave some relief, and served as a parachute to the fall in prices which might otherwise have resulted in a great catastrophe. But the enormous metallic supplies of California and Australia were all needed to give substantial and adequate relief. Great as these supplies were their influence in raising prices was moderated and soon entirely arrested by the increasing populations and commerce which followed them. In the twenty-five years between 1850 and 1876 the money stock of the world was more than doubled, and yet at no time during this period was the general level of prices raised more than 18 per cent above the general level in 1848. A comparison of this effect of an increasing volume of money after 1848 with the effect of a decreasing volume between 1809 and 1848 strikingly illustrates how largely different in degree is the influence upon prices of an increasing or decreasing volume of money. The decrease of the yield of the mines since about 1865, while population and commerce have been advancing, has already produced unmistakable symptoms of the same general distrust, nonemployment of labor and political and social disquiet, which have characterized all former periods of shrinking money.

HAPPY EFFECTS OF STEADINESS OF COMMERCIAL PRICES.

"It is in a volume of money keeping even pace with advancing population and commerce, and in the resulting steadiness of prices, that the wholesome nutriment of a healthy vitality is to be found. The highest moral, intellectual, and material development of nations is promoted by the use of money unchanging in its value. That kind of money, instead of being the oppressor, is one of the great instrumentalities of commerce and industry. It is as profitless as idle machinery when it is idle; differing from all other useful agencies, it can not benefit its owner except when he parts with it. It is only under steady prices that the production of wealth can reach its permanent maximum, and that its equitable distribution is possible.

"Steadiness in prices insures labor to all and exacts labor from all. It gives security to credit and stability and prosperity to business. It encourages large enterprises, requiring time for their development, and crowns with success well matured and carefully executed plans. It discourages purely speculative ventures, and especially those based upon disaster. It encourages actual transactions, rather than gambling on future prices. It metes out justice to both debtor and creditor and secures credit to those who deserve it. It prevents capital from oppressing labor and labor from oppressing capital, and secures to each its just share of the fruits of industry and enterprise. It secures a reasonable interest for its use to the lenders of money, and a just share in the profits of production to the borrower. It keeps up the distinction between a mortgage and a deed. It insures a moderate competence to the many rather than colossal fortunes to the few at the expense of the many. If it be admitted that the volume of money should increase *pari passu* with either wealth, commerce, or population, the least measure of increase would be that based on population, as in commercial countries both wealth and exchanges are multiplied more rapidly than population. The narrower measure of increase would probably be the more accurate one, as the thing to be measured and which it is important should have an unvarying value is human effort, and as that can neither be increased nor diminished except through an increase or diminution of the population it would seem that the volume of money should only vary with population.

"As steadiness in prices, which depends on steadiness in the relation between money and all other things, is essential to prosperity, it follows that in any change in money systems, the volume of the new money—that is to say, the number of units of the new money issued—should if possible be neither greater nor less than the number of units in circulation at the time of the change. A strict observance of this rule, whatever be the material of money, will prevent any general rise or fall in prices.

"The quantity of metallic money, or of paper money constantly convertible into metallic money, which can be maintained in the circulation of any particular country can not be controlled arbitrarily. It can not be greater than such an amount as may be requisite to maintain the prices of such country at a substantial parity with the prices of all other countries using the same kind of money. Any change from this amount must be temporary, and will be soon automatically corrected by the course of exchange."

No country, Mr. President, can keep more than its distributive share of what may be called international money. You might issue bonds until doomsday, and even if you got with them hundreds of millions of gold for your Treasury, yet if you do not lock up that gold and keep it under guard it would not remain. The vacuum created in the money volume abroad would lead to a fall of prices abroad, while the increase of the money volume here by the inflow of the gold would create a rise here, and the moment you unlocked your Treasury it would flow out again. It would be as futile to keep gold under such circumstances as to attempt to pump water out of the harbor of Liverpool into the harbor of New York and expect to maintain two separate levels of the ocean by the operation. It would be utterly impossible. If you have the gold standard you must content yourself with the gold range of prices and must be prepared to see the condition of the working and producing masses of this country brought down to the level of the like masses of Great Britain and Germany.

"The volume of inconvertible paper money, on the contrary, is local to and subject to the control of the country issuing it, and should be regulated solely with reference to existing prices, and consequently should be neither increased nor diminished, except in correspondence with changes in population and commerce.

"The proposition often made that the quantity of money in this country should amount now to as much per capita as it did at some anterior period, or to as much per capita as in England or France, rests on no philosophical basis whatever. Irrespective of time contracts, it is of no consequence what the volume of money may be, provided it be subdivided into such number of units, or fractions of units, as would meet physical requirements, while the equity of such contracts can be met only by maintaining the relation between money and other things undisturbed."

RATES OF INTEREST ALWAYS LOW WHEN MONEY VOLUME IS SHRINKING.

"Equally fanciful and erroneous is the proposition that the rates of interest depend upon the volume of money. The rates for the use of loanable capital depend upon entirely different factors, such as the current rates of business profits, productiveness of the soil, the security of property, the stability of government, pressure of taxation, and the fiscal policies of governments, such as the maintenance of public debts, which necessarily increase the rate of interest. In truth increasing the amount of money tends indirectly to increase the rate of interest by stimulating business activity, while decreasing the amount of money reduces the rate of interest by checking enterprises and thereby curtailing the demand for loans. This is signally illustrated by the present condition of things in every part of the commercial world. The rate of interest should be, and under a correct money system would be, merely an expression of the rate of profit which could be made through the use of borrowed capital."

Under a proper monetary system investments in productive enterprises would be as profitable now as at any time heretofore. This country is not half built up, and money should find increased use, and at least undiminished profit, in enterprises that employ labor. Surely in a country like this, whose development has hardly more than begun, it must be considered extraordinary that interest on first-class securities is so low. In new countries interest is always higher than in old. Interest will on the average represent what men can make by the use of money, else there would be no reward for the enterprise or energy which induces men to borrow and invest in industrial enterprises. Indeed, it is probable that interest rates represent rather more than, on the average, can be realized from the use of money in business, as the hopes of those who have the activity of temperament and the disposition to invest in industrial enterprises are usually sufficient to lead them to expect too much.

The rates of interest are not fixed by individual borrowers or by individual lenders, but by the general consensus of experience among men as to the amount of profit which can be made by the use of money. This profit is limited and controlled by the prices of the commodities in whose manufacture the capitalist engages. When money is shrinking in quantity and its value—that is its purchasing power—increasing, the fall of prices—which under the gold standard knows no end—renders impossible the rate of profit on which men of enterprise had calculated when they entered into business.

The fact that rates of interest are constantly growing less is a sign that the borrower can not afford to pay higher rates. We know that the lender would take no low rate if he could get a higher; no one will for a moment suspect that the money-lender would lend his money at less than he can exact from the borrower. But he must be contented with what he can get. If he does not take that rate, his money will lie idle altogether. When men of enterprise find no profit in industrial undertakings—when they discover that the persistent fall of prices renders impossible a reasonable degree of profit, they either decline to borrow, in which case they reduce expenses by discharging a portion of their workmen, or if they borrow and utilize the money in their business, the lender must take such interest as they can afford to pay.

Whatever may be thought of the causes for a fall of prices, it must be conceded that if money is diminishing in quantity in comparison with the demand for it, the prices of commodities can not avoid falling. It is also impossible to escape the conclusion that a persistent and protracted fall of prices from whatever cause must result in making the rates of profit for the use of money in industrial enterprises less and less. And if profits recede nothing is more certain than that interest also must recede. Hence men who have means and do not wish to risk them in business on a constantly falling market, invest them in gilt-edged securities—securities that are sure to make no default in the payment of interest. This is a necessary concomitant of a gold standard, by reason of which—business tending more and more to lack of profit—men are relegated to idleness.

When I look around me among Senators here I wonder whether they can really mean that it is important to adopt for this country the gold standard in order that we may be able to get British money-lenders to lend us more money for investment in bonds and similar securities? Have the American people come so close as this to the end of their resources? If I thought so I should consider it a pitiful exhibition of the power of a republican form of government to secure prosperity for those who live under it.

If all our gold should go to foreign countries we should have a more equitable money in its place if we had silver money. What more beneficent thing could happen to us than that the $600,000,000 of gold in this country should go to replenish the money volume of those countries to which we sell our surplus products?

What folly could we commit by letting this gold go to countries in which wheat and cotton and meat products would bring 20, 30, or 40 per cent more than they now do? So far even as we may have gold contracts, it is, after all, through the sale of the products of labor that we must get gold with which to pay.

IS THERE DANGER OF A SILVER BASIS?

Mr. McPHERSON. Will the Senator yield to me a moment?

Mr. JONES of Nevada. Certainly.

Mr. McPHERSON. Suppose we opened our mints while the mints of the world are closed, and all the accumulated silver of the world and the current silver should flow to us, what would become of this country?

Mr. JONES of Nevada. In the first place, this is not a creditor country. But how are we to suppose that the silver should flood in here? There are at least seven or eight hundred millions of people in the world who use nothing but silver. They can not demonetize it. That is utterly out of the question.

According to the idea of the Senator from Rhode Island, as expressed on Saturday, the 280,000,000 of ignorant and superstitious people constituting the population of India would send here the little silver charms and idols which they use in their religious worship, and which they revere more than they do money. There is no logic in such a proposition. A trifle of bullion might come out from such a country, but it would be impossible for any considerable amount to come. So this "flood" of silver can not come.

Mr. McPHERSON. Why not?

Mr. JONES of Nevada. For the reason I have stated, and for the further reason that the East Indian would want something in exchange for his money. We have not anything he wants. I know of nothing in the world that he wants that we could supply.

Mr. McPHERSON. The British Government or the Indian Government wants gold in exchange for silver. They are building up the gold standard.

Mr. JONES of Nevada. They will *take* gold for silver, but will not *give* gold for silver. It is a one-sided operation in its way. The British Government agrees that it will not sell council bills for less than 1*s*. 4*d*.

Mr. McPHERSON. They fix the value.

Mr. JONES of Nevada. They fix the gold value.

Mr. McPHERSON. The Senator declared in his speech on Saturday, and he reiterates the statement to-day, that there are not more than twenty millions of silver anywhere in the stocks of the world that could afford to come to the United States and become a part of the circulation of the United States. I think it must be very evident to the Senator that the five hundred millions of gold reported to have been in this country a short time ago has all retired somewhere, either into the reserves of the banks or into the hoards of the people. If a larger value should be given to silver by allowing it to be brought to the mints and to be sold at $1.29 an ounce, instead of selling it, as is now done, at 75 cents an ounce——

Mr. JONES of Nevada. They do not sell it at all.

Mr. McPHERSON. Oh, yes, they do.

Mr. JONES of Nevada. They do not sell it at all. I dispute the Senator's proposition.

Mr. McPHERSON Very well. Let me go on with my statement. I will assume then that we are going on a silver basis.

Mr. JONES of Nevada. That is purely an assumption.

Mr. McPHERSON. In my opinion it is absolutely unavoidable. The gold will not be in circulation, and what is coming in to take the place of the departed gold? The Senator can not for one moment deny the fact that it would be for the interest of France and Germany and the states of the Latin Union, as far as they had silver on hand, to exchange it for the gold of the United States, or resort to some process by which gold could be obtained for silver.

Mr. JONES of Nevada. Does the Senator say they will do it?

Mr. McPHERSON. I do; and the Senator must admit the fact.

Mr. JONES of Nevada. I do not for a moment admit it as a fact.

Mr. McPHERSON. France is situated in the heart of Europe, surrounded on all sides by gold countries that use scarcely any silver except as subsidiary coin or whose mints are closed to the coinage of silver. At all events she could not, with the gold-using countries, use her hoard of $700,000,000 of silver to buy even ammunition for war or an ounce of food to feed her army or supply her people. Therefore if France could convert her silver into gold, to wit, the gold of the United States, by the exchange of silver in lieu of gold, does the Senator say that France would not avail herself of that advantage?

The Senator may possibly ask me how France could convert her silver into gold. I would not say that she could exchange it for American gold which has gone out of circulation, because the banks would not release their gold except at a high premium. The hoards in the hands of the people, who are not debtors usually, would not be released, but they would hold it for a higher premium. How then would she do it? By sending her silver here and exchanging it for commodities. As a matter of course the moment your $500,000,000 of gold ceases to circulate it leaves your $1,600,000,000 of circulation now in this country brought down to $1,100,000,000. What is the result? Silver must rush in to take its place, because you have opened your mint to supply it. What then takes place? Silver will rise. Commodities will necessarily fall. It enables France to exchange her silver through the medium of our commodities into gold, our commodities to be transferred to Europe and sold in Europe for gold. So what has she done? She has taken her $500,000,000 of silver and put it in our circulation in place of the $500,000,000 of gold that has gone into hers.

The PRESIDING OFFICER (Mr. CULLOM in the chair). The Chair must remind the Senator from New Jersey that the Senator from Nevada has the floor.

Mr. MCPHERSON. I know, but he has been so courteous as to yield to everybody, and I thought he would permit me to explain how gold will escape and silver come in.

Mr. JONES of Nevada. Certainly.

Mr. MCPHERSON. I want to hear the Senator on this question, and would like the Senator to bear with me a moment longer.

Mr. JONES of Nevada. With pleasure.

Mr. MCPHERSON. I have listened with great interest and with great profit to his learned address, but let me submit to the Senator that we are confronted here now with a measure of legislation. We are engaging in the practical thing, in applying in practice the theories he has advanced here. Now, let us apply them.

Mr. JONES of Nevada. The Senator is reversing them.

Mr. McPHERSON. Let me hear from the Senator, with our mints open and offering $1.29 an ounce, when all the world outside is not a bidder for silver and offering nothing how we can prevent that great flood of silver from coming in upon our circulation.

Then, to apply the Senator's other principle, which he used with great force and effect and in which I agree with him, he says that in proportion as you increase the volume of the circulation you to that extent affect the value of the unit of measure. The result of it would be this: Until we get in our circulation as much silver as we have driven out of the circulation in the character of gold money, there will be, as a matter of course, a contraction. When we reach the $1,600,000,000 again then we have got back to our normal condition. Now, how are you going to stop the flood beyond that? You are the only bidder, yours is the only mint open to silver; the world has $3,500,000,000 of silver that we have not yet received, and the mines in 1892 sent us $195,000,000 of silver (coinage value), for which there is no market except through our mints.

Mr. JONES of Nevada. I may be excused if I did not exactly understand how the process was to go on by which France was to send us her $700,000,000, as the Senator said. In the first place there is not half that available. There are not more than $250,000,000 in the Bank of France. The remainder is circulating among the people all over France; that is to say, largely among the peasantry, who know practically no money but silver money. There is 3 per cent difference between the French ratio and ours, which would be so much loss to the Frenchman, and to that must be added the brokers' commissions for gathering the silver pieces together from all the corners of France and sending them over here to buy something the people of France do not want. And if we conceive them to part with their silver to get gold, we know that the gold will not pass in France for a particle of value more than silver did before: and as the gold money consists of pieces of large value it would not serve the purpose of the people nearly so well as silver does now. Is it possible to suppose the French people would do such a thing, when a very large amount of money would be lost in the exchange?

Mr. McPHERSON. We have seen Germany do the same thing.

Mr. JONES of Nevada. Yes, at a time when she was to receive a thousand million dollars of gold as a result of the war. And even then Germany had to pass a law before making the change: and now the masses of the people of Germany, especially the agricultural classes, are intensely opposed to that law and are urging the restoration of the bimetallic standard.

France has never shown the slightest inclination to part with her silver; and in a conversation which I had with M. Tirard, who was minister of finance in France and a delegate to the conference at Brussels, he said France was perfectly contented with her system. Much better is the silver in France for the good of the people of France than if it were so much gold, even if they could exchange it to-morrow without any loss whatever. That silver money stays in France and performs the beneficent function which money is intended to perform. It is not constantly drawn out and drawn in, to the great disarrangement and detriment of the people's business, as would be the case were it internationally acceptable as money.

I assert that the prosperity of business in a country depends upon the stability of the quantity of money in that country with which to do the internal business of the country. France has a money that can not be drawn out. It is there and remains there to perform the great functions that money was intended to perform. It is a wholly chimerical idea that the peasants of France are going to discard silver and take gold which can not be subdivided to meet their daily wants, and to which, whether it could be subdivided or not, they have never been accustomed, and in dealing with money, the habits and customs of a people—their immemorial usages—are of the utmost importance.

Mr. McPHERSON. The Senator does not understand me as saying that France will ever drive out of her circulation that portion of silver that is needed for small transactions to pay the butcher and the baker, no more than our country would drive out silver coinage altogether.

Mr. JONES of Nevada. Why should she send out any more of it than we send out of what we coin?

Mr. MCPHERSON. Simply for this reason: France can convert $300,000,000 or $400,000,000 of silver into gold; and the position the other nations of Europe occupy maintaining a gold standard could send all their surplus silver.

Mr. JONES of Nevada. She occupies an infinitely stronger position than any of the other nations of Europe.

Mr. MCPHERSON. France to-day gives a forced circulation to her silver. The charter of the Bank of France requires that the bank shall receive from the people the silver franc on deposit, and it requires also that the bank shall pay it out again to parties who deposit it; that is, the public.

Mr. JONES of Nevada. The Senator talks about a "forced" circulation. Why, Mr. President, all circulation is by force. Whatever is legal tender is forced circulation anywhere. We have been told a great deal about the "enforced" coinage of silver. If people would give attention to the meanings of words, they would understand that all legal-tender money, of whatever material it is composed, is given "enforced" circulation. The circulation of gold is as much "enforced" as that of silver.

Mr. MCPHERSON. I have heard the Senator state upon this floor that France charges a premium upon gold. Now, I wish to know if that would not be a forced circulation of silver, if a premium were charged upon gold?

Mr. JONES of Nevada. Not at all, except in the sense that it would force the man who wants to speculate on the treasure of France to pay the market price for it, instead of allowing speculators, as our Government wrongfully does, to come in and take gold out of the Treasury in order that they may be enabled to make a pitiful commission of a quarter of 1 per cent or a half of 1 per cent upon it by selling it to Austria.

Mr. MCPHERSON. It is not what they have, but what the effect of it would be. Is it not a fact that if you charge a premium on gold you do force silver into circulation, because silver takes the place of gold?

Mr. JONES of Nevada. I agree to that.

Mr. McPHERSON. Then there is the admission of a fact.

The PRESIDING OFFICER. The Chair must remind Senators that before they interrupt the Senator entitled to the floor they must address the Chair so that the Chair may ascertain whether the Senator on the floor yields.

Mr. STEWART. I should like to ask the Senator from New Jersey a question.

Mr. McPHERSON. I am speaking in the time of the Senator's colleague, who has kindly yielded to me, because I want to bring out something on this particular point.

Mr. STEWART. I want to bring it out. Will the Senator allow me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Nevada [Mr. JONES] yield to his colleague?

Mr. JONES of Nevada. Certainly.

Mr. STEWART. Is the Senator from New Jersey aware of the fact that in 1885 the Latin Union passed a resolution dissolving the union at the end of five years, provided any member of the union would give a year's notice; and upon the giving of such notice and such dissolution it was resolved that each of the nations belonging to that union should redeem the silver coins that the other had in gold at the rate of 15½ to 1, $1.33 an ounce? Is the Senator aware of the fact that France holds of the other nations about $200,000,000 of their silver coin, which by giving the notice she could make them take at the rate of $1.33 an ounce, and that France has refused to give that notice? Is the Senator aware that there has been a struggle all the time on the part of the gold monometallists to make France give the notice, urging as a reason that those countries had joined her enemies and she ought to do it as a matter of revenge, and that the French Government has refused to do it on the ground that it would not give up its silver coinage and disturb its present financial condition? Is the Senator aware that a transaction of that kind has been going on?

Mr. McPHERSON. If the Senator wants to ask me a question——

Mr. STEWART. If the Senator agrees with the fact I have stated, let me ask him why, when France will not sell that silver coin at $1.33 in gold, she would send it here and sell it at $1.29?

Mr. McPHERSON. In the first place, the question the Senator asks me is the worst blow that could have been struck upon the argument which has been made all the time by his colleague. In the next place, it does not matter a particle to me or to the question which the Senator from Nevada is discussing whether three or four nations shall get together and decide as to a certain monetary policy between themselves, because it is one that is terminable at the end of the period of time for which it was made. It can not have any lasting effect, and as a universal principle affecting money, it is of no consequence whatever. So I do not think I need to spend any more time in answering it.

Mr. JONES of Nevada. As I understand the Senator from New Jersey, first the gold would all go out.

Mr. McPHERSON. It has gone.

Mr. JONES of Nevada. I understand the Treasury reports to state that there are $500,000,000 or $600,000,000 in this country.

Mr. McPHERSON. It is out of circulation.

Mr. JONES of Nevada. It has not been in circulation. I do not think anybody has seen any for years. I have not. It is no more out of circulation now than it has been all the time.

Mr. McPHERSON. The panic dropped it out.

Mr. JONES of Nevada. I did not see it before the panic, nor did anybody else. No man in the country has seen any gold in circulation in this country for many years, except a little on the Pacific coast. It has always been in hiding. It is no more out of circulation now than it has always been. Yet by reason of going out of circulation the Senator tells us there would be a great contraction! He tells us that in this country there would be a premium on gold, and the silver money of this country would buy 15 or 20 per cent more than the money upon which there was a premium.

Mr. McPHERSON. Not at all.

Mr. JONES of Nevada. I want to state it again, to see whether I state it aright. He says the gold money would go out and leave only $1,000,000,000 or $1,100,000,000 in this country, and that the purchasing power of that $1,000,000,000 or $1,100,-000,000 must increase largely; in other words, prices must fall.

Mr. McPHERSON. Truly.

Mr. JONES of Nevada. They must fall very greatly, and at the same time there would be a premium on gold, which would buy much less of commodities than the dollar of this silver money! That is such a contradictory statement, never confirmed in the history of the world, that I am willing the Senator shall have the full benefit of it.

Mr. McPHERSON. Now, let me say to the Senator, as I have described to him the operation by which it would be done, I understand that, except by the purchase of gold at a premium by French or German silver, it could only be obtained through an exchange of their silver for our commodities. Our gold to the extent of $500,000,000 goes out of circulation the moment we pass a bill providing for the free and unlimited coinage of silver. If the French and Germans are disposed to get rid of their silver, as they are, they may bring it here. That being silver money, as a matter of course it would rise in value and commodities would fall. The German silver and the French silver would be invested in commodities at low prices, which would be sold in European States at gold prices.

Why would not 100,000,000 bushels of wheat or a million bales of cotton sell for just as high price in French hands as it would sell in American hands? Therefore, they have converted their three or four or five hundred million dollars of silver into commodities at their gold value and exchanged them for gold in gold-using countries. We have lost our gold; they have gained it We have got their silver, and we are upon a silver basis, and we can not get off of it.

Mr. JONES of Nevada. The Senator from New Jersey talks as though a dozen different ranges of prices could prevail simultaneously in a dozen different countries. There can be but one international range of prices. There can not be for the same article one price in France, another price in England, and a third price in this country. Prices of international commodities always find a common level.

Mr. McPHERSON. Will the Senator yield a moment further?

Mr. JONES of Nevada. Certainly.

Mr. McPHERSON. I go on this proposition broadly, that if France to-day could sell her silver at 90 per cent of its value in bulk, bodily exchange it for gold, she would be glad to do it. If there is a slight deviation or a slight loss, I do not think France would care about it.

Mr. JONES of Nevada. Does the Senator speak by any authority from France?

Mr. McPHERSON. I do not, but I speak from the general condition of things, and assume that the French people are wise in financial matters.

Mr. JONES of Nevada. The French minister of finance told the Brussels conference, and he told me personally, that France was entirely contented with her position, wanted no change, was all right, and was seeking nothing of the kind.

Now, I should like to ask the Senator from New Jersey another question, as he is so fearful that the people of France and other countries will come over here with their silver. Is he in favor, and will he be in favor, of the coinage of the American product, keeping out the foreign product?

Mr. McPHERSON. I know of no line of demarcation except this one——

Mr. JONES of Nevada. I ask the Senator whether he is really opposed to the foreign product coming in?

Mr. McPHERSON. The opening of our mints to-day drives us within the next six months to a silver basis, from which you can not escape. The coinage of the American supply will drive us there a little more slowly, but no less surely.

Mr. JONES of Nevada. That is, the Senator thinks that 50,000,000 ounces a year of addition to our currency to meet an annual increase of population of 2,000,000 will drive us to a silver basis.

Mr. McPHERSON. Let me ask the Senator a question. Will he yield to me?

Mr. JONES of Nevada. Certainly.

Mr. McPHERSON. There was produced in the year 1892 $195,000,000, our coinage value, of silver in the world. There is not a market for it on the earth, and if offered to-day in a block it would not bring 40 cents an ounce in any market in the universe. Now, what do you propose to do? You propose to add to the value of that store, which you transfer direct from your mine to the mints, an additional 54 cents per ounce upon every single ounce of it. Your silver to-day is bringing 75 cents an ounce in the market. Your silver at its mint price would bring $1.29 an ounce, or a difference of 54 cents per ounce, which is infinitely more than the cost of producing the ounce of silver. Here you have stimulated production. The mines of to-day produce $195,000,000 per year, which would be stimulated to such an extent that they would produce perhaps twice that amount of silver.

Mr. JONES of Nevada. The Senator is talking about $195,000,000 of silver. I am talking about the production of this country.

Mr. McPHERSON. I am speaking of the production of the world.

Mr. JONES of Nevada. I am speaking of the production of this country, and I ask the Senator whether he supposes the French people are so lacking in financial acumen that they are going to send us their silver at a great expense and lose a large amount by it? Every man in public life in France is against it. But the Senator from New Jersey seems to know exactly what they are going to do.

Mr. McPHERSON. I care nothing for the argument that it is against their interest. It is surely for their interest to sell it to us to-day for high prices and buy it back later at low prices.

Mr. JONES of Nevada. I ask the Senator if he is willing to take the American product to meet the demands for money of an increasing population? Then he wanders. I can not understand exactly the point he is trying to make.

Mr. McPHERSON. Now, apply, if you please, the very principle that I have been adapting here to the $65,000,000 of American product. I care not whether you apply it to the world's product or the American product, if you intend by any legislation which you propose here to limit the amount of silver that can possibly come to our mints to the American product, that makes the process a little slower but no less sure.

Mr. JONES of Nevada. What process?

Mr. McPHERSON. The process of transferring us from a gold standard, where we now stand, to a silver standard.

Mr. JONES of Nevada. We have not any gold standard. We have a standard of numbers, so many dollars, and we want to keep up that number of dollars and keep it proportioned to the increase of population. If gold will not do it, and we have not enough to keep pace with the population, I am right in accord with the Senator's theory. He is afraid of his own theory. He does not live up to it.

Mr. McPHERSON. There is this difference between the Senator and myself. I say that I am unalterably opposed to giving up the standard of gold which we now have. The Senator says that he would be perfectly willing to take a standard of silver, silver being the more stable.

Mr. JONES of Nevada. The Senator from New Jersey prefers a standard of gold to a standard of justice. I prefer a standard of justice, a standard in which the dollar shall remain a true measure of the sacrifice involved in the transactions whose equities it is used to register, a just and faithful measure of the obligations of time contracts and deferred payments in an age in which such contracts and payments are essential to the uninterrupted employment of labor. I understand that, according to the view of the Senator, if prices should fall, wheat to 10 cents a bushel and cotton to 3 cents a pound, on account of the decreasing supply of gold in the world, he would still be for the gold standard; he would still be for the creditor classes; he would still be for making this country an annex of Great Britain; he would still be in favor of having the producing classes, the plain people of this country, reduced by the fall in the prices of the products of their labor to a condition in which they must live on the bare necessaries of life, and when once there that they must remain there.

Mr. McPHERSON. If the Senator will yield to me for a single moment I will show him how unjust any such statement is.

Mr. JONES of Nevada. I do not think the Senator can.

Mr. McPHERSON. I will tell you what we have to-day. We have $500,000,000 of gold in the country and we have over $700,000,000 of silver circulation.

Mr. JONES of Nevada. We have not any gold in circulation in the country. I deny that at once.

Mr. McPHERSON. I am willing to put just as many dollars of silver in circulation in this country as we have gold and maintain the two on a parity. How then does the Senator say that I am unwilling to use silver in circulation?

Mr. JONES of Nevada. Suppose that is not enongh to keep a parity with justice?

Mr. McPHERSON. Then I would increase the gold and increase the silver. There is no country in the world that can produce gold as fast as we can or absorb it faster.

Mr. JONES of Nevada. To talk about being able to procure gold when it does not exist is idle. It is impossible to procure gold. No country can have more than its distributive share, and no country can maintain gold except at the gold range of prices, at the range of prices prevailing in the countries which use gold. Gold can not be maintained in this country, the tariff wall considered, above the range of prices obtaining in all other countries that use gold.

The Senator says he is willing to have a dollar in silver for a dollar in gold. That does not answer the question. Suppose that is not enough. Suppose that in proportion to the demand for gold the supply is constantly decreasing, and suppose that a dollar in silver and a dollar in gold, taken together, do not make enough to maintain the range of prices undisturbed—that they do not make enough no prevent the enslavement of the debtor classes to the creditor classes—is there to be no escape? What is the meaning of a fall of general prices? It means the looting of the debtor. It means a constant unearned increment in the pockets of the creditor.

All evidence goes to prove, and the British Royal Commission practically admitted, that gold has advanced 50 per cent in value in the last twenty years. That means that to the $30,000,000,000 of debts estimated to be due by the people of this country in their individual capacity, there is an average additional burden imposed of $2\frac{1}{2}$ per cent per annum. It means that a like percentage is added to the burden of the $30,000,000,000 of the national bonded debts of the world, or on account of those debts alone, an unjust and unearned capitalized increment of $15,000,000,000 in twenty years on which interest is payable to the creditor classes, a colossal sum for which the people have received not the slightest equivalent, and all of which is placed on the already overburdened back of labor. And the process has not ceased, but is still in operation. I am willing that gold should stay here, but if we can not keep gold except at the expense of justice, then I say let gold go and let us retain justice.

Let the dollar that we retain be a dollar that does not exact from the debtor more sacrifice than he received. Let our money unit, or dollar, be a unit that will bear a steady and unwavering relation through time with the correlative units of the various products of labor, whether yardstick, pound-weight or bushel measure. Whatever be the relation between the monetary unit and the units of commodities and properties when a debt is incurred, that is the relation that should continue to exist till the debt is paid. It is far more important that our dollar, which is the unit of our money, should be at a parity with the products of labor than with gold. Gold keeps at a parity with nothing.

I should like to see a monetary unit that will keep at a parity with the unit of wheat, and the unit of cotton, the unit of beef, and of pork, and the unit of all other things that we produce in this country. That would be much better than that our monetary unit should be kept at a parity with gold. If there is not gold enough to maintain our monetary unit at a normal and unchanging relation with the units of these various commodities that our people produce at the relation that they start with, then I repeat let gold go.

Mr. McPHERSON. I did not wish to interfere with the Senator, but he was making statements which I believed to be fallacious; and the Senator will pardon me for the use of the term. I did not want to interfere with his speech.

Mr. JONES of Nevada. I have no objections to interruptions.

Mr. McPHERSON. He had suspended for the time being, and finding that he was perfectly willing to allow interruptions I interposed my objections to his reasoning.

What I want to get at is the fact, and I think the country wants it more than it wants anything else just now. I wanted to call the attention of the Senator to existing conditions, and apply his reasoning to those conditions.

THE FACTS WANTED.

Mr. JONES of Nevada. I can not understand how the Senator expects to get at facts, or expects us to get at them. I find the Senator constantly votes to keep us here night and day. I find the Senator from Massachusetts [Mr. LODGE] objecting to anybody carefully preparing what he wishes to say on a question of the utmost magnitude. He wants Senators to get up and speak on this great subject extemporaneously, and without very serious thought. I find that many Senators on this side of the Chamber tell us they want discussion to get out the facts, and then keep us here eighteen or nineteen hours a day to get out the facts. But, Mr. President, the facts can not be found on the desks here.

Mr. HOAR. Will the Sentor from Nevada permit me to say that, while I am one of the Senators who have expressed themselves most emphatically upon the question of using debate for the purpose of obstruction, I do not myself believe there is a member of this body, whatever opinion he may hold on the silver question, who thinks the Senator's speech has been in any way too long or an abuse of the privilege of the Senate, or a speech which ought not to be made. It has been full of instruction and delight to those who differ with the Senator as well as to those who agree with him. I think every Senator will agree with me when I say that.

Mr. JONES of Nevada. My criticism did not refer to the senior Senator from Massachusetts but to the junior Senator.

Mr. HOAR. I did not understand the Senator to refer to me, but I refer to him.

THE REPORT ON PRICES AND WAGES.

Mr. ALDRICH. I think I ought to say a single word in answer to an allusion made by the Senator from Nevada to an inquiry made by the committee of which I was the chairman, it being an inquiry into the prices of wages from 1840 to 1892. I will state that the Senator from Nevada entirely misapprehends the purposes which that committee had in view, and from his idea of the results ascertained it is evident that in his wide range of reading upon this and collateral questions he must have overlooked the report of the committee.

Mr. JONES of Nevada. Oh, no; I did not. I think I stated it substantially as I understood it. I was upon the Committee on Finance which created this committee, and I understood what the object of it was.

Mr. ALDRICH. I think the Senator will agree with me that in the making of the inquiry from 1840 to 1892 the purpose could not have been in the nature of things to ascertain the result of an act which was passed in 1890.

Mr. JONES of Nevada. But it would be hardly possible to get at what took place after 1890 unless the information was called for so as to embrace the period before as well as after. Much information would naturally be obtained as to the period prior to that time, but no committee would try to get the desired information for the prior period and fail to get it for the period subsequent to 1890.

I wish before sitting down to say one word upon what seems to me a very flippant statement about the cost of producing silver.

Mr. McPHERSON. I should like to hear the Senator on that point.

Mr. JONES of Nevada. I should like to know how the Senator gets at the cost of producing silver, and what he knows about it.

Mr. McPHERSON. I will tell the Senator now.

Mr. JONES of Nevada. I shall be glad to know how he gets at it.

REGARDING COST OF PRODUCING SILVER.

Mr. McPHERSON. I take the report of the Director of the Mint in 1887, Dr. Kimball. I take the reports of Prof. Austin, of London, for the same year. Coupled with that, and finding that the cost of the production of silver as found in the mining reports has been very much reduced in the past few years, I then take the mint reports. I take the report of the Superintendent of the Census, who in 1890 reported the cost of producing 41,000,000 ounces of silver in the United States out of the 51,000,000 ounces produced. He gave a report of the actual cost of mining and reducing 41,000,000 ounces of silver out of a possible production of 51,000,000 ounces. After deducting the gold it contained, the lead it contained, and selling it in the market for the market price, it left the actual cost of producing an ounce of silver at 37½ cents. Now, I know of no higher authority to go to than those gentlemen who have been employed by us to make investigation and report.

Mr. JONES of Nevada. I know a higher authority to go to than those gentlemen.

Mr. McPHERSON. Who is it?

Mr. JONES of Nevada. It is the Senator from Nevada, who is now addressing this body. He is a very much higher authority than those gentlemen, and he does not claim to be a very high authority either. The statement is absolutely absurd. The great cost is in finding the mine. Years of time and hundreds of thousands of dollars are spent in tapping the earth, in going down and down until what gave promise of being a mine is found to be a failure. The money spent in mines that never materialize is infinitely greater than that spent in the mines that turn out the metal.

As I had occasion to say on Saturday, if there were a profit of 50 per cent or more an ounce in mining silver, what an absurdity it is that more of the people of the United States do not go into the business. There are railroads running into all those regions and communities established there, and yet there has been no increase in the numbers either of the mining capitalists or of the working miners of the country in the last ten years.

Mr. McPHERSON. Will the Senator answer me a question?

Mr. JONES of Nevada. Certainly.

Mr. McPHERSON. At a time when the price of silver has fallen at a terrible ratio, year after year, you have increased your production, and almost doubled it in the last few years, selling the product at the lowest price silver has ever reached. How do you account for that?

Mr. JONES of Nevada. In the simplest possible way; and a business man ought to know without asking. I may, by prelude, say that the yields of silver that have made the great supply of the world have not come from sporadic or occasional mines, but from great deposits found in certain localities, as, for instance, the Comstock lode, in Nevada, and the mines of Leadville, in Colorado. Four or five camps in the United States have given four-fifths of the silver of the United States. All those mines were opened and great machinery put in them before there was any material decline in silver.

Enormous sums of money having been expended, great and expensive shafts sunk, tunnels bored, and the mines open and at work, men went on with their work after the gold price of silver fell. Any man who knows anything of mining knows that it is almost ruin to mining machinery to close a mine. So that even if the mining companies made nothing more than bare expenses—and not always those—they kept their men at work, always hoping for an improvement. The great silver fields have been very few and have become world famous, such as the Potosi in Bolivia and the Comstock in Nevada and the Leadville mines of Colorado, besides the deposits found in Mexico and Peru. Before any pronounced fall took place in the gold price of silver bullion, the Nevada and Colorado mines had been furnished with expensive machinery. Works amounting to millions of dollars were in operation on the Comstock lode before 1873 and at Leadville shortly afterward; railroads were built to the mines and everything was in order for work. Now the Comstock mines are about to close.

Mr. McPHERSON. If the Senator will allow me, I am willing to rest this question upon the mines now open. We have any number of mines in the United States producing silver and the cost of production according to the census report is so much. Now, in estimating what the effect of that silver is to have upon the silver market of the world, I am ready to take just the product of those mines now open, upon the increased production and the benefits which will flow from the increased mint price of silver.

Mr. JONES of Nevada. No increase flows from that. When silver is found they dig out all of the metal possible to be dug. Everything that the mine is capable of yielding is taken out, because the companies can not afford to fritter away a dollar's expense in running the mine.

There will therefore be no increased output on account of any increased price of silver. Everybody who thoroughly understands the business will agree with me in that statement.

[At this point the honorable Senator yielded to Mr. PEFFER.]

Saturday, October 21, 1893.

Mr. JONES of Nevada. Mr. President, I have been surprised that in a question of such transcendent importance as the one under discussion, the newspaper press of the country, and Senators who are in favor of the pending measure, should for one moment think that there has been too much time occupied in its discussion. Why, Mr. President, there is not a business in the United States that is not intimately affected by the proper solution of this question.

I confess, too, that I have been somewhat disappointed that those who are so vehemently urging the gold standard for this country have not seen fit to present to us their views *in extenso*. I have not heard a single argument made on this floor, or a single fact presented; I have heard no demonstration or attempt at demonstration, that the Sherman act has had any relation whatever to the collapse in the prices of property which took place two or three months ago. On the contrary, I have heard Senator after Senator who favor repeal state to the Senate their conviction that the Sherman act had in fact nothing whatever to do with it.

THE SHERMAN LAW NOT RESPONSIBLE FOR THE PANIC.

The most that has been said against the Sherman law is that possibly it might, as a result of the exercise of the emotional side of the people's nature, have had something to do with the difficulty; in other words, that the people *thought* the law responsible for the difficulty, and therefore, say our legislators, it should be repealed. I deny that the people thought so. A few interested persons, mostly the bankers of a few large cities and their allies, pretended to think so, and with the aid of the leading city newspapers, proclaimed themselves to be the "people." These city newspapers stated that the difficulty was caused by the Sherman law, but evidently the Senators here on both sides of the Chamber do not believe the city newspapers. Yet, even were the people to suppose the difficulties to be caused by the purchasing clause of the Sherman law, inasmuch as Senators here do not believe it, why repeal it?

Suppose it were the case of a physician and his patient; if the patient had taken a poison for which the physician prescribed an antidote which the patient refused to take, and not only refused to take, but insisted upon taking more of the poison, what would be thought of the physician if he should say: "I shall give this patient the remedy he wants, no matter how injurious it may be to him; if it destroys him the responsibility is not with me."

Now, sir, in a matter of this sort the legislative body is the physician. If every man, woman, and child in the United States thought that the remedy in this case were the disease, believing as I believe about it I should resign my seat in this body before I should vote for the pending measure. But few of the phases of this question have been discussed so far by the friends of repeal; none of the basic reasons have been given why this country should come to the gold standard. Everybody throughout the United States admits that never in the history of the country was there at any time more property in the country, more assets, more collateral.

Mr. ALDRICH. Will it interrupt the Senator if I ask him a question?

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Rhode Island?

Mr. JONES of Nevada. Certainly.

Mr. ALDRICH. The Senator says that nobody has given any of the basic reasons why this country should come to a gold standard. The inference from that would be that we are not now on a gold standard, but upon some other standard. I should like the Senator to explain what standard we are on, and what change is to take place in the standard by the passage of the pending bill?

Mr. JONES of Nevada. Mr. President, there is scarcely a country in the world absolutely upon the gold standard. If the world were absolutely upon a gold standard prices would be 50 per cent lower than they are. We have had under this law an addition of perhaps $30,000,000 or $35,000,000 a year to meet the increasing wants of a rapidly growing population. We have so far remained on what is called the gold and silver standard, consistent with the issue of these Treasury notes. It is now proposed to cut off all supply. It is proposed now that the business of this country shall be done with such an amount of money as we already have out, with no addition whatever to meet, as I have said, the growing wants of a rapidly increasing population.

Does the Senator from Rhode Island deny that? Has the money that has been issued under the Sherman act produced a rise in prices? Does he maintain that the Treasury notes issued under the Sherman act have produced what has usually been termed inflation? The very report that he brought to the Senate as chairman of the subcommittee of the Finance Committee was that the dollars, instead of growing less valuable, had been growing more valuable during the whole term of operation of this law; that ever since the bill had passed prices had been falling. Does he want now, by cutting off the supply of money, to compel prices to fall still more rapidly? Does he believe that the best interests of the country are subserved by falling prices?

MEANING OF "HARD TIMES."

Why, Mr. President, if I should be asked to state in a single phrase what hard times meant, I should reply, "falling prices." That phrase means the compulsory idleness of large numbers of workingmen; it means an increasing number of patients in lunatic asylums, an increase in the occupants of the almshouses and the prisons of the country. No two words in the English language cover so vast a field of misfortunes. A condition of falling prices means the payment of an unjust and unearned increment to the creditor; it means an unjust exaction from the debtor. A condition of falling prices means a discouragement to every business venture, a thwarting of all business foresight; it means a juggling with mortgages by which they become deeds, and the property of the borrower becomes vested, in fee simple, in the lender.

Yet, Mr. President, when we say that the value of the monetary unit in gold is rising—and when I say "unit" I mean for this country the dollar, for France the franc, for Germany the mark, for England the pound sterling—just as all know that the unit of wheat-measure means a bushel of wheat, the unit of cloth-measure means a yard of cloth, or that the unit by which we measure specific gravity is the pound weight—I say that when we claim that the monetary unit is constantly increasing in value, we are met by hair-splitting arguments that improved processes of production have produced that result.

The improvement in methods of production in the twenty years after 1873 do not compare in importance or value with those of the twenty years preceding 1873, yet while one period has been a period of falling prices and business prostration, the other was a period never excelled in the history of the world for business prosperity. It was a period of rising prices. It was the red-letter period of history! The difference between the periods is due to the difference in monetary circulation. For money has been well called the lifeblood of industry.

RATES OF INTEREST ALWAYS LOW WHEN MONEY VOLUME IS SHRINKING.

I had occasion to say the other day that besides the fall in prices we have other reasons for saying that gold has advanced in value. We have absolutely conclusive reasons that nobody ever pretended to answer. Heretofore the argument has been used by the bankers—by some professed political economists and many quacks in that profession—that instead of a scarcity of money we had a superabundance, and they have shown us what they have taken to be proof of this fact in the piling up of money in city banks or great money centers, and that as another indication of plentiful supply the rates of interest on money have been falling.

With reference to the fall in the rate of interest I have stated that instead of being an evidence of plentiful supply of money the constant reductions in the rate of interest on gilt-edged securities, about which there could be no question, was an unerring signal that the quantity of money was not keeping pace with the demand. Especially is this so in a country new and unfinished, a country hardly more than touched by development, a country filled with resources of every description—the finest forests, the greatest water courses and mines, and the greatest variety of soils and climates of any nation on earth, with the most progressive, energetic, and aspiring population anywhere to be found. My statement is that when the rate of interest on money falls in such a country it is conclusive proof that the exchange power of money is rising.

The British royal commission on gold and silver (1886) on this subject says:

> When gold is scarce and commercial activity is checked by the resulting fall of prices the demand for permanent investments increases and the price of such securities rises. Owing either to the actual or the apprehended scarcity of gold there is a tendency to invest in securities bearing a fixed interest, payable in gold, which raises their price and reduces the net return obtainable from them. (Report, part 1 section 56.)

So, as the commission further says:

> The rate of interest on permanent investments is also declining.

A PROPHECY MADE IN 1876.

Prior, however, to the report of the British royal commission the report of the United States Monetary Commission, to which I have referred, clearly pointed out that interest upon first-class securities would continue to fall—the process having already begun, although the demonetization of silver had taken place but four years prior. In that report I stated:

"There need be no haste in refunding the public debt at the rate now proposed and considered low. Unless the progress of the commercial world in the policy of contraction by demonetizing silver is checked, bonds bearing a much lower rate of interest than any yet offered will be gladly accepted by capitalists here and in Europe. When the money stock is diminishing and prices are falling, the lender not only receives interest, but finds a profit in the greatly increased value of the principal when it is returned to him. A loan of money made in 1809 if repaid in 1848 would have been repaid with an addition of 145 per cent in the purchasing power of the principal, besides all the interest paid.

"Those who have loaned money to this Government since 1861 have already received nearly as much in the increased value of their principal as in interest, and all the probabilities are in respect to the 4 per cent thirty-year national bonds now being negotiated, if they are redeemed in gold, that more profit will be made by the augmentation in the value of principal than through interest. Indeed, the signs of the times are that the bonds of a country possessing the unbounded resources and stable institutions of the United States payable in gold at the end of thirty years without any interest whatever would, through the increase of the value of that metal, prove a most profitable investment."

Although sixteen years have elapsed since the writing of that report it is perfectly clear that the diagnosis then presented has been verified by the facts.

MONEY NOT CHEAP WHEN INTEREST IS LOW.

An idea seems to exist in the minds of many that if interest or the charge for the use of money is low, therefore money is cheap. This is an entire misapprehension as to the nature of money and as to the nature of cheapness. The interest on money simply represents the amount of profit that can be made by its use. It is altogether different from the purchasing power of money. It is plain that when the value of money is increasing by reason of a dimunition in the quantity, there is a dimunition in the profits of business. It does a man no good to borrow money even at 1 per cent if the business in which he invests it is losing instead of making money.

Of what use is it for a man to put his money into property or into industries for the manufacture of products, when he knows that a constant fall is taking place in the prices of the products which his money would help to create? In that case he finds that had he delayed his investment he could put his money to better use, inasmuch as he could buy more with it each year than he could the year before. At the same time he observes that people who have invested their money in gilt-edged bonds as, for example, the bonds of great trunk-line railroads, have always an absolute guarantee of the rate of interest, whatever it may be, which they bear, whereas it is questionable whether anything could at such time be made upon the money if invested in industrial enterprises, where labor was employed in production.

The demand for that class of bonds therefore, such as railroad bonds of the first order, has been very great, and they have risen in value in about the same proportion that other property has fallen. Who would hesitate to pay even 10 per cent for money if he knew that property was going to increase 20 per cent in value? On the other hand, if a man knew that he could borrow money for 2 per cent, but that property was falling in value by 3 per cent a year, how could he utilize the borrowed money at a profit? The rate of interest seems to be very small. A few persons might be willing to pay more, but they would be such as were forced by circumstances to do so in order to protect themselves from serious loss.

Instead of interest becoming less as money becomes more plentiful, interest rises, because more profit can be foreseen in the use of it than when the value of the unit is increasing and the quantity of money decreasing. But the natural rate of interest will never be known until society shall obtain a unit of money that shall be unchanging in value. With a money increasing in value and decreasing in quantity the rate of interest will be lower than if money were unchanging. If prices continue falling interest will be lower.

WHY IS INTEREST FALLING?

Why is it that interest is less now than it has been heretofore? Why has interest been falling in the United States? Has the country been finished? Is its material development completed? Are there no great enterprises that would or should engage the attention, the enterprise, and the energies of the people that would be commercially profitable? One would suppose that under natural monetary conditions—conditions adapted to the means of the country—there would be no difficulty in finding such enterprises in a new country such as this, especially with a population rapidly increasing; but with a volume of money constantly shrinking there is an equally constant decline in prices.

Price is the barometer that measures prosperity, and yet the entire discussion in this Chamber on the part of the gold standard Senators has been carried on without relation to or even mention of that one word "price," which is the pith and marrow of the entire question before the Senate and of the entire science of money. When prices fall the hopes of the producer of wealth are taken away; he is deprived of all prospect of profit, which is the only inducement to investment of capital—and nobody is benefited but the lender of money—the man who juggles with the counters by which profits are computed.

When prices of commodities and property are falling moneyed men will not part with money in order to acquire property which in a month will be worth less than they paid for it, or to employ labor, the prices of the products of which are constantly declining. They keep their money either in the form of gilt-edged bonds or as deposits in banks, subject to their order. In other words, so far as all the purposes of money are concerned it may be said to be hoarded. People instinctively hoard and hold that which is becoming more valuable. If wheat is rising in price, those who deal in wheat and can afford to keep it on hand will do so for the manifest purpose of making a better profit at a later period.

When money is rising in value, therefore, men instead of putting it to use take it practically out of use. Hence at such times it refuses to perform the beneficent functions for which society intended it.

When, therefore, prices rise interest rises; with the fall of prices of commodities interest falls. When money is increasing in volume and decreasing in value, prices rise, and each investment in productive enterprises becomes more profitable. As a consequence interest rises. When it is decreasing in volume and so increasing in value, it is because prices are falling. At such times investments in property and in industrial enterprises become unprofitable. As a natural consequence money avoids them and seeks gilt-edged bonds, on which no default of interest is to be expected.

Such bonds naturally increase in price. On this subject the

London Financial Times, of September 27 last, has the following item:

The difficulty of finding a trust investment to yield more than the smallest fraction over 3 per cent is one which is ever before trustees, and as the tendency of first-class stocks is always to increase in price, this difficulty bids fair to become in the course of a few more years an impossibility.

They must take less than 3 per cent if the money unit continues to increase in value.

DECREASE OF INTEREST ON GOVERNMENT SECURITIES NOT A SIGN OF INCREASING CREDIT.

With reference to the decrease in the rate of interest on Government securities, it is sometimes said that this decrease shows the degree of appreciation of the credit of the country, or in the case of first-class trunk-line railroad bonds, the credit of the railroad company. But this is altogether an error. If a man could be moderately certain of making 4, or 5, or 6 per cent profit in a business enterprise, he would not take a Government bond at 3 per cent, no matter how good the credit of the Government.

During a period of increasing value in the money unit, although interest will be held up as far as possible, yet it must be reduced. A time arrives when the borrower finds it impossible to pay so much and the bond must be "converted" or "refunded" at a lower rate of interest, but for a longer period of time. In other words, if the loan be one for twenty years at 4 per cent the borrower may prefer to "convert" or "refund" it into a loan paying 3 per cent for thirty years. This makes the loan easier for the borrower, and sometimes saves him from bankruptcy.

The most certain sign, therefore, that the value of the monetary unit is increasing and from reasons having their origin not in improved processes of manufacture or in changes in the relations of supply and demand directly affecting commodities, but from reasons having their origin in changing relations of the money volume to the demands of population and business, is the fact that interest on securities of the first class is decreasing.

EFFECTS OF DECREASE OF QUANTITY OF MONEY.

"While the volume of money is decreasing, even although very slowly, the value of each unit of money is increasing in corresponding ratio, and property is falling in price. Those who have contracted to pay money find that it is constantly becoming more difficult to meet their engagements. The margins of securities melt rapidly away, and the confiscation by the creditor of the property on which they are based becomes only a question of time. All productive enterprises are discouraged and stagnate because the cost of producing commodities to-day will not be covered by the prices obtainable for them to-morrow. Exchanges become sluggish, because those who have money will not part with it for either property or services beyond the requirements of actual current necessities, for the obvious reason that money alone is increasing in value while everything else i sdeclining in price.

"This results in the withdrawal of money from the channels of circulation and its deposit in great hoards, where it can exert no influence on prices. This hoarding of money from the nature of things must continue and increase, not only until the shrinkage of its volume has actually ceased, but until capitalists are entirely satisfied that money lying idle on special deposit will no longer afford them revenue, and that the lowest level of prices has been reached. It is this hoarding of money, when its volume shrinks, which causes a fall in prices greater than would be caused by the direct effect of a decrease in the stock of money. Money in shrinking volume becomes the paramount object of commerce instead of its beneficent instrument. Instead of mobilizing industry, it poisons and dries up its life currents. It is the fruitful source of political and social disturbance. It foments strife between labor and other forms of capital, while itself hidden away in security gorges on both. It rewards close-fisted lenders, and filches from and bankrupts enterprising borrowers. It circulates freely in the stock exchange, but avoids the labor exchange. It has in all ages been the worst enemy with which society has had to contend.

"The great and still continuing fall in prices in the United States has proved most disastrous to nearly every industrial enterprise. The bitter experience of the last few years has been an expensive but most thorough teacher. It has taught capitalists neither to invest in nor loan money on such enterprises, and just as thoroughly it has taught business men not to borrow for the purpose of inaugurating or prosecuting them. Of the few business enterprises now being successfully prosecuted, the larger part are based on a monopoly secured either by patents or exceptional conditions. The business man has discovered that the less active and enterprising he is the better he is off. The manufacturer avoids loss by damping down furnace fires and slowing down machinery. * * *

'The stockholders of railroads have suffered a vast shrinkage in the value of their property and in the volume of their traffic in rates of transportation, while their debts have remained nominally the same, but really increasing. In order to make their decreased receipts meet the interest on their bonds, they are forced to reduce their operating expenses to the lowest possible point. Their struggles seem to be in vain, and unless that system can be changed, which is making each dollar which they owe more valuable and at the same time causing a shrinkage in their business, and which is chaining labor and all other forms of capital to the chariot wheels of money capital, they will, one after another, be swallowed by the bondholders. In the end the stockholders will be entirely out of the account, and the contest will be between different classes of bondholders, if that can be called a contest where victory is assured in advance to the liens which have priority.

"Farmers whose lands are not mortgaged, and their employés who at least are insured against absolute want, best escape the evils of the times, but the prices of agricultural products must finally decline with the reduction in the number and means of the consumers."

This prediction, made by me in 1877, sixteen years ago, is amply verified by the enormous fall in the prices of wheat and cotton in the intervening period.

"The tendency of falling prices is to break down the vast diversified interests of the country and to force a constantly increasing proportion of the population into the one single industry of cultivating the soil. The United States, instead of continuing a highly commercial and manufacturing nation, will, until falling prices are checked, become more and more exclusively agricultural and pastoral.

"Securities have already become so impaired through falling prices that loanable capital has fled affrighted from the newer and more sparsely settled sections of the country and accumulated in large amounts in the great financial centers, whose securities are more ample. The personal and property securities of individuals have generally ceased to be available, except at the highest rates of interest or at ruinously low valuations. Money can be borrowed only upon such securities as bonds, which are based on the unlimited tax-levying power of the Government, or upon the bonds and stocks of first-class trunk lines of railroad corporations whose freight and fare rates are practically a tax upon the entire population and resources of the regions which they traverse and supply. The competition among capitalists to loan money on those more ample securities has become very keen, and such securities command money at unprecedentedly low rates.

"These low and lowering rates of interest, instead of denoting financial strength and industrial prosperity, are a gauge of increasing prostration. Large accumulations of money in financial centers, instead of being caused by the overflow of a healthful circulation, or even a proof of a sufficient circulation, are unmistakable evidence of a congested condition caused by a decreasing and insufficient circulation. The readiness with which Government bonds bearing a very low rate of interest are taken, instead of showing that the credit of the Government has improved, is melancholy evidence of the prostrated condition to which industry and trade have been reduced."

EFFECT ON LABORERS OF SHRINKING MONEY-VOLUME.

"The worst effect, however, economically considered, of falling prices is not upon existing property nor upon debtors, evil as it is, but upon laborers whom it deprives of employment and consigns to poverty, and upon society, which it deprives of that vast sum of wealth which resides potentially in the vigorous arms of the idle workman. A shrinking volume of money transfers existing property unjustly, and causes a concentration and diminution of wealth. It also impairs the value of existing property by eliminating from it that important element of value conferred upon it by the skill, energy, and care of the debtors from whom it is wrested. But it does not destroy any existing property, while it does absolutely annihilate all the values producible by the labor which it condemns to idleness. * * *

"Money capital, labor, and other forms of capital are the warp and woof of the economical system. Labor, coöperating with the forces of nature, is the source of all wealth, and to reach the highest degree of effectiveness it must be classified through the aid of capital and supported by capital during the process of production and be measured and paid in money, each unit of which is a sight draft on all other forms of property, bearing a value in proportion to the number of such drafts. In order that any country may reach the maximum of material prosperity, certain conditions are indispensable. All its labor, assisted by the most approved machinery and appliances, must be employed and the fruits of industry must be justly distributed.

"These conditions are only possible when capital is absolutely protected against violence and free from illegitimate legislative interference, and when the laborer is protected in his natural right to dispose of his labor in such manner as he may prefer. They are utterly impossible when the money stock is shrinking and the money value of property and services is declining. Howsoever great the natural resources of a country may be, however genial its climate, fertile its soil, ingenious, enterprising, and industrious its inhabitants, or free its institutions, if the volume of money is shrinking and prices are falling its merchants will be overwhelmed with bankruptcy, its industries will be paralyzed, and destitution and distress will prevail.

SELF-INTEREST THE INDUCEMENT TO PRODUCTION.

"The instinct of self-interest is the mainspring of industrial and commercial activity. It is the animating motive alike of the capitalist and of the laborer. Without it, no labor would be performed nor would capital have an existence. If money capital is withdrawn from productive enterprises, it is from the apprehension of loss and from the same instinct of thrift through which it was acquired. It is natural that the money capitalist should exact from labor all he can in exchange for his money, and that the laborer should exact all the money he can in exchange for his labor. What is known as the conflict between capital and labor is not so much a conflict between other forms of capital and labor as it is between money and labor. Indeed, the conflict between money and other forms of capital is as distinctly marked and quite as severe as the conflict between money and labor, and in that conflict other forms of capital suffer fully as much as labor, the only difference being that they are better able to endure losses.

"Other forms of capital must be constantly converted into money in order to pay wages and to meet other demands incident to industrial enterprises. When the stock of money is shrinking and prices are falling, this conversion can only be made at rates continually growing more unfavorable, while at the same time the products of the labor for whose wages sacrifices have been made are also undergoing a shrinkage of money value. Thus loss and sacrifice are encountered at every turn, and the owners of other capital than money shrink from the friction of exchange, withdraw from productive enterprises, and only exchange as much of their property for money as will suffice to meet the necessary expenditures of living, which are reduced to the most economical level, as it is principal and not income which is being consumed. Little more labor will be employed under these circumstances than is sufficient to support the owners of capital on this parsimonious basis, and as a consequence the labor market will be overstocked and the competition between laborers will reduce wages to a starvation level.

"But during this period, when property is being sacrificed to meet current necessities and laborers are being remitted to idleness and destitution, money fattens on the general disaster. Under any money system whatever, labor, money, and other forms of capital confront each other as opposing forces, each seeking through a natural instinct to secure as much as possible of the other's in exchange. These forces, although always operating against, are not necessarily injurious to each other. On the contrary, under a just money system they are not simply mutually corrective. The conflict between them is essential to the proper adjustment and harmonious working of all parts of the economical machinery. They are the centripetal and centrifugal forces of the industrial system. The equilibrium of all things is maintained through counterbalances. It is out of the action and counteraction of antagonistic forces that the harmonies of the universe are evolved. But under an unjust money system, under a system which through law or accident fails to regulate the quantity of money so as to preserve the equilibrium between money and the other factors of production, the conflict between money and labor and other forms of capital becomes destructive and ruinous.

MONEY EITHER IN SHRINKING OR UNDULY INCREASING VOLUME SEPARATES CAPITAL FROM LABOR.

"It is in the shadow of a shrinking volume of money that disorders social and political gender and fester, that communism organizes, that riots threaten and destroy, that labor starves, that capitalists conspire and workmen combine, and that the revenues of governments are dissipated in the employment of laborers or in the maintenance of increased standing armies to overawe them. The peaceful conflict which under a just money system is continually waged between money capital and labor, and which tends only to secure the rights of each and is essential to the progress of society, is changed under a shrinking volume of money to an unrelenting war, threatening the destruction of both. Money, in either shrinking or unduly increasing volume, like a dissolving chemical, separates capital from labor. It is not against capital, but against the false financial system that permits the volume of money to either shrink or unduly increase that the hostility of society should be aroused.

"Let labor and capital be put on equal terms, so that idle capital will be as unfruitful as idle labor, and the conflict between them will cease to be destructive. An unjust money system produces an unnatural relation between labor, capital, and money, and the resulting evils can not be remedied by special legislation on particular cases, nor by general legislation abridging the natural rights of either. Such legislation would be futile and impertinent, destructive of that freedom of individual action so essential to progress, and subversive of the true interests of all classes of society, and would powerfully tend to the overthrow of free institutions. The equitable adjustment of the correlative demands of capital and labor can not be made through violence, and is utterly impossible through any legal or other contrivance, under any system that permits contraction or undue expansion of that great instrument which measures alike the property of the capitalist and the labor of the workman. It is only through the action and counteraction of the antagonistic forces of capital and labor, automatically operating under a just money system, that equity and harmony can be evolved.

"The very same reasons which make capitalists refuse to exchange money, whose command over property is increasing, for property, whose command over money is decreasing, also make them refuse to exchange it for labor for the production of property. In a commercial sense, industrial enterprises are never undertaken nor carried on except with the hope and expectation of gain. This expectation, unless under exceptional conditions, falling markets destroy. While capitalists for these reasons can not afford to invest money in productive enterprises, still less can anybody afford to borrow money for such investments at any rate of interest, however low, and but little money is being now borrowed, except for purely speculatives ventures, or to supply personal and family wants, or to renew old obligations. Money withdrawn from circulation and hoarded in consequence of falling prices, although neither paying wages nor serving to exchange the fruits of industry, nor performing any of the true functions of money, is nevertheless not unproductive. It may not be earning interest, but it is enriching its owner through an increase of its own value, and that, too, without risk and at the expense of society.

EFFECT OF MONETARY CONTRACTION TO GIVE PROFIT TO OWNERS OF IDLE MONEY.

"If this were not the case, and if money were, while idle, losing a little in value instead of gaining, or if it simply held its own, it would be constantly diminished to the extent of the necessary expenditures of its owners, who, under such conditions, would be impelled by every instinct of thrift to seek for revenue through its employment in productive enterprises. The peculiar effect of a contraction in the volume of money is to give profit to the owners of unemployed money, through the appreciation of its purchasing power, by the mere lapse of time. It is falling prices that robs labor of employment and precipitates a conflict between it and money capital, and it is the appreciating effect which a shrinkage in the volume of money has on the value of money that renders the contest an unequal one, and gives to money capital decisive advantage over labor and over other forms of capital invested in industrial enterprises.

"Idle machinery and industrial appliances of all kinds, instead of being productive of profit, are a source of loss. They constantly deteriorate through rust and waste. They can not escape the assessor and tax-gatherer, as the bulk of money does, and must pay extra insurance when idle. Labor, unlike money, can not be hoarded. The day's labor unperformed is so much capital lost forever to the laborer and to society. It being his only capital, his only means of existence, the laborer can not wait on better times for better wages. Absolute necessity forces him to dispose of it on any terms which the owners of money may dictate. These are the conditions which surround the laborer throughout the commercial world to-day. The labor of the past is enslaving the labor of the present. At least that portion of the labor of the past which has been crystallized into money is enabled through a shrinkage of its volume and while lying idle in the hands of its owners to increase its command over present labor and over all forms of property, and to transform vast numbers of honest and industrious workmen into tramps and beggars.

SUCH EFFECT FATAL TO LABOR.

"These laborers must make their wants conform to their diminished earnings. They must content themselves with such things as are absolutely essential to their existence. Consumption is therefore constantly shrinking toward such limits as urgent necessities require. Production, which must be confined to the limits indicated by consumption, is constantly tending toward its minimum, whereas its appliances built up under more favorable conditions, are sufficient to supply the maximum of consumption. Thus idle labor, idle money, idle machinery, and idle capital stand facing each other and stagnation spreads wider and wider. The future affords no hope or prospect of improvement, except through a change in financial policies. Prices have been persistently falling throughout the world since 1873, and as fast and as far in specie-paying countries as elsewhere. If the policy of chaining the industry and commerce of the world to a single metal be persisted in by the United States, Germany, and the other European countries acting in concert with them, money must still rise in value and prices must continue to fall.

"The depression in productive industry will become more deathly, and the number of idle laborers will indefinitely multiply. The loss which this country sustains by reason of the enforced idleness of laborers who, although idle, must still in some scanty way be supplied with food, clothing, and shelter, is in the aggregate very great. * * * Contrasted with the startling sum thus annually lost through the shrinkage of money and falling prices, the amount which could by any possibility be lost in a generation through fluctuations in the relative values of gold, silver, and paper money would weigh as mere dust in the balance. If to this loss be added that caused by the nonemployment of productive machinery and appliances, the aggregate becomes appalling.

"The average stocks of nearly all commodities are at no time sufficient for more than a few months' consumption. Without constant reproduction mankind would soon be stripped of all their movable possessions. No more fatal blow, therefore, could be directed against the economical machinery of civilized life than one against labor, and that blow can be most effectively delivered through a policy which strikes down prices. If all debts in this country had been doubled by an act of legislation, it would have been a far less calamity to the debtor and to the country than the increase in their real burden already caused by a contraction in the volume of money, and infinitely more disastrous in every sense than an unjust increase in the burden of debt in the universal stagnation of industry and commerce resulting from the same cause. The doubling of debts would have left the productive forces unimpaired, while falling prices are sapping them insidiously and fatally. Nations have often exhibited an astonishing capacity for sustaining and repairing the destruction of great and protracted wars.

"The explanation of this will be found in the fact that their productive forces have at such times continued vigorous and active.

Armies in barracks and on parade are as essentially nonproducers as when actively engaged, and a considerable proportion of the additions made to armies in times of war are recruited from the ranks of nonproducers. England was never more prosperous than during the Napoleonic wars. The Northern and Western States of this Union were never more prosperous than during the civil war, and for some time afterward. So long as all the productive forces are active almost any burden can be borne. The debts of the country, great as they are, would scarcely weigh as a feather if all its labor were employed. Indeed, this country could better afford, in an economical view, to support one million of soldiers in the field than to support the army of men whom falling prices have conscripted into the ranks of nonproducers."

Mr. HIGGINS. Does the Senator object to a question right there?

Mr. JONES of Nevada. Not at all.

Mr. HIGGINS. Does the Senator refer to the army of unemployed that has appeared since the present panic or before?

Mr. JONES of Nevada. I refer to it as a greater or a lesser army, which, though of varying numbers, has always been large, and has been in existence in this country ever since 1873.

Mr. HIGGINS. If the Senator will allow me, I suppose that beginning with the resumption of specie payments in 1879 and continuing on until the present condition of things arose, under the threat, as I think, of a continuance of the purchases of silver under the silver-purchase law, there has never been any period of the world or any part of the world that found labor so universally and so profitably employed, as has been the case in the United States during that period, from 1879 to the beginning of the present year.

THE CONTRACTION AFTER THE CIVIL WAR.

Mr. JONES of Nevada. That remark makes it desirable for me to state more particularly the way in which a fall of prices operates. In considering the causes which create general distress, the advocates of the gold standard appear to think that there is no connection between cause and effect unless the effect operates concurrently with the cause. Yet any impartial mind can trace the great panic of 1873 to causes having their genesis in conditions whose operation began in 1865. When, in that year, the country saw the two millions of men constituting the armies of the North and South withdrawn from fields of destruction to enter fields of production, it was believed that universal prosperity would bless this reunited people.

We had not yet come to consider the tremendous influence which money, that great instrumentality of production and exchange, exercises upon the fortunes of a people, and what infinite care should be exercised to see that its quantity increases *pari passu* with population and demand. We had not come to realize that such an increase is an indispensable necessity to utilizing all the hours and moments of a people, and keeping every man employed. In April, 1865, ten millions of a population that had not been using the money of the Union were added to the 24,000,000 which formed the population of the Northern States, without a dollar of money being added with which to do their business. That fact alone was equivalent to an enormous contraction of the currency.

It was a demand made by 10,000,000 of people of the same race and blood and of the same energetic and aspiring disposition as those of the population to which they were added. Those 10,000,000 found themselves without a dollar of money. The money volume that had been sufficient to do the business of only 24,000,000 people had to do the business of 34,000,000—a contraction of 33 per cent. Instead of prices rising or even remaining firm—instead of the country becoming more prosperous—as was to be expected when these enormous armies were disbanded, times began to grow harder, as every man now living who was then of age can remember.

Now, as I have already stated, whenever prices show a tendency to fall, all the forces of society are enlisted in holding them up. Every man who has property says to himself, "I will not sell my property for the prices ruling to-day. A year ago I could have got a better price for it, and things must improve." Thus moved by faith and hope, men hold on to their property, rather than sell at a reduced figure.

At the close of the war private debt among the people was less *per capita* than at any other period in the history of the country. By 1873 the whole framework of business was honeycombed with debt. Property in every direction was mortgaged.

THE BURNING UP OF GREENBACKS.

As if the contraction to which I have referred were not enough, we find that in 1866, during the Administration of Andrew Johnson, the Secretary of the Treasury, Mr. McCulloch, commenced destroying the money upon whose volume the prices of all commodities and property depended. He entirely ignored the fact that at the close of the war an enormous demand had arisen for money, with no increase in the supply, and that by degrees the 10,000,000 people of the South were drawing on the North for money to pay for cotton, tobacco, sugar, and everything else which the South could sell to the North. Thus the whole country, with its 34,000,000 people, was compelled to do all its business with the same volume of money that had formerly been sufficient for 24,000,000 only. So when the crisis came the weakest link in the chain broke and all fell to the ground. Then we were told that it was on account of the previous inflation.

Mr. HIGGINS. Will my friend object to an interruption just there?

Mr. JONES of Nevada. I have not quite got to the point of my answer to the Senator's first question. Everything collapsed. The banks of New York and the other great money centers, not caring to what extent the prices of property declined in the directions in which production was going on, gave no heed whatever to the complaints of the people and the cries of distress from all sections of the country. But the moment stocks began to fall in the New York market there came a demand from the banks upon the executive department of the Government to issue some $60,000,000 or $70,000,000 of greenbacks to relieve the situation. They never think the situation demands or deserves redress until the prices of the gambling securities in which they deal become affected.

Then followed for years a condition of protracted misery among the producers of the country. As I have already explained, while the volume of money is contracting the fall of prices is always greater than the percentage of the decrease in the volume of money would really warrant, for the very simple reason that owing to the instinct of thrift, when people find the universal trend of prices of property and commodities to be downward and that the money unit is rising in value the hoarding of money begins. Money, in other words, is withdrawn from use, its owners occupying a watchful and expectant attitude. But while from this cause prices fall lower than they otherwise would, yet at such periods almost anything that will inspire hope may cause a rise in prices. Whenever people who have hoarded their money believe that bottom prices have been reached and that it is again safe to invest in business, they will do so.

I recollect very distinctly when, in the year 1878, a continuous fall of prices brought the greenback to a level with gold and silver, and rendered really unnecessary a law for the resumption of specie payments. All that was needed was to let our population grow, as it was growing, at the rate of 3 per cent per annum with the supply of money that we had. The increasing demand for money—the supply being stationary—brought each paper dollar up to a level with a dollar in specie, the more readily because of the Treasury order giving to the greenbacks full legal-tender power by permitting the customs authorities to accept them in payment of customs dues.

Mr. CAREY. Will the Senator let me ask him a question there? Was it an injury to the country to have resumption at that time?

Mr. JONES of Nevada. It was an injury to the country not to have supplied it with a volume of money sufficient to keep pace with the increase of population.

Mr. CAREY. On the Senator's own statement that would have prevented resumption at that time.

Mr. JONES of Nevada. Does the Senator think that equity between debtor and creditor, the universal employment of labor, and hope and happiness in the household are things of no possible account, and that the resumption of specie payments was therefore more important than to have an equitable volume of money?

Mr. CAREY. The Senator has just described the sad condition we were in at the time resumption took place, because of the

785

fall of prices. Was there not immediately after resumption good times in this country?

Mr. JONES of Nevada. I was just stating when the Senator interrupted me, that always when the volume of money is decreasing the instinct of thrift induces those who have money to hoard their money, to withdraw it from the channels of circulation, and that for that reason the percentage of the fall in prices is greater than the mere percentage of decrease of money. If, therefore, for any reason all the people could be led to believe that times were going to be good, such belief would have the effect temporarily to draw out the hoarded money and this of itself would constitute an addition to the circulation.

The general belief that the resumption of specie payments would bring prosperity had for a time that effect—an effect which was aided by the completion of the elevated railroads through the city of New York, so that the prices of property in the upper part of the city and the outlying suburbs began to rise. Those circumstances gave what was believed to be an assurance to men of enterprise and capital everywhere that there were going to be good times after resumption, much of the hoarded money was put in circulation, and for about two or three years we had some improvement. But there has not been the degree of prosperity that Senators suppose.

In 1890 I made an analysis of the official reports of the Massachusetts Labor Bureau, at a period when, as we were told, times were at their very best, and I found from those nonpartisan reports that an average of 10 per cent of the laborers were constantly out of employment. As labor is well organized in Massachusetts, what was true of that State must have been true of all other States of the Union. The Senator will find the actual figures in a speech which I had the honor to deliver in this Chamber in May, 1890.

But even were all the people at work it could not be said that they were prosperous if they had to be content with the bare necessaries of life. Taking into consideration the inventions of our mechanics and the wealth which they create, they ought to be able to live much better than they do. Senators point to some time in the past and say that the people are living better than they did then. Of course they are. It would be as logical to point to the time when men lived in the savage state and assert that they should not now complain, inasmuch as their condition is much better than it was in that remote age.

Mr. CAREY. Will the Senator please answer my question? It is all very nice of course to theorize about the savage and civilized condition. Please state at what time in the history of this country the people were in a better condition, when prosperity was more general among all people, than the period immediately following the resumption of specie payments?

Mr. JONES of Nevada. I have told the Senator that immediately following the resumption of specie payments, by reason of the liberation of money that had been hoarded, there was a sufficient volume for a couple of years and prices rose a little, but that spurt of comparative prosperity did not last long. Prices resumed the falling process and we have had generally falling prices from that day to this. An accidental circumstance created for a couple of years what by comparison might be called prosperous times.

Mr. PEFFER. Will the Senator from Nevada allow me to make a suggestion at this point?

Mr. JONES of Nevada. Certainly.

Mr. PEFFER. In addition to the increase of bank circulation there were from \$28,000,000 to \$30,000,000 silver dollars put in circulation and added along from year to year.

BANK MONEY ELASTIC—IN THE WRONG DIRECTION.

Mr. JONES of Nevada. Yes, but that amount was wholly insufficient for increasing wants. There was another thing which happened. The Senator from Wyoming, I believe, is in favor of that elastic currency which the banks furnish. Between 1873 and 1879, when prices were falling, and when the stringency of the money market was as sharply defined as at any period in the history of this country, when the distress was almost universal, when Federal troops had to be called out to suppress hungry and starving workmen, the banks then showed how elastic their currency could be—in the wrong direction.

It was then made to diminish instead of being increased. Although everybody knew that the people wanted more money, because prices were falling, the banks withdrew their currency at the very time when they ought to have increased it. But after 1879, when prices were rising, and it was manifest that there was in circulation a larger volume of money, the banks commenced enormously to increase their issues of notes. This sort of money, issued by corporations for their own profit, is always issued when it is not needed, and withdrawn when it is most needed. It was so then, and will always be so with bank notes. After the withdrawal came hard times.

WORKMEN'S WAGES.

Mr. CAREY. Will the Senator permit me to call his attention to another fact? He is a member of the Committee on Finance. Last year that committee was composed of those in favor of the unlimited coinage of silver, I think one member who was in favor of the issue of greenbacks and some who were in favor of discontinuing the coining of silver and the purchase of it. Some were in favor of a tariff for revenue only and some were in favor of a high protective tariff. That committee submitted a report with no minority report to the effect that wages had been generally rising in this country for a period of forty years and that the same condition existed all over the world, while the prices of the products of labor were going down. Now, is not that the best condition in a country, when wages go up and products go down?

Mr. JONES of Nevada. It takes time to cover all features of a question. I have not yet reached in its order the question of wages, which I deal with fully later on. I will merely remark now that nothing favorable can be inferred from the rates of wages prevailing until one knows how many men are relegated to idleness by reason of falling prices and consequent lack of profit in business. Wages, however, I will say, are falling, as is illustrated by the unprecedented strikes at present existing in England. Wages are falling in all gold-standard countries.

Mr. CAREY. The Senator says it is because of a shrinkage of money?

Mr. JONES of Nevada. Certainly. No man can doubt it who examines the situation and reflects upon it.

785

Mr. CAREY. How brought about?

Mr. JONES of Nevada. Brought about by a failure of the quantity of money to increase in accordance with the increase of population and business.

Mr. CAREY. There is not one man in ten in the United States of those who are discussing this question who believes that the panic has been caused by a shrinkage of the money volume.

Mr. JONES of Nevada. Of those who discuss it there is not one man in ten nor in twenty who investigates it. Men are prone to take for granted everything they read in the gold-standard newspapers and everything they hear from gold-standard orators, without making any investigation on their own part.

Mr. CAREY. I understand from the Senator's own statement that the wages of the laborer has gone up, but his prediction for the future is that wages will go down.

Mr. JONES of Nevada. The wages in all gold-standard countries are now falling; they are being cut down everywhere.

Mr. CAREY. I say according to the last official report we have, wages are rising and have been rising for forty years.

Mr. JONES of Nevada. We do not need official reports when we see men starving all around us, and starving in Great Britain and other gold-standard countries. We do not need official reports when no laboring man can put his hand on bread for his family at any hour of the day.

Mr. CAREY. We are not talking about the panic now, or the unnatural condition of things existing in the country.

Mr. JONES of Nevada. It is a perfectly natural condition of things and prevails, so far as laborers are concerned, in other countries also. A volume of money that does not keep pace with population and demand always ends in a panic. It brought the panic on here; it brought a panic on in Australia; it brought on conditions amounting to a panic in England. The condition of the workingmen of Great Britain, as I shall show later, was never so bad as to-day.

Mr. CAREY. Yet the report of the Senator's committee, the Finance Committee, made less than a year ago, went on to state that the prices of the laborer were higher in England and elsewhere in the world than heretofore—only a short year ago.

Mr. JONES of Nevada. For the number of men who have been retained at work, wages have at least not fallen, and in occupations in which labor is well organized have risen, owing to the immovable determination of the labor organizations that wages should not be permitted to be reduced. That process, as I have said, could continue for a time, but with prices of products falling wages can not continue rising, nor can they maintain any rise they may have secured. When the margin of profits is wiped out, wages can go no farther. So we see wages falling to-day in every gold-standard country. Falling prices simply mean the adjustment of prices and the ultimate adjustment of wages to the volume of money.

REGARDING OUR CIRCULATION PER CAPITA.

Mr. CAREY. I wish to state to the Senator that the volume of money in this country has not shrunk; that is, our per capita. Ignorant men like myself, men who have no understanding, must take the official reports of the Government as our guide, and not set our theories up over and above the official reports. The official reports show there was a slight shrinkage during Mr. Cleveland's first Administration—I think, 60 or 70 cents. They show there was an increase during the last Administration of about $1.70.

Mr. JONES of Nevada. Where did it come from?

Mr. CAREY. I am not talking about where it came from. That is the official report.

Mr. JONES of Nevada. I must have some knowledge of how it arises or where it comes from. Let me say on this point, that we have had official reports and official reports. They are made with various objects in view. If we are talking about the danger of gold leaving the country, and how necessary it is to issue bonds to increase our gold reserve, then the gold stock in the country is very small; but if we undertake to show that there is not money enough to do the business of the country, then the gold stock is very large—in fact, there is plenty of it. It appears to depend entirely on the subject we are discussing as to how much money we have in the country.

Mr. CAREY. Then I understand the Senator to say the official reports are not reliable.

Mr. JONES of Nevada. I do not depend upon them at all, neither does any other student. We know they are incorrect. I want to know where the money comes from. We know the amount of greenbacks, the amount of bank notes, the amount of Treasury notes issued; we know the amount of silver coined under the Bland law, and the amount of Treasury notes under the Sherman law. We know what all those additions mean. We know it as well as anybody in the Treasury.

Mr. CAREY. The Senator's information, then, is more reliable than that of the Treasury Department.

Mr. JONES of Nevada. The Senator may be willing to accept any statement that is official, even if it be contrary to well-known facts, in order to carry out his theory, but I shall not do so.

Mr. TELLER. For the benefit of the Senator from Wyoming I should like to give a little illustration of the worthless character of the statistics we receive. The Treasury report put the amount of gold in England at $550,000,000, and has been putting it so for several years, while the statisticians of England have been consulting and debating and contesting the question whether it is not less than $400,000,000, and the Herschell committee the other day declared that it is $440,000,000. Yet the Government of the United States has put it right along (although the Department has been criticized publicly for so doing) at $550,000,000, or over $100,000,000 more than the estimate of any man who pretends to any kind of information on the subject. Any man who has given any attention to the question knows that it has been for years rated by the Department at over $100,000,000 more than it really is. And the same is the case with our own statistics.

Mr. JONES of Nevada. We can never get at the proper solution of this money question so long as intelligent men accept without investigation everything "official" that is told to them. Neither can the question be understood in any of its relations so long as men who are regarded by the country as authorities on the subject entertain the belief that one unit of money, of what-

785

ever material composed, has any more effect upon prices of property and commodities in the country than a money unit of any other material; nor so long as men continue to talk of "intrinsic" value in money of any kind.

I shall now proceed to speak of the quantitative theory of money. I wish to say, preliminarily, that I have heard no Senator deny the scientific correctness of that theory; yet if it be correct the so-called standard of gold is a standard of gross injustice.

THE QUANTITATIVE THEORY OF MONEY.

Political economy, Mr. President, has been called "The dismal science." The most dismal branch of it, if men are to endeavor to *force* conclusions to fit some preconceived theory without reference to principles, is that which relates to money The persistent determination to make the whole science subordinate to the absurdities of the gold standard has operated like a Westinghouse brake on the progress of the civilized world.

But there is one principle of monetary science that, if held steadfastly in view, will constitute an unerring guide through what would otherwise be a path of inextricable difficulty.

That principle is that the value of the unit of money in any country is determined by the number of units in circulation. In other words the value of every dollar depends on the number of dollars out.

The greater the number of dollars out, other things being equal, the less will be the value of each dollar; the fewer the number out, other things remaining the same, the greater the value of each—and this without any regard whatever to the material of which the dollars are composed. This is the key to the financial situation in the United States. Much more; it is the key to the financial situation in every land. Without this key it is in vain that the student attempts to unlock the door leading to the Arcanum of monetary knowledge. Unlike many of the locks made by man, the lock on *that* door is unpickable. The household of science is one that thieves can not break through and steal. He who would enter must first find the key. With this key in hand, the most secret recesses may be explored with confidence. Without it, the student travels in a circle—returning, after much labor, to the point from which he started upon his journey. Like one in a maze, when most confidently expecting to find his way out, he but sees himself coming up against impassable barriers.

To the possessor of this theory and of an impartial mind, that is to say, a mind in search of truth for truth's sake, there is no phenomenon of industry, of commerce, or of finance that is not accounted for. With it, all facts in the monetary world harmonize. All the teachings of history illustrate its force. It has therefore for support both reason and experience. It resolves all doubts; unriddles all enigmas; makes clear that which, without it, would be an insoluble problem of political economy. But in order to receive all the benefits of truth, men must not approach the investigation with a predetermination to prove some special theory. The truth is always its own justification.

No Senator will rise in his place and deny that, other things being equal, the value of each unit of money in a country depends on the total number of units forming the monetary circulation of that country. No Senator will attempt to deny that, all other things remaining the same, the prices of property and commodities in a country are regulated by the number of units constituting the monetary circulation of the country; and by the "number of units" I mean, of course, for this country the number of dollars, for France the number of francs, for Great Britain the number of pounds sterling, etc.

The quantitative theory, Mr. President, is not new. In the third century of the Christian era the Roman jurisconsult Paulus gave a description of money which indicates the acceptance at that early period of the principle of quantity as that to which the money unit owed its value. I invite special attention to this clear-cut statement:

The origin of buying and selling—

Says Paulus—

goes back to barter. Primitively, there was no money. One thing was not called "merchandise" and the other "price," but every one, according to his needs, and according to his circumstances, bartered things useless to him for those which would be useful to him; for it often happens that what one has too much of another lacks. But, as it would not always or easily happen that you had what I should have wished for, and that, conversely, I had what you wished to obtain, choice was made of a material which, being declared forever legal value, would obviate the difficulties of barter *by means of a quantitative equation.* And this material, stamped in the corner by the State, circulates with a power which it derives *not from the substance but from the quantity.* Since that time, of the things thus exchanged one is called merchandise, and the other is called price.

This description was deemed worthy to be incorporated in the Pandects of Justinian, compiled and promulgated in the sixth century, thus demonstrating that the lapse of three hundred years had not rendered it obsolete. It is as sound to-day as it was when first written.

John Locke, in his Considerations, relating to the value of money, said:

Money, while the same quantity of it is passing up and down the kingdom in trade, is really a standing measure of the falling and rising value of other things in reference to one another, and the alteration in price is truly in them only But if you increase or lessen the quantity of money current in traffic in any place, then the alteration of value is in the money.

Locke further said:

The value of money in any one country is the present quantity of the current money in that country in proportion to the present trade.

David Hume, the historian, says:

It is not difficult to perceive that it is the total quantity of the money in circulation in any country which determines what portion of that quantity shall exchange for a certain portion of the goods or commodities of that country. It is the proportion between the circulating money and the commodities in the market which determines the price.

Ficthe says:

If the quantity of purchaseable articles increases, while the quantity of money remains the same, the value of the money increases in the same ratio; if the quantity of money increases, while the quantity of purchaseable articles remains the same, the value of the money decreases in the same ratio.

James Mill, in his treatise on Political Economy, says:

And again, in whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion the value of the whole and of every part is reciprocally diminished or increased

John Stuart Mill (Political Economy) says:

The value of money, other things being the same, varies inversely as its quantity; every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent,

And again, as I have already quoted in connection with my remarks on cost of production, Mr. Mill says:

Alterations in the cost of the production of the precious metals do not act upon the value of money, except just in proportion as they increase or diminish its quantity.

Ricardo (Reply to Bosanquet) says:

The value of money in any country is determined by the amount existing. That commodities would rise or fall in price in proportion to the increase or diminution of money I assume as a fact that is incontrovertible.

Ricardo further says:

There can exist no depreciation in money but from excess; however debased a coinage may become, it will preserve its mint value; that is to say, it will pass in circulation for the [so-called] intrinsic value of the bullion which it ought to contain, provided it be not in too great abundance.

John Stuart Mill again says:

We have seen, however. that even in the case of metallic currency the immediate agency in determining its value is its quantity.—*Principles of Political Economy*, volume II, page 89.

William Huskisson (The Depreciation of the Currency, 1819) says:

If the quantity of gold in a country whose currency consists of gold should be increased in any given proportion, the quantity of other articles and the demand for them remaining the same, the value of any given commodity measured in the coin of that country would be increased in the same proportion.

Sir James Graham says:

The value of money is in the inverse ratio of its quantity; the supply of commodities remaining the same.

Torrens, in his work on Political Economy, says:

If the value of all other commodities, in relation to gold, rises and falls as their quantities diminish or increase, the value of gold in relation to commodities must rise and fall as its quantity is diminished or increased.

Prof. De Colange, in the American Cyclopedia of Commerce, article "Money," says:

The rate at which money exchanges for other things is determined by its quantity. * * * Supposing the amount of trade and mode of circulation to remain stationary, if the quantity of money be increased its value will fall and the price of other commodities will proportionately rise, as the latter will then exchange against a greater amount of money; if, on the other hand, the quantity of money be reduced, its value will be raised, and prices in corresponding degree diminished, as commodities will then have to be exchanged for a less amount of money. * * * In whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion the value of the whole and of every part is reciprocally diminished or increased.

Says Prof. Sidgwick, of Cambridge University:

The exchange value of any particular coin will vary in exactly inverse ratio to the variations in quantity of the aggregate.—*Principles oj Political Economy*, page 251.

So absolutely clear are the leading writers that the value of money unit is, in every case, other things being equal, determined by the number of units out, and does not depend on the material of which the money may be composed, that they have not the slightest hesitation in asserting that the rule applies even to uncovered paper money, so that the value of every dollar of gold and silver in circulation is diminished or increased, according as the quantity of paper money is increased or diminished; and reciprocally as to all of these, the increase in the number of dollars of either kind diminishing the value of each dollar of the others, while the decrease in the number of either increases the value of each of the others, without the slightest regard whatever to the material of which either of the dollars is composed.

If this be so, if the value of the unit of money depends not on the material of the dollars but on their *quantity*, what becomes of the gold standard? If this be so, inasmuch as silver has been utilized as money since the dawn of creation, why abandon it now, unless Senators are prepared to abandon the automatic system altogether? If we must, by legislation, compel a change in the value of money (for that is what this measure means), why legislate so that it can change in one direction only, and *that* the direction which is always favorable to the classes that lend money and live idly on their incomes—the direction most injurious to society, most fatal to industry, most narcotizing to energy?

Prof. Stanley Jevons, in his work on Money and Mechanism of Exchange, says;

> There is plenty of evidence to prove that an inconvertible paper money, if carefully limited in quantity. can retain its full value. Such was the case with the Bank of England notes for several years after the suspension of specie payments in 1797, and such is the case with the present notes of the Bank of France.

In his proposal for an economic and secure currency, the great authority, Ricardo, himself a most acute dealer in money, says:

> A well regulated paper currency is so great an improvement in commerce that I should greatly regret if prejudice should induce us to return to a system of less utility The introduction of the precious metals for the purposes of money may with truth be considered as one of the most important steps toward the improvement of commerce and the arts of the civilized life; but it is no less true, that with the advancement of knowledge and science, we discover that it would be another improvement to banish them again from the employment to which, during a less enlightened period, they had been so advantageously applied.

The distinguished economist and editor, Mr. J. R. McCulloch, in commenting on the principles of money laid down by Ricardo, says:

He examined the circumstances which determine the value of money, * * * and he showed that * * * its value will depend on *the extent to which it may be issued* compared with the demand. This is a principle of great importance, for it shows that *intrinsic worth is not necessary to a currency*, and that, provided the supply of paper notes declared to be a legal tender *be sufficiently limited*, their value may be maintained on a par with the value of gold, or raised to any higher level. If, therefore, it were practicable to devise a plan for preserving the value of paper on a level with that of gold, without making it convertible into coin at the pleasure of the holder, the heavy expense of a metallic currency would be saved.

It appears, therefore, that if there were security that the power of issuing paper money would not be abused; that is, if there were perfect security for its being issued in such quantities as to preserve its value relatively to the mass of circulating commodities nearly equal, the precious metals might be entirely dispensed with, not only as a circulating medium, but also as a standard to which to refer the value of paper.

Lord Overstone also admits that irredeemable paper money can, by a proper limitation of its issues, be kept at par with gold.

In adopting a paper circulation—

He says—

We must unavoidably depend for a maintenance of its due value upon the adoption of a strict and judicious rule for the regulation of its amount.

Supporting this view we find also that Alexander Baring, in his evidence before the secret committee of the House of Lords in 1819, said:

The reduction of paper would produce all those effects which arise from the reduction in the amount of the money in any country.

An early and distinguished authority in our own country, Mr. Gallatin, said:

If in a country which wants and possesses a metallic currency of seventy millions of dollars, a paper currency to the same amount should be substituted, the seventy millions in gold and silver, being no longer wanted for that purpose, will be exported, and the returns may be converted into a productive capital and add an equal amount to the wealth of the country.

When we know that these are views of the leading writers—all uniting in the assertion that that which determines the value of money is the quantity, not the material—it must excite our special wonder that Senators propose to destroy silver as money of final payment, or to repeal a law which by its slight addition to the quantity of money has at least tended to maintain, in some degree, among us the equities of time contracts and deferred payments. When Senators know that all great projects in this country, on which the employment of labor depends, are based upon the prices of commodities, and that when those prices are constantly falling workingmen must be relegated to idleness, that every debt must be paid in a dollar of increasing value, to the ruin of merchants and of the projectors of industrial enterprises in which labor should be employed, it is incomprehensible how they can advocate the establishment in this country of a gold standard, or of any standard except such as will furnish a sufficient volume of money for the business of the people.

With reference to Ricardo, it is to be borne in mind that his profession was that of stockbroker. Hence we must make allowance for his desire to maintain the gold standard—knowing, as he very well knew, that the gold standard meant a certain level of prices for commodities—that is to say, that it did not mean the possession of gold, but the ability of money-lenders, creditors, and the idle aristocracy and income classes of Great Britain to obtain all the comforts and luxuries of life at a level of prices getting constantly lower, for, if by those means, workmen were relegated to idleness, those idlers felt themselves not individually responsible. Their inquiry was: "Am I my brother's keeper?"

In a paragraph of the twenty-seventh chapter of his work on Political Economy, Ricardo makes the broad statement that a nation may be on the gold standard without having a solitary dollar of gold within its entire territory, provided only that, whatever may be the form of its money, the number of the units of that money shall not exceed the number of *gold* units which, if the country used gold money, would be its distributive portion of the gold of the world. That proportion is, of course, fixed by the general range of prices. Ricardo's statement is:

> A currency is in its most perfect state when it consists wholly of paper money, but of paper money of an equal value with the gold which it professes to represent. The use of paper instead of gold—

He continues—

> substitutes the cheapest in place of the most expensive medium, and enables the country, without loss to any individual, to exchange all the gold, which before it used for this purpose for raw materials, utensils, and food—by the use of which both its wealth and its enjoyments are increased.

It will be remembered that on Saturday I demonstrated, by citations from the leading writers that money has no value whatever except value in exchange—*purchasing power*—and that when the term "value of money" is used, it means only purchasing power and not any value, which, for commodity purposes, might attach to the material of which it is composed.

By limiting its quantity—

Ricardo says—

its value in exchange—

Which, as I have said, is the only value that money has—

is as great as an equal denomination of coin, or of bullion in that coin.

And he very properly adds:

There is no point more important in issuing paper money than to be fully impressed with the effects which follow from the principle of limitation of quantity.

Of course there is no point more important than that. The principle of limitation of quantity is of the very essence of the value of money, of whatever material it may be composed.

If money were unlimited in quantity it would have no value whatever. Nothing has value that is unlimited in quantity. If, instead of sand, the ocean beach were strewn with gold dust, it would have no value whatever as a commodity; yet if that gold dust were taken up and coined into pieces of money, *the number of such pieces being limited*, they would have value precisely as gold pieces have value to-day. And, on the other hand, as Adam Smith says, if gold should reach a certain degree of scarcity, the slightest bit of it might become as valuable as a diamond.

Ricardo, leaving no form of the statement untouched, recurs to the subject by making the following remark:

On these principles it will be seen that *it is not necessary that paper money should be payable in specie to secure its value;* it is only necessary that its quantity should be regulated according to the value of the metal which is declared to be the standard.

If it is not necessary for paper money, in order to be of equal value with gold money, to be payable or "redeemable" in gold, how can it be asserted that silver money, in order to maintain its value in relation to gold, should be redeemable in that metal?

Prof. Fawcett, in his work on Political Economy, says:

In discussing the laws of price, the principle was established that general prices depend upon the quantity of money in circulation compared with the wealth which is bought and sold with money, and also upon the frequency with which this wealth is bought and sold before it is consumed. If more wealth is produced and an increased quantity of wealth is bought and sold for money, *general prices must decline unless a larger quantity of money is brought into circulation.*

When Prof. Fawcett says that "general prices must decline unless a larger quantity of money is brought into circulation," he is but stating in another form of phrase that the value of money increases as its quantity diminishes. This is the quantitative theory. Prof. Fawcett further says:

The amount of money required to be kept in circulation depends upon the amount of wealth which is exchanged for money. Hence, *ceteris paribus, the amount of money ought to increase as the population and wealth of a country advance.—Political Economy*, page 371.

If the amount should be increased, surely the increase must be an increase of the quantity.

Mr. N. A. Nicholson, of Oxford, in his Science of Exchanges, says:

Whatever substance may be used as currency, an excessive quantity of it (more than is required by the wants of the community) necessarily causes a diminution of its purchasing power.

To show that even gold is subject to the same law of quantity, Mr. Nicholson asks:

Could a currency, then, consisting entirely of the best gold coin only, be depreciated?

To which he replies:

Certainly, provided that the exportation of gold could be altogether prevented, the amount in use would soon become greater than what was required by the wants of the community, and its purchasing power would diminish in the same proportion.

What Mr. Nicholson means by the "wants of the community" is the amount of money necessary to sustain prices at the international level.

Earl Grey, writing to Mr. Grenfell, one of the governors of the Bank of England, and referring to Ricardo, says:

I would remind you (though it is hardly necessary to do so) that in his admirable pamphlet on this subject, he (Ricardo) has shown the value of paper money issued by the authority of the state to depend upon its *amount* as compared to the wants of the state in which it circulates. No one, I believe, now doubts this to be true, and experience has proved that *inconvert-*

ible paper money will circulate not only without depreciation, but even at a premium if the issues are sufficiently limited.—[Letter from Earl Grey, dated May 31, 1881. Quoted in The Bimetallic Controversy, by Gibbs & Grenfell, page 160.]

Prof. Shield Nicholson, of Edinburgh, in an article in the Nineteenth Century for December, 1889, states that every economist of repute since Ricardo's time has been an advocate of the quantitative theory of money.

Even a so-called debased coinage—that is, a coinage, each piece of which contains a smaller quantity of metal than the law prescribes—will maintain itself at par provided the total number of coins put in circulation be not too large. On this point, as I have shown, Ricardo says, that in circulation such coins will pass for the quantity of metal they *ought* to contain, provided they be "not in too great abundance."

With reference to this relation of quantity, and to the absolute necessity of an increase of money *pari passu* with the demands for it, Prof. Perry, of Williams College, says:

When, however, enterprises are multiplying and exchanges are being permanently increased in number and variety, then there must be a larger volume of money.—*Principles of Political Economy*, page 409.

With regard to the irredeemable paper notes of the Bank of England, issued on the suspension of specie payments in 1797, Prof. Perry says:

Cautiously issued at first, bank paper continued at par for several years after the suspension, which proves that when Government possess the monopoly of issuing paper money, and *carefully limits its quantity*, and both receives and pays it out at par, it may keep an inconvertible paper at par, or even by sufficiently limiting its quantity *carry it above par*.

How do gold-standard Senators, who talk of a sixty-cent dollar, explain the fact of a one-cent paper pound-sterling being at par with gold, or even at a premium over gold, without a penny's worth of gold existing in the entire kingdom? I suppose they will say the notes were sustained by the "credit of the government." Then, why did the credit of the government allow the notes later on, *when they were issued in larger quantity*, to depreciate in value?

All these great authorities agree, as I have shown, that the quantitative theory of money is correct, and that, instead of applying merely to gold, it applies to all money without discrimination or distinction of material.

Upon what principle or justice or wisdom, then I ask, can Senators advocate the repeal of a law which permits the continued utilization of silver, which has been money throughout all time? Why do they wish to repeal a bill which not only does not give too much money, but which, as is shown by the persistent fall of prices of commodities in the country, has not supplied even enough money for the wants of our people? The value of the notes issued under that law, instead of becoming less as time has elapsed, has become greater, showing, as I have stated, that there have not been too many of them issued, but too few.

I have heard no authorities cited by Senators on the other side. They prefer to be authorities themselves. They can not invoke in behalf of their contentions either the facts of history, or the works of leading political economists or philosophers in any country of the world. The junior Senator from Massachusetts [Mr. LODGE] by his resolution to prohibit the reading of speeches wished us to understand that it is better to deliver speeches on this question extemporaneously and without that thoughtful preparation to which so great a subject is entitled. I have heard no attempt to deny the propositions or postulates that we have laid down. We on our side are subject to the derision of all the gold-standard newspapers; even the cranks of the country are encouraged to "suppress" us; but, most remarkable circumstance, neither in the press nor in the Senate do we read or hear any answer to our arguments. We stand here for the prosperity of our country; for the welfare of all its people. We stand here advocating the wisdom, the duty, and the policy of having a reasonable increase in the volume of our money, an increase sufficient to maintain undisturbed the range of prices of the products of industry.

Until this is accomplished we shall constantly see willing workers relegated to idleness, owing to want of profit in business. We shall see the producers of the country looted by the money-lenders, who will receive the unearned increment on every contract, every bond, and every mortgage. Until this is accomplished, and the quantity of money keeps pace with demand, the real emancipation of man will not be achieved. Then only will the spiritual be fully enabled to take possession of the material. Then only shall we see every department of society advancing in intellectuality and in spirituality, for neither men nor women can ever become truly spiritual while engaged in a feverish hunt for the absolute necessaries of life.

AS TO REGULATION OF QUANTITY.

Mr. CAREY. Would it interrupt the Senator if I should ask him how he would regulate the quantity?

Mr. JONES of Nevada. I will reply to the Senator. In order that I may do so intelligently let me very briefly recapitulate the factors that enter into the question. In a condition of civilization dependent, as ours is, upon a system of almost infinite subdivision of labor, there is no human being who by his own efforts can supply even one of his own wants—none who can contribute more than a fragment of the labor necessary to the production of any one article necessary to life or to comfort. The agriculturist may be said to come nearest to independence, but in the present day even he must depend largely upon machinery, so that he is practically subject to the rule I have indicated.

The production of food, clothing, and all the other indispensable necessaries, to say nothing of comforts or luxuries of life, now depends upon the employment of a number of persons each of whom has acquired skill in the manipulation of a particular process or machine. For example, taking the case of a shoe as a familiar illustration, after the leather and other findings have been supplied, there are required sixty-four separate processes to produce the shoe. This makes of each person engaged in the work of manufacture but a fraction of a tradesman—but the one-sixty-fourth part of a shoemaker. He can, as I have said, supply, with his own labor, not even one of his wants. The most that he can do is to contribute a small fraction of the effort necessary to the production of any one article which he needs. Hence, in order to render his own labor effective in the supplying of his wants, it is absolutely indispensable that he should have something with which all wants can be supplied—something through which or by which to supplement his own efforts and his own products by the efforts and products of other men, and through and by which the products of the labor of other men can be effectively demanded, and in response to which they will without fail be instantly supplied. Without some means of thus commanding the efforts of others—of resolving and transmuting our own labor and its products at will, and at any moment, into the labor and products of other men—civilization as we know it could not exist for one day.

No man but a beggar makes a demand directly for a coat, a hat, a shoe, or anything else that he wants. Every man works in his own vocation, and from his labor or the products of his labor, obtains money. With this money he can demand and command the efforts and the products of the labor of other men. This, as I have already stated, makes the demand for money urgent and incessant. But this demand is not a demand for gold—except in so far as gold is money. If gold were not money it would represent a demand but for one thing—a metal, which, as a metal, serves but a trifling and inconsequential purpose in the economy of life. As a metal it would supply but one want—the desire for decoration; and that want, in comparison with all the material wants of life—how insignificant! What does it supply as money? Money supplies all wants, and therefore for gold as money there is an importunate and unceasing demand.

Mr. CAREY. How with silver?

Mr. JONES of Nevada. It is the same with silver. Silver money enables men to supply every want, not because it is silver, but because it is money. There being, as I have said, no substitute for money, however dear it may become—however much its command over commodities increases—it must be obtained, to meet maturing obligations, to save men from bankruptcy, and to purchase the necessaries and comforts of life. The demand for all necessaries and comforts is made by people. Were there no people there would be no need of money or anything else. As population increases there will be an increased demand for money. It makes no difference what the number of dollars may be with which a population starts on its career; when prices of commodities and property become adjusted to that number of dollars and thousands of millions of dollars of debts are contracted on the basis of those prices, the duty of the statesman is to see that equity and justice are not violated through changes in the quantity of the circulating medium by which those debts are measured.

When a given population has become accustomed to a certain quantity of money, to which all prices have become adjusted, if the population increases at the rate of 2 per cent there will surely be needed 2 per cent more food, 2 per cent more clothing, 2 per cent more houses, and 2 per cent more of all other things that go to supply human wants. Inasmuch as those wants can only be supplied with money, it is clear that there should be an increase of 2 per cent in the quantity of money. Otherwise the change of price arising from changes in the relation of supply and demand affecting the commodities themselves will be intensified by changes brought about by variations in the quantity of money. There being a greater demand for money by reason of the increased population commodities can be exchanged only at a lower and lowering range of prices, which means that a constantly increasing quantity of the products of labor must be exchanged for a given sum of money.

This means the destruction of men who have agreed to make deferred payments, and, in this age, all great undertakings must necessarily be conducted through the medium of deferred payments. I assert, therefore, that as population increases the very least increase that should take place in the volume of money is an increase proportioned to the percentage of increase of the population. Does anybody doubt this? Can anybody answer the contention? Ah! Mr. President, I think not. But, it will be said, do you think silver money better than gold? I reply that under any circumstances it is just as good, and that by reason of the fact that there is not enough gold, we should under no circumstances abandon silver. The entire history of the world shows that there has never been too much of both.

Mr. CAREY. Will the Senator permit me to call his attention to the question I asked him? I asked the Senator how he would regulate the quantity of money, assuming that we have not the right quantity now.

Mr. JONES of Nevada. I have stated that the least quantity which should be added to the money volume is a quantity corresponding with the increase of population. Whenever the world shall be prepared to intelligently regulate the quantity of money by trusting to the wisdom of legislation to supplement the deficiencies of the yield from the mines there will not be the slightest difficulty in arriving at methods of regulation. That is a matter of mere detail. So long, however, as the creditor classes fear to trust the regulation of the money volume to human wisdom, so long as they prefer to abide by the automatic system, they should not distort that system in their own interest; they should not so legislate as that with each advancing year the burden upon the backs of the debtors shall become greater and greater.

THERE HAS NEVER BEEN TOO MUCH METALLIC MONEY.

When we know that the mines of gold and silver taken together have never produced too much of both metals to serve the purposes of money, there is no reason to assert that the mines of one metal alone will yield enough. We know that the placers, from which nine-tenths of the gold yield of the world has been obtained, have been exhausted, and that the earth has been raked as with a comb in the vain search for others. It is certain, therefore, that so long as the world relies upon metallic money the reliance must be on silver.

The only persons whose interests can be subserved by discarding silver as money of final payment and as a measure of value are the creditor classes, and they permit neither justice nor consistency to stand in the way of the achievement of their purpose. While professing to distrust legislative interference with money they destroy one-half the money of the world by legislation in their own behalf.

When, in 1816, Great Britain adopted the gold standard the yield of gold had been for some years declining. But that fact did not prevent Great Britain, whose creditor classes were then as they are to-day the governing classes of that country, from adopting that standard. They knew that whoever should be hurt by that transaction it would not be themselves. They undoubtedly expected that other nations would follow their example, but in this they were for a long time disappointed.

The accessibility of the French mint for the unrestricted coinage of both silver and gold enabled the world to utilize all the silver as well as all the gold yielded by the mines. Hence the action of Great Britain in the interest not of the masses of her people, but of the classes only, was prevented from inflicting upon society the injury which would otherwise have resulted. The bimetallic law of France held the metals together. It was as easy for the world to pay in gold the debts they owed to Great Britain as it would be to pay those debts if that country had maintained the double standard.

Mr. CAREY. It did neither good nor harm.

DEBTOR COUNTRIES, LIKE THE UNITED STATES, SUFFER MOST FROM DEMONETIZATION OF SILVER.

Mr. JONES of Nevada. It did neither good nor harm at that time. But as soon as the mints were closed to silver the harm, as would naturally be expected, began. With the demonetization of silver the creditor classes not only of Great Britain but of every gold-standard country, began to receive from their investments an increment unearned and unbargained for; and having now for twenty years enjoyed the privilege of receiving such increment it is regarded not as a privilege merely but as a right vesting by mere prescription in the privileged classes of all countries, against which the debtors are expected to make no defense. So we find that debtor countries like the United States—which have to pay annually an enormous amount of money, or its equivalent in the products of labor, to the creditor classes of Great Britain are called upon by the creditor classes not only of Great Britain but of our own country to go to the gold standard.

This country is a debtor country. It is not in the position of Great Britain, whose creditor classes, as Mr. Gladstone says, have ten thousand million dollars out at interest. There is no reason—none has been or can be shown—why the United States should go to the gold standard. This country needs an increasing volume of money as population and business increase. It is impossible for it to get gold except at the expense of ruinous and continuously falling prices—a fall of prices by and through which the property of the producing masses is being and will continue to be confiscated into the possession of the creditors.

If other countries want gold let them have gold. Especially

785

let them have it if they are the countries to which we send our wheat, cotton, tobacco, meat products, and petroleum for sale, so that the prices of those commodities may be such as will properly compensate our farmers, planters, and others for their labor. What we want is enough money to maintain a firm range of prices, so that men will not have the discouragement of transacting business upon an inclined plane—producing goods upon one level and disposing of them at another and always a lower level.

Mr. CAREY. May I interrupt the Senator from Nevada?

Mr. JONES of Nevada. Yes.

Mr. CAREY. As I understand the Senator, he says that good money is made by simply putting the stamp of the Government on the face of it; and if we can not have both gold and silver it would be better to have silver than gold.

Mr. JONES of Nevada. Undoubtedly. The annual gold yield is almost all consumed in the arts and manufactures, and even if it were not, the quantity produced is wholly insufficient to maintain prices of commodities at a firm range, so that business can not be planned or conducted with any intelligent foresight.

THE UTILIZATION OF BOTH METALS NECESSARY.

Mr. CAREY. The Senator talks of the automatic theory which depends upon the production of these two metals. Can he on his own statement trust the automatic theory? Will it be safe to be guided by that in regulating the amount of money?

Mr. JONES of Nevada. By taking both metals and utilizing them to the full, justice may for a time be maintained. It has been demonstrated to the satisfaction of every impartial mind that there is not gold enough, and that there is no chance of getting enough, so that it is absolutely essential to continue the use of silver to the fullest extent. The production of silver is not so fugitive a work as that of gold—not so dependent upon accident. The larger proportion of the gold stock of the world is the production of nomads—only an infinitesimal portion having been produced by men who made the work the occupation of their lives. It has not been produced from mines or by means of machinery.

The production of silver, on the other hand, is a high art. It requires the best machinery, the best mechanics, the best engineers, and the best miners; and although mines of any great degree of fertility are extremely few, yet in the mines of moderate or slight capacity there is promise of enough of the metal, fortunately for the interests of society, to be yielded slowly and gradually through the years, an annual yield perhaps sufficient to meet the monetary demands of the world for some time to come. But the metal can not be poured out in a flood, as has been foolishly and ignorantly stated. The business is one that few men, even in the most favored of its periods, will be content to follow. Railroads have long penetrated every section of the mining regions of this country, yet but a very small number of the population, whether capitalists or working miners, engage in the business. It is a business in the nature of a lottery. While there is in it enough of hope to allure men of sanguine temperament who will take great risk on the chance of a great gain, there is at the same time enough of disappointment to discourage and repress any material increase in the numbers of those who might wish to follow the occupation or invest capital in it.

Mr. PEFFER. May I ask the Senator a question?

Mr. JONES of Nevada. Yes.

Mr. PEFFER. I wish to ask the Senator whether it is not a fact that a very large proportion of the gold which is the product of the mines comes from the mines which produce silver?

Mr. JONES of Nevada. A very large amount of it, I will answer. The Comstock mines have produced on an average about 45 per cent gold and 55 per cent silver. The great silver fields have been extremely few—so few that their names have become familiar to every ordinary reader—the Comstock, Leadville, and Aspen. Where are any others? The Comstock lode, however, is now practically exhausted.

As for the great mines that we sometimes hear of being discovered in Mexico, I have always noticed that while the marks made in the highway by those entering Mexico for purposes of mining are the marks of shoes, the marks made on the return journey are of bare feet. Any man can judge for himself as to the profit of an occupation in a country of which such a state of things can be predicated.

The wonderful stories told of the ease of production of silver and its slight cost emanate from people who know nothing whatever about the question. The great and convincing truth is that with alleged profits exceeding those of almost any other business, capital does not enter it; and with wages of labor higher than average wages in other occupations workingmen do not engage in it. As I have stated, but a very small proportion of the population of this or any other country engage in that business, though it is free and open to all. Show me any other business in the world in which the profits are said to be so large, and I will show you a business which will be overcrowded in two months. There is no overcrowding here.

[At this point the honorable Senator yielded to Mr. VOORHEES.]

Monday, October 23, 1893.

Mr. JONES of Nevada. Mr. President, when I yielded the floor on Saturday, I had been diverted by the questions of my friend, the Senator from Wyoming, from the direct line of my remarks. I was attempting to demonstrate that the standard of a country could not be gold, that it could not be silver, that it could not be any especial material, but that of whatever material the money might be composed the standard of a country is and must be quantitative; that the value of the monetary unit depends upon the number of units out. In support of my contention, I cited the opinions of the ablest political economists—the leading thinkers and writers on the science. I wish this morning to continue for a few minutes the consideration of that proposition, and in that connection to deal with a "fad," if I may so term it, of the gold-standard press.

DOES THE ARGUMENT FOR QUANTITY IGNORE THE QUALITY OF MONEY?

It is said that in arguing for the free coinage of silver and for the increase of the *quantity* of money we forget the *quality* of money. There is a great delusion about the quality of money. Why, Mr. President, there is no quality in money except that imparted to it by *quantity*. Whatever quality it has is *the creation* of quantity. The only quality that money has is that by which it exercises command over property and services.

The extent of that command, exercised by each piece, can be determined only, and is determined wholly, by the number of pieces out. As I have shown by citations from the leading authorities, the term value, as applied to money, has no meaning whatever except *purchasing power*.

Until men come to perceive this they can not understand the first principles of the subject, and if they attempt to discuss it will find themselves revolving in a circle, making no progress with the discussion, but always coming back to the point from which they started. Yet nothing seems more difficult to dislodge from the minds of men who have looked into the question only superficially than that there is some value in money apart from purchasing power.

All the authorities agree, not only on that point, but also that this value (purchasing power) of each monetary unit is determined (other things being equal) by the quantity of those units in circulation. The only consideration of consequence, therefore, in respect to the value of money is that it shall remain unchanging through time. This effect can be secured only by regulation of the *quantity*. Of this doctrine, as enunciated by the economists, there can be no possible denial, consistent with the principles of reason.

The statement that there is some quality in money independent of that derived from its quantity is based on the exploded idea that money has or should have "intrinsic" value, as if value could be intrinsic, or could reside in an object.

IS IT THE CREDIT OF THE GOVERNMENT THAT KEEPS SILVER AT A PARITY WITH GOLD?

In like manner, it is said by the advocates of the gold standard that the reason why the silver dollar maintains a dollar's worth of value or purchasing power is because the credit of the Government is back of it, and that it is that credit which keeps silver money at parity with gold.

It is *not* the credit of the Government that keeps it at a parity. Seventy millions of people are constantly striving for the money of the country, and it is this *strife*—this competition of all the people to get money—that keeps the metals at a parity. No matter what the credit of the Government might be, if the people were to strive harder for *one* metal than for *the other* it would be impossible to keep them at a parity.

If it is the credit of the United States that keeps them at a parity, why is it supposed that free coinage, or a larger number of silver dollars, if put out, would endanger the parity?

Is it pretended that the extent of the credit of the United States is only a few hundred million dollars? Let us test this question of credit. Suppose the United States should issue $3,000,000,000 *in bonds;* does any one mean to say that they would not be at par? We know that the Republic has already in one generation paid a national debt of nearly that amount, and when we bear in mind the number and the energy of our people there can not be a doubt that the credit of the Government could keep all those bonds at par without the slightest difficulty. The credit of Great Britain, which contains but a little over half our population, keeps consols for a larger amount than this nearly at par. But the issue of bonds and the prices of bonds *are* matters involving credit.

The keeping of money at par, and having bonds at par, are totally different affairs.

Notwithstanding the high credit of the United States—a credit not excelled by any government in the world—no man in his senses will for a moment pretend to say that we could issue three or four thousand million dollars, whether of gold or any other kind of money, and keep that quantity of money at par with the gold standard of the present time. Prices of commodities would rise far above present gold prices, and it would be impossible to keep so much money at a parity with the much smaller quantity of gold that is now in circulation in gold-using countries.

Even if the number of dollars thus added were of gold, the fall in value of each dollar, caused by the enormous issue, would constitute an entirely different gold standard; that is to say, the range of prices of commodities which would then prevail would be a range wholly different from that which now prevails.

The idea that the value of a Treasury note issued by a Government such as ours is not based on the number issued, but on something behind the note, or upon the credit of the Government, deforms the whole idea of money. It is clung to because people have been accustomed to look upon money as something of "intrinsic" value, and on that theory they have been at a loss to account for the fact that uncovered paper dollars, when sufficiently restricted in number, have precisely the same purchasing power as gold money, quantity for quantity. There is no question of credit about it. No man takes a piece of money of any kind, whether gold or silver or paper, as a piece of credit. If it is not legal tender it is not, in the true and full sense, money at all; if a full legal tender it needs nothing behind it but the law which makes it a legal tender for all debts and demands, and a *regulation of its quantity*, to maintain the monetary unit at any desired level of value.

It is not the credit, but the power of the Government that is behind it in the law of legal tender, and in the right to increase or diminish the issues. Taxes are payable in money, and debts are payable in money, and the only way that people can get money with which to pay debts or taxes is by competing with one another for it in all the occupations of life. It is this universal competition to get it that fixes the value of all kinds of money, as it is competition that fixes the value of all other things. In this work of competition the number of dollars to be competed for (other things being unchanged) must determine the value of each dollar.

The quantitative theory does not mean that all countries would require to maintain the same quantity of money in order to arrive at the same result. The immemorial habits and customs of the people of each country fix for them the per capita which they need. The French peasantry keep a good deal of money stored away in old stockings. But even with the quantity of money in France much greater than the quantity of money in this country, money would not, unit for unit, have the same effect upon prices in a country like France that it would have in a country like the United States, in which the habits of the people are altogether different. But, other things remaining unchanged in any given country, the volume of money regulates the range of prices, or, to state the same thing in other terms, it is the volume of money that regulates the value of each of the units of money. The character of the material of money has nothing whatever to do with fixing the value of money. It is always the *quantity*—the *number of dollars* in comparison with the demand for dollars—that fixes their value.

In the case of metallic money the regulation of quantity is effected by nature through the limitations placed upon the production of the metals. In the case of paper money, the regulation would depend upon the wisdom of legislation. The effect of limitation of quantity is precisely the same in both cases.

If the quantitative theory be not correct—if the value of the dollar is determined not by the number of dollars out, but by what there is behind these dollars, or what they are *based on*—then the adherents of the gold standard have absolutely no defense against the plan at one time suggested that the Government should issue money on the basis of land—the money to be lent to farmers on an appraisal of the value of their land.

If the theory be correct that something must be "behind" money, and something other than the demand of all the people must be a "basis" for money, it is wholly impossible to answer the theory which contemplates land as a basis for money, or as being behind money. That theory is entirely erroneous, but is derived naturally from the idea that money must have something as a basis or something behind it. The fact is that all that is a basis for money is the universal demand for it, and that is basis enough. Nothing need be behind it except the law of legal tender, which compels every man to take money in payment of debt.

The farmers of this country are a most intelligent and patriotic class of men. All that needs to be done in order to show them that they are wrong in demanding an issue of new money to be loaned on land as a "basis" is to demonstrate to them the true principles of monetary science, especially the principle that, other things being equal, the value of each dollar is determined by the number of dollars out. But it is impossible to demonstrate their error if it be insisted or if it be true that money must have any other basis than the demand of all the people for it. If it be true that money must have something concrete upon which it shall rest as a basis, then the theory that land is a good basis for money can not be controverted. Land is better than gold, which, notwithstanding its weight, may take wings. But it is not true, and the land-loan theory is wrong. The quantitative theory is impregnable and intelligible, and its general and universal acceptance would immediately dispel all monetary illusions. When it comes to be understood that it is the increase or the decrease of the *quantity* of money in the community that installs justice or creates injustice, the situation will immediately become as plain as day.

STANDARDS OF VALUE.

We are informed by so-called "financiers" and statisticians, and by an army of ready-made political economists among the gold-standard press—gentlemen who have not taken the trouble to carefully study the subject—that the value of gold is unchanging, and that to attempt to depart from what is called the "gold standard" would be to set at naught all the principles of justice, and even to defy the very laws of nature. This is an argument used only since the demonetization of silver. Up to that time it was well recognized by all who gave any attention to the subject of money, and is still well recognized by all the authorities on political economy, that both silver and gold are variable in value. So serious indeed have, from time to time, been the variations in the value of money that thoughtful men—some of them distinguished economists—have long observed and commented on the gross injustice which such variations involve, and various suggestions have been made of methods for securing stability of value in the monetary unit.

Up to the period when the creditors discovered the ingenious plan of surreptitiously increasing by an appeal to the legislative arm of all governments the value of all debts due, and to become due, to them, by depriving debtors of the immemorial right to pay in either of the two metals, it was acknowledged by the most eminent economists that the adoption of a single metal as a so-called "standard" of money did not secure so great a degree of uniformity in value as the adoption of both metals. This may seem a paradox to those who have not reflected on the essential nature of money and upon the method by which it obtains what is termed its "value," which it does through the medium of the prices of commodities. They ask: How can there be a standard composed of two things? Must not a standard be one? Can it be two or more?

DISCUSSION CLOUDED BY MISAPPLICATION OF THE WORD STANDARD.

There can be no doubt that the discussion of the value of money is much clouded by the entirely unwarranted application of the word "standard" to the material of which money is made. The idea of a standard is of something that is absolutely uniform and unchanging. Now, the only uniformity there is about gold is that, like all other elementary substances, it is, chemically considered, always the same, but people do not care for gold because of its chemical properties. It is as money that all the people desire it. Undoubtedly, those who keep their eyes always on the metal itself, and not on the manner in which it is fulfilling its monetary duty, think it is unchanging in value, and so long as they confine their gaze to the metal alone, they must always continue to think so. Suppose that in the case of a machine, as a steam engine, a certain pressure of steam—say 100 pounds—were the normal pressure for the accomplishment of a prescribed purpose, and that if that degree of pressure were maintained the most efficient service could be rendered consistent with safety. Imagine what would happen if, instead of noting the oscillations of pressure by observing the movements of the indicator upon the gauge, the engineer should simply fasten the figures "100" in bold type to the end of the indicator!

In such case, no matter how violently the pressure of steam rose, how correspondingly the needle became deflected, or how far it persisted in its course around the dial, a superficial glance would always show that the indicator pointed to "100"—a degree of pressure understood to be entirely safe for that engine, and best adapted to steady and uniform action of the machinery to which the engine supplied motive force. This absurdity is precisely analogous to the course pursued by the creditor and annuitant classes and the champions of the gold standard. They pin to gold the word "standard," and no matter how wild its vagaries or violent its oscillations, its movements are always apparently the movements of the "standard," so that whatever point it reaches is assumed to be the correct point. They wholly divert the attention of the onlooker from the objects which it is the function of money to measure—thousands of objects whose relative positions taken altogether would unmistakably demonstrate that gold was changing in value.

THE STANDARD IS NOT THE MATERIAL OF MONEY, BUT THE NUMBER OF UNITS OF MONEY.

The seeming paradox involved in the idea that what is called a "standard of value" may be composed of more than one material is made plain when it is borne in mind that it is not the material, but the quantity, of money which constitutes the standard. The quality to which in the case of value the word "standard" is applied is *not a quality inhering in the material of the money.* Value, as I have shown, does not reside in any article or in the substance of any article. When the consideration to be kept in view is not an object but a service—not a material but a function—the instrument by which that service or function is performed need not necessarily be limited to one material. Inasmuch as the purpose to be served is the attainment of a correct result, whatever the material by which it may be accomplished, such number of materials as may be indispensable to that end should without hesitation be employed. If we wish to obtain a clock which shall indicate the correct time we do not insist that it shall be made of one material. The material of which money is made is no more a standard of value than the material of a clock is the standard of time.

The yardstick which by statute is declared to be the model for all other yardsticks is made of bronze, but bronze is not therefore a standard of length. A bushel measure may be composed of any material, or of any number of materials combined, but this makes no difference so long as the precise purpose sought is attained, namely, the securing of perfect acuracy of measurement. If we assume the model or "standard" bushel measure to be composed of brass, it is not the brass that is the "standard of measure." Assuming that all bushel measures were made of brass, then this particular piece of brass comprising the model constitutes a standard by which to test the metal of which all future bushel measures may be made, but this does not constitute brass *per se* a "standard" of cubical content.

All the functions of money are performed through the medium of prices in the manner I have already indicated. It is the *quantity* of money, irrespective of the material of which it is composed, that determines what shall be the general level of prices. Credits aid in the establishment and maintenance of prices, but credits are themselves based on the quantity of money available for liquidation. They can be safely extended only to the degree to which money payments can, in the ordinary course of business, be made. No one will pretend to say that credits can be wisely extended beyond that point.

Hence a gold standard means the maintenance of a level of prices consistent with the quantity of gold in use as money, which means a level of prices on the average the same as those prevailing in gold-using countries. This must be clear, from the consideration that if from a country which possessed no gold mines all the gold had been sent out, it could be attracted back only to buy commodities; which clearly means that unless the prices of the commodities forming the subject of international trade were for the moment lower here than in the country from which the gold should come, we could not have exported the commodities except at a loss.

THE TABULAR STANDARD.

I have said that the injustice of a variable money unit has at various times led to suggestions for the remedy of the evil. As early as 1822 an English writer named Lowe proposed that authoritative returns should be collected, from a variety of localities, showing the prices of commodities of most general consumption, and that from those a table of reference be constructed, having regard to the comparative quantities consumed in an average household. By following, he said, the course of prices as shown by such returns all contracts which by their terms were payable in money could, according as they matured, be adjusted in accordance with the principles of equity, and the value of money thus be kept constant.

Some eleven years later a scheme somewhat similar was proposed by another English writer, named Scrope, the author of a work on political economy. In 1838 G. R. Porter, author of The Progress of the Nation, gave publication to another plan involving the same general features, with tables of prices of fifty leading commodities, showing their average monthly fluctuations for a period of years.

Commenting on those plans, Prof. Jevons, who himself fully recognized the evil of the varying value of money, writing so late as 1875, says:

Such schemes for a tabular or average standard of value appear to be perfectly sound and highly valuable in a theoretical point of view, and the practical difficulties are not of a serious character. To carry Lowe's and Scrope's plans into effect a permanent commission would have to be created and endowed with a kind of judicial power. The officers of the department would collect the current prices of commodities in all the principal markets of the kingdom, and by a well-defined system of calculations would compute from these data the average variations in the purchasing power of gold.

Inasmuch as Prof. Jevons was one of the most ardent and distinguished of the champions of the gold standard, it must surprise some of the eminent statisticians of this country who think things are perfect only when they emanate from Great Britain, to know that so eminent an economist and Englishman had actually admitted that gold was a varying standard of value, and was not as immutable as truth itself, which, to these Anglo-Americans, gold will always appear to be so long as it is the money of Great Britain.

Prof. Jevons continues:

The decisions of this commission would be published monthly, and payments would be adjusted in accordance with them. Thus, suppose that a debt of £100 was incurred upon the 1st of July, 1875, and was to be paid back on the 1st of July, 1878, that the value of gold had fallen in the ratio of 106 to 100 in the intervening years—

And in passing let me remind Senators that instead of falling the value of gold has *risen* at an average rate of 2½ per cent per annum as shown by the fall in the general level of wholesale prices for the past twenty years, ever since the year when the United States demonetized silver. Prof. Jevons, however, for good reasons, suggested the idea of a fall, and speaking of such fall, he adds—

then the creditor would claim an increase of 6 per cent in the nominal amount of the debt.

There is not a doubt that in the case of a fall in the value of gold as supposed by Prof. Jevons, the creditor would insist on equitable compensation for the fall: he would insist on being made whole to the full extent of the increase of prices of commodities—for that is what is meant by a "fall" of gold money or any other kind of money. But in the case which more immediately comes home to the great producing masses, the persistent and ruinous fall in the prices of the products of farm and factory for the past twenty years, and the consequent and ruinous increase of the burden of debt, the creditor sees no equity to be asserted by the debtor and denies that this persistent and extraordinary fall of prices is an injury to men who have borrowed money with which to buy homes or to enter upon business enterprises in the hope and expectation that the prices of their products would enable them to pay interest and to repay the loan without depriving them of their enire property.

Prof. Jevons then enters upon a discussion of details affecting the work of the commission which he suggests, and refers to the confidence which could not fail to be entertained in the labors of such a body, in view of the monthly publication, which he recommends, of the figures on which their calculations might be based, and the names of the localities from which such figures had in each case been taken. This would give full publicity to all the data and admit of the results being verified, so that any departure from accuracy could at once be detected. He then adds this significant comment:

> Whatever method were adopted, however, *the results would be better than if we continued to accept a single metal for the standard*, as we do at present. (Money and the Mechanism of Exchange. Appleton's edition, page 331).

Prof. Jevons knew and admitted that France, when giving unrestricted coinage to both metals without distinction, had, for three-quarters of a century, kept the two metals at a parity under circumstances of extraordinary variation in their relative yields from the mines; and, while too loyal to suggest that they did things better in France than in England, he could not avoid stating his conviction that some plan should be adopted which would secure equity of contracts caused by changes in the volume of money. In closing his chapter on the subject he says:

> Such a standard would add a wholly new degree of stability to social relations, securing the fixed incomes of individuals and public institutions from the depreciation from which they have often suffered.

Observe how careful he is not to suggest to the creditors that in the process of time an opposite effect might possibly come about, namely, that they themselves might be compelled, in the interest of justice, to yield or waive some of the unearned increment, the wrongful advantage, which under the single standard of gold would come to them from a literal but unjust interpretation of the terms of bonds, mortgages, and time contracts. Prof. Jevons knew that the only possible chance of getting his proposed plan into favor was by giving prominence to the considerations which weighed in favor of the *creditor*. He continues his statement of the advantages that would follow the adoption of the plan:

> Speculation, too, based upon the frequent oscillation of prices, which takes place in the present state of commerce, would be to a certain extent discouraged. The calculations of merchants would be less frequently frustrated by causes beyond their own control, and many bankruptcies would be prevented.
>
> Periodical collapses of credit would no doubt recur from time to time, but the intensity of the crises would be mitigated, because as prices fell the liability of debtors would decrease approximately in the same ratio.

But this approximate decrease of the liability of debtors, which this distinguished economist knew to be just and to be for the enduring welfare of his country and the world, is the very thing that the creditors cry out against, and which they are determined at all hazards to prevent.

Alfred Marshall, professor of political economy in Cambridge University, England, recognizing the injustice of gold as a standard of deferred payments, favors recourse to a tabular standard. He especially recognizes the injury to all classes of workers by their relegation to idleness through the operation of a defective monetary system.

In a paper read in 1885 before the "Industrial Remuneration Conference" of Great Britain, Prof. Marshall said:

> A great cause of the *discontinuity of industry* is the want of certain knowledge as to what a pound is going to be worth a short time hence. With every expansion and contraction of credit prices rise and fall.

And as credit is based on money an expansion or contraction of the volume of money results in an expansion or contraction of the volume of credit. I have already shown by quotations from the various economists that the level of commercial prices rises or falls in general accord with the increase or decrease of the quantity of money. Prof. Marshall continues:

> This change of prices presses heavily even on those who kept themselves as far as possible from the uncertainties of trade, and increases in many

ways the intensity of commercial fluctuations. For just when private traders and public companies are most inclined to reckless ventures the interest which they have to pay on borrowed capital represents an exceptionally small purchasing power, because prices are high. And in the opposite phase, when their resources are crippled by the stagnation of business, the lowness of prices compels them to sacrifice a much greater amount of real wealth in order to pay their interest. When traders are rejoicing in high prices, debenture and mortgage-holders and other creditors are depressed, and when the pendulum swings the other way traders, already depressed, *are kept under water by having to pay an exceptionally heavy toll to their creditors.*

This is not the statement of an advocate of silver, but of one of the most distinguished professors of political economy now living, and he is not referring to a "dishonest silver dollar," but to a dishonest gold pound. Prof. Marshall continues:

This serious evil can be much diminished by a plan which economists have long advocated. In proposing this remedy I want government to help business, though not to do business. It should publish tables showing as closely as may be the changes in the purchasing power of gold, and should facilitate contracts for payments to be made in terms of units of fixed purchasing power.

After describing his plan, somewhat similar to the plan of Prof. Jevons, Prof. Marshall says:

On this plan if A lends B £1,000 at 4½ per cent interest and after some years the purchasing power of money had risen by an eighth, B would have to pay as interest not £45, but a sum that had the same purchasing power as £45 had at the time of borrowing, that is, £40. And so on. The plan would have to win its way into general use, but when once it had become familiar *none but gamblers would lend or borrow upon any other terms*, at all events for long periods.

These quotations from Prof. Marshall will be found in the third report of the Royal Commission on the Depression of Trade, at pages 422 and 423.

Here are men of highest eminence in this science—Prof. Jevons and Prof. Marshall—strongly recommending the abandonment of gold as a standard of deferred payments—that is to say, as a standard of value, because of its unfitness for that function owing to its variability.

Yet we are told by the political economists who edit our gold-standard newspapers that gold is an unchanging and unchangeable "standard!"

All these discussions of plans for the elimination from bonds, mortgages, debts, and contracts, of the injustice perpetrated by changes in the value of money, were doubtless inspired by the discovery that among the laws of Elizabeth's time a statute was found directing that certain colleges, as those of Oxford, Cambridge, Eton, etc., should, in letting out their lands for long terms, provide that a certion portion of the re nt should be paid to the college, not in money, but in "corn," the English term for wheat and other cereals. The object of this statute, it appears, was to protect the parties from the injustice effected by changes in the value of money. "Bread corn," that is to say, wheat, was considered by Mr. Francis Horner, chairman of the celebrated bullion committee of the House of Commons, as "the real and paramount standard of all values." John Locke, in his work on the value of money, preceded Horner in the expression of the same idea. He said:

Wheat, in this part of the world, and that grain which is the constant general food of any other country, is the fittest measure to judge of the altered value of things in any long tract of time.

Our own distinguished economist, Prof. Francis A. Walker, recognizes, as Prof. Jevons recognized, the wrongful exactions imposed by changes in the value of money. He refers to such changes as unavoidable in connection with metallic money, but nevertheless as something of the first importance to avoid, in the interests of justice. He ascribes the changes in part to the very character of the work of mining as being full of accidents arising from natural and insurmountable causes. On this point Prof. Walker says:

The very nature of metal deposits, the work of agencies long extinct, and the utterly unaccountable way in which such deposits occur, especially in the case of gold and silver, render it inevitable that periods of highly stimulated production should be followed by periods of comparative inactivity or complete lethargy, to the serious prejudice of money in its functions as the standard of deferred payments.

And in discussing the suggestions of Locke and Horner to the effect that wheat is a better standard than the metals for the adjustment of time contracts, Gen. Walker continues:

There is no reason to believe that the metals furnish a better standard for the adjustment of long-term contracts [than wheat]. Indeed, quite the reverse is probably true. Through considerable periods breadstuffs maintain their cost of production much more steadily than do the metals.

In support of this contention he advances these points: "The vast breadth of arable land of reasonably uniform quality; the simplicity of the processes of agriculture and the wide diffusion of the art of tillage; the comparative immunity of the soil amid ravages which greatly impair, perhaps permanently cripple, manufacturing, and, in an even greater degree, mining industry; the limited applicability of the principle of division of labor to agriculture, and *the relative inefficiency of machinery in its operations.*"

Gen. Walker accounts for the failure of society to adopt some plan for the preservation of the equities in deferred payments by advancing the following reasons:

The manifest convenience of having that for the standard of deferred payments which is also the medium of current exchanges, the indolence and want of initiative which lead to the acceptance of what is nearest at hand and most familiar, a superstitious veneration for the precious metals—

I do not think that if Gen. Walker were writing to-day he would assert that there was any "superstitious" veneration for silver, though there can not be a doubt that his statement is strictly true with reference to gold. He continues:

a superstitious veneration for the precious metals, together with great ignorance as to the conditions and history of their production, have combined to withstand the important reasons which favor the adoption of corn rents, corn interest, and corn annuities, in the case of long leases, long loans, and fixed charges upon land.

He fails, however, to mention what is undoubtedly the lion in the path, namely, the determination of the creditor classes and money-lenders and their agents, the bankers of the great cities, to secure advantages to themselves at the cost of no matter how much injustice. There was no exhibition of "indolence" when those classes secured in 1873 the demonetization of silver, and above all there was no "lack of initiative." On the contrary, there was such an exhibition of initiative in their own interest as had never before been exhibited, except in the case of the creditor classes of Great Britain. These creditor classes and their agents in every country are capable of all the initiative necessary to secure themselves every advantage. They have not power of initiative enough to use their money themselves in business, nor the energy, skill, or disposition to do so, but they have sufficient power of initiative to see that all risks, even of those changes in the value of money which have been brought about by the machinations of the creditors themselves, shall be run by those who borrow from them, or buy from them on credit, or undertake to lease property from them for a term of years.

I have dwelt a little at length upon this question of a "tabular standard," or "multiple tender," not because I think it would be necessary if there were an intelligent regulation of the quantity of money, but in order to draw attention to the fact that notwithstanding the loud assertions of the gold-standard champions with reference to the invariability and unchanging value of gold, it has for hundreds of years been recognized that gold and silver were variable in value. Indeed, I might extend the time to thousands instead of hundreds of years, for an expression made use of by Aristotle appears to imply that he was cognizant of changes in the value of money.

With the money institution—which is the most important institution for the knitting together of society—properly and intelligently guarded; with both gold and silver fully availed of, and the deficiencies of the mines supplemented as, with the growth of population, industry, and commerce they should be, by duly limited quantities of legal tender paper money there could be no difficulty in maintaining equal and exact justice in all contracts, bonds, mortgages, and debts of every character. Of the wisdom and necessity of such a course only interested casuists can complain.

HAS GOLD APPRECIATED?

It is asserted by the advocates of the gold standard that there is no insufficiency of that metal for the purposes of money. If before the demonetization of silver there was only enough of both metals combined, how can men justify the assertion that there is now enough of one of them alone to answer all demands without rendering necessary a fall of prices of commodities? It will be conceded that value depends on the relation of demand to supply. No reason has ever been or can be given why money is not subject to that law. What, then, was the demand for gold in 1871 at the time Germany resolved to go to the gold standard? There were but three countries of Europe that were then formally on the gold standard—Great Britain, Portugal, and Turkey—and of those Turkey was making no demand for coin, but conducting its business with irredeemable paper.

Six of the other countries of Europe had nominally the bimetallic standard, namely, France, Italy, Belgium, Switzerland, Greece, and Spain; but of these only two, Belgium and Switzerland, were actually using coin, all the others, by reason of wars then but recently concluded, using inconvertible paper, and making no demand for coin of either metal. The countries then formally on the silver standard were Germany, Austria, Russia, Sweden and Norway, Denmark, and Holland. Of those Austria and Russia were without coin, and transacting their business on inconvertible paper money. The people of the United States, as is well known, were also at the time transacting their business with paper money. Placing the several countries in separate categories, according to their actual condition in 1871, we have the following results:

Countries making demand for gold alone: Great Britain and Portugal.

Countries making demand for gold or silver, indifferently: Belgium and Switzerland.

Countries making demand for silver alone: Germany, Sweden and Norway, Denmark, and Holland.

Countries making no demand for coin of either metal, but using inconvertible paper money: Austria, Russia, Turkey, France, Italy, Greece, Spain, and the United States.

In Belgium and Switzerland, both of which were on the bimetallic standard, silver money was as useful and as welcome as gold, so that those countries made no demand that was imperative for either of the metals in preference to the other. In Germany, Holland, Sweden, and Norway there was no demand for gold as money. All the other countries named, with the exception of Great Britain and Portugal, were at that time, as matter of fact, upon the paper standard and made no demand for gold. The population of those two countries, therefore (being in 1870, respectively, 31,600,000 and 4,000,000, or in all less than 36,000,000), comprised the entire population of Europe and America that made an imperative demand on gold for monetary purposes. Let us compare that demand with the demand of to-day.

What are the countries of Europe and America now demanding gold, struggling for it, and endeavoring to conduct their business with it? Those actually on the gold standard are the following:

Great Britain, with a population of 38,000,000; Germany, 50,000,000; Austria, 40,000,000; Turkey, 33,000,000; Scandinavian union (Norway, Sweden, and Denmark), 9,000,000; Egypt, 7,000,000.

As our bonds have always been paid in gold we must add to this group our own country with its 67,000,000 population. Inasmuch as Holland and the countries of the Latin Union have closed their mints to the unrestricted coinage of silver, and although not on the gold standard have entered upon the struggle for gold in order to make international payments, we must also add the 85,000,000 comprising the combined populations of Holland, France, Italy, Switzerland, Belgium, and Greece—resulting in a colossal struggle for gold participated in by 330,000,000 people—and this notwithstanding the admission of Mr. Giffen that *substantially none of the gold yielded annually from the mines becomes (or if minted, remains) money, but is absorbed by the arts and manufactures!*

This is a population *nine times* that which in 1871 made demand for gold, yet we are informed by the advocates of the gold standard that there is an ample supply of gold for all purposes, and that the fall of commercial prices has been brought about by new inventions!

PREDICTIONS AND ADMISSIONS AS TO APPRECIATION OF GÖLD.

We are, however, able to show that at various times during the progress of the fall of prices, but prior to the looming up of the silver question, the change that was taking place was attributed, even by champions of the gold standard, to the insufficiency of the monetary supply. In fact, before the fall began it was by some writers foreseen as a danger lurking in monometallism.

Before any nation of Europe thought of imitating the example of Great Britain by going to the gold standard, Prof. Stanley Jevons expressed his sense of the danger of a rise in the value of money which would be incurred by such a movement. No man then living was better entitled to be heard on any subject relating to money, his researches having placed him in the first rank of investigators and economists. Writing to M. Wolowski, the eminent French economist, in acknowledgment of a tract on the subject of money on the 12th of January, 1868, Prof. Jevons said:

As regards the theory, I feel strongly in what an admirable manner you have set forth the principles of the so-called "double standard," and *the danger we might run of a rise in the value of gold were silver entirely demonetized.*

Knowing the hopelessness of any movement to induce the creditor classes among his own countrymen to replace the gold money of Great Britain by silver, yet seeing that if other nations should demonetize silver the value of gold would rise, Prof. Jevons in his communication to Wolowski added:

Yet, it is only by a more or less replacement of this kind [a replacement of silver for gold in Great Britain] that a rise in the value of gold would be prevented.—*Investigations into Currency and Finanace*, page 320.

In an article in the London Economist of May 8, 1869, Prof. Jevons said:

I think that the growth of population and trade *tends to lower prices by increasing the use of gold.*

Of course in the term "use of" Mr. Jevons included "demand for," as an increased use involves an increased demand.

In 1871, two years before the demonetization of silver, Ernest Seyd made a prediction regarding the effects that would follow demonetization, which, in the light of subsequent facts, must be deemed nothing less than remarkable. He said:

It is a great mistake to suppose that the adoption of the gold valuation by other States besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium hitherto existing, and cause a fall in the value of silver, from which England's trade and the Indian silver valuation will suffer more than all other interests, grievous as the general decline of prosperity all over the world will be.

The strong doctrinism existing in England as regards the gold valuation is so blind that, when the time of depression sets in, there will be this special feature: the economical authorities of the 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 speculation and over-trading will have their turn. Later on, when foreign nations, unable to pay in silver, have recourse to protection; when a number of other secondary causes develop themselves, then many would-be wise men will have the opportunity of pointing to specific reasons which in their eyes account for the falling off in every branch of trade. Many other allegations will be made totally irrelevant to the real issue, but satisfactory to the moralizing tendency of financial writers. The great danger of the time will then be that, among all his confusion and strife, England's supremacy in commerce and manufactures may go backwards to an extent which can not be redressed, when the real cause becomes recognized and the natural remedy is applied.

ADMISSIONS OF MR. GIFFEN ESPECIALLY.

Among the most doughty of the champions of the gold standard and most determined opponents of bimetallism stands Mr. Robert Giffen, statistician to the London Board of Trade. His writings constitute the very arsenal from which all the advocates of gold monometallism draw their ammunition. Hence I shall be pardoned for quoting him freely. Before the silver question became the burning question that it now is, Mr. Giffen put himself on record with reference to the cause of the baleful fall of prices. He declared that the cause was continuing and persistent, and one from the uninterrupted action of which a continued and progressive fall of prices was naturally to be expected. He shows that there was need for an *increase*, not a decrease of money, if prices were to be maintained firm.

In a paper read before the Statistical Society of London, in January, 1879, Mr. Giffen said:

There is a general agreement that during the last few years there has been a heavy fall in prices. * * * It is usually a fall in price which cripples the weaker borrowers and causes bad debts, and this is a beginning of losses by which stronger borrowers are in turn crippled, further falls in prices ensue, and more bad debts and losses are produced. When we see so many failures as are now declared, therefore, we may be sure that they are preceded and accompanied by a heavy fall in prices.

In discussing in the same article the question of the insufficiency of the annual current gold yield to meet the monetary wants of the world, Mr. Giffen says:

It is a moderate calculation that if only the countries which used gold in 1848, including their colonies, were now using it, the requirements to correspond with the increased population and wealth *would be at least three times* what they were, assuming prices to remain in equilibrium.

But, he adds:

While during the last thirty years the annual yield of gold has been falling away from its first superabundance *the current demands for the metal have certainly been growing with marvelous rapidity.*

Now, observe his next statement. Speaking of the extraordinary demands made by the addition of Germany and the United States (upon resumption of specie payments) to the list of gold-standard countries, and the practical inclusion of France in the same list, he says of these new demands:

They have been supplied very largely by a continued pressure upon existing stocks *till an adjustment has at length been made by a contraction of trade and fall in values.*

No man who can read that statement can doubt that it is an unequivocal admission of the fact that the cause of the fall of prices is the insufficiency of the gold supply to meet the natural wants of trade and industry. But, according to Mr. Giffen, the mere increase of population is not the sole element in determining the fact of such insufficiency. He goes on to say that since 1848 the wealth per head has increased enormously. And, after showing that the wealth of Great Britain for the period of ten years, 1865–1875, had increased by 27 per cent, he continues:

Not only must the requirements of gold-using people be increased by 50 per cent to allow for the natural increment of population, *but another 50 per cent must be added for the greater wealth per head.*

Referring to the great fall of prices since 1873 he says:

Two causes only have been suggested. One is a great multiplication of commodities and diminution of the cost of production due to the progress of invention, improved facilities of communication, lower freights, international telegraphy, and like circumstances. The other is, that the precious metal used for the standard money—viz, gold—has become relatively scarcer than it was, its production being diminished on the one hand, and the demands for it on the other hand increased. The former of these causes [multiplication of commodities and diminution of cost of production] was discussed quite lately by Mr. Fowler in the Contemporary Review, and a greater weight assigned to it than to the latter cause. *I am disposed to give greater weight to the latter.*

That is to say, he is disposed to ascribe the fall of prices to the insufficiency of the quantity of gold.

He continues:

To a large extent, however, the two causes are not in conflict. The question is of money prices—the relation of money to commodities. Whether it is commodities that multiply, or gold that diminishes or does not multiply in proportion, the relation between gold and the mass of commodities is equally changed. It is quite conceivable that if gold were to increase in quantity and its cost of production to diminish, as other commodities increase in quantity and have their cost of production diminished, there would be no change of any kind in gold prices. Commodities would be more abundant, but the abundance *would make itself felt in a rise of money wages, salaries, rents, and profits, and not in lower prices. That it is felt in lower prices now appears to be absolute proof that the relation between gold and commodities has changed, that they have not increased in quantity and had their cost of production diminished pari passu.* In addition, however, while not denying that there has been a change on the commodities side of the balance, I would go further, and maintain that *what has happened to gold in the way of diminished produc-*

tion and increased demands upon it, arising from other causes than the multiplication of commodities, must have had great effect.—Essays in Finance, series II, pages 22 and 23.

In showing why it was that what has happened to gold "has had great effect," Mr. Giffen goes on to say:

In round figures, therefore, there have been new demands in the last thirteen years for about two hundred millions [pounds sterling, equal to $1,000,000,000] in gold, an amount very nearly equal to the whole production of the period, although a larger amount than the annual production of that period had been necessary in previous years to maintain the state of prices which then existed. As the maintenance of equilibrium in the matter of prices is only possible, other things being equal. by means of *a supply of gold to meet the wear and tear of coin and the increase of the population using gold* in numbers and wealth—and the ordinary demands of that kind before 1872 amounted in fact to twelve millions sterling annually—it is difficult to imagine *how all these extraordinary demands could have existed without contributing to that change in the course of prices which we should have expected beforehand as the consequence, and which in fact occurred.—Essays in Finance*, series II, page 25.

Not only is it difficult, as Mr. Giffen says, to imagine how those greatly increased demands could have been made without producing the effect of a fall of prices, but to a mind not blinded by prejudice it is wholly impossible to conceive how prices could have sustained themselves under the circumstances.

Referring to the mode in which an insufficiency of money would express itself, Mr. Giffen proceeds:

The way scarcity or abundance of gold would tell upon the money market would be by producing monetary stringencies and periods of temporary difficulty and discredit, by which, perhaps, the tendency to inflation in prices at one time would be checked, and the tendency to depression at another would be aggravated. The average rates over the whole period when these stringencies were occurring might be lower than at times when they were fewer, but the mere fact of successive stringencies would help to produce the effect described on prices. Now, the course of the money market since 1871, when the German Government began to draw gold from London, *has been full of such stringencies*. The crises of 1873 and 1875 were no doubt precipitated by them; and since 1876, in almost every year except 1879 and 1880, there has been a stringency, of greater or less severity, *directly traceable to, or aggravated by, the extraordinary demands for gold and the difficulty of supplying them.*

Looking at all the facts, therefore, it appears impossible to avoid the conclusion that the recent course of prices, so different from what it was just after the Australian and Californian gold discoveries, *is the result in part of the diminished production and the increased extraordinary demands upon the supply of gold.*

In a paper of Mr. Giffen's read before the Statistical Society of London, in December, 1888, published in the journal of that society for that month, he said:

We can say positively that the recent change from a high to a low level of prices is *due to a change in money*, of the nature or in the direction of absolute contraction.

And after showing the extremely slight additions that had Leen recently made to the stock of gold he said:

The stock with additions has had to do more work, and *it has only been able to do so because prices have fallen.*

In the same paper, speaking of the effects of this insufficiency of gold he said:

It is obvious beyond all question that these effects may be important. *The debtors pay more than they would otherwise pay, and the creditors receive more.* The matter is thus not unimportant to the two large classes of people who make up the community. *Appreciation is a most serious matter to those who have debts to pay. It prevents them gaining by the development of industry as they otherwise would.*

PROF. JEVONS AND MR. GOSCHEN.

So well convinced was Prof. Jevons of the injustice of gold as a standard for deferred payments that in 1875 he wrote of it:

It should cease to be the permanent standard of value because, as I have explained in chapter 25 (of Money and the Mechanism of Exchange), long enduring debts and transactions will be regulated by the tabular standard of value, the amounts of debts although expressed in gold, being varied inversely as gold varies in terms of other commodities.—*Investigations in Currency and Finance*, page 297.

Discussing the effects on prices of an increased demand for gold the same writer in an article in the Contemporary Review for May, 1881, says:

It stands to reason, of course, that if several great nations suddenly decide that they will at all costs have gold currencies to be coined, in the next few years *the annual production can not meet the demand*, which must be mainly supplied, if at all, out of stock. *The result would doubtless be a tendency to a fall of prices.*

And after referring to the gold stock in Great Britain, and the considerable gold fields of the British colonies, he added:

If these foreign nations insist upon having gold currencies, *they must pay our price* for gold, and they must, in raising the price, *benefit us* and our colonies.

In 1883 Mr. Goschen, afterward chancellor of the exchequer of Great Britain, read a paper before the Bankers' Institute of London, on the "Probable results of an increase in the purchasing power of gold." After showing that within ten years an enormously increased demand had arisen for gold, and that in that time Germany, the United States, Italy, and Holland had absorbed $1,000,000,000 of it, Mr. Goschen said:

Economists will accordingly ask themselves what result, if any, is such a phenomenon likely to have produced? I think there is scarcely an economist but would answer at once, "It is probable, it is almost necessary, it is according to the laws and the principles of currency, that such a phenomenon must be followed by a fall in the prices of commodities generally. Just as a large amount of gold poured into Europe in 1852 and subsequent years created a rise in prices, so the counter phenomenon must produce a fall.

And at the same meeting of the Bankers' Institute at which Mr. Goschen's paper was read, Mr. Giffen stated that if the supply of new money were not sufficient to maintain the equilibrium between demand and supply—considering the increase of population and wealth—"then we may have a long-continued fall of prices from generation to generation, *and this will probably have a very great effect as time goes on.*"

PROF. ROGERS AND GEN. WALKER.

The total insufficiency of gold for the monetary purposes of the world, considering the unequalled extension of industry and commerce, is emphasized by Prof. Thorold Rogers, in an article in the Princeton Review for January, 1879.

Speaking of the "rapid rise in the economic value of gold," he says:

The fact has been commented on with considerable but unequal force by M. Laveleye, in a recent number of the *Revue des Deux Mondes*, where he alleges, and *on good grounds*, that the annual produce of this metal is *not more than sufficient to cover the annual wear and tear of the currencies.*

And he adds:

Unless we are to assert that the values of gold and silver do not depend on the demand which exists for them and the means for supplying that demand, it must follow that *a large demand brought to bear on a limited supply will affect the values of those precious metals, and through them lower prices.*

Writing in 1879 of the effects of demonetization of silver, our leading American economist, Prof. Francis A. Walker, now president of the Massachusetts Institute of Technology, said:

The second immediate consequence of the German demonetization has been an enhancement of the purchasing power of gold, now left throughout pretty much all Europe *to perform the whole office of money which six years ago was performed by a money mass composed both of gold and silver.* The latter having been thrown out of its use as full-valued money, and remitted to the purposes of small change or banished to the East, the value of the former has, *by a necessary consequence, risen greatly*, even in the few years that have intervened since this disastrous act was accomplished.

The effects upon industry and trade of a diminishing money supply in enhancing the burden of debts and fixed charges and in disparaging the profits of business and hence reducing the motives of production, have been discussed so much at length that we need only inquire here as to the fact.

Two notable pieces of testimony on this subject have been given to the public within the past few weeks. In an article in the January number of the Princeton Review Prof. Thorold Rogers, of Oxford, in discussing the causes of the present general disturbance of commerce, writes as follows:

"The first cause in importance, the most general, and, in all probability the most enduring, is the rapid rise in the economical value of gold.

"While the area of civilization is widening and, therefore, the demand for an adequate currency is being extended, the most populous state of Europe has abandoned a silver for a gold currency, and has had, as a fruit of a successful war with France, an exceptional power of attracting gold to itself, with singular success indeed, to the incredible misfortune of its people. Germany has effected a monetary revolution on the grandest scale, and has beggared its own industries.

"Taking into account the growing intercourse of civilized nations, and particularly the sensitiveness which they feel at any event which may check the activity or derange the machinery of trade and production, it appears that *at no time has the drain on the existing stock of gold been so sharp and rapid as at present.*'

On the 28th of December the London Economist, in a remarkable article on the causes of the present depression of prices which that journal finds to be greater than after the panic of 1857 or that of 1866, gives as the principal causes the following:

First. *There has been a diminution in the supply of gold.*

Second. There has been *a marked increase in the demand for gold.* The effect of the adoption of a gold standard in Germany as well as in some other European countries of minor importance, has been, as we have clearly seen, to depreciate the value of silver, measured by a gold standard, in an extraordinary manner. Large masses of silver have been demonetized and thrown upon the market. But, on the other hand, *large masses of gold have been required to take their place, while, as has been shown, the supply has been actually diminishing.*

The Economist concludes that there has been a real fall in prices to the extent of 16 per cent since 1869. This is an undoubted appreciation of gold, because it represents a real increase in the purchasing power of gold.

What does an increase of 16 per cent in the purchasing power of gold mean?

It means an addition of one-sixth to the burden of every existing debt, national, corporate, and private, payable, as are nearly all the public and by far the greater part of the private debts of the world, in gold. It means that on every day which the laboring man gives to work to pay his share of the interest and principal of such public debts, or to meet the interest or principal of the mortgage on his cottage or his farm, his hours of labor shall be, not twelve, but fourteen. In those last two hours' drag, if brain and hand grow weary with the strain and toil, he should know whom to thank, the financiers and political economists who, at a time when the production of the two historical money metals jointly was at a standstill, or even diminishing, accomplished the great monetary reform of throwing the stock of one of them, accumulated through thousands of years, out of its uses as money of full power in Europe, remitting it to the office of small change, and sending the remainder to swell the treasures of the Orient; all for the sake of a mathematical and metrical unity of coinage and exchange.—*Money Trade and Industry*, page 191 *et seq.*

Within the year a piece of testimony has been contributed to the discussion as to the appreciation of gold, which one would suppose, by reason of its source and timeliness, should serve to awaken thought among even the most fanatical of the adherents of the gold standard. It will be remembered that in 1886 the British Government appointed a royal commission to inquire into the "recent changes in the relative values of the precious metals." This became known as the Gold and Silver Commission. It was naturally composed of men of ability and distinction—twelve in number—among whom was Mr. Leonard Courtney. Regarding the genesis of the fall of prices the commission, as is well known, divided—six of the members maintaining that it was to be looked for mainly in causes affecting commodities; the other six mainly in causes affecting gold.

Among those who believed that the change was for the greater part due to causes affecting commodities was Mr. Courtney. Now, after six years of further investigation and reflection, Mr. Courtney expresses a change of conviction, or, more correctly, a progress of conviction toward the ground occupied by what may be called his opponents on the commission. In an article in the Nineteenth Century for April, 1893, he says:

I was one of the six members of the Gold and Silver Commission who could not see their way to recommend bimetallism, and reported, "When we look at the character and times of the fall in the prices 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 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 of gold," though we held it impossible to determine its extent.

Mr. Courtney then continues:

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 whilst I thus doubted I did not dissent.

He then goes on to say:

I am now satisfied that *there has been an appreciation of gold greater than I suspected when I signed the report*, and I should not be able to concur in the same paragraph again. My conclusion is built upon many reasons, and it seems to me to explain many phenomena otherwise inexplicable.

Mr. Courtney admits that the fall of prices is as much as 30 per cent, which means an appreciation of 43 per cent in the purchasing power of gold; and referring to its effect, he says that even if it were but 10 per cent it "would just counteract all that we [the English people] have done in the last fifteen years in the reduction of the national debt."

And he continues:

We have reduced the nominal amount, but the real burden is unaltered. The pressure of all debts, public and private, has increased. Nor is this all. Although it is immaterial to commercial and industrial activity what may be the scale of prices, high or low, when a scale is reached and maintained, yet the transition from high prices to low is extremely restrictive of enterprise.

The person who enters on the use of things—that is, the man who creates enterprise, whether in industry or commerce—has his wealth nibbled away by those who have money claims upon him, and the man who trades on borrowed capital trades as little as possible if he finds his assets shrinking compared with his liabilities. Differences must also constantly arise between masters and workmen, between the producers of a raw material and the creators of the finished product, in a word—between all who coöperate to put something on the market—if they find its selling price mysteriously diminishing, and their shares of it have to be perpetually adjusted.

And Mr. Courtney adds:

It is a dream to suppose that gold is stable in value. * * * It has undergone a considerable appreciation in recent years, and industry and commerce have been more hampered by its movement than they would have been had silver been our standard. Whether the appreciation will be maintained undiminished is uncertain, but every step taken toward the further demonetization of silver must tend to the enhancement of the value of gold.

But, Mr. President, it would be useless to multiply testimony. No man who bears in mind the enormous increase in the demand for gold, and the fact that most, if not indeed all, of the current annual yield is absorbed in the arts and manufactures, can for a moment entertain a doubt that the metal has enormously appreciated.

AS TO IMPROVED METHODS OF PRODUCTION.

The advocates of the gold standard in this country assert that the fall of prices, which they are compelled to admit began the very year of the demonetization of silver, is not due to such demonetization, but is a mere coincidence; and that it is in fact due to new inventions and consequent improvements in the various arts and industries.

But it is to be observed that such improvements have been the characteristic of all periods of time since the application of steam to the various processes of industry. While improvements of detail calculated to facilitate production have undoubtedly been a feature of the mechanic arts during the past twenty years, yet for far-reaching invention, for radical improvement in all the round of industries, that period is not to be compared with the twenty years preceding, during which the prices of commodities not only were not falling but were in fact rising, and when the business of the world, instead of being in collapse as a consequence, was more prosperous than at any former period in history.

Economic writers have made all readers familiar with the red-letter character of the period from 1850 to 1873, during which the Californian and Australian discoveries were reinvigorating the almost exhausted energies of the commercial and industrial world, which for a period of thirty years prior had suffered from the dry rot of a money volume not keeping pace with demand. With the new supplies of money came universal prosperity in the form of rising prices—notwithstanding the extreme activity of invention and improvement in methods of manufacture. In discussing this question the advocates of the gold standard leave it to be inferred that no inventions or improvements in methods of production were ever made prior to 1873, and are driven by the logic of their contention to the absurd conclusion that with that year was ushered in a new order of the ages. There is no reason whatever for supposing anything of the kind.

Mr. Giffen, in a paper read by him before the Statistical Society of London, in January, 1879, referring to the period from 1848 to 1877 (the period which, except the last four years, was characterized by rising prices), said:

> The peculiarity of the period has been *the increase of mechanical invention and the constant augmentation of goods.*

And he went on to show that in the period named the annual output of pig iron in England had increased 300 per cent, of cotton exports 400 per cent, of shipping clearances 400 per cent, and in other departments of business in like proportion.

And writing in 1885, he said:

> The same reply may also be made to the suggestion that the multiplication of commodities accounts for the entire change that has occurred. There is no reason to suppose that the multiplication of commodities relatively to the previous production has proceeded at a greater rate since 1873 than in the twenty years before that. Yet before 1873 prices were rising notwithstanding the multiplication of commodities; and since that date the

tendency has been to decline. *The one thing that has changed, therefore, appears to be the supply of gold and the demands upon it; and to that cause largely we must accordingly ascribe the change in the course of prices which has occured.* * * * *The very thing is happening which we should have expected to happen if there had been a pressure upon gold.—Essays in Finance*, Series II, page 28.

Writing of the great fall of prices between 1809 and 1849, which he ascribed to the falling off in the supply of the money metals by the closing of the South American mines, and commenting on the arrest of that fall and the setting on foot of a contrary movement by the California discoveries, Prof. Jevons says:

Thus while industry, trade, and property were rapidly advancing in Great Britain and other parts of the world there was no corresponding advance in the production of the precious metals. *Prices both in gold and silver continually receded.* Now, if while *the introduction of railways, telegraphs, and innumerable other improvements* accelerated the extension of trade and the consequent demand for the precious metals no new discoveries of the precious metals had been made, what must have ensued? Prices must have continued in the downward course they had pursued for thirty or forty years before. *But they did not continue in this course.* On the contrary they *turned upwards in a sudden and decided manner* as shown in the body of this tract. And *this change was simultaneous with the discovery of the new gold fields.* Half the prerogative instances of Bacon are exemplified in this question, and *if the philosophy of observation and common sense may be applied to statistical matters we can draw but one conclusion—that prices have risen in consequence of the gold discoveries.*

But Prof. Jevons continues his reflections beyond this, and in order to accentuate the blessings which the yield of the new gold discoveries had been to the world, he says:

The gold discoveries have had the double effect of arresting the fall of prices and then raising them. The total effect is not merely the rise that has occurred, but that rise plus the fall that would have occurred. This goes a considerable way to explain why prices have not risen so high as the vast supplies of gold might have led us to expect.—*Investigations into Currency and Finance*, page 110.

There is not a period of history since the invention of James Watt that has not been characterized by new inventions and improvements.

Mr. Tooke, in the first volume of his History of Prices, published in 1838, referring to the several causes of a rise of prices observed to occur between 1792 (one hundred years ago) and 1819, says:

And as *the improvements in agriculture and manufactures*, all tending greatly to reduce the cost of production, *were in progress during the whole period*, although not so rapidly in the earlier part of it, they must have operated as a corrective against so great an advance in price of those articles to which they applied as might from the operation of other causes have been expected. This cause need, therefore, only be incidentally referred to.

The same author, in one of his later volumes, dealing with the period from 1848 to 1856, after the gold discoveries, says:

The rapid increase in every part of the world, the improvements in the navigation and speed of ships, the rapid spread of population into new and fertile regions, *the quick succession of important discoveries in practical science and the ceaseless activity with which they are applied to increase the efficiency of all mechanical appliances* * * * are all causes which singly and conjointly have assisted to accelerate the rate of progress; [but with all this] the influence of the new supplies of gold year by year *has probably been that particular cause* or train of causes which has modified in the most powerful degree the economical and commercial history of the last nine years.

From those statements it will be observed that so far as concerns new inventions and improved methods they have been a constant feature of industry in periods both of high and of low prices from the date of the invention of the steam engine to the present time. And while it is conceded that in one or two industries radical improvements have within the past twenty years been effected, yet in the vast mass of processes, no revolutionary change has occurred, or anything to justify the extraordinary fall of prices which has occurred—not in the products of one or two classes of industries merely, but of all classes of industries—no less of those involving finished products than of those involving raw materials, both of the factory and the farm.

OUGHT THE UNITED STATES TO FOLLOW THE EXAMPLE OF GREAT BRITAIN?

If the gold standard contributes to the welfare of the peoples adopting it, there must be some method of ascertaining that fact. There must be some external evidences of the prosperity which it is said to impart.

We are told that gold is especially the proper medium for the money of rich nations, and that Great Britain, being a rich nation and having a gold standard, and gold alone for money of full legal tender, we should follow the example of Great Britain, and that if we did not do so we should be placed alongside India, Mexico, South America, and so on.

We do not dispute that there is great wealth in Great Britain, but when it is said that Great Britain as a nation is rich, we are placed upon inquiry as to what constitutes a rich nation.

On this point I quote a pertinent suggestion of John Ruskin's. He says:

Respecting riches, the economist has to inquire, first, into the advisable modes of their collection; secondly, into the advisable modes of their administration.

Respecting the collection of national riches, he has to inquire, first, whether he is justified in calling the *nation* rich if the quantity of wealth it possesses, relatively to the wealth of other nations, be large, *irrespectively of the manner of its distribution.* Or does the mode of distribution in any wise affect the nature of the riches? Thus, if the *King alone* be rich (suppose Croesus, or Mausōlus), are the Lydians or Carians therefore a rich *nation?* Or if a few slave-masters are rich, and the nation is otherwise composed of slaves, is it to be called a rich *nation?* For if not, and the ideas of a certain mode of distribution or operation in the riches, and of a certain degree of freedom in the people, enter into our idea of riches as attributed to a people, we shall have to define the degree of fluency or circulative character which is essential to the nature of common wealth; and the degree of independence of action required in its possessors—questions which look as if they would take time in answering.

And further. Since the inequality, which is the condition of riches, may be established in two opposite modes—namely, by increase of possession on the one side and by decrease of it on the other—we have to inquire with respect to any given state of riches precisely in what manner the correlative poverty was produced; that is to say, whether by being surpassed only or being depressed also; and if by being depressed, what are the advantages, or the contrary, conceivable in the depression. For instance, it being one of the commonest advantages of being rich to entertain a number of servants, we have to inquire, on the one side, what economical process produced the riches of the master; and on the other, what economical process produced the poverty of the persons who serve him, and what advantages each on his own side derives from the result?—*Munera Pulveris*, page 22.

Does it then, Mr. President, make any difference how the riches of a nation are distributed? Let us take a case near home in order to enable us to see the situation clearly. The late Mr. Jay Gould lived in a village or small town on the Hudson, adjacent to the city of New York. He was believed to be worth at least $100,000,000. Even if no other man in the village was worth a dollar, it could still be said that that village was a rich village because Mr. Gould lived in it. In a certain limited sense, as words are usually understood, that would doubtless be true. But, *cui bono?* The fact that Mr. Gould was rich did not make the other inhabitants of the village rich. One swallow does not make a summer.

It is said that the income of one duke in England amounts to hundreds of thousands of dollars a month, from rents alone. This fact, in one sense, may be said to make England a rich country; but, in the true sense of the term, does it mean anything to affirm that by reason of the riches of the Duke of Westminster England is a rich nation? A nation is not made up of dukes. May it not be that the people at large, instead of being the richer, are the poorer, for the riches of the Duke of Westminster? And when the example of Great Britain, as a rich nation, is held up to the admiring gaze of our people by the gentlemen who are so devoted to the gold standard, do they intend us to understand that a nation is rich because a few of its people are rich?

WHAT CONSTITUTES A NATION?

If the wealth of a nation be concentrated in the hands of a few persons, while the masses of the people are steeped in poverty, what a travesty it is upon words to say that the nation is rich. What is a nation? Is it mere *land* without reference to the people who dwell on it? Manifestly not. If, then, it means *people*, does the word "nation" express only that limited number of people who are rich?

This was the idea of polished and cultured Greece, in which the artisans and all that portion of the population corresponding with the working classes of our time, were *slaves*. It accorded sufficiently well also with the Roman idea—one-half the population of the Roman empire (according to Gibbon) consisting of slaves—not black slaves, but *white*—being persons, of whatever race or blood, conquered in war. But the classes of white men that were formerly slaves are now freemen and constitute the great body of every community.

Any description of a nation which should leave them out of account would be a description which would omit the most indispensable part of society—the makers of *things*—the producers of wealth—as contradistinguished from the drones and idlers, and that portion of the community which, instead of producing wealth, merely juggles with the counters by which wealth is computed. In this age, what significance can attach to the expression "a rich nation," if it mean only that a few persons residing in a country are the possessors of large wealth, or of all the wealth of the country? Any correct definition of the term could include only nations in which wealth is generally diffused among the people.

In that sense Great Britain is not a rich, but a very poor, nation. Like most European countries, it is a nation in which a few are rich, while the great masses of the people are steeped in poverty. The persons who constitute the nation, in the sense of those who speak of Great Britain as a *rich* nation, are the creditor classes—and they are the most active, alert, and watchful in their own behalf of any "nation" in Christendom. That country is, by situation and circumstances, naturally a commercial country; and its creditor classes have, from the earliest times, determined to dominate the commercial world, and especially the world of which *we, to-day,* form part. Before the application of steam to the purposes of industry, many nations of the continent excelled Great Britain in the arts and manufactures. Failing to find a market in Europe, the eyes of the commercial and financial aristocracy turned at an early day to the American colonies. Here they saw a market which they were determined to enjoy without competition. Not only without competition from other European countries, but without competition even from the colonists themselves.

LONG-STANDING DETERMINATION OF GREAT BRITAIN TO EXPLOIT THE INDUSTRIES OF THE UNITED STATES.

In 1660 the first of the navigation acts was passed which compelled the colonists to use only English ships in the work of transportation. In 1663 another law was enacted which required that all the articles which the colonists might desire to buy in Europe should be bought in the markets of England. Heavy penalties were prescribed for the violation of such laws. In 1669 Parliament declared that no wool, yarn, or woolen manufactures of the American plantations should be shipped, or even laden to be transported from thence to any place whatever.

In 1719 it declared that the erecting of manufactories in the Colonies tended to lessen their dependence upon Great Britain. In 1732 a law was passed forbidding hats or felts to be exported from the Colonies or even to be loaded on horse, cart, or other carriage for transportation from one plantation to another. So determined were they to repress and put down, by the strong hand, all attempts on the part of the Americans to produce the articles required by their own situation and circumstances, that in 1750 Parliament went to the extreme length of prohibiting by law "the erection, or continuance, of any mill or other engine for slitting or rolling iron, or any plating forge to work with a tilt hammer, or any furnace for making steel, in the Colonies" under the penalty of £200.

Every such mill, engine, forge, or furnace was declared a common nuisance, which the governors of the provinces were bound to abate within thirty days under a penalty of £500. In the same year a prominent and well-known London publication on "Trade"—a great authority in its time—a work written by a person named Gee, exhibited the tone and spirit of English public opinion regarding the industrial development of the Colonies. That writer said:

Manufactures in our American Colonies should be discouraged and prohibited. We ought always to keep a watchful eye over our colonies, to restrain them from setting up any of the manufactures which are carried on in Great Britain, and any such attempts should be crushed in the beginning, for if they are suffered to grow up to maturity it will be difficult to suppress them. * * *

Our colonies are in much the same state as Ireland was in when they began the woolen manufactory, and as their numbers increase will fall upon manufactures for clothing themselves, if due care be not taken to find employment for them in raising such productions as may enable them to furnish themselves with all the necessaries from us. As they will have the providing rough materials for themselves, so shall we have the manufacturing of them. If encouragment be given for raising hemp, flax, etc., doubtless they will soon begin to manufacture if not prevented.

Therefore to stop the progress of such manufacture it is proposed that no weaver have liberty to set up any loom without first registering at an office to be kept for that purpose. That all slitting mills and engines for drawing wire or weaving stockings be put down; * * * that they shall be prohibited from manufacturing hats, stockings, or leather of any kind. This limitation—

The author is good enough to say—

will not abridge the planters of any liberty they now enjoy—on the contrary, it will then turn their industry to promoting and raising those rough materials. * * * If we examine into the circumstances of the inhabitants of our plantations and our own, it will appear that not one-fourth part of their product redounds to their own profit, for out of all that comes here they carry back clothing and other accommodations for their families, all of which is of the merchandise and manufacture of this kingdom.

Now, note how early the shrewd "foreign investor" began to get in his work upon the people of this country. Mr. Gee says:

All these advantages we receive by the plantations, *besides the mortgages on the planters' estates, and the high interest they pay us, which is very considerable*, and therefore every care ought to be taken in regulating all the affairs of the colonists that *the planters are not put under too many difficulties, but encouraged* *to go on cheerfully!* * * * New England and the northern colonies have not products enough to send us in return for purchasing their necessary clothing, but are under very great difficulties, and therefore any ordinary sort of clothing sell with them; and when they have grown out of fashion with us they are new-fashioned enough for them.

I may add, as a pertinent suggestion at this point, that we still find New England sending no wheat or cotton abroad, so that the fall of prices of those leading articles of export is not a matter of so supreme importance to the people of that section as it is for other parts of the country.

All this, Mr. President, shows that from the earliest time the eyes of the alert money lenders of Great Britain have been turned to these "plantations" as the fertile field for the cultivation and development of British prosperity.

That was written nearly one hundred and fifty years ago, and to this day it can truthfully be written that the interest we pay them is "very considerable." If the silver-purchase law be repealed, and the dollars of every man's debt be thus made more valuable to the creditor, the interest will yearly grow more and more "considerable," to the hearty satisfaction of our "foreign investor," who accordingly is urging this repeal with unfeigned enthusiasm.

GREAT BRITAIN THE GREAT CREDITOR NATION OF THE WORLD.

One hundred years ago, at a time when France was the only rival of England, Edmund Burke, speaking of the money power of Great Britain, said:

Our capital gives us a superiority which enables us to set at defiance all the efforts of France to rival our manufactures. The powers of capital—

He added—

are irresistible in trade. It dominates; it rules; it even tyrannizes in the market; it entices the strong and controls the weak.

No better description of the effects of capital, as it is utilized by the British capitalist, was ever given. Fifty years later, Sir Robert Peel, in debating the corn laws, still understood its influence when he said:

That we may retain our manufacturing preëminence we must neglect no opportunity of securing to ourselves those advantages by which that preëminence can alone be secured. * * * The accumulation of wealth—that is, the increase of capital—is one of the chief means by which we can retain the eminence we have so long enjoyed.

And Prof. Senior, in one of his Oxford lectures (1830), ingenuously admits the manner in which the prosperity of Great Britain and its great creditor classes is maintained. "*The mine worked by England*," he says, "*is the general market of the world!*"

In a report made in 1854 by a commission appointed by Parliament to inquire into the operations of the mining laws of Great Britain the following statement appears:

The large capitals of this country are the great instruments of warfare against competing capitals of foreign countries, and are the most essential instruments now remaining by which the supremacy of our manufactures can be maintained—the other elements—cheap labor, abundance of raw material, means of communication, and skilled labor, being rapidly in process of being equalized.

All these statements, as to the purpose of the legislative and governmental policies of Great Britain, lead up directly to the statement made by Mr. Gladstone in his speech in the House of Commons on the 28th of February last, in opposition to the motion of Sir Henry Meysey Thompson with reference to the Brussels conference.

"England," said Mr. Gladstone, "is the *great creditor* of the countries of the world; of that there can be no doubt whatever; and *it is increasingly the great creditor* of the countries of the world. I suppose there is not a year which passes over our heads which does not largely add to the mass of British investments abroad. I am almost afraid to estimate the total amount of the property which the United Kingdom holds beyond the limits of the United Kingdom; but of this I am well convinced, that it is not to be estimated by tens or hundreds of millions. One thousand millions probably would be an extremely low and inadequate estimate. Two thousand millions, or something even more than that, is very likely to be nearer the mark. I think, under these circumstances, it is rather a serious matter to ask this country whether we are going to perform this supreme act of self-sacrifice."

The act of self-sacrifice, to which Mr. Gladstone referred, was whether Great Britain should even discuss the question of giving a larger use to silver as currency. In giving utterance to those views Mr. Gladstone simply repeated in another form what had before been so often stated. The gist of his statement is contained in his opening remark, that "England is the great creditor of the countries of the world."

Now, Mr. President, it is well known that the United States is one of the great *debtor* countries of the world. If it would be an act of self-sacrifice for the creditor classes of Great Britain to bring to a halt the unjust and constantly growing appreciation of gold, would it not be an act of wisdom on the part of the

American Senators to do what may be in their power, in the interest of their own people, to bring about that result without reference to the self-sacrifice of the creditor classes of Great Britain?

Mr. Gladstone's highest estimate—namely, that the property which the United Kingdom holds beyond its own limits, may be £2,000,000,000, or $10,000,000,000, is sustained by the statements of eminent writers. Prof. Cairnes calculated that according to the returns of imports and exports the creditor classes of Great Britain receive every year, on their foreign investments, not less than $500,000,000, which would be the interest on $10,000,000,000 at 5 per cent. This computation was made in 1874; and we may rest assured the amount has not been reduced since then.

And Prof. Thorold Rogers, in his work on the Economical Interpretation of History, says:

> * * * An enormous and incredible mass of foreign and colonial securities is held by British investors. I am confidently assured by those who know the facts well, that at least two thousand millions sterling of such securities are held in Great Britain, and ear-marked on the stock exchange. We in England hold all, or nearly all, the colonial securities, the Indian debt, and so large a mass of foreign debt that no large purchase can be made of such foreign debt on any but the London Stock Exchange. Now, interest must be paid on such liabilities, and of course, in accordance with the rule laid down before, the ordinary way in which such an amount of interest is paid, as is implied in the above-stated indebtedness, is by *goods*, the amount or value of which makes the aggregate of imports appear to be vastly in excess of the aggregate of exports. * * * In fact, the annual interest which the borrowers contract to pay is expressed in the currency of the United Kingdom, or in the currency of the borrowing state and community, and in theory such debtors are bound to pay in money. In practice, however, they pay in *goods, generally in raw materials*, or in articles which our climate will not allow to be produced, or not to be produced in so useful a form. *Hence a country like our own, to whom other countries are largely indebted, always gets its raw materials, and some other articles, at the cheapest rates possible.—The Economic Interpretation of History*, page 98.

Why, Mr. President, the very object of Great Britain in maintaining the gold standard is that her creditor classes may get the products of other people's labor at the "cheapest rates possible." They want American wheat and American cotton at the "cheapest rates possible," and they are getting them cheaper and cheaper as time elapses.

It needs no prophet to safely predict that by the repeal of the purchasing clause of the Sherman law they will get our products very much cheaper than ever.

While Great Britain appears to be receiving gold as interest on her foreign investments, yet what she really receives is not gold itself—which she does not want—but commodities at the range of prices consistent with the existing quantity of gold money. If the $500,000,000 of interest, which Prof. Cairnes calculated was received each year by Great Britain, were received in money, it would be a sum greater than the entire monetary supply of the kingdom, and, were it possible to be obtained, would produce such a rise of prices of all commodities as would create a revolution in the industries and trade of the country. But no country can retain more than its distributive share of the gold of the world.

INJURIES INFLICTED ON THE PEOPLE OF GREAT BRITAIN BY THE ADOPTION OF THE GOLD STANDARD.

The creditor classes are, and well may be, content to receive, not the money, but the materials which the money will buy. Producing nothing by their own labor, they can observe without regret a constant fall in the prices of the products of other men's labor. They know that it would be impossible to obtain the gold, and that, if obtained, it would be good only for its purchasing power as money. For hundreds of years, as I have shown, it has been the determination of those classes to dominate the commercial and industrial world. They are too intelligent to attempt, in this age, a domination of *force*. They know how to acquire domination by strategy. This was the basis of their determination to limit the supply of money to gold alone.

When they decided to adopt the gold standard they knew that the quantity of money in circulation determined the value of the monetary unit. Before taking that step they were not unaware of the difficulties that would be encountered, but not being themselves producers of wealth *they* had nothing to fear. The miseries which their course might inflict upon others was not a matter which concerned them. In the investigation by the parliamentary committee, made prior to the adoption of the gold standard, the manufacturing interests of Great Britain were represented by wise and thoughtful men, who foresaw and delineated the consequences that must ensue from the carrying out of the gold policy, but the executive department of the Government of Great Britain turned a deaf ear to the statements of the manufacturing and agricultural classes, and listened only to those of the bankers and money-lenders. To their interest, then, as at all times since, every other interest was subordinated.

In describing the consequences of the parliamentary enactment which placed Great Britain on the gold standard, Sir Archibald Alison says:

The capital which had been realized during the war [with Napoleon] had been so great, the influence of the moneyed interest so powerful, that the legislature became affected by the desires of its possessors. The monetary bill of 1819, before many years had elapsed, added 50 per cent to the value of money and weight of debt and taxes. * * * Small landed proprietors were generally ruined from the fall of prices; the magnates stood forth in increased lustre from the enhanced value of their revenues. Industry was querulous from long-continued suffering; wealth ambitious from sudden exaltation.—*Continuation of History of Europe*, volume 1, page 3.

And again he says:

The effects of this sudden and prodigious contraction of the currency were soon apparent, and they rendered the next three years a period of ceaseless distress and suffering in the British Islands. The accommodation granted by the bankers diminished so much, in consequence of the obligation laid upon them of paying in specie, when specie was not to be got, that paper under discount at the Bank of England, which in 1810 had been £23,000,000, and in 1815 not less than £20,660,000. sank in 1820 to £4,672,000, and in 1821 to £2,722,000. The effect upon prices was not less immediate or appalling. They declined in general—

The historian says—

within six months to *half their former amount*, and remained at that low level for the next three years. Distress was universal in the latter months of the year 1819; and that distrust and discouragement was felt in all branches of industry, which is at once the forerunner and the cause of disaster.

The land-owners of Great Britain at the time of the passage of the bill numbered 160,000 persons. By reason of the ruinous consequences of the fall in prices they became reduced in the course of seven years to 30,000 in number, or less than one-fifth, while 15 per cent of the population became the subject of support by organized charity. The idleness and distress among the people became so universal that mass meetings were held in all towns and cities, some of which were attended by as many as 60,000 persons. Collisions with the troops occurred, in which many were killed and wounded.

Speaking of the effects of this same bill establishing the gold standard, Sir James Graham, in his tract entitled "Corn and Currency," published in 1826, says:

Whether we regard private debts or public burdens, the effects of the measure of 1819 have been to enact that *for every less sum owing a greater shall be paid;* prices falling, but pecuniary engagement remaining undiminished, the farmer has no profit, the landlord no rent, the manufacturer no customer, the laborer no employment; a revolution of property and a derangement of the whole frame of society must necessarily ensue.

But the writer significantly adds that—

Amidst the ruin of the farmer and of the manufacturer, the distress of the landlords and the insurrections of a populace without bread and without employment, one class flourished and was triumphant; the annuitant and the tax-eater rejoiced in the increased value of money; in the sacrifice of productive industry to unproductive wealth, in the victory of the drones over the bees.

But these sufferings had no effect then and similar sufferings have none now on men determined to gain an advantage for themselves at the expense of the masses of the people.

Ever since the establishment of the gold standard the business of the English people, and that of all people having the gold standard, has been subjected to frequent and violent panics, resulting from the incongruities and absurdities of a money system wholly insufficient, and growing yearly more insufficient, for the performance of the task imposed upon it. But, as was to be expected, when anything occurs calculated to expose the monstrosity of a system under which rich and powerful classes are increasing their riches and perpetuating their power, the professors of political economy and the writers for the daily press attempt to account for its eccentricities by the most absurd and contradictory hypotheses—even Prof. Jevons, a most distinguished economist, actually connecting the causation of the numerous panics, periodically occurring in Great Britain, with the recurrence of the spots on the sun!

Our statisticians, economists, and statesmen who laud the gold standard and recommend its adoption by the United States, may flatter themselves that their theories are supported by the supposed fact that England is a rich nation, but we know nothing about the riches of a nation until we shall ascertain how those riches are distributed. The distribution of wealth in a country is a subject upon which it is difficult to arrive at very exact information. Those whose business it is to write upon public questions, especially in monarchical countries, deem it a patriotic duty to give rose-colored views of the conditions of society.

A POET'S DESCRIPTION OF ARTISAN LIFE IN ENGLAND.

Such a picture is one that I am about to read from an address recently delivered by Sir Edwin Arnold at Birmingham, in England. When people read such descriptions of the conditions of life, which they suppose to exist among the masses of the people of Great Britain, it is no wonder they call it a rich nation; no wonder they call the gold standard a great standard; no wonder that the creditor classes should welcome such statements, and hold them up to the admiring gaze of an appreciating world as evincing the beauties and excellencies of the gold standard. Sir Edwin Arnold said:

Upon the face of facts, is life—even were it transient—so bad a thing as some people make out? Look at common modern existence as we see it, and note to what rich elaboration and large degrees of comfort it has come. I leave aside for the moment uncivilized nations and the bygone struggles of our race; its wars and woes; its tyrannies and superstitions; all of which history has greatly exaggerated, not telling us of the contemporaneons contentments. I invite you briefly to contemplate an artisan's existence in your own Birmingham. Let alone the greatness of being an Englishman, and the supreme safety and liberty of his daily life, what king of old ever fared so royally? What magician of fairy tales ever owned so many slaves to bring him treasures and pleasure at wish? Observe his dinner board! Without being luxurious, the whole globe has been his servingman to spread it. The currants in this dumpling are a tribute from classic Greece, and tinned salmon or kippered herring a token from the seas and rivers of Canada or Norway. He may partake, if he will, of rice that ripened under the hot skies of Patna or Rangoon; of cocoa—that "food of the gods"—plucked under the burning blue of the equator. For his rasher of bacon the hog express runs daily with 10,000 grunting victims into Chicago. Dutch or Brittany hens have laid him his eggs, and Danish cows grazed the daisies of Elsinore to produce his cheese and butter. If he drinks beer, it is odds that Russia and Bavaria have contributed to it the barley and the hops; when he has finished eating, it will be the Mississippi flats or the gardens of the Antilles that fill for him his pipe with the comforting tobacco. He has fared, I say, at home as no Lucullus ever fared; and then, for a trifle, his daily newspaper puts at his command information from the whole globe, the freshness and fullness of which make the news-bearers of Augustus Cæsar, thronging hourly into Rome, ridiculous. At work, machinery of wonderful invention redeems his toil from servitude and elevates it to an art.

Is he fond of reading? There are free libraries open to him, full of intellectual and imaginative wealth. Is he artistic? Galleries rich with beautiful paintings and statues are prepared for him. Has he children? They can be excellently educated for next to nothing. Would he communicate with absent friends? His messengers pass in the Queen's livery bearing his letters everywhere by sea and land; or in the hour of urgency the ariel of electricity will flash for him a message to the ends of the kingdom at the price of a quart of small beer. Steam shall carry him wherever he wants to go for a penny a mile; and when he is sick, the charitable institutions he has too often forgotten in health render him such succor as sick goddesses never got from Æsculapius, nor Ulysses at the white hand of Queen Helen.

Does he encounter accident? For him as for all others the benignant science of our time, with the hypodermic syringe or a waft of chloroform has abolished agony; while for dignity of citizenship he may help when election time comes by his vote to sustain or to shake down the noblest empire ever built by genius and valor. Let the fancy fill up the imperfect picture with these thousand helps and adornments that civilization has brought even to lowly lives; and does it not seem stupid and ungrateful to say, as some go about saying, that such an existence, even if it were transitory, is not for itself distinctly worth possessing?

No man can doubt that in presenting this picture the distinguished poet and writer is perfectly sincere. So long as the rich and cultured classes in those countries are enjoying life, it is a great comfort to them to suppose that all others enjoy it. They concern themselves very little with the sufferings or burdens of the workers, and especially of those who are relegated to idleness. They have no personal knowledge of those conditions. It is gratifying to their sense of humanity to suppose that enforced idleness is unavoidable. They would never think of holding the gold standard responsible for it. Those things are supposed to be inevitable. They find so many good things in their own path that they assume something of a like good fortune for everybody else.

For idleness the only suggestion they have to make is that charity shall be brought to bear. So conditions are investigated only with reference to the effects which philanthropy may have on them. Even the philanthropists, the persons who have some heart, and those who see the miseries of the masses as matters of daily observation, are disposed to regard them as the results of natural causes, or of the inscrutable decrees of Providence. The literature, therefore, which deals with the real condition of the masses of the people is very limited. How few examine those conditions at their sources.

We can, however ascertain some general facts which may aid us in arriving at a judgment as to the wisdom of the national policies that dominate the Government of Great Britain, of which none can be more important than its monetary policy.

CONCENTRATION OF WEALTH IN GREAT BRITAIN.

The concentration of wealth in that country is illustrated by the distribution of the national debt, amounting to over $3,500,000,000, which, a short time ago, the official returns showed to be held in the hands of only 126,331 persons, thus averaging $30,000 to each person owning the debt. The greater prosperity of the French people is illustrated by the wider and more general distribution of the public debt of that country. Even so long ago as 1867 that debt was held in the ownership of 1,095,683 persons, averaging but $2,000 each, and since that time it has obtained even a wider distribution.

The following statement of the distribution of land ownership in Great Britain and Ireland is a summary from the recent work on political economy by Prof. J. S. Nicholson, of Edinburgh:

England and Wales, total area, 37,000,000 of acres. A body of men not exceeding 4,500 own *more than half*. Less than 280 people own *one-sixth* of the inclosed land. Sixty-six people own one-eighteenth part, or 2,000,000 acres. One man owns 186,397 acres.

Ireland, total area, 20,000,000 acres. Two hundred and ninety-two people own one-third Seven hundred and forty-four people own one-half. There are three persons owning more than 100,000 acres each.

In Scotland the figures are still more striking. Total acreage about 19,000,000. One owner has 1,326,000 acres and 32,000 in England as well. There are five owners with more than 300,000 acres each. Twelve men own one-quarter of all Scotland. Nine-tenths of the whole of that country belongs to fewer than 1,700 people.

The following summary is still more startling:

Two-thirds of the whole of England and Wales owned by 10,207 persons.

Two-thirds of the whole of Ireland owned by 1,942 persons.

Two-thirds of the whole of Scotland owned by 330 persons.

One man owns an entire county extending across Scotland. One land owner in Scotland a few years ago appropriated 300 square miles of land to a deer forest, evicting many families to make room for the deer.

SOME PROSE-WRITERS' DESCRIPTIONS OF LIFE IN THE POET'S COUNTRY.

In a book entitled Breadwinners Abroad, Mr. Robert P. Porter, late Superintendent of the United States Census, speaks of a district he visited—the nail-making district near Birmingham, England, within a few miles of the spot at which was delivered the glowing description I have read from the remarks of Sir Edwin Arnold. Mr. Porter says:

It is said that 24,000 persons are engaged in this dismal district making nails and rivets. Though within 7 miles of the great and prosperous city of Birmingham no one seems to know or care about this army of men, women, young girls, and children condemned to a life of wretched slavery. * * * The inhabitants of this desolate district are among the most industrious and yet the most wretched in England. They are engaged in making all kinds of nails, rivets, and chains. The work is done in little smithies attached to the hovels in which the workers reside. * * * These houses, as a rule, contain little or no furniture. They are filthy and wretched beyond description. What spare time the unhappy nailer's wife gets from nursing the baby and preparing the meager meals is spent at the smithy fire pounding away at the anvil until late at night. But the extra work that the woman does, combined with that of one child—say a girl of 14—will barely keep the family from starvation. * * * The most cruel part of this business is that young women should be allowed to work at what is called the "olivers," a heavy iron machine worked by means of two wooden treadles. I found numbers of girls making large 8-inch bolts on these machines, and indeed they seemed to work with masculine firmness and with far more vigor than the men. * * * Their earnings do not exceed $1.25 per week.

In this way mothers, daughters, and mere children toil and slave on from year to year—indeed one man told me that nails had been made here for over a century in this way. How they exist is a mystery to me. They live in hovels, they are poorly fed, and poorly clad. They marry early, and several girls not over 17 were pointed out to me as mothers of children 2 and 3 years of age. The men have an unmuscular look; most of them are very pale and lean and leaden-eyed. The small nailers are not protected by the English factory act and they work in their father's shops sometimes until late at night. The time to see the nailers at work is at night. The sharp din of the hammer on the anvil, and the dull rapid thud of the oliver as it flattens the heads of the nails and spikes still rings in my ear from last night. I can see the bright sparks from the forge, the red-hot nails clattering down to join their cooler brethren, the bending forms of the men, the women and the girls, little children creeping into the clattering, scintillating nail shop for the sake of warmth, and every now and then the red flames from the forges illuminating the scene and making more distinct the wierd form of these shadowy creatures doomed to a never-ending industrial treadmill.

In some cases I found mothers and three, and even four, daughters at the forge. In most of such instances, the father, I was told, spent his time in the public house, and the united earnings of the entire family would be less than $5. Many of the nailers actually starve, and cases of the deepest sorrow are not uncommon. "Misery," as the London Standard correspondent wrote, "so deep and dreadful that the most graphic pen can but faintly convey its depth of sorrow is witnessed." * * * Not long ago a journalist of ability undertook to show the desperate condition of the working classes here. I do not mean the idle, worthless, good-for-nothing people, but just such industrious people as those described in this letter. He sent the result of his inquiries to a Liberal journal and the manager refused to publish the facts. He wrote: "It is better not to call attention to such matters. It could do no good." * * * It is time the truth about industrial England is told. The London Standard has dared to speak out on the condition of labor in the Black Country, and when that paper makes the following statement I can say that actually accords with some of the horrible facts which have come within my observation during my stay in this dismal region :

"Women within a few days of their confinement have been known to work in the agony of exhaustion in order to earn a few pence at the hearth—not the hearth of home, but the hearth of the forge; they have been known to return to work in a day or two after childbirth, emaciated in constitution, weak and weary for the want of simple nourishment. Their children, ragged and ill-fed, have to lead miserable and wretched lives, with no hope before them but a life of wickedness and vice."—*The Breadwinners Abroad*, chapter 48.

Should it be said that these statements are from the pen of an American writer, we need not trust altogether to Americans.

PAUPERISM IN LONDON.

In a letter of Mr. Arnold White, a prominent citizen of London, England, in the daily Times of that city, dated January 11, 1893, we find a statement of a few significant facts which give us a striking view of the condition of that class of people in England which the well-to-do call the lower orders. Mr. White states that according to an official publication—the Directory of the charitable associations of London—a great body of associations which number nine hundred and eighty-six, there were received by those organizations in cash during the year 1892 the sum of £6,246,136 (over $31,000,000), to be distributed among the poor. He adds that from his long and intimate acquaintance with the city he is certain that at least twice that sum is given each year as private charity.

Even if we assume an equal sum only to be given, there are $60,000,000 a year expended in organized and unorganized charities in the city of London. At the rate of $2 a week (and people would hardly give more, as a regular weekly gratuity, to paupers) this sum would support 600,000 persons *all the year round*. This is 12 per cent of the entire population of London.

Inasmuch as the people of European cities are not given to indiscriminate charities, it must be assumed that of this large number of persons a considerable proportion are cases of chronic idleness.

In accordance with the *laissez-faire* maxims of the period, the enforced idleness that comes of a volume of money shrinking in comparison with the demand for it is charged to the dullness of trade—never to the policies of the Government—which are supposed to have no responsibility for dullness of that character. In ninty-nine cases, however, out of one hundred this dullness is caused by a shrinking money volume—a matter wholly within the correcting power of the Government.

The estimate of Mr. Arnold White is sustained by estimates based upon actual investigations. But who would care to make those investigations?

None but those who have to do with the classes immediately concerned. Not the prosperous; not the creditor classes; not the bankers; not the cultured and the literary classes. Who would undertake a work which may well make the stout heart quail? That which wealth, culture, and refinement disdained or neglected to do, religious enthusiasm, not for the first time, undertook. And I will say here in behalf of the writer I am about to quote, that as his book created a sensation in England, there was appointed a committee of most distinguished persons to investigate his career and his work, and after investigation that committee made a unanimous report commending him and his work in the most hearty manner and approving his efforts for the improvement of the condition of the unfortunates of whom he writes.

THE FATE OF ENGLAND'S SUBMERGED TENTH.

Gen. William Booth, in his book entitled In Darkest England, gives some idea of the condition of a large class of his countrymen. In the introduction of his subject he says:

> In setting forth the difficulties which have to be grappled with, I shall endeavor in all things to understate rather than overstate my case. I do this for two reasons: First, any exaggeration would create a reaction; and, secondly, as my object is to demonstrate the practicability of solving the problem, I do not wish to magnify its dimensions.

He then proceeds:

> The denizens in darkest England for whom I appeal are, first, those who, having no capital or income of their own, would in a month be dead from sheer starvation were they exclusively dependent upon the money earned by their own work; and second, those who, by their utmost exertion, are unable to attain the regulation allowance of food which the law prescribes as indispensable even for the worst criminals in our jails. I sorrowfully admit that it would be Utopian in our present social arrangement to dream of attaining for every honest Englishman a jail standard of all the necessaries

of life. Sometime, perhaps, we may venture to hope that every honest worker on English soil will always be as warmly clad, as healthily housed, and as regularly fed as our criminal convicts—but that is not yet. Neither is it possible to hope for many years to come that human beings generally will be as well cared for as horses.

Mr. Carlyle long ago remarked that the four-footed worker has already got all that this two-handed one is clamoring for: "There are not many horses in England which are able and willing to work which have not due food and lodging and go about sleek-coated and satisfied in heart." You say it is impossible. "But," said Carlyle, "the human brain, looking at these sleek English horses, refuses to believe in such impossibility for English men." Nevertheless forty years have passed since Carlyle said that, and we seem to be no nearer the attainment of the four-footed standard for the two-handed worker. "Perhaps it might be nearer realization," growls the cynic, "if we could only produce men according to the demand, as we do horses and promptly send them to the slaughterhouse when past their prime," which of course is not to be thought of. What then—

Asks Gen. Booth—

is the standard toward which we may venture to aim with some prospect of realization in our time? It is a very humble one, but if realized it would solve the worst problems of modern society. It is the standard of the London cab horse.

When in the streets of London a cab horse, weary, or careless, or stupid, trips or falls and lies stretched out in the midst of the traffic, there is no question of debating how he came to stumble before they try to get him on his legs again. The cab horse is a very real illustration of poor, broken-down humanity; he usually falls down because of overwork and underfeeding. * * * If not for his own sake, then merely in order to prevent an obstruction of the traffic, all attention is concentrated upon the question of how we are to get him on his legs again. The load is taken off, the harness is unbuckled, or, if need be, cut, and everything is done to help him up. Then he is put in the shafts again and once more restored to his regular round of work. That is the first point.

The second is that every cab horse in London has three things: a shelter for the night, food for his stomach, and work allotted to it by which it can earn its corn. These are the two points of the cab horse's charter. When he is down he is helped up, and while he lives he has food, shelter, and work. That, although a humble standard, is at present absolutely unattainable by millions—literally by millions—for our fellow men and women in this country. Can the cab horse charter be gained for human beings? I answer yes. * * *

The first question, then, which confronts us is, what are the dimensions of the evil? How many of our fellow-men dwell in this darkest England? How can we take the census of those who are fallen below the cab-horse standard to which it is our aim to elevate the most wretched of our countrymen?

The moment you attempt to answer this question you are confronted by the fact that the social problem has scarcely been studied at all scientifically. Go to Mudie's and ask for all the books that have been written on the subject, and you will be surprised to find how few there are. There are probably more scientific books treating of diabetes or of gout than there are dealing with the great social malady which eats out the vitals of such numbers of our people.

Of late there has been a change for the better. The report of the Royal Commission on the housing of the poor and the report of the committee of the

House of Lords on sweating, represent an attempt at least to ascertain the facts which bear upon the condition of the people. But, after all, more minute, patient, intelligent observation has been devoted to the study of earthworms than to the evolution, or rather the degradation of the sunken section of our people. Here and there in the immense field, individual workers make notes, and occasionally emit a wail of despair, but where is there any attempt, even so much as to take the first preliminary step of counting those who have gone under.

Gen. Booth then enters upon an estimate, based upon an actual industrial census of East London, of the conditions of the people throughout the country as a whole. Counting the houseless and the starving, as well as the criminals and the members of the pauper workhouses—all who get relief, whether indoors or outdoors, as well as those who get neither—and including England only, without reference to Scotland or Ireland, after enumerating the actual figures upon which his estimates are based, he sums up the case as follows:

This brings my total to 3,000,000, or, to put it roughly, to one-tenth of the population.

According to Lord Brabazon and Mr. Samuel Smith, between two and three millions of our population are always pauperized and degraded.

Mr. Chamberlain says—

I am still quoting from Mr. Booth's book—

there is "a population equal to that of the metropolis"—that is, between four and five million—"which has remained constantly in a state of abject destitution and misery." Mr. Giffin is more moderate. The submerged class, according to him, comprises 1 in 5 of manual laborers, or 6 in 100 of the population. Mr. Giffin does not add the third million which is living on the border line.

Between Mr. Chamberlain's four millions and a half and Mr. Giffin's one million eight hundred thousand, Gen. Booth says he is content to take three millions as representing the total numbers of the destitute. He continues:

Darkest England may be said, then, to have a population about equal to that of Scotland. Three million men, women, and children—a vast despairing multitude, in a condition nominally free but really enslaved—these it is whom we have to save.

It is a large order. England emancipated her negroes sixty years ago at a cost of £40,000,000 sterling, and has never ceased boasting about it since. But at our own doors, from Plymouth to Peterhead, stretches this waste continent of humanity—three million human beings who are enslaved—some of them to taskmasters as merciless as any West Indian overseer, all of them in destitution and despair.

Is anything to be done with them? Can anything be done for them? Or is this million-headed mass to be regarded as offering a problem as insoluble as that of the London sewage, which, feculent and festering, swings heavily up and down the basin of the Thames with the ebb and flow of the tide.

In a recent publication entitled Masses and Classes, a review of social and industrial life in England, the author, Henry Tuckley, quotes Canon Blackley, of the Church of England, as saying that:

The proportions which pauperism attained among the old were not easily ascertained, but as the clergyman of a large parish he had examined the registers of death in his charge, and had found that of those parishioners who in eleven years had died over 60 years of age, 37 per cent had died in the receipt of pauper relief. Moreover, at his request, seventy or eighty other clergymen had made similar inquiries, and their returns placed the proportion at 45 per cent. These returns related to all classes all over England, and if the number of those who provided for themselves were deducted, what lesson did we learn but the horrible lesson that, roughly speaking, half our working people, if they reached 60 years of age, were doomed to die as paupers.

The same author quotes Mr. Joseph Chamberlain as stating at a public meeting in England that—

at the present time, of the working classes, one in two, if he reaches the age of 60, is almost certain to come upon the poor law for his subsistence.

Mr. Chamberlain continues:

It may well be that some of these deserve their fate; they may have been brought to it by intemperance or misconduct of some kind or another. But nobody will persuade me that that is true of all of them [cheers], or even of the larger portion of them. It is impossible that one out of two of the industrial population of this Kingdom have done anything to deserve the fate which under existing circumstances is inevitably in store for them. [Cheers.]

Now, Mr. President, what American heart can fail to be moved by such descriptions of the conditions under which an enormous number of the people of England live? We look in vain for the sturdy yeomanry with whom song and story have made us familiar. Instead, we find great estates reserved for game, or placed under pasture, while the millions who might make a living on the land are starving.

CONDITIONS OF CHILD LABOR IN THE HOME OF THE GOLD STANDARD.

What American can have patience with the laudations he hears of the riches of Great Britain, when he knows that parents are compelled to force their children of tender years to hard and dreary labor in order that the family taken altogether may eke out a bare existence. Great numbers of little boys and girls, the future men and women of Great Britain, are wearing out their young lives in order that the nation may be called rich, and may be held up to the admiring gaze of the people of the United States.

In an able work upon The Wages Question, referring to the conditions of child-labor in England, Gen. Francis A. Walker says:

We know that mill owners are harassed with applications from their hands to take children into employment on almost any terms, and that the consciences of employers have required to be reënforced by the sternest prohibitions and penalties of the law to save children 10, 7, or 4 years old from the horrors of "sweating dens" and crowded factories, since the more miserable the parents' condition, the greater becomes the pressure on them to crowd their children somehow, somewhere, into service; the scantier the remuneration of their present employment, the less becomes their ability to secure promising openings or to obtain favor from outside for the better disposition of their offspring. Once in the mill, we know how little chance there is of the children afterwards taking up for themselves another way of life.

We know, too, that in the agricultural districts of England gangs of children of all ages, from 16 down to 10, or even 5 years, have been formed and driven from farm to farm, and from parish to parish, to work all day under strange overseers and to sleep at night in barns huddled all together, without distinction of sex. (Page 201.)

And he adds:

So late as 1870, children were employed in the brickyards of England, under strange task masters, at 3½ years of age. Account is given us, sickening in its details, of a boy weighing 52 pounds carrying on his head a load of clay weighing 43 pounds 7 miles a day, and walking another 7 to the place where his burden was to be assumed.—*The Wages Question*, page 202.

Quoting from the reports of some English Government inspectors, the same author says:

Speaking alike of the weaving sheds of the cotton districts and of the woolen districts, Dr. Bridges and Mr. Holmes, in their report to the local government board, in 1873, say: "The work is done in the great majority of cases by women; a considerable portion of these are married, and the practice of working until the last stage of pregnancy and of returning to work within a month, sometimes within a fortnight, or even a week, of childbirth, is as common in the West Riding (of York) as in Lancashire." An old factory surgeon says: "I regard the mother's return to the mill as almost a sentence of death to the child." It is also a fruitful source of permanent injury to the mother herself.—*The Wages Question*, page 52.

What a picture for the instruction of the American working classes, whose duty it becomes to see that the creditor classes of their own country do not exploit them with a gold standard as the working classes of Great Britain are exploited by the creditor classes of that country.

John Ruskin well understood the conditions of his countrymen, with regard to the distribution of wealth, when he said:

Though England is deafened with spinning-wheels, her people have not clothes; though she is black with the digging of fuel, they die of cold; and though she has sold her soul for grain, they die of hunger.

785

And the great heart of Mrs. Browning—moved by the sight of hundreds of thousands of little hands prematurely set to labor to aid in piling up the riches which enable the American admirers of the gold standard to state that Great Britain is a rich nation—what does it say? Hear the pathetic appeal of a woman to the stony hearts of the classes for whose benefit those riches are accumulated:

Do ye hear the children weeping, O, my brothers,
  Ere the sorrow comes with years?
They are leaning their young heads against their mothers,
  And *that* can not stop their tears.
The young lambs are bleating in the meadows;
  The young birds are chirping in the nest,
The young fawns are playing with the shadows;
  The young flowers are blowing towards the West—
But the young, young children, O, my brothers,
  They are weeping bitterly;
They are weeping in the playtime of the others,
  In the country of the free.

The riches, Mr. President, that are built up on the foundation of children's tears may excite the admiration of those who are thoughtless enough to look at ends without regarding means; but the policies that permit it, or that render it necessary, are not policies to be held up to the emulation of a free and independent people who do not propose to be enslaved, whether by law or by conditions having equal force with law. The people of this Republic will be on their guard against a system which renders necessary a sacrifice of the great body of the people, not merely men and women, but little, helpless children—the men and women of the future—in order that the nation which tolerates it may pass for a rich nation, and be held up to the world as the exemplar of a perfect civilization.

THE BATTLE OF WATERLOO.

At the demand of the creditor classes the gold standard was adopted in England after the Napoleonic wars, in order that the war debt, a large portion of which was incurred in paper, might be paid in gold. In his Financial History of England, Mr. Doubleday states his belief that for a portion of the war period the pound note with which the public securities of Great Britain were bought was not worth in specie over 7 or 8 shillings in the pound—about 33 to 38 per cent.

The debt being afterward by law made payable, pound for pound, in gold, it is obvious that the bondholders of Great Britain then mulcted the people of that country, as, at a later period, the public creditors of the United States mulcted the people of this country. The English people supposed that they had long since paid the expenses of the struggle with Napoleon, but, by the annual increase in the value of the pound sterling, that struggle is costing them more and more as the years go by. Although the war is over so far as concerns the destruction of men in uniform and on the battle-field, yet their destruction continues *without* uniform, and *without* the formidable formalities of battle-lines. Although three-fourths of a century have elapsed since that war terminated, the conflict still rages.

The bonds that were issued to pay the expenses of those wars are increasing in value at the same rate at which gold increases, which, for the past twenty years, is at the rate of 2½ per cent per annum. Napoleon has been dead for two generations. In his will, by formal words and solemn injunction, he bequeathed to France the duty of avenging upon England the untimely death to which it had consigned him. He might have saved himself the trouble. He has found avengers whom he little suspected among the Englishmen themselves.

The public creditors, by the increasing exactions which from year to year they are making through the operation of the gold standard in the payments of interest on the war debt, have already by means of idleness and starvation brought to ruin, desolation, and death millions of such brave men as defeated Napoleon. The masses of the people of great Britain, though able to cope with an open foe on a field in which they recognized the enemy, have not been on their guard against the insidious attacks of the crafty adversary who presented himself in the guise of a compatriot, who under the authority of law by a subtle manipulation of money has continued the slaughter.

The creditor classes of Great Britain having, by their merciless exploitation, reduced their artisan classes, through the instrumentality of the gold standard, to the helpless and pitiable state which their own writers describe, have finally established such conditions in that country as render it impossible for them longer to make what they deem sufficient return on their money. Hence they seek abroad the investments and profits that, were their wisdom as great as their cupidity, they would be able to find at home. In the search for foreign investments they naturally seek as most desirable the country in which consumption is greatest. No country in the world can, in the earnings or expenditures of its people, compare with the United States. Our people consume fully three times as much as the average consumption per capita of the people of Europe.

OUR COUNTRY DOES NOT NEED FOREIGN MONEY.

Under a proper monetary condition the people of this country would not need foreign money. We should be able to attend to our own business and to maintain justice and equity among our own people without asking permission from foreign countries. The British Government is determined to treat the United States as an annex to Lombard street; and its efforts are seconded by a few persons in this country who delight to be known rather as citizens of the world than of the United States. The masses of the people of this country will not permit a perpetual injury to be inflicted on them simply because the Government, or governing classes, of some other country are so indifferent to the welfare of their own people as to maintain a shrinking money standard, which constantly relegates large numbers to idleness.

The people of the United States are too brave to be enslaved by military power. The combined armies of the earth, with all the powder, shot, and shell they could bring to bear, would be impotent to reduce to a condition of servitude the fearless and undaunted people of this country. But, Mr. President, many a man who can encounter even death itself with a smile, can not face a hungry family; and a people that never could be conquered by a foreign foe may be reduced to abject submission by a few foreigners, coöperating with a few of their own people, through the subtle and clandestine manipulation of the volume of money. Without financial independence, political independence is but an empty name.

If the creditor classes of Great Britain can have their way now in establishing the financial measures of this country, and can dictate, as they are dictating and shaping, the national policies of this Republic, the sufferings and heroism of our forefathers have been in vain. What does independence mean? Hear Webster's definition of it:

Absence of dependence; exemption from reliance on others or control from them: self-subsistence or maintenance; direction of one's own affairs without interference.

These are all self-evident significations of the term. But it is said that independence means freedom to make our own *laws* without interference from others. Laws about what? Does independence mean the right to make laws to prevent Great Britain from sending her troops here to reduce this country to possession? By no means. What would she do with the country? Of what use would possession be to her unless she could tax us or compel us to pay tribute? That question was settled sometime ago. But why should Great Britain put herself to the trouble and expense now of sending troops here to reduce this country to possession when she can secure all the tribute she wishes by voluntary acts of Congress—which contract our money volume, acts by which the value of gold will be enormously enhanced? What more can she have or wish to have, than the right to tax the labor of this country? That right she has already in a measure secured—that is to say, her creditor classes have secured, by their success in compelling our people to render tribute to them through the ingenious and unsuspecting operation of our own laws, first, by the demonetization of one of the money metals in which our debts to Great Britain were payable, and, secondly, when Congress sought to correct that error, then, by the violent and little less than criminal interposition of the executive officers of our Government in behalf of the bondholder, to his unfair advantage and against the interests of the producing masses of this country.

The governing classes of Great Britain are much better off to have this country take the trouble of passing its own laws in so far as concern the police regulations and the maintenance of internal order, while permitting those classes to reap all the benefits to come from the possession of what are tantamount to large colonial dependencies, teeming with an active, enterprising, and vigilant population. They get $80,000,000 a year in interest, and on other accounts, from the great dependency India;

they get probably thrice that much from the United States, which, if the pending measure become a law, will displace India as the principal dependency of Great Britain, though out of regard for our creditors and foreign rulers we will not give them the trouble to appoint agents to collect taxes and tribute. We will ourselves see that they are paid.

Owing to the poverty of the people of India it is impossible that much more can be extorted from them in the form of tribute to the creditor classes of Great Britain; but so far as concerns the people of the United States, their very activity, energy, ingenuity, and enterprise form the groundwork of the hope of Great Britain and her creditor classes that here they may find a field worthy of their effort. They are intelligent enough to know that any form of tribute exacted from the people of this country must be in clandestine form; for while the people of India are unable to defend themselves the people of the United States have but clearly to perceive the evil in order instantly to apply a remedy.

Hence the necessity of calling gold a "standard," so that all propositions to increase the volume of money in accordance with population may be met by the objection that there is no more of the "standard" with which to make possible an increase, and that however much a fall of prices may be regretted it is unavoidable!

They keep out of view, and out of reach of the people, the truth as to a standard, which is, that it is not a material but a *quantity*. To them, gold commends itself because its limitation of quantity is extreme. With a gold standard it is impossible to have much money—impossible to have such increase as to keep creditors from looting the producers of the world.

The London Daily News, in its issue of May 10, 1892, speaking of bimetallism editorially, says:

"For Great Britain, preëminently the creditor among all nations, to adopt it, would be midsummer madness, indeed." "Bimetallism," it adds, "would shake to its foundations the financial fame and supremacy of Great Britain." Well, Mr. President, if the installation of justice would have the effect of shaking to its foundation the financial fame and supremacy of Great Britain, it only shows how far removed from the true standard that fame and supremacy are. The "supremacy" to which the Daily News refers is the power of the creditor to extort from his debtor more than is called for by the contract.

There can be no doubt that the restoration of silver to its full function as money of ultimate payment would tend to lessen that power, would tend to retard the further appreciation of gold. But that tendency would not deprive the creditor of anything to which he is rightfully entitled. It would simply render it less easy for him to commit a fraud; less easy to compel the debtor to return more than was agreed upon. The argument that England's financial supremacy would be destroyed by the free coinage of silver may be a justifiable argument to present to the moneyed classes of Great Britain, but it is incomprehensible how it can be presented to the people of the United States.

EFFECT OF THE GOLD STANDARD ON IRELAND.

The effect which that standard is having upon the people of Ireland is well summed up by Archbishop Walsh, of Dublin. In an interview originally printed in the Dublin Freeman's Journal, and since published in a pamphlet entitled Bimetallism and Monometallism, Archbishop Walsh says:

Here is where the difficulty comes in. In all such cases the farmer is under the obligation of paying, year after year, an amount specified in pounds shillings and pence. But then this rent, or other annual payment which he has to make, though it is thus specified in amount, is really increasing, that is to say, *becoming more burdensome from year to year.*

To bring the matter to a point, it comes to this, that year after year more corn, more hay, more cattle, have to be sold by the farmer to enable him to get the gold which is required to meet that annual payment.

But, of course, if he has not more corn, more hay, or more cattle to sell, he can not, out of what he has to sell, get enough to enable him to make that payment.

And, plainly, the longer the term for which his "fixed" annual payment has to be made, the more disastrous must be the results to him.

As for the tenant-purchaser, he probably thinks that, after the extra pressure of the first few years, he may look back 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 twelve years hence to pay £40 a year than it would be for him to pay £50 a year now. But of all this he knows nothing. How could he? His only idea is that a pound is always a pound, a sovereign is always a sovereign. So in the belief that the yearly payment, when it is reduced to £40, will be well within his reach, he puts his head into the halter.

Archbishop Walsh continues:

This aspect of the case is brought out forcibly also by the Belgian economist, Emile de Laveleye:

"This consideration," he says, "especially affects Ireland. * * *

"If you can let tenants hold their lands for nothing, it would be all right; but if they have to pay a fair rental, either to landlords or to the Government, or to purchase at a fair price, they must then sell produce so as to procure the amount requisite for purchase or for a fair rent.

"If the price of this produce is very low, and is still falling lower, then the tenants will be incapable of raising the required sum, and it will be necessary to evict them * * * or to cancel their debts.

"The supply of gold being wholly insufficient, a fall in prices must ensue; hence *the ruin of Irish cultivators in spite of home rule.*"

THE POSITION OF THE UNITED STATES GOVERNMENT.

Last summer the British Government knew that a great discussion was soon to take place in this country upon the silver question; having observed the published statements that an extraordinary session of Congress was to be called for the purpose of debating it. Knowing the strength of the free-coinage sentiment among the masses of the people of this country, Great Britain deliberately threw down the gauntlet of defiance to the United States by closing the mints of India to free coinage. And, assuming that when Great Britain spoke all discussion on the part of other nations was closed, we had the assurance of the chancellor of the British exchequer, in Parliament on the 8th of August last, that the order in council had forever destroyed bimetallism! This statement he made in a tone of supreme triumph and cynical satisfaction.

Where was the United States Government during this time—the United States, of all the nations of the earth the most interested? The position of our Chief Magistrate on the question is well illustrated by the line from Emerson:

I am the doubter and the doubt,

but in the words of the supplemental line, the Genius of the Republic admonishes the President as well as Great Britain:

They reckon ill who leave me out.

The people of the United States, Mr. President, do not propose to be left out of the consideration as to what shall be the material or the quantity of their money Great Britain may have what material and what quantity of money it pleases, and may extort usury in compound or in quintuplicated form from such nations as India and Egypt, whose people are the remnants of exhausted races and have not the genius or the strength to defend themselves. But *we* are not yet a dependency of Great

Britain, and our President is not a governor-general who can issue orders in council. The people of this country propose to regulate their own affairs, without orders in council or orders from Downing street.

Instead of calling Congress together for the purpose of adopting the true American policy of an instant remonetization of silver, as the answer of the United States to the order of the British Government, the Executive of the Republic is found to be the head and accepted chief of a new party, composed of members of the two leading political parties, who find no inspiration in the Declaration of Independence, and no authority in the Constitution of the United States, by which our people, after a century of self-government, can extricate themselves from the net which the so-called and self-styled "great creditor nation" and "great rich nation" has set for mankind.

If we are to be governed by Lombard street and by British policies, if we are really to be controlled by the English governing classes, and if they are to decide upon what is to be taken as money in the United States, would it not be well, in order to save them trouble, for us to declare by statute law that the unit of money hereafter in this country shall be the pound sterling? In that way the English creditors will be saved a great deal of trouble in making their computations.

Is there not some danger, if we do not adopt this plan and accept their unit of money as *our* unit of money, that we shall be placed alongside Mexico and India and the Argentine? Had we not better, while it is yet time, and before the Constitution of the United States has become obsolete, as it will become under the operation of the gold standard, adopt this plan by a constitutional amendment, or (which will be equally binding) by a decree of the Chief Magistrate?

For the first time in our national history we find ourselves putting into execution, through officers elected by the people of the United States, plans formulated in Downing street. Verily, Mr. President, time has its revenges.

Inasmuch as the policies of Great Britain are so much better than ours—so much better than those planned for us by Washington, Hamilton, Jefferson, Madison, and the others whom we have evidently been mistaken in regarding as great men—it is clear that it was the error of the centuries that these colonies ever became independent States. Who were Washington, Hamilton, and Jefferson—those arch-enemies of Great Britain—that they should be named on the same day or in the same century with Presidents who offer up "daily prayers" that the delay occasioned by the Senate in carrying into execution plans for gold monometallism, rejected by the founders of our Government, may not bring discredit and dishonor to the United States?

Who, especially, was Washington that he should bid his countrymen beware of entangling alliances with foreign nations on the ground that a republic could not expect favors from monarchies? We have learnt in these modern days that it is better to *make* alliances with foreign nations—*monetary* alliances—and to keep advising them daily that we intend to be "honest" and to pay our debts in the "honest" money which *they* designate after they have "cornered" the material, which, as they assert, is the only "honest" money material. Who were the framers of our Constitution that they should impose on their countrymen unsound, unstable, and dishonest currency composed of gold and silver, instead of gold alone?

These men, whose foresight, sagacity, and political genius have been regarded as among the marvels of all time, are relegated to the rear by modern statesmen who, in the words of the present President of the United States, wish our currency "to be of such character as will demonstrate abroad our wisdom and good faith, thus placing us upon a firm foundation and credit among the nations of the earth." Immortal shade of Washington! Would it not be better to demonstrate this *at home?* What has "abroad" got to do with us? If it be justice that is sought, is there to be no justice *at home?* Why "*abroad?*" I do not wish to exaggerate, but I suppose it to be universally conceded, both abroad and at home, that the United States is not merely the greatest nation now of the earth, but the greatest that ever has been of the earth, and that it gives promise of becoming, not smaller, but greater, with the advance of time.

Is it necessary for the splendid citizenship of this mighty Republic, the possession and inheritance of 70,000,000 of alert and aspiring people, to be vindicated by daily protestations of honesty to a few usurers who have been paid far more than their contract called for, and more than was agreed to be paid them? Such an idea disparages citizenship of a free Republic, and sets up as the model and standard of perfect political wisdom the relation held by *subjects* to *monarchs*, more wise than those they govern, monarchs who know what they are about when they prescribe the gold standard as the unfailing remedy for all overweening aspirations on the part of the masses of the people.

THE SILVER QUESTION ARISES OUT OF THE CLAIMS OF THE HOLDERS OF UNITED STATES BONDS.—ARE THOSE CLAIMS JUST?

All discussions of the silver question have arisen out of the claims of the holders of United States bonds to be paid the principal and interest of the bonds in gold, yet there is no debt of the United States that by the will or consent of the people or of Congress was ever made payable in that metal. Where, by the terms of the bonds, any mode of payment was prescribed, the words used were either "lawful money," which would mean coin or paper, or else the word "coin," which would mean either gold or silver. The word "gold" was never used.

The act of February 25, 1862, authorizing the issue of $500,000,000 of 5-20 bonds provided that the principal of the bonds should be payable simply in "dollars," making no mention of the material of which the dollars should be composed. It provided specially, however, that the interest should be payable in coin. It is clear, therefore, that the act contemplated the payment of the principal in lawful money of the United States, whatever that money may be. Having provided that the interest should be paid in coin the act set apart the coin receipts from customs for that purpose.

The act of March 3, 1863, under which the 10-40 bonds were issued, makes the principal and interest of those bonds payable in coin.

That no portion of the bonds of the United States, except the interest, was by the original law authorized to be paid in anything but lawful money was attested by the honorable Senator from Ohio [Mr. SHERMAN] in a letter written by him to the Hon. A. Mann on the 20th of March, 1868, Mr. Mann being a resident of Brooklyn, N. Y. Under that aate, as appears by various printed publications, the honorable Senator wrote a letter of which the following is a copy:

DEAR SIR: I was pleased to receive your letter. My personal interests are the same as yours, but, like you, I do not intend to be influenced by them. My construction of the law is the result of careful examination, and I feel quite sure that an impartial court would confirm it if the case could be tried before a court. I send you my views as fully stated in a speech. Your idea is that we propose to repudiate or violate a promise when we offer to redeem the principal in legal tender.

I think the bondholder violates his promise when he refuses to take the same kind of money he pays for the bonds. If the case is to be tested by law, I am right. If it is to be tested by Jay Cooke's advertisement, I am wrong. I hate repudiation or anything like it: but we ought not to be deterred from doing what is right by the fear of undeserved epithets. If under the law as it stands the holders of the 5-20's can only be paid in gold, then we are repudiators if we propose to pay otherwise. If the bondholder can legally demand only the kind of money he paid, then *he* is a repudiator and extortioner to demand money more valuable than he gave.

Yours truly,

JOHN SHERMAN.

These were the views, and correct views, of the honorable Senator from Ohio at the time this letter was written. There is no doubt, however, that upon the passage in 1869 of the act to strengthen the public credit, and in 1870 of the act providing for the refunding of the national debt, the United Stated States waived and abandoned the right to pay in lawful money and guaranteed payment of both principal and interest of the bonds in coin.

THE ACT TO STRENGTHEN THE PUBLIC CREDIT GUARANTEED PAYMENT IN COIN.

At the time of the passage of the act of 1869 it is clear that no one had any idea that the bonds were payable in gold alone. As the act is very brief, I will read it:

Be it enacted, etc., That in order to remove any doubt as to the purpose of the Government to discharge all just obligations to the public creditors, and to settle conflicting questions and interpretations of the laws by virtue of which such obligations have been contracted, it is hereby provided and declared that the faith of the United States is solemnly pledged to the payment in *coin* or its equivalent of all the obligations of the United States not bearing interest, known as United States notes, and of *all the interest-bearing obligations* of the United States, except in cases where the law authorizing the issue of any such obligation has expressly provided that the same may be paid in lawful money or other currency than gold *and silver*. But none of said interest-bearing obligations not already due shall be redeemed or paid before maturity unless at such time United States notes shall be convertible into coin at the option of the holder, or unless at such time bonds of the United States bearing a lower rate of interest than the bonds to be redeemed can be sold at par in coin. And the United States also solemnly pledges its faith to make provision at the earliest practicable period for the redemption of the United States notes in *coin*.

Any one who can read the English language can clearly perceive that this act makes no promise of payment in gold. On the contrary, it specifically recognizes the fact that the "coin" promised in the former act is coin of *either gold or silver*. The idea with which the act was passed was that all the obligations of the United States were to be paid, not as was at first agreed, in "lawful money," but, as this act now stated, "in coin or its equivalent," with the single exception of obligations as to which it had been "expressly provided that the same be paid in lawful money or other currency than gold or silver."

THE REFUNDING ACT FIXED THE STANDARD OF THE COIN.

The act of July 14, 1870, providing for the refunding of the national debt, authorized the Secretary of the Treasury to issue certain classes of bonds therein named to the amount of altogether some $1,500,000,000, "*redeemable in coin of the present standard value*." Those bonds when issued had printed upon them the following statement:

This bond is issued in accordance with the provisions of an act of Congress entitled "An act to authorize the refunding of the national debt," approved July 14, 1870, amended by an act approved January 20, 1871, and is redeemable at the Treasury of the United States after [stating such number of years as applied to the various descriptions of bonds whose issue was provided for in the act] *in coin of the standard value of the United States on said July 14, 1870.*

On the date of the passage of this act of July 14, 1870, the standard coin of the United States consisted of a gold dollar and a silver dollar: the gold dollar containing 25.8 grains of standard gold and the silver dollar 412½ grains of standard silver.

No change which the Government might afterward make in the standard or character of its coins could deprive the creditors of the right in this act guaranteed to them of payment in coin of the *then standard value*. But neither could any executive officer lawfully deprive *the people of the United States* of the option in this act secured *to them*, to pay in coin of either gold or silver of the then standard value.

If the act was good to guard the creditor against any subsequent alteration in the standard of value by which the true value of the debt could be reduced, it was equally good to secure the debtors—the people of the United States—against any alteration in the standard of value by which the true value of the debt might be increased. Whatever changes might be made in one direction or the other, the rights of the parties were now specifically fixed and determined in writing, even though at a grievous loss to the debtors. If after the enactment of this law the United States should see fit to demonetize both gold and silver and resort to paper money or to coins of platinum, or other metal, still the rights of these creditors held good to be paid in coins of either gold or silver and not in paper money or platinum.

Should the United States, before the maturity of those bonds, provide a new coinage of gold and silver in which the dollar should consist of but one-half or three-fourths the number of grains of pure metal of either gold or silver contained in the standard coins of July 14, 1870, then the creditors could rightly decline to receive such coins in payment, and their legal rights could not be overridden or prejudiced by any such alteration of the standard. So, on the other hand, if the laws of the United States should later provide for a coinage system in which the dollar of gold should contain a larger number of grains of gold than that which was the standard of July 14, 1870, or the dollar of silver a larger number of grains of silver, no injustice could be done the creditors by enforcing the bond according to its terms requiring payment in the smaller dollar, which was the standard on July 14, 1870; and it would be then, as it always has been, the imperative duty of the executive officers of the Government to carry out the law according to its plain and unmistakable terms.

After the passage of the demonetization act by the United States, gold and silver bullion, as was foreseen by the creditors, began to part company. In this process no change took place in the purchasing power of silver. The change that took place, as has been demonstrated time and again, was in gold, which was rapidly appreciating in value by reason of the enormously increased demand for it. All the statistics of the subject, as printed from day to day and month to month by the gold-standard papers themselves, go to demonstrate that the change that was taking place was a change in the value of gold, while the purchasing power of silver—not merely of the silver dollar, but of silver bullion—remained related to commodities substantially as it, in common with the gold dollar, had been related to commodities before the act of demonetization.

But the gold dollar, being taken as the standard, and silver and everything else being measured in terms of gold, the change, as it progressed, and as gold became more and more valuable, had the appearance of a change in the value of silver bullion, which was said to have fallen. Had the bondholders, therefore, received their pay not even in silver dollars, but merely in silver bullion, they would have received all the purchasing power that the gold dollar in common with the silver dollar had at the time the act of 1870 was passed, which provided for payment in coin of either metal, and all that the gold dollar had when they bought the bonds. They would have received even more, as the proofs are that silver not only had not lost any power over commodities but had slightly gained, owing to the want of sufficient money-volume to maintain the exchanges of the world. This being the case, I ask any gold-standard Senator to answer how the payment of the bonds, principal or interest, in silver (had the payment been so made) could have inflicted the slightest possible injury on the public creditors?

The gold dollar had in 1870 a purchasing power of say 100 per cent. The silver dollar had precisely the same purchasing power; it would buy precisely the same amount and number of commodities in general as would the gold dollar. The purchasing power of silver bullion remains the same to-day, in relation to commodities in general, that it was then, while the gold dollar has steadily kept rising in its power over commodities, until to-day it has a purchasing power substantially 50 per cent greater than it had in 1870, or 150 in 1893 to its 100 in 1870.

But this is no reason why the people of the United States, who had contracted to pay only 100 per cent of purchasing power, as that purchasing power stood in 1870, should to-day be paying, or be bound hereafter to pay, 50 per cent more value than had been agreed upon.

The determination of the officers of the United States therefore to pay the bonds in gold, added enormously and causelessly to the just burden of the debt. Had the bonds been paid, according both to the spirit and the letter of the contract, in either gold or silver, as might have best suited the convenience of the Treasury and the interests of the people, which were and are the interests of justice, an enormous amount of money—an enormous amount of *wealth*—would have been saved to the people of this country.

Mr. STEWART. And they would have been out of debt.

Mr. JONES of Nevada. Yes, they would have been entirely out of debt.

Not merely saved in the amount wrongfully and unrighteously paid out to the bondholders, but in the colossal sums which have been needlessly lost to our people, especially our producers of wheat, cotton, and other articles of export by reason of the unprecedented fall in prices.

DOES THE HONOR OF THE GOVERNMENT REQUIRE THAT THE BONDS BE PAID IN GOLD?

It is said that the honor of the Government would be tarnished if it did not pay its obligations in gold; that its credit would be destroyed, and that it would be ranked among the nations that have repudiated their lawful obligations.

The honor of the United States, Mr. President, does not rest upon the word of interested self-seekers and their casuistical defenders. It abides in the patriotism of the people who have never consented to pay more than their honest debts merely to receive the questionable and interested plaudits of their creditors. The idea that a debtor must pay more than he justly owes in order that he may be on good terms with his creditor is an idea worthy of the feudal ages, when men upon bended knees swore homage to the lord of the manor. It is a piece of sycophancy and absurdity of which the people of this country and of this age will not be guilty. This Republic has never failed to meet its indebtedness, and it is the only country in the world that has never made default in the payment of its obligations. The most powerful governments of Europe have made such defaults.

[At this point the honorable Senator yielded to Mr. STEWART.]

Mr. JONES of Nevada. Mr. President, there is hardly a nation on earth except the United States that has not at sometime paid its obligations or the interest on them in a money less valuable than that in which it agreed to pay. The people of the United States have scrupulously guarded their honor by a faithful observance of every obligation, not only in the spirit, but in the letter. But while the people have always maintained their honor by observing justice, the officers whom they have chosen to execute their laws have joined hands with the creditors of the country in extorting from our citizens, under the name of honor and honesty, more than the people had agreed to pay.

In disregard and in open defiance of the law, these officials have aided the public creditors to loot the taxpayers of the country. For the executive officers to interpret an obligation of the United States in such a manner as to pay over to the creditors of the country from the public funds a greater value than the people contracted to pay, was a gross violation of the instrument constituting the contract between the parties.

I do not charge that it was done through any want of desire to do what was right, but if done from zeal for the honor of the country it was a most mistaken zeal, and was not authorized or warranted by the law. So far as concerns the essential fact, which is the loss suffered by the people of this country, it has had precisely the same effect as if those officials had deliberately altered the words of the bonds, so that instead of agreeing to pay $1,000 the United States had agreed to pay such amount greater than $1,000 as gold has appreciated in value—or about 2½ per cent per annum for the past twènty years. Their reward for this consists of the loud, interested, and obnoxious praises of the cunning schemers who have used the officials of the United States as tools to assist them in plundering the public Treasury under the plea that what they were doing was honest, and that the honor of the United States demanded it.

In the execution of laws for the payment of money, officials must take cognizance not merely of the rights of the creditors, but the rights of the people. If the officials choose to act as trustees for the creditors, they should not forget that they were chosen as trustees and agents of the people. The people reserved to themselves the option of paying their debts in either gold or silver, for the very purpose of being protected against any contingency, whether of legislation by foreign countries with respect to either of those metals, or any combination of circumstances which might involve a change of conditions in the production of the metals, or otherwise.

THE OPINION OF THE ATTORNEY-GENERAL.

The position of the United States was very clearly stated by Attorney-General Devens in 1877, in a letter replying to an inquiry of the then Secretary of the Treasury, now the honorable Senator from Ohio [Mr. SHERMAN]. In order to show the foundation of the opinion of the Attorney-General, I will first read the letter of inquiry of the Secretary of the Treasury:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., April 21, 1877.

SIR: I beg leave to call your attention to, and ask your opinion upon, the following questions growing out of the refunding act of July 14, 1870, to wit: Can I stipulate in the body of the 4 per cent bonds about to be issued that they shall be redeemable in coin of the present standard value; that is, the standard value at the date of their issue, or must it be the date of the law?

I submit a statement prepared by the Hon. H. M. French, Assistant Secretary, having reference to the laws.

It may become important to the public interests to make the new bonds payable in coin of the present standard, that is, gold coin. Some doubts have been expressed upon whether previous bonds issued under acts passed prior to 1873 are not legally payable in silver coin. This question may become important, as any doubt upon the legal terms of a public security affects its value.

Very respectfully,

JOHN SHERMAN,
Secretary.

Hon. CHARLES DEVENS,
Attorney-General.

The reply of the Attorney-General was as follows:

DEPARTMENT OF JUSTICE, *Washington, April 26, 1877.*

SIR: In answer to your letter of the 21st instant requesting my opinion upon the following question growing out of the refunding act of July 14, 1870, to wit, "Can I stipulate in the body of the 4 per cent bonds about to be issued that they shall be redeemable in coin of the present value, that is, the standard value at the date of their issue, or must it be the date of the law?" I have the honor to reply:

The act provides for the issue of bonds "redeemable in coin of the present standard value." The word "present" undoubtedly refers as a matter of date to the time when the act was passed, and not to the time when the bonds were thereafter issued. It contemplated that a long period would elapse before it would finally be carried into effect, and that changes in the coinage of the country might occur during that period.

Whatever changes in the coinage should, occur these bonds were, however, to be redeemed in coin of the standard value as it existed at the date of the act. By this provision the holder was guarded against any depreciation that might take place in the value of the coin, and the Government would not be compelled to pay the additional value should the coinage be appreciated. All the bonds issued under the act were to stand alike, no matter what was the date when such bonds were issued Each was to be redeemable in coin which was included in the authorized coinage of the country at the date referred to, it being of the standard value as it then existed. Since the law was passed no change has taken place in the standard value of the coin. It is understood that there has been a certain change in the coinage of the country and that silver dollars have now ceased to exist practically as coin.

It has been further provided by the statute of February 12th, 1873 (Revised Statutes, sections 3585, 3586), that "The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding $5 in any one payment."

Notwithstanding this practical change in the coinage of the country and the passage of this act in regard to legal tenders, the form of bond to be issued by you should not be changed so far as the mode in which it is to be redeemed is concerned. It was not intended that this should be varied according to the changes which might be made in the coinage, because a definite rule was given by reference to the coin of a particular date. That which will pay the bonds heretofore issued under this act will pay the bonds which you may hereafter issue.

It can not be authoritatively said that the words "Payable in coin" or "Payable in gold" are equivalent to the words used by the statute. Even if this leaves open for discussion the question whether bonds issued under this act are or are not redeemable in silver coin of the character and standard which existed July 14, 1870, it is not a doubt which it is in your power to remedy by the use of words in the bond other than those which this statute provides.

While I comprehend the difficulty suggested in your letter and the convenience that there might be in removing any question upon this matter, I am, therefore, of opinion that it would not be safe to issue the bonds, except as redeemable in coin of the standard value of July 14, 1870.

Very respectfully, your obedient servant,

CHAS. DEVENS, *Attorney-General.*

Hon. JOHN SHERMAN,
Secretary of the Treasury.

What did the Attorney-General mean when he said that it would not be "*safe*" to issue the bonds, except as redeemable in coin of the standard value of July 14, 1870? He surely meant, if he meant anything, that the statute must be construed according to its plain terms—and it is very clear that he considered that the issue of bonds payable in gold would be a violation of the statute.

With reference to the suggestion of the Secretary of the Treasury that some doubts had been expressed as to whether previous bonds issued under acts passed prior to 1873 were not legally payable in silver coin, the opinion of the Attorney-General was that it was not a doubt which it was in the power of the Secretary of the Treasury to remedy by the use of any other words in the bond than those provided by this statute. His meaning is clear, that any doubt on the subject was one that could be resolved and removed by legislation only, and not by the unauthorized dictum of an executive officer.

The Secretary of the Treasury, upon reading this opinion of the Attorney-General, must have concluded that he was entirely without authority to pay these bonds, or the interest on them, in gold coin. No other inference can be drawn from his recommendation to Congress at the opening of the subsequent session. In his report dated December 3, 1877, he suggests to Congress that provision be made by express act for payment in gold coin. Had he supposed that the law of 1870 and the provisions printed on the bond authorized the payment of gold alone, why should he have suggested the enactment of affirmative legislation to authorize such gold payments? The Secretary's recommendation was as follows:

> If, therefore, the public interests demand the issue of silver dollars—a subject hereafter discussed—it is respectfully submitted to Congress that an express exception be made requiring that gold coin alone shall be paid for principal or interest on bonds issued to public creditors since February 12, 1873, the amount of which is $502,990,700. These bonds have entered into the markets of the world. If the market value of the silver in the new coin is less than the gold dollar, a forced payment in the new coin is a repudiation of a part of this debt.

Congress did not act on this recommendation. One would suppose this fact to be notice, if any were necessary, to the officials of the United States that Congress did not agree with the Secretary in his interpretation of the case, whether upon the law or the facts. Congress did not see that either the law or the equities required any readjustment. Congress knew, as all men knew, that the bondholders had taken very good care of themselves already, and had in 1870 provided for full, and more than full, payment by the passage of the provision for payment in *coin* of either metal.

From all the facts in the case, none of the executive officers of the Government could have for a moment been ignorant of the meaning and determination of Congress in respect to the matter.

BOND-BUYERS ALWAYS SCRUTINIZE THE STANDARD OF PAYMENT.

People who buy bonds do not buy them from altruistic motives. They buy them for their own profit and advantage. They buy bonds of the United States as they buy all bonds, only after careful scrutiny of the terms on the face of the bonds, and of the laws by authority of which these bonds have been issued. They look sharply to the figures which show the dates of payment of principal and interest, but above all, and rising beyond all other considerations, they look to the *medium*, or as they term it, the standard in which the payment is, by the terms of the bond, to be made.

To suppose that such a feature is neglected would be to suppose that public creditors, the keenest of men, had lost their cunning. Every bond ever issued has, in plain terms, stated on its face the authority for its existence. It contains a clear citation of the law or laws which constitute the reason for its being. These laws are open to public inspection. No class of persons better than public creditors so well understand the limitations which the laws of all civilized nations place upon the functions of executive officers with respect to issuing bonds or incurring debts or obligations on behalf of their country. They know that the duties of those officers in connection with loans are specified in the laws by which the loans are authorized to be effected. Hence these loans are examined as with a mental microscope to see that no doubt exists as to the authority of the officer who executes the securities, and as to all other particulars concerning payment of the obligation. If they did not observe on the bond the plain printed statement that it was payable in the standard coin of the United States of July 14, 1870, they must have been blind indeed.

I have never heard a denial by anyone having knowledge of the legislation under which the bonds were issued that it is the legal right of the United States to pay those bonds in either gold or silver coin. It is said that at the time of the negotiation of the bonds silver money was out of use in this country. The sufficient answer to that is that gold was equally out of use. It is said that the bonds were sold to citizens or subjects of countries in which silver was not recognized as money. This was certainly not true of Germany, in which country early and considerable sales were made.

Germany was on the silver standard until December, 1871, and had considerable silver in its coin for a long time after that. Besides, our bonds were not, either by their terms or by implication, payable in foreign countries or in the money of those countries. They were payable *within the United States*, and it was distinctly affirmed on their face that they were payable in *dollars of the United States.* If the citizens or subjects of foreign countries who bought such bonds did not understand what a dollar of the United States meant, they could not have had the slightest difficulty in ascertaining; and of course they did ascertain.

THEY PAID FOR THEIR BONDS IN THE CHEAPER METAL.

At the time when all these transactions took place one of the money metals was cheaper than the other. For such of the bonds as any creditor bought it was his option to pay in either the cheaper or the dearer metal. He exercised his option by paying in the cheaper metal—which, at the time, was gold, which was 3 per cent less valuable than silver. He knew that by the terms of the bonds it was the option of the people of the United States, whenever the time of payment should arrive, to do as they had been done by—namely, to pay in the metal which at the time of payment should be the cheaper. If the creditor had, as he did have, a specific option and exercised it in his own behalf and for his own benefit and advantage, what reason can be advanced why the debtors should abandon an equally specific option residing in them?

THE MATTHEWS RESOLUTION LEFT NOT A SHADOW OF DOUBT AS THE MEANING OF THE LAW.

But to place the matter beyond possibility of doubt or peradventure, this whole question as to whether the bonds of the United States were lawfully payable in either gold or silver at the option of the United States was thoroughly discussed by the representatives of the people in both Houses of Congress in 1878, prior to the passage of the silver-purchase law of that year. On the 16th of January, 1878, the Hon. Stanley Matthews, then a Senator from the State of Ohio, in view of the claims of the bondholders and their henchmen in Congress that the bonds were legally payable in gold alone, submitted to the Senate a concurrent resolution designed to call forth the views of the members of the House and Senate nine years after the passage of the act of March 18, 1869. That was time enough for second thought. The preamble of the resolution recites the condition of existing laws relating to the payment of United States bonds, and as I think the document will be found interesting reading, I ask the careful attention of Senators to it:

Whereas by an act entitled "An act to strengthen the public credit," approved March 18, 1869, it was provided and declared that the faith of the United States was thereby solemnly pledged to the payment in coin or its equivalent of all the interest-bearing obligations of the United States, except in cases where the law authorizes the issue of such obligations had previously provided that the same might be paid in lawful money or other currency than gold or silver; and

Whereas all the bonds of the United States authorized to be issued by the act entitled "An act to authorize the refunding of the national debt," approved July 14, 1870, by the terms of said act were declared to be redeemable in coin of the then present standard value, bearing interest payable semi-annually in such coin; and

Whereas all bonds of the United States authorized to be issued under an act entitled "An act to provide for the resumption of specie payments," approved January 14, 1875, are required to be of the description of bonds of the United States described in the said act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the national debt;" and

Whereas at the date of the passage of the said act of Congress last aforesaid, to wit, the 14th day of July, 1870, the coin of the United States of standard value of that date included silver dollars of the weight of 412½ grains each, declared by the act approved January 18, 1837, entitled "An act supplementary to the act entitled 'An act establishing a mint and regulating the coins of the United States,' " to be a legal tender of payment, according to their nominal value for any sums whatever: Therefore,

Be it resolved by the Senate (the House of Representatives concurring therein), That all the bonds of the United States issued or authorized to be issued under the said acts of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars of the coinage of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditor.

A motion to refer that resolution to the Committee on Finance of the Senate was voted down. A very influential member of the Senate, the then Senator from Vermont, Mr. Edmunds, moved to strike out such phraseology of the resolution as declared silver to be legal tender in payment of the bonds, and to insert, instead, phraseology which would make the bonds "payable in gold or its equivalent." But, not satisfied with these words, the distinguished Senator from Vermont in addition moved to incorporate in the resolution the following declaration:

And that any other payment—

That is to say, any other than "gold or its equivalent"—

without the consent of the creditor would be in violation of the public faith and in derogation of his rights.

This proposed amendment brought sharply before the attention of the Senate the very point in issue. What was the decision of the Senate upon that point?

The amendment of the Senator from Vermont was voted down; the vote standing—yeas 18; nays 48. This means that nine years after the passage of the act to strengthen the public credit which guaranteed to the creditors payment of the principal and interest of their bonds in *coin* and seven and one-half years after the standard of the coin was named 48 out of 66 Senators of the United States repelled the assertion or implication that the bonds were payable in gold alone.

It will be noted, Mr. President, that the proposer of that resolution [Senator Matthews] was not a representative from one of the so-called silver States, nor was he a silver crank nor a crank of any other character. His appointment later to the position of associate justice of the Supreme Court of the United States, and his distinguished services in that capacity leave the advocates of the gold standard no opportunity to designate him by any term that is not complimentary.

The Senator from Vermont, not daunted by the rejection of his first amendment, moved to amend the preamble so as to change the resolution into one declaring for gold payment in the case of the public debt. This amendment was also rejected, and the resolution was sent to the House of Representatives, where, on the 29th of January, 1878, it was passed by a vote of 189 yeas to 79 nays, considerably over two-thirds of the votes cast being in favor of the resolution. Both Houses, then, of the Forty-fifth Congress declared by an overwhelming majority that the public debt should be payable in gold or silver, as might best suit the people of the United States—Congress in that respect simply reasserting and reaffirming the rights of the people as they had been settled and recorded by the acts recited in the preamble of the concurrent resolution.

One would suppose that after this unmistakable declaration of Congress as to the tenor and meaning, and as to the intention in the passage, of the acts recited, there could be no room for doubt as to the material or standard of money in which the public debt of the United States might lawfully be paid.

THE BONDS AT ONE TIME CONCEDED TO BE PAYABLE IN SILVER.

Indeed, the then Secretary of the Treasury, the present honorable Senator from Ohio [Mr. SHERMAN], appeared for a time to be in full accord with Congress and to be determined to carry out the law according to the intent and meaning with which it was passed. There was a time at least when he favored the paying of the bonds exactly in accordance with the law of July 14, 1870, namely, in either gold or silver, at the option of the United States, and not at the option of the bondholder.

I think I can say with truth that, considering the amount of suffering and distress caused to all the industrial classes of this country by reason of the change of conviction on the part of the honorable Senator, no single act in the lifetime of any man who ever held office in the United States since the adoption of the Constitution is more to be regretted. I do not intend to exaggerate, and am entirely serious and sincere when I say that in my humble opinion no one act since the foundation of the Republic has caused more affliction and desolation to the people of this country unless it be the act of firing on Fort Sumter. I am equally sincere in saying that according to my judgment if this attempted repeal is accomplished all who vote for it will live to see and to feel that the firing on Sumter, serious and sorrowful as it was in its *immediate* consequences, was a shot that for enduring injury to the industrial classes and to every man who works for a living in this country, can not be compared with the measure it is now attempted to drive through this body.

It will be remembered that the silver-purchase law of 1878, besides directing the purchase and coinage of silver to the extent of not less than two nor more than four million dollars' worth per month, also restored the legal-tender character of the standard silver dollar. That fact being borne in mind, it will be interesting to know that the honorable Senator from Ohio saw no further necessity for paying the bonds or the interest thereon in gold, knowing, as of course he must have known, that it was not only lawful, but equitable that they should be paid in either coin. I say "of course equitable," because I can not assume that the distinguished Senator would do or recommend the doing of anything that was not equitable.

Some three weeks after the enactment of the law of February 28, 1878, the Senate Committee on Finance had a conference with the honorable Senator, then, as is well known, the Secretary of the Treasury, or finance minister of the Administration of President Hayes. From the proceedings of that conference I shall read a few remarks. It will be borne in mind that the New York press, in the interest of Wall street gamblers and money-lenders, had raised a great alarm (which was purely fictitious, and manufactured for the occasion) because of the threatened passage of the bill, and denounced Congress in unmeasured terms for want of patriotism in attempting to impose such a measure on the country. Of course, they prophesied the most serious consequences to result from the new legislation.

At this conference with the then Secretary of the Treasury, which was held on the 19th of March, 1878, there were present, besides the Secretary, the following-named Senators: Messrs. MORRILL of Vermont (Chairman); Dawes of Massachusetts, Ferry of Michigan, JONES of Nevada, ALLISON of Iowa, Bayard of Delaware, Kernan of New York, Wallace of Pennsylvania, and VOORHEES of Indiana.

The extract I shall read is as follows:

CHAIRMAN. What effect has the silver bill had, or is likely to have upon resumption?

Secretary SHERMAN. I do not want to tread on delicate ground in answering that question, Mr. Chairman. I shall have to confess that I have been mistaken myself. Now, as to the silver bill, I have watched its operations very closely. I think the silver bill has had some adverse effects, and it has had some favorable effects, on the question of resumption. Perhaps the best way for me to proceed would be to state the adverse effects first. It has undoubtedly stopped refunding operations. Since the agitation of the silver question, I have not been able largely to sell bonds, although I have made every effort to do so. * * *

Now, another adverse effect the silver bill has had is to stop the accumulation of coin. Since the 1st of January we have accumulated no coin, except for coin certificates, and except the balance of revenue over expenditure. The revenues in coin being more than enough to pay the interest of the debt and coin liabilities, we accumulate some coin.

Another effect that the silver bill has had is to cause the return of our bonds from Europe. Although the movement of our bonds in this direction has been pretty steady for more than a year, yet it is latterly largely increased, how much I am not prepared to say.

On the other hand, I will give the favorable effects. In the first place, the silver bill satisfied a strong public demand for bimetallic money, and that demand is, no doubt, largely sectional. No doubt there is a difference of opinion between the West and South and the East on this subject, but *the desire for remonetization of silver was almost universal.* In a government like ours it is always good to obey the popular current, and that has been done, I think, by the passage of the silver bill. *Resumption can be maintained more easily upon a double standard than upon a single standard. The bulky character of silver would prevent payments in it, while gold, being more portable, would be more freely demanded,* and I think resumption can be maintained with a less amount of silver than of gold alone.

Senator BAYARD. You are speaking of resumption upon the basis of silver, or of silver and gold?

Secretary SHERMAN. Yes, sir; I think it can be maintained better upon a bimetallic, or alternative standard, than upon a single one, and with less accumulation of gold. In this way remonetization of silver would rather aid resumption. The bonds that have been returned from Europe have been readily absorbed—remarkably so. The recent returns in New York show the amount of bonds absorbed in this country is at least a million and a quarter a day. We have sold scarcely any from the Treasury since that time. This shows the confidence of the people in our securities, and their rapid absorption will tend to check the European scare.

Senator VOORHEES. *That shows, Mr. Secretary, that this cry of alarm in New York was unfounded. Then, this capital seeks our bonds when this bimetallic basis is declared?*

Secretary SHERMAN. Yes; many circumstances favor this. The demand for bonds extends to the West and to the banks.

Senator JONES. Then, in its effect upon the return of the vast amount of bonds you refer to, would there not be an element of strength added in favor of resumption, in that the interest on these bonds returned would not be a constant drain upon the country?

Secretary SHERMAN. Undoubtedly.

Senator JONES. Would the fact that they come back enable us to maintain resumption much easier?

Secretary SHERMAN. Undoubtedly.

Senator BAYARD. You speak of resumption upon a bimetallic basis being easier. Do you make that proposition irrespective of the readjustment of the relative values of the two metals as we have declared them?

Secretary SHERMAN. I think so. Our mere right to pay in silver would deter a great many people from presenting notes for redemption who would readily do so if they could get the lighter and more portable coin in exchange. *Besides, gold coin can be exported, while silver coin could not be exported, because its market value is less than its coin value.*

Senator BAYARD. I understand that it works practically very well. So long as the silver is less in value than the paper you will have no trouble in redeeming your paper. When a paper dollar is worth 98 cents nobody is going to take it to the Treasury and get 92 cents in silver; but what are you to do as your silver coin is minted? By the 1st of July next or the 1st of January next you have eighteen or twenty millions of silver dollars which are in circulation and payable for duties, and how long do you suppose this short supply of silver and your control of it by your coinage will keep it equivalent to gold—*when one is worth 10 cents less than the other?*

Secretary SHERMAN. *Just so long as it can be used for anything that gold is used for. It will be worth in this country the par of gold until it becomes so abundant and bulky that people will become tired of carrying it about; but in our country that can be avoided by depositing it for coin-certificates.*

For my part, Mr. President, I can not comprehend how the distinguished Senator from Ohio can reconcile with the statements made on that occasion the idea that either the principal or interest of bonds of the United States are now payable exclusively in gold.

There is but one rule known to the law for the interpretation of written contracts, and that is by reference to their specific terms. No impartial mind can read the bonds or the statutes of the United States without perceiving that the bondholders have never, by the terms of the bond or by the law, been entitled to a compliance with their demands. Even were it so, were they to claim payment in gold, not on any technical ground, but on the ground of equity, we quote them the maxim of the law: "Those who demand equity should do equity."

IF THE LAW DOES NOT COMPEL PAYMENT IN GOLD, DOES EQUITY DEMAND SUCH PAYMENT?

What, then, is the position of the bondholders from an equitable point of view? In legislating regarding the national debt have we trenched in any respect upon the fair repute of our Government and upon those principles of probity and honorable dealing so dear to our people? Let us look at the actual facts.

Between 1862 and 1868 the United States Government sold bonds to the amount of $2,049,975,700. How much did the purchasers pay to the Government for those bonds—these men in whose behalf the legislative contribution box is made to pass around at almost every session of Congress in order that some new act or law more potent than those which have preceded may now and again be dropped into it for the better support of the bondholders?

The amount received by the Government for those bonds was less than $1,400,000,000, or, to be exact, $1,371,424,238—being, on an average for the entire issue 67 per cent of their face value.

These bonds would have been honestly paid, if paid in lawful money, no other money having been prescribed in the acts authorizing the issue, except that coin was prescribed for the payment of the *interest*. The very fact that it was deemed proper to provide that the *interest* should be payable in coin was a plain implication that the principal was not to be so payable. The maxim of law is that the inclusion of one is the exclusion of the other.

However, on the clamorous insistance of the creditors the people yielded so far as to declare in the "act to strengthen the public credit" and in the refunding act that the principal also should be paid in coin.

For this $1,400,000,000 received by the Government of the United States there have already been paid back to the bondholders in principal alone $1,756,000,000—being $385,000,000 more than was altogether received. Besides, there have been paid as interest on the debt $2,538,000,000, or nearly twice the total amount received. There has been paid as a premium on bonds bought in $58,000,000. So that for the $1,400,000,000 received there have been paid in all to the bondholders the sum of $4,352,000,000.

THE BOND TRANSACTIONS FROM THE POINT OF VIEW OF PURCHASING POWER.

But the cupidity of those people is unbounded. Let us now look at the facts from another point of view, still bearing in mind merely the equities, and not the technical interpretation of the law. As I have shown earlier, the only value that money has is *purchasing power*. Let us see what amount of purchasing power has been paid to the creditors in return for the purchasing power which they paid to the Government when the bonds were placed on the market?

Assuming that the people had paid the dollars constituting the public debt at the same ratio of purchasing power that those dollars possessed when paid over by the bondholders to the people—as stated by a member of another body—it would have required but 1,007,000,000 bushels of wheat to pay the entire amount. We have already, as principal alone, paid to the bondholders the equivalent in money of 1,986,000,000 bushels of wheat; we have paid as interest the equivalent in money of 2,974,000,000 bushels; and as premium 62,000,000 bushels, making the total payment of principal, interest, and premium 5,022,000,-

000 bushels of wheat, or five times the purchasing power which the people received from the bondholders.

Yet after paying this enormous sum during the past quarter of a century we have still the same number of bushels of wheat to pay that would have paid the entire debt at the time it was contracted.

Again, had we paid the dollars of the debt at the same ratio of purchasing power that the dollars had when we received them, we could have paid the entire sum with 14,184,000 bales of cotton, whereas we have already paid, of principal, interest, and premium to the holders of our bonds, the equivalent of 94,690,000 bales of cotton, and there still remains to be paid more cotton than would have been sufficient at the time the debt was contracted to pay it all back.

It will be said that the prices of commodities, when the money was borrowed, were "war" prices. But whatever the prices were, they were the same for the bondholder that they were for the people, and dollars had at the time the same value, the same purchasing power, for the one as for the other.

Estimating the debt then as the amount of sacrifice with which the bondholders parted, and measuring that sacrifice by bales of cotton, the holders of bonds have been paid seven times over, and we still owe them more cotton than the original quantity. Nothing can more clearly show the enormous advantage which falling prices bring to those who have money out at interest. What they want is not to get their money back, but to get the things which money will buy, and when prices fall by reason of the manipulation of the volume of the country's money in their own behalf, by demonetizing one of the metals—which necessarily operates as a limitation on supply—they are simply engaged in a gigantic looting of the community under the name of honor and honesty.

When, under such circumstances, people speak of an investment in government bonds as a "speculation," they might very correctly spell "speculation" without the "s". The course pursued by the bondholders—the public creditors—of the United States would appear to indicate that they were the parties who were in the mind of John Ruskin when he referred to "the magnificence of authorized larceny and polished mendicity."

THE BONDHOLDER THE GREAT OBJECT OF SOLICITUDE. NO CONSIDERATION FOR THE TAX-PAYER.

The lessening of the value of the money that is to be paid to the creditor and bondholder is regarded by the advocates of the gold standard as an unparalleled calamity—something which is destined to uproot the very foundations of the Republic. No note is taken of the enormous increase in the burden of the debt—an increase effected by the sinister machinations of those men, first, through the mighty arm of the law, in changing the contract to their advantage after it was entered into, and, as if that were not enough, then in effecting, again by law, the demonetization of one of the metals in which the debt was payable, in order to increase the value of the other, and having exhausted the powers of legislation, then through the powerful supplemental arm of the executive officers of the Government continued the process of spoliation.

But, Mr. President, we understand that all this is done in the name of honor and honesty. The use of the word "honest" in this connection has a tendency to bring it into the contempt of the people. They smile in derision when they hear it applied to the bondholder's dollar—as the spectators in a theater smile when they hear the Moor of Venice speak of "Honest Iago." We hear constantly of justice to the public creditor. We hear nothing of justice to the people. When the interests of the bondholders are at stake the note of alarm is sounded by the officers of our Government, and the noise and commotion are so great that it would appear as if the pillars of the temple of our Constitution were falling.

The burden of the sacrifice which the people of this country made during the war is not to be compared with that which they have been enduring since by reason of the administration of their money system. The amazing productiveness of the country has enabled them to pay off a large proportion of the war debt, though not without suffering. During the continuance of active hostilities any hardship that might have been experienced was attributed to the war, and men felt that the country was engaged in a struggle for its existence. Even those who lost fathers, brothers, and husbands in the conflict were sustained to some extent by that exaltation of feeling that arises from patriotism. But in the later conflict, that which arose out of the monetary contraction following the war, no consolations of that character were experienced. Nothing but discouragement and distress.

THE EXAMPLE OF FRANCE IN DEALING WITH BONDHOLDERS.

The attempt of the American bondholder to get the word "coin" erased from his contract, and to get written into its place some word which would describe a coin that was always getting dearer, is not the first attempt of the kind in history. A similar attempt was made on behalf o the French bondholders after the discoveries of California and Australia. Gold was then the metal that was becoming cheap money, and the French bondholders took ready alarm at the prospect of the purchasing power of their incomes being reduced by the inflow of the new money. They found, as all bondholders find everywhere, ready and pliant agents and advocates in the literary guilds.

Chevalier and those in accord with him made a demand for the payment of the bonds of the French Government in silver. Their cry was for honest money. It is the same cry that we hear now, and have heard for more than twenty years. It was a demand for a payment of the money that was becoming dearer. For it appears that when money is becoming dearer it is honest money, while if wheat and cotton become dear, which means that money is becoming cheap, the wheat and cotton are dishonest and fraudulent.

Chevalier demanded the payment of the bonds in silver. In order that the people might suppose that he had some ground in reason for his demand he maintained that silver had always been the money of France, and that when people bought the bonds of the Government they supposed they were buying bonds payable in silver—very much the same sort of argument that has been used in the United States, except that in this country the demand was for bonds payable in gold.

This ruse did not work, however. The officers of the Government refused compliance with the demand. They declined to transfer to the creditor the option which the people of France had reserved to themselves, That they were right no man but a bondholder could have the hardihood to deny.

Our modern Chevaliers have been more successful—chevaliers of industry, whose only connection with industry is the laying it under tribute, and exacting from it an unearned increment, with the approval and through the instrumentality of our executive officers.

SUPPOSE THE OPTION WERE TO DELIVER WHEAT OR BARLEY, INSTEAD OF GOLD OR SILVER?

Suppose the owner of a great estate had entered into a contract by which he obligated himself to deliver certain quantities of cereals—his option being to deliver either wheat or barley, whichever, at the fulfillment of the contract, he might choose. Suppose that his object in embodying the option in the contract was to protect himself from a possible corner in one of the articles named—a corner which might be effected by the machinations of speculators in cereals. Suppose that, as matter of fact, when the time of delivery arrived there was a corner in wheat which, as a consequence, was held at an exorbitant price.

Would anybody suppose that in such case, an agent even had he a full power of attorney to act for his principal, would be justified in saying to the creditor, "Although, in the making of this contract, my principal reserved to himself, as a protection against wrongful exaction, an option to deliver either wheat or barley, whichever might be most just upon the day when the contract was filled, yet *you* are an '*honest*' man, and of course whatever advice you would give me would be '*honest*' advice, and whatever money you would wish to be paid would be '*honest*' money. Therefore, I will interpret this contract in such way as shall be suitable to honest men like you. If, instead of accepting delivery in barley, which is not cornered, and which is therefore 'dishonest,' you prefer wheat, which is cornered by honest men like yourself, I will transfer to you the option which my principal reserved to himself, and if you wish me to deliver wheat, I shall do so, even if I have to pay out of the funds of my principal the exorbitant and extortionate price which the honest managers of the corner in wheat have decreed."

What, I may ask, would be thought of the "honesty" of such an agent? And especially what would be thought of his honesty when it was as plain as day that the creditor was himself a member of the gang that had cornered the wheat market.

It has often been said, Mr. President, that Americans are nothing, if not original. This method of dealing in options is certainly original, even in America. No similar example is to be found in the history of any civilized government, and I venture to say that the officers of no government on earth will ever follow the example of those of the United States in a matter of this character.

THE ADVOCATES OF GOLD PROTECTING THE BONDHOLDERS ONLY.

Had the Congress of the United States been willing to make special provision for the payment of the public creditors in gold, many years after the making of the contract, thus establishing a distinction between them and the body of our citizens, including the workingmen and all who were not owners of bonds, we should not have been summoned here in extraordinary session to enter upon a discussion of this subject. The silver question would have long since disappeared from public view.

When the silver-purchase law of 1878 was before the Senate for consideration, one of the gold standard Senators offered an amendment providing that standard silver dollars "shall be a legal tender at their nominal value for all debts and dues, public and private, except duties on imports *and interest on* the public debt."

The intention of this was to give to the creditors a special dollar, and to discriminate in their favor against everybody else, to give them an "honest" dollar and the workingman what Senators themselves called a "dishonest" dollar. Had that amendment been accepted by those who favored free coinage of silver, the silver question would then and there have been settled, and we should have had free coinage at once. This is the sort of regard that the advocates of the gold standard had for the interests of the workingmen of the country, whose special friends and champions they now pretend to be. Had the bondholders been able to secure for themselves a gold dollar which was constantly increasing in value, they and their friends were willing that the workingmen should have any other kind of dollar that they pleased. Where, then, were to be found the advocates of the dollar of "highest purchasing power" for the workingmen of the country? We heard nothing from the New York press denouncing a provision that would have paid the workingman in "cheap dollars" and "dollars of low purchasing power," while giving to the bondholder a dollar not only of high purchasing power, but a purchasing power constantly growing higher.

[At this point the honorable Senator yielded to Mr. TELLER.]

Tuesday, October 24, 1893.

Mr. JONES of Nevada. Mr. President, we are told that with unrestricted coinage of silver, or with continued purchases of silver under the Sherman law, the gold in the country would go to a premium. Let us examine that question.

WOULD GOLD GO TO A PREMIUM UNDER UNRESTRICTED COINAGE OR CONTINUED PURCHASES OF SILVER?

In the first place I challenge Senators to point to a period in the history of any country when gold went to a premium while any considerable quantity of it remained in that country. Under certain circumstances it might be sent out. So long, however, as it remained it would never reach a premium until the total amount of all forms of money in circulation was more than sufficient to meet all monetary demands at the international range of prices.

There must be a reason for the separation of the metals and for the happening of a premium on gold. The metals have no will of their own to separate or to coalesce when they please. Neither can the gold holders make a premium at their pleasure. If they could do so we should find gold constantly at a premium. A premium must be made by *conditions*. What is it that creates those conditions? The range of prices of goods that form the subject of international commerce. To the extent that we purchase of those goods in excess of the sales of our own products to the people of the gold-using countries, we create a necessity for the outward shipment of gold in payment of balances.

Suppose the holders of our $600.000,000 of gold decided to-day to put a premium of 1 per cent or of 10 per cent on gold. Could they do it? Do we not know that if they could get a premium by merely demanding it they would promptly demand it? Their difficulty is that the conditions on which alone a premium can be created do not exist, and in the absence of the appropriate conditions no one will give them a premium, no matter how strenuously they insist upon it.

THE FALL OF PRICES—A "PREMIUM" WHICH PRODUCERS HAVE TO PAY.

When the number of dollars in a country is from any cause reduced, there is a tendency to a fall in the prices of commodities. If then a man be engaged in productive operations in this country, and if by reason of the outward flow of gold to meet foreign payments a fall takes place in the prices of the products of his labor, compelling him to accept less for those products than he otherwise would receive, he suffers a loss which, though not called a "premium," is in tenor and effect a premium on gold. So far as *he* is concerned, he is so much the poorer by reason of the outflow of the money of the country.

Why quibble about names? In order that a payment may be entitled to be called a "premium," and to involve the serious consequences attributed to a premium, is it necessary that it shall be paid by a particular person? If a farmer, planter, or manufacturer in this country is compelled to pay $100 through the medium of products, the prices of which have been to that extent reduced owing to the maintenance of the gold standard, what but the mere name is the difference between that man's payment and the payment of the banker or broker who disburses $100 as a difference in exchange and on his books enters the amount as a "premium?" If an American farmer, hatter, or shoemaker has to give more of the products of his labor for gold, what divinity doth hedge around the American banker or broker which entitles him to call his occasional payment a "premium," while the constant and persistent payments of the producers are called a mere "fall in price?"

If farm products fall 10 per cent by reason of the sending out of gold, if the product of the shoemaker's labor is similarly reduced, as well as that of men engaged in all other industries, is not that 10 per cent a premium on gold? And if not, does it differ in anything but the name? Being a loss caused by the gold standard, does it not have all the effect of a premium? Is it not in nature and substance a premium? Yet the importer says, and our financiers and statesmen all unite in saying, that so long as it is the *producer* who is suffering the loss everything is all right, and that it is only when it becomes the turn of the importer or the money-broker to pay that "the times are out of joint." So long as the producing classes do the paying it attracts no attention, but as soon as the broker or importer has to pay a great wail is heard.

When gold alone, or a money based on gold, is the circulating medium of a country, a contract calling for the payment of $1,000 on the spot would on its face seem to be the same as a contract calling for the payment of $1,000 at a future time, because the sum being in each case the same and payable in the same form of money, there would seem to be no premium involved. If, however, men are obliged to give more of their products for it in the one case than in the other, are they not to all intents and purposes paying a premium on gold? Is it any less a premium because the true character of the transaction is not detected? Values being always stated in terms of money, never in terms of commodites, it is not easy for the uninitiated to detect variations in the value of the circulating medium itself.

Anything that is measured by itself alone can never present an appearance of change. No matter, therefore, how great a departure may be made by gold from its value at any former period, such departure is never denominated a change in the value of gold, but always a change in the prices of commodities. It is thus that even the everyday phases of industry and commerce are calculated to conceal the evil which the gold standard inflicts upon society, and afford to interested casuists and sophists, as well as to superficial thinkers upon money, to so-called statisticians and would-be philosophers and economists an opportunity much improved by them of disputing as to the true nature of the change that has taken place.

The masses of the people take no note of changes in the value of money, but the banking and creditor interests are keen to observe all such changes. Whenever a variation of value appears between two forms of money, they select the form which commands the greatest amount of property, and loudly proclaim that to be the "best" money and the only "honest" money, while the other form, which may have retained its value unimpaired, and therefore be an exactly just and equitable measure of value, is derided as "cheap" and dishonest money. The gold-standard advocates never speak of any advance in the value of the dearer metal. By them the change is always made to appear as a decline in the value of the other metal, which may in fact have suffered no decline.

FOREIGN PAYMENTS.

It is supposed to be decisive of the question to inquire how, if we have not the gold standard, we can pay our debts to foreigners? Let us examine this point. An American importer buys goods in Great Britain or Germany to be sold here for his profit, and his alone. The query is: How is he to get the gold to pay his bill? I reply to the question by asking another. By what means does he pay bills in his own country? How does any merchant obtain money? By sales of merchandise. Very well.

Let, then, the American importer sell merchandise for gold with which to pay his gold indebtedness. He bought in gold-standard countries the goods which require to be paid for in gold. Let him sell in those countries for gold the goods from sales of which to pay his bill. Gold is to be bought for commodities in every gold-standard country of the world. If the range of prices in those countries is such that he can not make a profit on the transaction, that is his misfortune, and is not one for which the American people at large are responsible; or by reason of which they should be mulcted in sums infinitely larger than any possible premium that could be involved in the transactions of a few importers.

All the internal commerce of this country, which is fifty times greater in amount than our foreign trade, should not be disjointed by reason of the necessity which exists for a few men to pay their debts abroad. Is it a greater act of justice to facilitate the payment of an importer's foreign bill at the expense of all the people of the United States than to maintain equity and justice in the payment of all debts and the payments for all commodities and services interchanged among the 70,000,000 people of our country? Must we forever continue to inflict wrong and injustice upon all our producing classes—upon ninty-nine one-hundredths of our people—simply to save an occasional importer or foreign business house some inconvenience?—for, in any case, it could be nothing more than an *inconvenience;* it could under no circumstances result in *a loss* to any importer to have to pay a premium.

Suppose a failure of the crops to occur in Europe and an abundant harvest in this country. There will be a consequent boom here. Numbers of contracts will be made on a high range of prices. Then this country becomes a poor country to buy in, because prices are high, but for the same reason it becomes a good country to sell in. Other countries at such a time will be poor countries to sell in because prices there are low, and they will for the same reason be good countries to buy in.

On such occasions our importers strain every nerve to buy to the utmost. Having, therefore, large payments to make to foreign countries, they find that owing to the low prices prevailing abroad they are unable to send out our wheat or cotton to advantage. Hence they gather up the money of the country and send it away.

Instead of assuming the responsibility for the exercise of bad judgment or overweening cupidity on their part in making more purchases than the country makes sales, they make everybody in the country suffer—those who have not had anything whatever to do with foreign goods as well as those whose business it is to deal in such goods. As everybody knows, the number of persons who deal in foreign goods is utterly insignificant compared with the enormous number who deal in domestic articles.

The premium which in any event the importers would pay is a bagatelle in comparison with the unseen and unobserved premium which for many years has been paid by the toiling millions. Money is bought by every man with the products of his labor. The masses of the people are not digging gold out of the mines. The gold they dig is the amount that can be bought by their labor exerted in fields of wheat and cotton, in seams of iron and coal, and in the city shops, foundries, and factories. The amount of money which the products of such labor will command is therefore the measure of the value of gold.

With the present system all the people of this country are made to pay a premium on gold in order that a few importers may be saved some imaginary inconvenience in the payment of balances.

An adverse balance of trade whereby $100,000,000 of the money of the country might be shipped out, would so reduce the debt-paying power of the people and the prices of the commodities with which, in the last analysis they must pay the debt, as to make it a calamity of great proportions in comparison with any inconvenience to which importers might be subjected in paying their foreign balances.

In order that such a transaction may result in great loss to the masses of our people, it is not necessary for a panic to occur. The loss could be gradual, but great.

In one case, only the men who bought abroad would be subjected to inconvenience—and it would be inconvenience merely; for, as I have said, they would in no case be subjected to *loss*. In the other, every man in the United States who owes a debt would be put not merely to inconvenience but to loss.

It is the most monstrous of ideas that because a few men can make a profit by sending out the money of the country all the industries of the country must be disarranged. In an age of enlightened civilization nothing seems more absurd and unjust.

It is natural and proper that some difficulty should be experienced in transmuting the money of one country into the money of another.

If people in one country wish to buy in other countries more than can be sold from their own country, they are warned by the state of the exchanges that the balance is against them. According as the balance becomes more and more against them those who persist in buying should personally suffer the inconvenience. The people of the entire country, who have nothing to do with importations, should not be compelled to suffer.

Whenever that which may be termed international money has its normal value, it is at the par of exchange. When it becomes unprofitable to ship products, and the demand for money for shipment becomes excessive, so that a premium arises, the persons who should pay the premium are the importers—those who, for their own profit, import into the country more than the exports of the country can pay for.

The people of the whole country who are conducting a business 100 times as large as the entire importing business, and under our system of credits involving themselves in debt to enormous amounts, should not be compelled to pay a premium upon every dollar of their domestic debts simply to suit the convenience of a few importers. Any balance of trade which can possibly be against us must always be infinitesimal, compared with the enormous amount of domestic debts that are constantly being paid by our own people. If we had an ample supply of silver money for the transaction of our own business all that we could need of gold would be such sum as would meet any adverse balance.

Prof. Stanley Jevons, one of the most renowned of the financial economists of Great Britain, in a paper read before the American Social Science Association in Saratoga, in 1877, said:

> Gold is not really requisite except for making international payments, and the stock need not be very much larger than will meet any conceivable demand for exportation.

I call the special attention of those who have a horror of the silver standard to a remark of the London Times, which with them ought to be the first of authorities, in discussing the very bill which it is now proposed to repeal. In an editorial on the so-called Sherman law, the Times of September 1, 1890, said:

> Under a silver standard a rich country can keep as large a stock of gold as it requires for all purposes, without any difficulty whatever.

When the United States resumed specie payments a small gold stock proved sufficient for the purpose. Yet now, with $600,000,000 of gold in the country, Senators fear a premium on it!

How do foreign nations which have no mines get gold? They exchange goods for it. So the importers who would need gold to pay for goods imported should get the gold by the sale of their goods. They would not need much to settle balances, and they could get it at but slight extra cost. Indeed, it would be better for the United States if gold were always at a slight premium, because then the silver money would remain in the country and would not flow out, to the disarrangement of all prices and all equities here.

Contracts made in any country are made on the basis of the range of prices at the time prevailing in that country. If afterward the money supply of that country be diminished relatively to demand, whether such diminution be owing to nonproduction of the metals from the mines, to their consumption in the arts, to increase of population and demand for money, or to exportation of gold in payment for imported goods, can anybody doubt that the fall of prices sure to result from such diminution is practically a premium on gold and paid by the producing classes?

There is no possibility of a permanent premium upon gold here except when enough of other money has come into circulation to put our prices above the international range. That is to say, having $1,600,000,000 of money in this country, of which, say, $1,000,000,000 is other than gold, but of full legal-tender power, if the gold all left the country, or went out of circulation (which it would do if it went to a premium), there would have to be $600,000,000 of some sort of money added to the $1,000,000,000 before we could reach the gold range of prices. Where is that $600,000,000 to come from? Is it possible that with only $1,000,000,000 of money, which is $600,000,000 less than our present stock, there could be an increase of prices? Would there not, on the contrary, be a fall, and would it not be silver rather than gold that would be at a premium as measured in the products of labor? Is it possible that $1,000,000,000 of silver alone is capable of elevating prices beyond the level to which they can be elevated by $1,000,000,000 of silver and paper plus $600,000,000 in gold? That is contrary to every principle of political economy and of common sense.

Only a certain range of prices is consistent with the international range. Should our prices rise beyond that gold would begin to flow out, though not to the extent of our whole foreign trade; only to the extent of balances against us.

In any case there could not be a permanent premium upon gold until what may be termed a corresponding degree of permanent "premium" had arisen on commodities, property, and services—the things which it is the function of money to distribute. If in comparison with gold prices all men should get higher prices for their commodities and services, in other words, if their commodities and services were at a "premium," how should they be harmed by a premium on gold?

It is a contradiction of terms to say that we could have a premium upon gold and at the same time a decline in the prices of goods and of labor.

Had we to pay a premium, or increase of price, in silver for *gold* over what we might have previously paid for it, it would be because we had first received a corresponding premium, or increase of price, in *silver* for the products or services with which we might buy gold. In any event, we would have to buy the gold, since all men who need gold, except actual miners of the metal, can get it only by selling their labor or products for it.

Should gold go to a premium, and we could show that the silver money of the country had not fallen, but measured equitably all property and services, who would be at any disadvantage, except people who make a business of gambling in gold, and who can not complain when the game goes against them?

If gold goes to a premium of 10 per cent, that means that it will buy 10 per cent more of goods internationally dealt in than can be bought with silver or other money. But if a man has to pay 10 per cent for gold, does he not get 10 per cent more in the other money for his goods and services? Is not equity therefore preserved among our people? What greater end can be desired than equity?

Even as to our foreign trade, were there a premium of 10 per cent on gold, and Liverpool merchants bought from us wheat, cotton, or anything else, they would have to pay us either the Liverpool price in gold or the American price in silver, which latter, in case there were a premium of 10 per cent on gold, would mean 10 per cent over the gold price.

Gold might go to a premium of 1 or 2 per cent, and yet if interest were high and business active in this country, that metal might not leave, because the percentage of interest obtained by loaning gold or investing it in this country might be so much more than the percentage of profit derived from gold if sent abroad that it would be more profitable for its owners to keep it here.

Gold is frequently at a premium without the fact attracting attention, because the term "premium" is carefully avoided in designating the transaction. There is frequently, as a result of the differences in what is called exchange, a small payment required on gold beyond the cost of shipping it. What is that but a premium?

So, when in England gold becomes scarce and the bank rate goes up, the increased rate is called a "rise in the rate of discount." It is really a *premium upon gold.*

Suppose the bank rate to be ordinarily and normally 3 per cent, and that in case of emergency or difficulty it rises to 6. What in reality is this extra 3 per cent but a premium of 3 per cent on gold? When the bank rate is thus raised, it is not because the borrower is able to make 3 per cent more profit on the money that he borrowed, or can afford to borrow it at that price. The fact is that the reason why he has to borrow is that he finds it impossible to make even ordinary profit, or indeed to do business at *any* profit that will enable him to provide for his moneyed engagements.

It is not a case in which money at that time will buy more than before, or more than usual. The borrowers do not take it with a view to buying anything, but solely with the view of meeting imperative obligations, entered into when normal conditions prevailed.

Let us suppose the domestic indebtedness of our people to one another to be $30,000,000,000, while our gold stock is only $600,000,000. If a premium of 10 per cent should take place on gold—that is to say, if it alone, and of itself, without reference to the other money of the country should advance 10 per cent in value, it would at the utmost be an advance of only 10 per cent on $600,000,000; whereas, while we are on the gold standard, a corresponding fall in the prices of commodities consequent on the increasing purchasing power of the gold dollar would involve, to our domestic debtors alone, a total loss of 10 per cent on the $30,000,000,000 of their debts, or such proportion of them as were in existence during the whole period of this 10 per cent fall.

The true name for this fall of prices and for this enormous loss to the people is a "premium on gold." In comparison with this unrecognized and undesignated premium the thing usually called a premium is but an insignificant trifle, even were it a loss, and it could not be a loss so long as our silver money justly measured all equities.

Who pretends to say that under the Sherman law the dollar is worth less to-day than it was when the first dollar was issued? Who contends that during the operation of that law there has been any general advance in prices of commodities? Who pretends to say that before the late panic occurred the monthly issues of Treasury notes under the Sherman law had produced an inflation of our currency? Who denies that the value of the dollar from month to month was rising and not falling? What, then, is the evil to be remedied by stopping the issue of Treasury notes under that law?

It is seen that the increasing population of the country and the increasing demand for money are not sufficiently met by the 4,500,000 ounces purchased each month. It is seen that the dollar is all the time becoming more valuable. What, then, is it against which those who so vehemently demand the repeal of the purchasing clause of the Sherman law wish to defend the country? Surely not an inflation; for prices of commodities continued to fall from 1890, when the bill was passed, until the time the panic broke out. This was shown by the exhaustive examination of the Finance Committee of the Senate.

How can repeal redress the situation in this country? Prices are falling and were falling at the time the panic broke out. There was not money enough to maintain them at a firm or equitable range. For, as I have said, price is the barometer that indicates whether equities are being maintained and whether times are good or bad; yet with prices falling, our gold-standard economists tell us that we must cut off the money that has hitherto been furnished, notwithstanding that it is admitted by the champions of the gold standard that almost the entire yield of the gold fields is consumed in the arts and manufactures and little or none left for the money use.

Mr. McPHERSON. I do not wish to interrupt the Senator's speech at all; but I simply wish to make an inquiry. The committee to which the Senator refers in making their investigation and report did report that the prices of commodities had fallen. At the same time the report states that the price of wages had advanced. How does the Senator account for that?

Mr. JONES of Nevada. On several occasions of late when I have had the floor in this debate I have stated that the wage-earner is not a commodity; not a dead piece of property. Not many years ago the wage-earners began to organize in this country, at a time when they were getting by no means their fair share of that which they contributed to the joint product of capital and labor. All over the United States they organized into compact masses, as they previously had done in England, and kept constantly increasing their demand upon the employers for more wages.

In the manner in which business is conducted in these latter years it is necessary to employ great numbers of workmen; hence contracts covering long periods of time must be entered into, and such contracts frequently contain clauses involving heavy forfeitures or penalties for failure of prompt performance. This fact compels employers to beware of serious difficulties with their working force. They know that a general strike might involve them in enormous loss. The official reports of strikes show that in many instances where employers have conceded an increase of, say, 10 per cent demanded by the workmen, the increase was followed by a dismissal from employment of 10 per cent of the workers. If this were true generally it would mean that wages as a whole were no greater than before. They only *appear* to be increased because the men retained in employment receive more than before. It would be better for society as a whole and far better for the working classes themselves if all were retained in uninterrupted employment, even without increase of wages, than that some should have their wages increased, while others receive nothing and are left to starve.

In order to show that wages have really increased, the returns should also show that the number of men employed continued to be as great as before. Otherwise the laboring class as a whole receive no more money as wages.

Given a certain number of men employed at, for ease of computation, say, a dollar a day. They demand a dollar and ten cents. The employers, with heavy contracts on hand, know not how to resist that demand. They yield. In a few weeks they discharge 10 per cent of their employés; and against this decree the men have no recourse. The reduction of force is made up in the shop by a resort to all sorts of small economies. Ten per cent of the men formerly employed are sent into compulsory idleness. Their labor is lost to society, and themselves and their families are brought to penury. Yet no note is taken of this. So long as the men in actual employment are paid the customary, or even increased wages, it is taken for granted that all is well. No census of the unemployed is taken.

The Senator from New Jersey knows that within ten or fifteen years large numbers of business establishments have been concentrated under one management. A thousand and one methods of decreasing expenditures have been resorted to. The workmen have been constantly striking for more wages with great power and with great intelligence. The employers, not always able, owing to the fall of prices, to meet that demand, have yielded in one direction only to recoup themselves in another.

But now the maximum has been reached. It must be borne in mind that effect does not immediately follow cause in questions of this character. A stone thrown into the harbor of New York is certain to result in a rise of the level of the water at Liverpool; but the effect is by no means immediate.

Mr. McPHERSON. The Senator, I think, certainly will admit that for the last fifteen or twenty years there has been a gradual and persistent rise in the wages of labor. He has already stated in his speech a number of times that there has been a great depression and a great fall in the prices of commodities. Now, commodities are things that labor makes; the commodities are the things that labor consumes. With an increase in the price of labor, with the lowering of the price of commodities which labor consumes, I do not understand how the Senator can measure the money of the country by the price of commodities.

Mr. JONES of Nevada. The Senator from New Jersey starts out with the proposition that laborers were getting the wages they were fairly entitled to, considering the volume of money in circulation in the country: but this was manifestly not so. They are looking more sharply after their interests. Until the great organizations arose business was conducted more loosely.

Mr. McPHERSON. It has been increasing every day.

Mr. JONES of Nevada. The workers have been constantly increasing their demand, and the employers have had to yield. Now, however, millions of laborers are out of employment. It is the statement of every business man that for the past twenty years business in this country has been conducted at practically no profit. Previous to that time the same businesses were conducted at large profits. This condition is not peculiar to the United States, but is a characteristic of all gold-standard countries.

Mr. TELLER. Will the Senator from Nevada allow me to read a very brief extract from an English newspaper?

Mr. JONES of Nevada. Certainly.

Mr. TELLER. It is as follows:

> Never was there such an industrial war in England; never was there such destitution, and never such a mass of inflammable discontent in the very heart and center of the land. Relief committees and soup kitchens are unceasingly at work throughout the strike areas. Bread is distributed and fought for by famishing men and women, and gardens and orchards robbed in the frantic search for food. Hungry children attend the schools too weak to learn, and women tramp from village to village begging for money or bread.

That is from the London Daily News of September 7, 1893.

Mr. JONES of Nevada. Mr. President, that is the way the condition of the laboring man has been "improved." I saw great numbers of the unemployed on the hills about London—people who were starving; yet we are told wages have been advancing for years! The gentlemen who compile statistics take no note of the unemployed. I deny, whatever they may say to the contrary, that, taking wages, for instance, all over the West and South, they have been increasing for fifteen years.

Mr. GEORGE. They have fallen.

Mr. JONES of Nevada. Counting the numbers of men discharged from employment owing to the persistent fall of prices, it is my conviction that, on the whole, wages have fallen rather than risen.

Mr. McPHERSON. If the Senator will bear with me a single moment longer, I will state that a subcommittee of the Committee on Finance, a very intelligent committee, pursued an investigation for several months here in 1891 after the passage of the so-called McKinley law to ascertain what the effect of the McKinley law had been upon prices. It was argued by the friends of the McKinley law that inasmuch as we had raised the duty upon foreign products thereby we would increase the wages of labor in the domestic products, and that was the reason why wages had raised in this country. Now, I simply invite the attention of any Senator to that report to the effect that in the gainful institutions where labor was employed there has been more increase in the wages of labor among those industries that were not protected at all.

Mr. GEORGE. In agriculture?

Mr. McPHERSON. In agriculture and everything else. I speak of wages as compared with the cost of living.

Mr. GEORGE. The Senator is wrong as to the South.

Mr. McPHERSON. Of course when you speak of wages of labor you speak of it as compared with the cost of living to the laborer.

Mr. PASCO. If the Senator from Nevada will allow me, I will state that in the speech which I delivered on the 27th of last month I showed clearly the situation in the section of the country where I lived, an agricultural section, a cotton-raising section. I stated, and it is susceptible of proof, that the wage-earners there have shared the fate of the cotton-planter, and that their wages have been reduced relatively and actually. My belief is that a like result has followed in similar sections of the country where cotton-raising is the principal industry, as will be borne out by the Senators from those sections.

Mr. JONES of Nevada. Mr. President, there can be no doubt about it. An interested body of statisticians, most of whom do nothing but tabulate their own ignorance and air their own egotism, are engaged in attempting to bolster up the gold standard and make their figures and their conclusions correspond with all the claims that are made by the advocates of that standard, whatever the real facts may be. Of course, there are conspicuous and honorable exceptions, but it is certain that none of them take account of idle labor. There can be no doubt in the mind of any observant man that there has been a fall of wages of unskilled labor in such parts of the country as are not in close proximity to great manufacturing centers, where labor could combine to keep wages up.

THE RECENT PANIC.

It is absolutely inevitable, while prices are falling, that men should be relegated to idleness. When it becomes apparent that the employer of labor is bound to lose money, it is only a question of time when the laborer must lose his employment—not merely suffer the loss of a part of his wages, but all his wages. Things must ultimately accommodate themselves to the volume of money. What happened during the recent panic was simply that not only the wages of labor but the prices of property commenced to adjust themselves to the volume of money in the country. They had both by every conceivable means been held above the range naturally consistent with that volume: and at last the law of supply and demand, in the relation between money and commodities, asserted itself. It is sought to divert attention from the true source of the difficulty by the assertion that the people had some fears as to the kind of money they were going to get.

There never was a more monstrous perversion of the truth. I do not believe that a man can be found in the United States who will say, so far as he is concerned, the panic had its genesis in any such cause. What he feared was that the institutions in which his money was deposited did not have it to pay him back on demand. The demand was not for gold, but for silver, or silver certificates, or any other character of legal-tender money.

Mr. McPHERSON. I understand the Senator to contend that it is not the kind of money, but the volume of money which determines and fixes the unit of value.

Mr. JONES of Nevada. Undoubtedly; nobody who has investigated the subject of the value of money will deny that proposition.

Mr. McPHERSON. If the Senator will bear with me a single moment longer, the fear the people of the country had was that there was a disposition to impose the free coinage of silver, uncertain in amount and quantity; that if whatever there was of quantity to-day in the world that would come from the mines to our mints was all to be coined into dollars, the result would be that the volume of that kind of money which was not on a par with good money, as the world understood it, would disarrange values or there would have to be a general readjustment of the values of property.

Mr. JONES of Nevada. In answer to the Senator from New Jersey, I can say that neither immediately before nor during the recent troubles was there a word said about free coinage. That question was not under discussion. The only silver question that could at all have entered into the minds of the people, if any did, was whether we could go on supplying this limited quantity of money to the people of this country. The question of free coinage, as everbody knew, was settled for such time at least as the present Executive held his position. There was therefore not the slightest fear of the unrestricted coinage of silver. Hence all that the Senator says about the enormous increase to be expected or feared in the amount of money by reason of free coinage falls to the ground.

Mr. McPHERSON. I draw no distinction between free coinage and the operation of the Sherman law, except as to the quantity. The Sherman law would bring us to a silver basis with the same certainty, but not so rapidly.

Mr. JONES of Nevada. I have shown that the quantity of money paid out under the Sherman law was not even sufficient to maintain the range of prices—and prices are of the essence of the question. The unit of money should be kept at a parity with the units of property and commodities. The producing masses of this country want a dollar that shall remain at something like parity with the pound of cotton, with the bushel of wheat, and with all other products of labor—not a dollar that shall be at parity with a metal which is constantly increasing in value to the unjust advantage of the bondholders and the money-lenders of the world. Our demand is a demand for equity and justice. We say it is not necessary that our money should keep at a parity with gold if only it will keep at a parity with justice. If keeping it at a parity with gold, which is a unit of chance, and which has been constantly increasing in value, is inconsistent with justice, then, I say, let gold go. If we have to take our choice between a gold standard and a standard of justice, we insist upon the standard of justice. The Senator from New Jersey takes the gold standard. We are willing to go before the people on that proposition.

Mr. McPHERSON. That is the standard of justice.

Mr. JONES of Nevada. The Senator says it is the standard of justice, yet it is everywhere admitted that gold has been constantly rising in value for twenty years, effecting a constant looting of the debtor in the interest of the creditor. Is it not extraordinary that we have never heard any complaint about a rise in the value of the money unit, but whenever there is a fear or suggestion of a fall in the value all hands are up? That is deemed a dreadful misfortune to the world; yet a rise in the value of money means the making of the rich unjustly richer and the poor unjustly poorer.

I will now resume the consideration of the question of a gold premium at the point at which I was interrupted.

Suppose a war to be imminent in Europe, and that Russia, in order to increase her war fund, should offer a premium of 5 per cent for gold, which is not an absurd supposition by any means; and suppose the other gold-standard nations of Europe, in order to attract to themselves the supply of gold, should make an offer of 10 per cent premium, which would be better than Russia's 5—does it follow that all the people of the United States who owe money should permit themselves to be mulcted in 10 per cent upon every dollar of *their* debt, so that the dollar to be paid by them to their creditors shall require from the debtors 10 per cent more sacrifice than the dollar which was agreed to be paid and agreed to be accepted? Yet, that is precisely what will happen so long as we maintain a system of what may be called international money.

Mr. McPHERSON. If the Senator will allow me, I want to get at the exact facts that he is contending for. It seems to me that if gold had appreciated interest would have gone up; it seems to me if gold had appreciated labor would have gone down, as the inevitable consequence of his contention. Now, in the past ten or fifteen years we have seen the bonds of the United States, which we will consider a perfectly safe and not a speculative security, go down from 5 per cent to 2, the bonds being floated to-day at 2 per cent.

Now, as to the labor question I contend that labor has gone up for the past ten or fifteen years in a regularly increasing ratio. If in most of the countries that employ labor, large countries like England, the United States, Germany, and other countries, labor is paid an increased price year after year, I can not understand how those countries, being upon a gold basis, can stand that condition of things with the appreciated value of gold.

Mr. JONES of Nevada. I will say to the Senator that within the past few days I have more than once gone over that entire question. The proposition which the Senator makes is one of the most startling proofs of the disingenuousness of the statistics that attempt to show us the effect of improved processes and other alleged causes for the fall of prices. I think I demonstrated to the satisfaction of every Senator who listened to me that one of the most irrefragable proofs of an increase in the value of the monetary unit is a decline in the rates of interest. If money is increasing in purchasing power, if it is increasing in its command over land and over the products of labor—in other words, if prices are falling—who wants to enter business? Men prefer to wait until bottom prices have been reached. The man who puts up a factory when prices are falling finds that in two or three years his rival can put up one exactly similar for 10 or 15 per cent less money.

Hence, I say that when prices are falling money congests in the centers, because its owners are not willing to risk it in legitimate business. A keen competition, therefore, arises for first-class securities. This competition is incontestable proof of the advance in the value of money.

Why, in a new country like this, should interest fall? Why can not money be used as profitably now as at any period of our history?

Is not the field wide here for industrial enterprises? Is the country finished? Has it reached the fullness of its development? Had we a proper monetary system, could not a thousand, yes, ten thousand, enterprises be entered upon with advantage alike to projectors and workingmen?

Sir, everybody wishes to keep that which is going up and to refrain from investing in that which is going down. When prices are falling money is going up and all forms of property going down. This is why money accumulates in the centers, and why the competition for gilt-edged securities increases. No better evidence is needed of the advance of value in gold than the decrease of interest. While dollars are increasing in value men find it impossible to pay the old rate of interest and at the same time a constantly increasing value in the dollars constituting the principal. And it will be observed that during the last twenty years, as I have said, there is a remarkable coincidence between the ratio of the decrease in the rates of interest and that of the increase in the value of the money unit—a coincidence wholly inexplicable on any other hypothesis than that I have stated.

The instinct of thrift on the part of all mankind is to avoid that which is falling and to hold on to that which is rising in value. Hence the 4 per cent bonds rose from par to 127. What is a bond? Nothing but an obligation to deliver money in the future. During a period of falling prices capitalists want to be long on money, not long on property. At such times men do not want to be long on business. When business is declining, the value, that is, the purchasing power, of the dollar is rising. Hence everybody wishes to be long on money, and there is, therefore, competition to get nothing but money futures, that is to say, bonds.

Having already, however, dealt with this subject at some length in the course of my remarks, I will now resume the consideration of the question which I was discussing when interrupted.

DISADVANTAGE OF INTERNATIONAL MONEY.

In order to keep labor uninterruptedly employed contracts must be made long in advance and debts incurred covering years of time.

As money is not prized for itself but for what it will purchase, equity and justice demand that its purchasing power should be kept as steady and unchanging as possible. Otherwise time contracts and debts would work great injustice by compelling performance of much more than was contracted for, or much less, as the case might be.

Instead, however, of endeavoring to keep this power of money steady and unchanging, the people of every country that has an international money permit the value of their money to undergo constant fluctuation by reason of the outflow of the money of their own country and the inflow of that of a foreign country.

Suppose it were the case of some other great instrumentality of indispensable necessity to civilization. On account of the function which money performs in the proprietary distribution of property, it is frequently compared to a railroad train, which effects its physical distribution. Suppose great numbers of our locomotives and cars were daily put on leviathan ships and carried over the ocean, to remain on the other side until some exigency of the countries to which they might have gone should admit of their return to us? What a state of demoralization and paralysis would exist in every business in the country. Yet it would be trifling compared with the paralysis created by reason of the shipping out of great quantities of our money, upon the volume of which the equities of all contracts are based.

It seems to me, therefore, to be absurd that large quantities of the money of the country should be permitted to go out when we know that scores of millions of dollars of deferred obligations depend for their just and equitable settlement upon the the quantity of money in the country. So also it seems to me that the money of other countries should not come in here since we know that when it comes it produces inflation, and when it goes—as go it will—it produces contraction.

If we have the right quantity of money here, why permit any more to come in, and why permit any to go out? The gold-standard advocates contend that inasmuch as all that we might receive from abroad would be an advantage we should welcome it. But as we can not keep it, as we can not keep any more gold than our distributive proportion of the gold of the world, we gain nothing permanent by it. Our whole industrial system is deranged by its coming, and more than deranged by its going.

When the quantitative theory of money comes, as come it must, to be universally recognized as correct, then it will be considered folly for a government to permit the quantity, and consequently the value of the unit of money upon which so many equities are based to be changed merely for the purpose of accommodating a few men who wish to make purchases in foreign countries. Would it not be better to have a national money that would neither flow in nor flow out, than to have injustice daily and hourly perpetrated upon all the citizens of our own country, especially those least able to bear the injustice, namely, the debtors?

Should a separation finally take place between gold and silver money, it will be because of the constant and ruinous rise in the value of gold. Should population and business in this country continue to increase as for some years they have been increasing, and should the yield of gold from the mines diminish either absolutely or relatively to the demand for it, and the value of the metal under the operation of increased demand continue, as a consequence, to rise higher and higher, the time must come when gold and silver money must separate. The salvation of industry and commerce would depend on and require such separation.

We know that the world has been ransacked in vain for gold, and we know that there is not only a vast and constant increase in the world's population and business, but a constant increase in the consumption of gold for nonmonetary purposes in all the arts and manufactures, especially in dentistry. Unless great discoveries of gold are made—something in the highest degree improbable—there is not the slightest doubt that the gold standard must ultimately be abandoned or people will begin to suspect that after all it is not the "spots on the sun" that cause the periodic and frequent panics in countries of the gold standard.

The country that has the foresight to first perceive the necessity for its abandonment, and the intelligence and virtue to provide a proper and sufficient substitute, will lead the world in a career of unintermitting prosperity. It is not alone, nor necessarily, an inflation of the money volume that will drive gold out of a country. Even were that volume kept intact and steady, in its relation to population and business, gold might go by reason of the shrinkage of its quantity as compared with population and business, and with the amount previously in existence and doing duty as money.

If there be but one kind of money in a country, for example gold, or if all the money of the country be "redeemable" or resolvable into one, it may, without detection, go to what, for want of a better name, I must denominate a premium over itself; that is to say, it may become more and more valuable—acquiring greater and greater purchasing power day by day and year by year; yet there is apparently no way of measuring or estimating what has taken place except in terms of this same thing, gold. The fact, however, is that in such case the fall in the general range of the prices of commodities is the measure of the premium on the gold money.

Suppose prices fell 15 per cent it would be insisted that there was no premium upon gold, because none would be apparent, since all values would continue to be stated in the same terms as before.

But, suppose we had a money that was not scarcer then than before, and that in terms of *that* money there was no fall of prices, then we could see that a premium on gold really existed. If, however, in the one case, there was a fall of prices of say 15 per cent, and in the other case a rise of say 17½ per cent, it would cost no more in the products of labor to get the gold dollar in the one case than in the other.

Yet people talk about the premium upon the gold which each man happens to have on hand as if that were a great factor in the case, when really the most powerful factor in a premium upon gold is a fall in general prices. It is in that way that gold is acquiring day by day greater and greater control over commodities. In this way the gold of each year is at what might be termed a premium over the gold of the year before; in other words, at a premium over itself. Yet it is not seen that there is any premium because men are constantly measuring gold by itself. It would be perceived and made perfectly plain and demonstrable to all the people that there was an increasing purchasing power in gold if we had another money by which we could see just what was taking place—a sort of monetary barometer.

Had we this other kind of money—a national money—it would measure the premium upon gold with precision and exactness, and we would see at once that this increasing purchasing power of gold was nothing but a premium upon itself, and that it would take no more of the products of industry to get the gold dollar under the one condition than under the other—that is to say, no more of the products of labor to get a given amount of gold when gold is at an open and admitted premium, than when, during a fall of general prices, it is at an unrecognized and undesignated premium. With a money of unchanging value the equities in all time contracts would be preserved without involving any hardship in obtaining any necessary quantity of gold. The few who might require it would be obliged to give no more commoditites for it in the one case than in the other.

Had we an ample supply of silver money, which would not leave the country, we would always have an equitable money. With such a money we should have something which would openly declare whether a premium upon gold existed or not, and if it did exist, would measure and record such premium. We could then clearly see that the fall of prices was a premium on gold. This would be an infinitely better monetary system than anything that is possible under the so-called gold standard.

Men who owed obligations in their own country would not then need gold. They would not be mulcted simply because other men were "short" on gold. The men who needed the gold would alone pay the premium when buying the foreign goods, but so also they would receive a "premium" when selling them. Hence they would lose nothing.

Only gamblers in money who were "short" on gold would lose anything.

THE MONEY OF THE COUNTRY SHOULD BE ADJUSTED TO THE HOME TRADE.

The money of a country should be adjusted not to the conduct of an incidental and subordinate trade, as against the dominating trade; not to facilitate a foreign trade as against, and to the injury of, the domestic trade. Have Senators ever stopped to consider what are the proportions existing between the domestic and the foreign trade of the United States?

Mr. Edward Atkinson, in his book entitled "The Industrial Progress of the Nation," computes the production of this country by all who are at work at such a sum as makes a little over an average of $200 per head of the entire population. Assuming our population to be, in round numbers, 70,000,000, this would give a total production of $14,000,000,000 per annum. But business does not end with production. It is estimated that each article is bought and sold at least three times before being consumed. As, in computing foreign trade, we count both exports and imports, so, in ascertaining the total trade, we count purchases and sales. We must therefore add to the $14,000,000,000 a further sum made up of the treble sales and the treble purchases which constitute the commerce of the country apart from production.

We have, therefore, these figures:

Production	$14,000,000,000
All purchases	42,000,000,000
All sales	42,000,000,000

making a total of $98,000,000,000 of production and commerce, not computing anything for profits on the transactions. Of this vast sum, what proportion is the foreign trade of the country? Last year it was larger than ever before in our history, and still it amounted to less than $1,900,000,000, or considerably below the one-fiftieth part of our total trade!

When we keep in mind this colossal sum constituting the business of our own people among themselves, it must be obvious that the monetary question of most importance to the population of the United States is by what form of money they can equitably exchange products and pay debts among themselves.

The need for gold is not for the purpose of making payments on all foreign purchases, but for the purpose only of settling momentary balances, or excesses of imports over exports, which are never more than the merest trifle in proportion to the total trade. Had we a permanent balance every year against us of $50,000,000, to be paid in gold, two-thirds of it could be paid from the products of our own mines. But even the $50,000,000 would be but the one-fortieth part of our foreign trade, and would, therefore, be but the *two-thousandth* part of our entire business. Yet it is this infinitesimal demand for the money of a foreign country that induces Senators to persist in adhering to a standard that is disturbing the equities of all time contracts in their own country and through falling prices relegating to idleness large numbers of the population.

GREENBACKS AND GOLD DURING THE WAR.

Undoubtedly the foundation of the popular fear of a premium on gold is the idea that in order to trade with other countries we must use for our domestic money the same money material as the countries with which we trade; and the discount on our paper money during our late war is pointed to as a warning. But that discount was not in the slightest degree due to the character of the material of our money, but to the *number* of the dollars that were put into circulation. It was the excessive quantity of the money units in circulation that caused the variance in purchasing power between the paper unit and the gold unit. Who will deny that if the whole number of our dollars of all kinds had been kept strictly limited to a number equal to the number we had at the time the war began, every dollar of the paper would have remained equal to gold?

The great fluctuations in the relation between greenbacks and gold were not, however, a correct measure of the so-called depreciation of the greenback. It frequently happened that the premium upon gold was enormously greater than the relative values of the two things, greenbacks and gold, as measured in everything else. The overplus simply indicated that a little "corner" or "squeeze" in gold was for the time being made in the market. A simple illustration will be sufficient to show this: When there was a change of 3 or 4 per cent in the premium on gold, as there frequently was within twenty-four hours, it was not found that all the values in the country fluctuated to that extent in a day. The wages of men were not readjusted from day to day, nor did the prices of commodities, measured in greenbacks, suffer any such sudden change. It meant that some persons were in great need of gold at that moment, and a "corner" was created in order to squeeze them.

There was but a small supply of gold in the country, and it was subject to demand and supply on the spot where, and at the moment when, needed. The premium did not, therefore, correctly measure the relative values of the two kinds of money.

Take the range of prices in England and in this country in gold all through the war, and it will be found that when there was a little corner made here, and the metal ran up to a high figure, it was not owing to any corresponding change of prices.

Gold was then a commodity in this country, and the elements that governed value in all other things governed its value—namely, demand and supply at the time and place where wanted.

Those who sold gold without owning or having it frequently found the market cornered, and at whatever cost, had to get it for delivery on the day on which they had engaged to deliver it. In no sense, therefore, did it measure the relative values of things, according to the medium in which, at the time, all things in this country were bought and sold.

The fact is that during the war we were simply calling two different things (a paper dollar and a gold dollar) by the same name, "dollar," leading people to the idea that they represented one another. Instead of having relation to one another the paper dollar was simply the dollar, or money unit, of this country. What the thing called the gold dollar really represented was a fractional or proportionate part of the value created by the whole number of dollars (or their equivalents) of gold in use throughout the world, as modified by the varying numbers in the different gold-using countries, and by the amounts of silver and paper money in use in those countries. Prices in one country having the gold standard must bear a certain relation to prices in every other country that has the gold standard. With any other kind of money unit than a gold unit we might, therefore, without the slightest injustice or depreciation in our money, separate from the gold standard. Had we never called the two things by the same name, the word "premium" could not be used to describe a difference between them.

For example, had we never had a gold dollar, but had a paper dollar, and had we found that at one period a certain number of grains of gold could be got at a certain rate in paper, that is, in the money of the country, and that at a subsequent period they would cost more, people would not conclude that our money had depreciated, but simply that gold, which was in no sense the money of this country, had risen. Especially would this be the case if, as measured by our money, the general range of prices had been maintained practically unchanged.

But viewing gold as an unvarying thing, it has been taken for granted, without examination, that it has not been appreciating.

IT IS SAID THAT OUR MONEY MUST BE AS GOOD AS THE MONEY OF ANY OTHER COUNTRY.

The advocates of the gold standard lay great stress upon the necessity of our money being as good as the money of any other country.

Yet we know that with a given amount of gold we can buy twice as much labor in England, and three times as much on the Continent of Europe, as we can in this country. How, then, can any comparison whatever be made between the moneys of the respective countries, and is it not absurd to talk about the money of this country being kept as "good" as the money of any other country?

The value of money in any country is based on its purchasing power in the country of its coinage or issue. Any person in one country who wants the money of another country can buy and must buy that money with such goods as he may have, and at such rates as it can be got for, measured by the products of that country.

If a man abroad wants to buy some particular product in the United States he will purchase the money of the United States with that of his own country, and with our money he or his agent will buy and pay for the product of which he is in need. In other words, he will buy a bill of exchange on the United States. The very purpose of a bill of exchange is, as it were, to transmute the money of one country into that of another. As to any two countries, the money of either will, to the full extent of the export trade of that country, buy on absolutely equitable terms, the money of the other country, of no matter what material the money of either may be composed. The ratio of the two moneys in exchange will, of course, be proportioned to the purchasing power of the units of the two in their respective countries.

This rule holds good, no matter how poor a country may be. Even in the case of bankrupt governments it holds perfectly good.

For instance, the money of Turkey, whose bonds are worth little or nothing, is as good in London as in Turkey, up to the limit at which English merchants have to pay for goods which they have bought from Turkey, minus, of course, a small percentage for exchange and charges, as in the case of the money of any other country.

Or again, suppose there were in London a sum in Japanese yens equivalent to £10,000,000, and that 40,000,000 yards of Japanese silk were imported at 5 shillings a yard. That money would pay for them, and, after deducting a small charge for exchange, would, although not legal tender in England, have in London all the value it had in Japan.

The money of this country will likewise, on terms absolutely equitable, buy the money of any other country to the extent of our exports. Should there be an excess of importations from gold-using countries over exportations to such countries, there would be a small premium on exchange.

These are matters for adjustment between exchange dealers and those who, without foresight, send goods here from abroad to be sold in our market, or who, living here, buy abroad more than can be paid for by the exports of our own country. Losses of exchange should not be made to fall on all our people, but only on those who are responsible for them. Any country that has a balance of trade in its favor can always, to advantage, get so much of the money of any other country as it may need.

ADVANTAGES OF A NATIONAL, AS CONTRADISTINGUISHED FROM AN INTERNATIONAL, MONEY.

Mr. President, extraordinary anxiety is expressed lest we should go to a silver standard or a silver basis, and thus "separate ourselves," as the advocates of the gold standard say, from the commercial nations of Europe. The "commercial nations" in this case mean only Great Britain and Germany, because there would be no difficulty in exchanging silver with France. The other nations of Europe outside of the three named, so far as our commercial relations are concerned, are not worth taking into account.

Now, I, for one, believe in submitting things to the test of reason. I am not willing to take the word of any man in matters of reason without investigating for myself. Let us then inquire what injury could result to the people of this country if we should have a money not international in character. For although there is, strictly speaking, no such thing as international money, yet in view of the fact that a special material has unrestricted access to the mints of several countries, and is therefore potentially money in those countries even when not coined, we may, for the purposes of the discussion, term gold international money.

There are two great evils inseparable from the use of what may be termed international money: First, the demand of a large group of nations being made upon the same money material, the supply of which is insufficient for the constantly growing exchanges of those countries, there must result a continuous and progressive fall in general prices. Second, the money of each country in turn is taken out of the circulation and shipped to other countries, whence in time it is returned, only to be shipped out again, thus maintaining a process of seesaw in the course of of prices in the various countries affected. So that by basing all transactions, both internal and external, upon an international money, trade and industry are kept in a constant oscillation between bad times and good times—between inflation and contraction. Hence prosperity, like the ocean tide, has its ebb and flow. It is said to come in "waves," and so long as nations adhere to the shrinking gold standard prosperity can come in waves only. So long as we use a money material common to all nations, or to a large group of nations, not only are we never sure of having enough for the needs of our own people, but when any difficulty occurs in a foreign country we are subjected to extreme variations in the value of our money because of foreign embroilments over which, in the nature of things, we can have no control. All this would be avoided by the possession of a money purely national.

UNDER A SYSTEM OF NATIONAL MONEY, WHO WOULD NEED GOLD, AND HOW WOULD THEY GET IT?

No amount of energy, industry, enterprise, or thrift can keep a country uninterruptedly prosperous while large quantities of its money are flitting back and forth across the ocean, alternately contracting and inflating the money volume, alternately lowering and raising prices, disarranging contracts, destroying equities, defying foresight, inducing bankruptcy and producing misery. Were our money exclusively national, then, should the balance of trade go against us, it might be that, so far as this country is concerned, the international money would go to a premium. But who would want international money? Who would be compelled to have it? Two classes of persons only. First. Our importers of foreign goods, and they to the extent merely that they have bought more largely of foreign goods than the merchants of foreign countries have bought of our goods. Second. Railroad and other corporations which have outstanding bonds payable in gold.

As to the first class: If the importer paid a premium he would not be a loser, because he would recoup himself by charging so much more for his goods, and this extra charge should very properly be paid by those among our citizens who prefer foreign-made articles to those of American manufacture.

As to the second class, namely, railroad corporations having outstanding obligations payable in gold: Under a system of national money they could as readily command gold as they now do. How do railroad companies now command gold? By rendering certain services in the transportation of persons and commodities for which the public pay certain rates of fare and freight. The more active and remunerative the business of their patrons the more thriving must necessarily be the business of the railroads. Whether under a gold régime or any other, if the business of the people be stagnant and unremunerative, the business of the railroads can not be prosperous. A farmer or cotton-planter can better afford to pay a high rate of transportation on wheat or cotton that is marketed at a rate which yields a fair profit than to pay a much lower rate on the same commodities marketed at bare cost of production or at a loss.

The prosperity of the railroad companies depends on the prosperity of all the people of the region through which the roads run. This prosperity can not coexist with persistently falling prices of the commodities which it is the function of railroads to transport. Want of prosperity among the people means ruin and "receiverships" for railroads. Such want of prosperity is the inevitable result of a shrinking money volume.

With a national money that should keep even step and pace with demand there would be confidence in the stability of prices, safety in the making of time contracts, consequent prosperity in the course of business, and uninterrupted employment of all the people. These are the elements that enter into the prosperity of railroads, as of all other business enterprises.

I have said that railroads now get gold by rendering certain services for which the public make certain payments. The money received in such payments bears a certain average relation to commodities, and, at that relation, commands commodities. Under a system of national money the payments which railroads would receive would be in such national money, which would have a certain control over commodities in this country. As commodities now in this country bear relation to gold, and at that relation command gold, so our national money, which would always bear relation to our commodities, would at that relation command gold.

The only difference would be, that whereas now the increase in the value of gold is furtive and unperceived, because we use gold as the "standard" and measure it by itself, a national money would exhibit this baleful increase in all its deformity, and would register the degree in which, from month to month and year to year, gold was departing from the level of equity and justice, and the degree in which it was confiscating into the possession of the creditors the property of all debtors in the countries which adhered to its so-called "standard."

Should a premium arise on gold by reason of a decline in the value of our national money (measured of course in commodities) that would be one thing; but if by reason of a rise in the value of *gold* (measured likewise in commodities) that would be another and wholly different thing. It would be a benefaction to this country to have a money that would neither rise nor fall in value, and I must here repeat that the value of money means *purchasing power;* it has no other value. If, however, gold should rise and there were a sufficient supply of national money with which to do our business and maintain the average range of prices undisturbed, then a premium on gold, as measured in our national money, could not exist until the prices of commodities, estimated or expressed in national money, should come to bear the same relation to prices estimated or expressed in gold that the purchasing power of our national money would bear to the purchasing power of money in gold-using countries.

In other words, a premium could not arise on gold until the general range of prices of commodities, expressed in national money, rose to a degree corresponding with the premium on gold. Hence commodities would command as much gold as if the national money did not exist, and the few persons who might owe gold debts would have no more sacrifice to make, in order to get gold with which to pay those debts, than if there was no national money. Indeed they would not need to make so much sacrifice, inasmuch as if all the gold of this country were permitted to go to and remain in Europe our exports would bring better prices there, and so command more gold than if we should insist on maintaining the struggle for a share of the world's supply of that metal.

On the other hand, with gold only for money, or with money redeemable in gold, the increasing value of the monetary unit would be wholly unperceived, except as evidenced by the fall in the prices of our commodities. That fall would occur, not in prices of imported articles merely, but of *all* articles whether imported or domestic. This would create a subtle but enormous increase in the obligation of all domestic debts—debts amounting to many thousands of millions of dollars. Gold has increased in value—that is to say in purchasing power—50 per cent in the past twenty years, or at the average rate of 2½ per cent per annum, so that the indebtedness of our people, measured in sacrifice has, by reason of adherring to the gold standard, cost them that much more than they were equitably required to pay.

With a national money—a money which would not be sent out of the country, there would be no great rise or fall of prices, and no great changes in the volume of money. All the money would remain in the country, for the use of our own people, and all differences in exchange would then be settled (as they *should* be settled) by commodities.

It would then be as profitable to meet balances of trade with commodities as with money, because our money would in foreign countries be mere merchandise, which, I assert, is as it should be. The money supply of our country should not be continually oscillating between a feast and a famine, alternately raising hopes and dashing them to the ground.

WANT OF PARITY NO OBSTACLE TO FOREIGN TRADE.

The absence of a parity between the moneys of nations does not affect their foreign trade, as some would have us believe. I challenge any gold-standard Senator to point to an authority of repute on political economy who anywhere pretends to assert that any nation having money other than gold is, or can be, injuriously affected in its business or other relations by any variance in what is called the parity of moneys. The money of this country, whether gold, silver, or paper, will always command—will always purchase—upon equitable terms, the money of any other country with which we have commercial relations, whether those relations be directly with itself or through other countries.

One of the most eminent of economists, Prof. J. E. Cairnes, of the University College, London, though an eminent advocate of the gold standard, in his Leading Principles of Political Economy, says:

It appears to me that the influence attributed by many able writers in the United States to the depreciation of the paper currency, as regards its effects on the foreign trade of the country, is, in a great degree, *purely imaginary*. An advance in the scale of prices, measured in *gold*, in a country, if not shared by other countries, will at once affect its foreign trade, giving an impulse to importations, and checking the exportation of all commodities other than gold.

A similar effect is very generally attributed by American writers to the action on prices of the greenback inconvertible currency. But it may be easily shown that this is a complete illusion. Foreigners do not send their products to the United States to take greenbacks in exchange. The return which they look for is either gold or *the commodities of the country;* and if these have risen in price in proportion as the paper money has been depreciated, how should the advance in prices constitute an inducement for them to send their goods thither? The nominal gain in greenbacks on the importation is exactly balanced by the nominal loss when those greenbacks come to be converted into gold or commodities. The gain may, in particular cases, exceed the loss, but, if it does, the loss will also, in other cases, exceed the gain. On the whole, and on an average, they can not but be the equivalents of each other.

I find this point touched upon also by an American writer whom I regard as one of the ablest contributors to the literature of political economy to be found in this or any other country. I allude to Mr. John P. Young, the managing editor of the San Francisco Chronicle. In a luminous article on bimetallism in the issue of that journal for August 3, last, Mr. Young says.

But the suggestion that this country might have a sole silver currency is the bogie that frightens many who know little or nothing of the subject. "To have a sole silver currency" in their eyes means unparalleled disaster. Such people completely ignore the fact that during the period that we had a sole gold currency no one thought that the country was threatened with ruin because the dearer silver was not coined. Such as gave the subject a thought at all and had any real knowledge of the difficulty desired that the mistake of undervaluing silver might be corrected, but they would have judged a man a fit candidate for the lunatic asylum had he asserted that disaster would certainly follow the free coinage of gold because it was cheaper than silver. * * * If a nation has resources and a people capable of developing them it will increase its wealth no matter what sort of money it employs to circulate values, provided the standard of values is not tampered with.

Between 1860 and 1880 the precious metals, silver and gold, were not used to circulate values in the United States. Our only currency was the greenback—except in California. There was no demand for gold except that artificially created by promising to pay the interest on bonds in money of that metal, yet during the period in question, in spite of a devastating war during which production was interrupted and vast quantities of property destroyed, the wealth of the United States increased from $16,160,000,000 to $43,642,000,000, or nearly threefold in twenty years. If the theory of those who make a fetich of gold were sound this could never have happened. Nor while we were increasing our wealth at home did our foreign trade suffer. That went on precisely as described by John Stuart Mill in his chapter "On the Foreign Exchanges." After supplying an illustration, Mill remarked:

"It thus appears that a depreciation of the currency does not affect the foreign trade of the country. This is carried on precisely as if the currency maintained its value. * * * If the currency is depreciated 10, 15, or 20 per cent, then in whatever way the real exchange arising from the variation of international debts and credits may differ the quoted exchange will always vary 10, 15, or 20 per cent from it. However high this nominal premium may be it has no tendency to send gold out of the country for the purpose of drawing a bill against it and profiting by the premium, because the gold so sent must be procured, not from the banks at par, as in the case of a convertible currency, but in the market at an advance of price equal to the premium."

Bank of England notes will at any time, and at equitable rates of exchange, buy the money of any other country with which England has commercial relations—direct or indirect. Why? Not because they are payable in gold, but because they will command commodities in Great Britain. The ultimate object of money is to command goods—to purchase commodities. Money is an order for goods in the country of its coinage or issue—a guinea, as Adam Smith says, being nothing more than "an order for goods on all tradesmen in the neighborhood." Any form of money that will command commodities in Great Britain can, therefore, in any country of the world, be exchanged at equitable rates for the money of other countries, because almost all countries have commercial relations with Great Britain. Should the comodity desired be gold itself the situation is in no sense altered. The principle is the same. Even gold coin is but a commodity in every country except that whose stamp it bears.

Where, as in Europe, a number of small countries lie close together, and the plane of living of the people of all such countries is about the same—especially, if travel between them is very general—the utility of what may be termed an international money is much more obvious than under other and directly opposite conditions.

THE POSITION OF THE UNITED STATES.

Where a country is of continental proportions and separated by thousands of miles of broad ocean from another country possessing a certain character of money; where, also, the manners and customs of the people altogether differ, and the level of life for the masses is much higher; where, instead of four or five millions, or even twenty or thirty millions, of inhabitants, the country has 70,000,000; where, too, a country is in no way dependent upon other countries for the supply of its needs, but has within itself every element necessary to the supply of all the wants of its people—but, above all, where the spirit of freedom and independence prevails to a degree unknown elsewhere—there is no necessity whatever for a money system corresponding with that of any other country. On the contrary, when the situation comes to be carefully analyzed, many reasons will appear why it would be better for such a country not to have a financial system to correspond with that of other countries.

If money be necessary at all, it is necessary *all the time*. Whatever the volume of money may be, that quantity is needed every day and every hour of the day. There is no circumstance of business or season of the year in which it is not necessary that the volume should be steady. The equities of all contracts depend upon it. In transactions requiring deferred payment, justice is impossible unless the money volume increases with increase of population and demand. It is as unwise, therefore, for the people of a country to permit their money to be taken away in any material quantity as it would be to permit the agricultural implements employed in the country to be taken away when they were needed for the operations of agriculture—indeed it would be more objectionable and injurious to take the money than the agricultural implements, because the season demanding the use of agricultural implements is short, while the season for money is the entire year—and every day of the year.

The advocates of the gold standard lay great stress upon the fact that 95 per cent, as they call it, of the business of the world is transacted now with checks, drafts, notes, and bills of exchange. Ninety-five per cent of the business they regard, and rightfully regard, as a very large percentage, but when we show that 95 per cent of *our* business is *domestic* business, is a business between our own people themselves, and not between our own people and foreigners, then the 5 per cent done with foreigners becomes of enormous importance, while the 95 per cent done between our own people is a matter of no consequence whatever!

THE POSITION OF THE REPUBLICAN PARTY.

The "revenue tariff" advocates are criticised by our protectionist friends because, as is said, they do not take an American view of the tariff. The protectionists, however, refuse to take an American view of the money question. The protectionists of to-day lack the courage with which the Republican party set out in its great career. They have not the courage to investigate this great question of money from a national, or natural, point of view. A true American should be amazed to hear that no money is good money unless it be the money of Great Britain and Germany. Whenever those two countries say to us that we may use silver as full legal-tender money, then our Republican protectionist friends are willing that we may do so. Silver will then be good American money, not before.

This is a "lame and impotent conclusion" for a great national party—the party of human freedom. The slavery of 1861 was that of an inferior race. There is a slavery of to-day which it is sought to perpetuate, and which, while not so palpable to the common view as that of 1861, is more far-reaching and repulsive and baleful in its consequences, because it is a slavery of the producing masses of the white race all the world over. This slavery our people can not escape. Against it, forms of government are no defense. If we do the bidding of the money-lenders, and maintain the gold standard, we must expect our producing classes to become year by year more and more depressed, provided they are willing to tolerate the conditions which the gold standard renders inevitable. One of the plainest of those conditions is that the lands are to pass into the proprietorship of mortgage companies and other rich creditors, while our working farmers are to be transformed into tenants, as in Europe.

The respect in which our people, however, differ from those of Europe is that they are not disposed to tolerate European conditions. The political unrest of the past year or two in this country and the serious defection from both the leading political parties, speak to Congress louder and more plainly than do the bankers and the chambers of commerce.

It is impossible to misapprehend or mistake the spirit of our people. For many years past demands for the free coinage of silver have been made by all the leading organizations of labor and all the great associations of agriculturists in this country.

It will not do to say that these men do not understand the monetary question. They understand it much better than the advocates of the gold standard suppose.

What an absurd idea it is that we can not tell a week in advance what shall be the volume of money in our own country.

It is absurd for 70,000,000 intelligent people to submit their entire business, with all the delicate and multifarious equities existing between debtors and creditors, to the dictum of foreign governments and peoples.

THE COINAGE OR ISSUE OF MONEY A GOVERNMENTAL FUNCTION.

All governments reserve to themselves the right to coin money. It is impossible to obtain money except through the instrumentality of governments. Is it not the duty of a government to adopt a monetary standard that will admit of the possibility of a sufficient volume of money being obtained for the transaction of the business of its own people, and to protect it against both inflation and contraction. The government after all is but the people in their collective capacity, and the collectivity may do, and in fact, as to money, must do, what can not be done by the individual. The happiness of all the people depends upon their having a sufficient volume of money, and no government should divide responsibility in so important a matter with any foreign government.

An inflow of money, by tending to make prices rise, gives an impetus to business. No sooner has the process commenced, however, than a contrary influence begins to assert itself, and the money by flowing out of the country leaves our industries without monetary support.

With a national money properly regulated and the banks held under strict control and restraint with reference to the extension of credits, a general or widespread panic would be impossible. In matters on which there was a diversity of judgment there would, with any system of money, be chances of disaster. There would be occasional overspeculation in town lots, or too many people entering into special lines of business, but the effects would be local and limited—local as to places and limited as to classes of business. There would be no general panic.

It is one of the inalienable rights of a free people to provide themselves with a sufficient and properly regulated money system, regardless of the systems prevailing in countries of less enlightenment, or in which the rights and interests of the people are subordinated to the cupidity of money-lenders and privileged classes.

During the late war we had not the manufacturing resources that we now have. The support of our Army and Navy created a demand for goods of all kinds. Our imports enormously exceeded our exports, and we became "short" on gold. Then the Europeans had us at a disadvantage and we had to issue bonds for coin with which to pay for foreign purchases.

But now positions are reversed. It is we who have products that the Europeans must have, and while they produce nothing that is indispensable to us, we produce articles of prime necessity which are absolutely essential to their very existence.

THE VALUE OF AMERICAN MONEY SHOULD NOT BE PERMITTED TO DEPEND ON THE ACTION OF OTHER GOVERNMENTS.

The more one reflects upon this question the more monstrous does it seem that the value of money in this country should depend on the will or whim or cupidity of the governments or people of other countries. If by reason of wars or otherwise the people of other countries suspend specie payments, they can, by suspension or resumption of such payments, affect the value of every dollar in the United States, simply by taking the money out of this country and storing it up in their vaults, as they are now doing.

Suppose that our national monetary unit should represent accurately the amount of sacrifice that a debtor equitably and honestly owes—suppose it should represent precisely the value that was agreed to be delivered in repayment of a debt—when we know that the value of the monetary unit depends on the number of units circulating in the country, could we look with satisfaction upon a process by which without any control upon our part foreigners, whether through their wars or otherwise, could in effect alter the terms of all our domestic debts and contracts? Had we a money system that secured justice and maintained equity, how is it possible that we could be at a disadvantage in comparison with a country that had an unjust system?

Whatever our money may be, it will be good abroad to the extent of our exports, and we do not want any better condition than that. We do not want a money that can be shipped out, to the injury of our business. If any of our importers wish to buy in excess of the sales being made by our exporters, then it becomes the personal business of the importer to settle his debt without inflicting injury on domestic debtors, who are practically the people of the entire country. Had we a national money we should have an unerring barometer, which, by the rise of foreign exchange, would notify us that we were importing more goods than we were exporting. Merchants and others could then adjust their business relations accordingly, and no one could be injured.

The English economists and professors insist with vehemence on the theory that goods are paid for in goods, not in money. It was the acceptance of this theory that led to the rejection of the so-called mercantile system, which regarded money as the only wealth—as something whose possession for its own sake was the main object of commerce.

Their whole theory of political economy is based on the idea that imports are paid for by exports, and that all international trade is barter. If correct in this why need they express so much anxiety lest the money of a foreign country go to a premium in this? The premium could affect only those of our people who wished to use articles of foreign production—and whom else should it affect?

FALLACY OF BASING MONETARY DISCUSSIONS ON A MERE FOREIGN TRADE.

Owing to the influence of England, which was the first of the civilized nations to develop a large foreign commerce, all discussions on money are based upon foreign trade. This may do for Great Britain, but will not do for the United States. The poverty of the masses of the people of that country is such that in proportion to their foreign trade their domestic trade is much less per capita than that of the United States. But this comparison is not one derogatory to this country. On the very contrary, the superior purchasing power of our people is that which constitutes the source of their prosperity and independence. Hence the conditions of the two countries widely differ. Our internal commerce is enormous. One of our trunk lines of railway—the Pennsylvania Company—hauls more tons of freight in a year than the entire foreign shipping of Great Britain.

With such a statement before us, can any Senator explain why the United States should attempt to adjust its enormous domestic interests to the moneyed necessities of a business that consists of a mere one-fiftieth part of our entire trade?

In any event when we buy gold we have to buy it with commodities. Inasmuch as every man must get or "buy" the money of his own country with commodities, the product of his labor, will not that money in its turn buy gold, should it be needed to pay importer's balances?

THE BALANCE OF TRADE.

Had we a money exclusively national, our importers could buy to whatever extent they pleased without disturbing the prosperity of the country. Nobody would even inquire whether there was a balance of trade against us or not. He who bought would simply have to make payment according to his agreement. He could not and should not be permitted to make payment by sending our money out of the country, to the detriment and disadvantage of all who owe debts in this country, and they are nine-tenths of the people. He could not turn his property into foreign money, but would have to turn it into money of his own country. He could not deprive the people of his own country of their natural supply of money, the supply necessary to maintain the equity of contracts.

When the balance of trade is against us it means that we are going to lose a part of our money. With a money exclusively national the balance of trade would not affect us at all. It would be a matter of personal concernment only to the importer. It would leave him to make payment according to contract, and would remove from the idea of an adverse balance of trade all the objections that now attach to it.

Under a proper system of money we should not have more than enough to do our own business, at a firm and natural level of prices. That much we need all the time, and it is a great injustice to our people to arbitrarily disturb the system upon which the prices of the products of their labor depend.

Whenever our national money were offered for sale, foreign nations would be glad to take it to the full extent of our exports. Should a larger amount be demanded, or, in other words, whenever our imports should begin largely to exceed our exports, then, undoubtedly, a premium would begin to operate against us. This would not be unnatural, nor would it be a disadvantage. Like the index upon the steam gauge, the premium would, as it rose, indicate the increasing pressure. Like an automatic attachment, it would ring a note of warning, gentle at first, but increasing in force until heeded. It would announce that the imports of the country were exceeding its exports, and that the time had arrived for the curtailment of importations; or that, if they continued, it should be for the importer to arrrange for payment.

In discussing international trade the advocates of the gold standard altogether lose sight of a most important fact, namely, that a premium means *a reduction of the prices of exports.* A certain range of prices prevailing in this country, a premium arising on gold would mean that at present prices the merchants of gold-standard countries are not willing to buy our goods, but by giving those merchants a premium, they are enabled to take the goods at the prices at present prevailing here, and dispose of them in their own country at a profit.

If importers do not wish to pay a premium on the money of a foreign country they should see to it that they do not exceed in imports the export business of their own country. It is no hardship on them to require them to keep themselves informed of the conditions of their own trade. A man who brings foreign goods into the country should be compelled to make his own computations as to how he is going to obtain the money with which to pay for them. There is no difficulty about the computation, and, so far as the country at large is concerned, it would be found that the foreigners would very much oftener have to pay a premium upon our money than we should upon theirs.

If the foreigner buys our goods, with what will he pay? With our money, or with goods measured in our money; that is, the goods of his own country. If the foreigner does that, he will be willing to give for our money its equivalent in grains of gold.

The subtle consideration involved in this proposition is that our money will be, and must be, good to the full extent of the amount of our exports. It always will, and must, purchase upon absolutely equitable terms to the full amount of our exports the money of any other country.

No country can have an equitable system of money for its own citizens while permitting foreign governments to be partners with itself in the matter of its money. It would be better to have such a partnership in other things than in money, yet the idea of partnership between nations in the matter, for example, of ships, would be considered absurd.

There are many things as to which this country has no partnership with other nations, yet as to which we have prospered exceedingly. Then why a partnership in money?

Had we a national money no foreign crisis could disturb the prosperity of our people. There could be no general crisis here.

Should the money of a foreign country become too high, we should have an alternative; that is to say, we should not need to buy anything from that country beyond the so-called equilibrium of trade. But if we use the same character of money as the people of that country do, a scarcity of money with them may produce a widespread panic in our country.

Had we a money of unchanging value, by reason of a proper regulation of its quantity, what possible disadvantage could come to us from the lack of foreign gold? We should always have $35,000,000 of gold every year from our own mines; and gold is offered in every country in the world for our products.

SUPPOSE CONTRACTS WERE MADE NOT IN TERMS OF MONEY BUT WHEAT!

Suppose the people of the United States in all their dealings, foreign and domestic, should make their contracts for payment, not in dollars, but in pounds of wheat. Suppose the foreigners insisted that in these transactions the Americans should use the system of scales and weights that were used abroad. And suppose we found after awhile that according to the foreign system the specific gravity of the pound weight was constantly and wrongfully increasing. Suppose that upon this discovery, objection was made by many Americans to making payment according to this foreign standard, what would be thought of other Americans who should noisily insist that payment should be made to these foreigners according to the pound which was constantly increasing in weight, although they knew or could readily ascertain that this increase of weight was surreptitious, clandestine, and fraudulent?

Suppose the payments to have been made, however, according to the interpretation placed upon the contract by these noisy

Americans, many of whom regarded themselves as citizens of the world rather than of the United States, and that all foreigners declined to enter into further obligations except upon the understanding that Americans making foreign contracts should use these foreign scales and weights. Very well. What injustice could there be in letting such of our citizens as insisted on making foreign contracts on those terms carry out their contracts according to their agreement, letting each man individually pay his indebtedness to the foreigner according to the terms and understanding of the contract and according to the scales and weights of the foreign country?

But what objection could there be to permitting all the remainder of the people of the United States conducting their business among themselves according to the scales and weights which were the standard in the United States—scales and weights by which exact justice may be meted out between citizen and citizen.

Prosperity can not come from injustice. Let *our* people among themselves have just weights and measures; let the foreigners have such weights and measures as they please. Those who make contracts with foreigners may use any scales provided for by the contract. But why should not our own people, among themselves, use scales that are perfectly equitable—what injury or injustice can happen to any one by such a course?

ADVANTAGE OF HAVING CORRECT SCALES AND TRUE WEIGHTS.

By having correct scales for the home trade the equities between our own people are preserved. If any individual wishes to make a contract which requires him to pay in certain prescribed scales and by certain prescribed weights, he is entitled to make his contract as he pleases. But why should he find it necessary to force upon all the other people of his country the inequitable scales and weights of foreigners and make them the standard of his own country, so that no sign of the iniquity may be discernible, no evidence of the wrongful aberrations observed?

If we have correct scales and weights for our own domestic transactions, we shall be able to see the errors of the others. If we have no scales or weights other than those of foreign nations, which are constantly increasing their measuring power over commodities, our people will not be able to perceive the wrong which is inflicted upon them, and will have to undergo much suffering from causes which they can not explain.

So, as I have stated, we do not escape the payment of a premium by having the gold standard in this country. The fact simply is that, everything being measured in gold, all changes that take place are attributed to conditions affecting commodities. The masses of the people are not prone to suspect changes to occur in that which they are taught to regard as a standard.

No nation, whether on the gold standard or not, can keep more than its distributive or proportionate share of the world's gold. Hence any influx of gold into a country beyond the customary stock can be merely temporary. Only national money will remain to perform the money function among the people. This property in national money, instead of being a vice, as the gold-standard men assert it to be, is a crowning virtue.

Had we free coinage of silver no one would want gold, because, even if as supposed by the gold-standard advocates, gold should then be hoarded and withdrawn from circulation, prices of commodities might fall instead of rising. In that case our foreign purchases would become less, so that balances would be in our favor.

THE MONEY SYSTEMS OF EUROPE NO CRITERIA FOR THE UNITED STATES.

Compared with the United States the population of the European countries is stationary. The money systems of those countries, therefore, are no criteria for us. With the character of our population, their enterprise, their energy, ingenuity, and aspiration, their aptness in adapting means to ends, they would make this country the center of civilization and of progress.

If we have an international money we must content ourselves with international prices. It is only when prices have gone up above the international range that gold begins to go out, and if the gold product should continue small, and a constantly increasing amount of it be consumed in the arts, the chances are that without any inflation whatever gold would continually get dearer, and the two metals might part company. They are more likely to remain together, however, if this country does not enter into a contest for gold.

It is impossible, as I have said, for gold to go to a premium in this country until substantially all the gold in the country has gone out, and it will take a large amount of silver to drive out all the gold. A silver dollar can do no more in that respect—can do no more toward sustaining prices or sending out gold—than a gold dollar.

It is admitted that we have $600,000,000 of gold in this country. How long would it take for that gold to go out and $600,000,000 of silver to take its place, and what would be the effect abroad and at home while that operation was taking place?

SUPPOSE OUR GOLD STOCK TO GO!

Suppose that according as portions of the $600,000,000 went, the monetary supply of this country were maintained at a steady level by the issuance of a number of silver dollars equal to the number of gold dollars that were sent abroad. Suppose the gold to go out gradually and silver gradually to come in to take its place. Suppose that ultimately—say in a year—$100,000,000 of gold should go and $100,000,000 of silver were coined and issued to take its place. Could any change take place on that account in the prices of commodities? If so, how? Can any Senator answer? And if that question can not be answered, let me further inquire: If prices do not rise, how can our importations increase sufficiently to take out any more gold? But suppose that eventually all our gold left the country and went to Europe, would the gold standard of Europe be then the same that it now is? There are, according to the report of the Treasury Department, $3,000,000,000 of gold in Europe. An influx of six hundred millions would be an addition of 20 per cent to that stock of money. Is it to be contended that that amount, added to the volume of money in European countries, would not raise the prices of commodities there? Would the gold standard of Europe be then the same gold standard that it is now? Manifestly not.

The gold standard simply means the range of prices consistent with the available quantity of gold money. When our gold had all gone and entered into the circulation of European countries—its place being supplied here by silver—would not the gold standard of those countries be altogether a different standard from that of to-day? Would it not be a much better standard, a more beneficent standard? Would not the range of prices in Europe be materially increased by the inflow of so large an amount of gold? Would not a halt be called to the unjust increase in the burden of debt, and would not our products exported to Europe command much better prices than they now do? To what better place could our gold go than to the markets in which we sell our wheat, cotton, petroleum, tobacco, and meat products?

Meanwhile, as each dollar of silver took the place in our circulation of each dollar of gold as the gold went out, our prices could not alter. It will surely not be contended that a dollar of silver could have any more effect than a dollar in gold.

Suppose, as I have said, that $100,000,000 of gold should go out every year. Of this amount we should have $35,000,000 from our own mines, which would leave $65,000,000 of our accumulated stock to be sent out. Hence, it would require ten years to send out all our gold, even at the rate of a hundred million a year, and even if that amount, when sent to Europe, had no effect whatever on prices of commodities in the countries to which it went.

But no one doubts that it would raise prices there, so that long before one-half or even one-third of our gold could go to Europe the range of prices would be such as to establish an equilibrium between the two countries. This would altogether stop the outgo of gold; no man with any capacity for reflection can for a moment doubt that that is precisely what would occur. Hence the demand for our gold would stop very far short of exhausting the quantity in the country.

There is no country in which the upper classes are more luxurious than in Russia. They are the most lavishly extravagant people in the world in the purchase of all sorts of foreign luxuries. Yet they have had practically no money but paper money for one hundred years. They simply purchase the necessary gold by means of the commodities they have to sell. Does anybody suppose that we can not get in like manner the few things that we need abroad—for we need, in proportion to our population and wealth, less things abroad than any other people in the world.

All the articles of prime necessity, the articles required for the daily living of the masses of our people, are in surplus in our own country, so that we do not need to buy them abroad. The same is true of the larger proportion of our luxuries.

SHOULD WE THUS SEPARATE OURSELVES FROM THE REST OF THE WORLD?

It is said that we ought not to separate ourselves from the rest of the world by having a money different from that used by other countries. No one wants to separate our country from the rest of the world. People who live in separate houses do not necessarily separate themselves from the rest of the world. Each family has its separate house, and there are certain rules and restrictions for the government of all. That does not separate them from the rest of the world or from the rest of the country, or from the rest of the city. In the long run trade between nations is settled with commodities. Nations could not go on selling everything and buying nothing. They would soon have to stop the process, because in a few years they would have no money. Even the most fanatical of the gold men would have to admit that 95 per cent of the business of the country, being domestic business only, there must be some medium retained in the country by which the exchanges can be effected.

WOULD A SILVER BASIS PLACE US ALONGSIDE INDIA?

It is vehemently asserted that if we go to a silver basis we shall be placed alongside India and Mexico.

I should like to know whether Senators really suppose—whether their reading of history and of sociology leads them to understand that the difference between the sturdy race that inhabits this country and the ryots of India and peons of Mexico—is the standard of money that is used in the respective countries. If that is the conclusion which they draw from their reading, I must be permitted to express my amazement.

I have supposed that the difference arose not from the standard of our money, but the standard of our men and women—the standard of the blood in our people, of the iron in their veins, of the nerve, the muscle, the brain, and the brawn of our race. I have supposed we owe something to the experience of the thousands of years during which our ancestors have been struggling up the rugged mountains, fighting for liberty, and achieving it.

I have supposed we owed something to our hope, our faith, our aspiration, our unconquerable determination. If I am mistaken, however, and if really there is any credit due to the standard of money, I can still point to the first half century of the existence of our Republic, when silver money was the money of the country, and when Washington, Jefferson, Madison, and other great men laid strong and wide and deep the foundations of a great nation.

Every schoolboy knows that the achievements of that time have never been excelled in history. I might even inquire whether they have ever been equaled. The subject would bear elaboration, but I deem it of no importance. Those who advance the claim that by going to a silver standard the people of the United States would be placing themselves alongside India, in the sinister sense in which these claimants desire to be understood, do not themselves believe it, and in making the claim are playing upon what they suppose to be the credulity of our people. The contention would be entitled to be called silly but for the fact that not one of those who use it believe it. It is wholly disingenuous.

Are we to understand that if the people of India should now adopt the gold standard they would place themselves "alongside" the United States—that is to say, that they would become equal to the people of this country in intelligence, in enterprise, in inspiration, in energy, in genius, in momentum, in power? If it be true that it is the gold standard that invests the white race with those qualities, it should invest the Hindoos with them. To state the proposition is to answer it.

The words "India" and "Mexico" in this connection are mere catch-words with which to distract the attention of people from the real issue, and their use is proof of a pitiful lack of merit in the argument for the gold standard.

According to the admissions of the advocates of the gold standard, the United States are now indebted to silver alone for the performance of all the functions of money in this country, gold being either hoarded or held in the banks when it is not going abroad.

It must be pretty good money that will keep always in circulation—performing the service for which money is useful. The money that should be praised is the money that remains in circulation, and not the money that is hoarded or goes abroad.

I recollect hearing a discussion some twenty years ago as to the superior merits of gold as money. The gold-standard champion had been for some time expatiating on the supposed advantages of the money he advocated. The old farmer with whom he was discussing told him that he remembered well when the war broke out, and that when the reverberations of the first gun came from Sumter the eagle on the ten-dollar gold piece shrieked like a cowardly fowl and fled the country, while the greenback shouldered the musket and went to the front, where it stayed till the war was over. He said gold might be good money, but it would not fight.

GOLD IN WARFARE.

Mr. McPHERSON. May I ask the Senator a question in that connection?

Mr. JONES of Nevada. Certainly.

Mr. McPHERSON. It has been constantly contended by those who entertain the same views in regard to this question as the Senator from Nevada that Russia, Austria, and all the great countries of Europe were constantly strengthening their gold reserves to prepare for war. I wish to ask if gold will not buy the munitions of war, if it will not keep troops in the field, if it is not to be preferred to paper or silver, what becomes of the argument we have so often heard here that the gold of the world is being absorbed in the treasuries of the great nations who are preparing for war?

Mr. JONES of Nevada. I will say to the Senator that the great war fought between Germany and France a few years ago was fought on the part of Germany with silver money alone. The Napoleonic wars, in which Great Britain took a great part, were all fought with paper money. No great war in history was ever fought with gold; and now, when the nations of Europe are drawing gold to fill what are called their war chests, the object of each is to embarrass the other with regard to its finances. It is a financial war, which often precedes the pomp and circumstance of the real war.

As I have said, a money that will circulate, of whatever material it may be composed, is the best form of money. Some people mistakenly depreciate a money that will circulate in their own country and not in any other. But although the money of the United States may not circulate in any other country, it will have recognition there to the extent of our export trade, which is not only as good for our purposes as circulation there would be, but, indeed, very much better.

No mind not blinded by prejudice can doubt that if the United States should altogether get rid of gold and send it to Europe and itself go to the silver standard exclusively, it would be an enormous stimulus to the exportation of commodities from this country.

In the first place, the gold would, as I have said, largely increase the volume of money in Europe, and as a consequence the prices of our commodities sent there for sale would rise. This would not only reward our farmers and planters with better prices, but would stimulate our entire export trade. There would not then be so much difference between gold and silver as there is now. Were the United States to make silver their only money the rise in the purchasing power of gold would be arrested.

Mr. VEST. Will my friend permit me to ask if his attention has been called to a dispatch published this morning from Bombay in regard to the effect upon prices in India of the demonetization of silver by the English government in India?

Mr. JONES of Nevada. No.

Mr. VEST. This dispatch comes from Consul-General Jamieson. The effect, as stated in the article published in this morning's papers, is that in India there is no monetary panic; that silver continues to buy as much of all commodities as before the change in the mintage by the English Government: that gold has gone up enormously in value while the prices of commodities have fallen.

Mr. JONES of Nevada. In gold?

Mr. VEST. Yes; in gold.

Mr. HOAR. Then what harm does the demonetization of silver do?

Mr. VEST. This report goes to show, what I understood the Senator from Nevada to say in the early part of his argument, that while silver remained equal in its purchasing power and would buy as much as before, gold has gone up.

Mr. McPHERSON. Does not the article state that that has occurred in Bombay and in Calcutta? Does it state that gold has gone up through the interior of India?

Mr. VEST. It has gone up, as I understand it, in India. I do not know anything about any particular locality.

Mr. JONES of Nevada. That is undoubtedly true, and the more it is investigated the more perfectly clear it will become.

[At this point the honorable Senator yielded the floor.]

Wednesday, October 25, 1893.

Mr. JONES of Nevada. Mr. President, I presume it will be obvious to Senators that those who believe in the continuance of the purchase of silver under the Sherman law until a law authorizing unrestricted coinage can be enacted are not making speeches with the hope of changing any votes in this body; but we are determined in this great contest to place in full before the people of the United States the reasons that lie at the foundation of the question.

The time I had intended to occupy has been very much lengthened by the various questions that I have been called upon to answer, but I shall proceed as rapidly as possible with what I have to say.

THE BALEFUL EFFECTS OF AN INSUFFICIENCY OF MONEY UPON THE INTERESTS OF THE WORKING CLASSES.

Some advocates of the gold standard inquire, with a sneer, how it is that free coinage of silver is going to put money into the pockets of the workingmen? They say that men must give labor for money. To that we agree. In advocating the free coinage of silver men do not attempt to put money directly into anybody's pocket. What we are attempting to do is to secure the adoption of a national policy that will enable business to be conducted on steady prices for the products of labor. If employers can not conduct business without incurring loss, idle men can not find employment. They will earn their money if given the opportunity. But if there is not enough money in the community to prevent falling prices, it is impossible that men can be kept in uninterrupted employment.

We are simply attempting to secure the adoption of laws that will permit the issue of metallic money, as has been the custom of all time. If we are to have metallic money, how is it to be got into circulation? How do people get gold money? Do they not have to work for it? Men have to work even for bank notes, which have none of this valuable quality which so many call "intrinsic value."

With a correct monetary policy, those who now earn nothing will be set to work, and will get their share of the money in the community without depriving others of an equal opportunity to get such share as those others may be entitled to.

Because a law against stealing does not put money directly into any man's pocket, is it therefore useless to enact such laws? Because the preaching of the gospel does not put money into the pockets of the multitude, must, therefore, the preaching of the gospel be dispensed with? Because the observance of morality or justice puts no money directly into the pockets of people, must we, therefore, cease the inculcation of those qualities? Why trouble ourselves to commend to our youth the advantages of education, intelligence, uprightness, honesty, equity, and fair dealing, because, after all, as the gold advocates inform us, money can be made only by working for it. Must not people attempt by proper laws to establish correct conditions?

If gold monometallists are right, then the Decalogue is a superfluity, and the Sermon on the Mount mere exuberance of emotion. No one can see very clearly how either of those puts money directly into the pockets of the people. Let the bankers have charge of the issuing of the money of the country, and they will be happy. The people of this country have determined, however, that the issue of money, which is a function of sovereignty, shall be exercised by themselves, through their Government, and it is useless for the banks to attempt to override the will of the people.

MOCK FEARS THAT THE WORKINGMEN MAY BE PAID IN DEPRECIATED SILVER!

Others of the gold-standard advocates, among whom are found the New York bankers and the President of the United States, entertain great fear that if the silver-purchase law is not repealed the workingmen will be paid in depreciated money—money of low purchasing power—while the employers will keep the gold money for themselves—because it will, as they suppose, have higher purchasing power.

I wish some of them or their friends had taken the trouble to indicate how this result was to be brought about, so that we might have before us the *modus operandi.*

If silver dollars were to become depreciated, in relation to *what* would they become depreciated? Would they become depreciated in relation to the products of labor? Does anybody suppose that if the products of labor bring a higher price, the wages of the laborer will not rise with the price of the products? Nothing can be clearer than that the wages of labor must in the long run fall with the prices of the products of labor, and that they must rise with rising prices for those products and with the modern organization of labor the rise of wages must promptly follow a rise of prices.

In the latter case not only does labor rise, but the universal testimony is that it maintains the rise for a considerable time after the general range of prices of commodities has fallen, and this by reason of the natural indisposition of the working classes to have their wages reduced, and their stubborn opposition to any proposition looking to that end.

With the article which is the product of labor persistently falling in price, how can the employer keep on paying the workingman a dollar that is constantly growing more valuable?

How could anybody afford to continue manufacturing if he must pay wages at the former rate while the product of the labor is falling in price?

There was a time, Mr. President, when the metal that was becoming the cheaper and more plentiful was not silver, but gold. What was the belief at that time regarding the probable effect of such cheapening process on the wages of the workingman?

And what class of the community was then deemed entitled to commiseration owing to the growing cheapness of the money?

THE CLASSES THAT WOULD REALLY BE AFFECTED BY CALLING A HALT TO THE RISE IN THE VALUE OF MONEY.

Shortly after the discoveries of California and Australia Chevalier was a member of the council of state of the usurper, Napoleon III. He foresaw, as he supposed, great evils to follow from those discoveries—from a flood of depreciating money to flow into Europe. He wrote a work on The Probable Fall in the Value of Gold. Did he entertain the fear that the workingman would suffer by being paid in the depreciated money? Here is what he said on that subject:

If we would particularize the persons who will be more or less deeply affected by the fall in gold, we have only to select those whose income will not find itself augmented naturally and by a self-adjusting process, in exact proportion to the fall, and by the very fact of the fall, in gold.

Who are those persons that Mr. Chevalier, in the largeness of his heart, commiserates? Are they the workingmen? Hear his answer:

The *national creditor*—

He says—

is the characteristic type of this class of sufferers.

All those persons—

He continues—

whose incomes, expressed in monetary units, *remain the same* would be injured by the change to the extent of the half of their income, all other things being equal.

He was arguing that gold would probably depreciate one-half in purchasing power. It was for the *national creditor* that his sympathies were aroused, and it is for the national creditor that the sympathies of the bankers are now aroused.

All commodities,—

He continued—

excepting gold [the money that was growing cheap] and every kind of property excepting that of which the income is, from the present, fixed, as is the case with government funds ought from the moment that the monetary crisis is terminated, to have attained in a gold currency *double the price which they are at present worth.*

His opinion then was that the price of commodities and of property, except government funds, would "double in price."

How was it with wages—the reward of the workingmen? Were they to continue low as before while prices were rising? Chevalier says:

> *It will be the same eventually with the wages of labor* [that is to say, wages would double], and with all personal services, whether rendered in the factory or on the farm or from the liberal professions.

And in a summing up distinguished for clearness of statement he concludes this portion of his remarks with this paragraph (I desire to call the special attention of the Senators to this, so that they may note the classes of persons whom he includes):

> "Thus, as a definitive analysis," he says, "the proprietors of lands, houses, and other real estates, manufacturers, merchants, and their auxillaries of every kind: public functionaries of all ranks: and also those who follow the different learned professions, will *all find themselves in the end compensated in the new state of things with advantages which they now enjoy*, all other things being equal." "It is another class of persons," he says, "whom we have previously defined in a general way (the *national creditors*) who have to submit to a sacrifice in the proportion to the fall in the precious metal."

This enumeration of persons who can not be injured by a falling value or purchasing power in the monetary unit is sufficiently comprehensive to include all *workers*, as contradistinguished from *idlers*, all laborers, whether with hand or brain, and the employer as well as the employé.

WORKINGMEN CAN NOT BE BENEFITTED BY AN INCREASING VALUE IN THE DOLLAR.

In discussing the welfare of the workingman, in connection with the subject of silver money, the bankers and the President talk as if wages were fixed, either by the mere dictum of the employer or else by some hidden and occult process, or some immutable law, so that no matter what might be the purchasing power of a dollar, the wages of labor must remain what they are. This means that if the dollar came to be a cheaper dollar the workingman could get no greater number of dollars, and if dearer he would get no fewer, while in either case all the people would be kept uninterruptedly employed.

If the value of the dollar could be kept constantly increasing, and if, notwithstanding this, the workman could get, in wages, the same number of dollars that he got before, then the secret of his prosperity has been discovered. If the dollar which he receives in wages is each year to buy more and more of the products of labor, while he suffers no diminution in the number of dollars received, and if, as a consequence, none of his fellows are discharged, then it is to his interest that dollars shall increase in value until each shall have a purchasing power, say one hundred times as high as at present, so that the article which now costs $100 may be had for $1.

Of course this increase of purchasing power in the dollar can not be had without a great reduction in the number of dollars in circulation relatively to the numbers of the population and the demand for money. Under this theory what a blessing it would be to the workingmen of the country if the Secretary of the Treasury should discover some method of taking out of circulation and locking up in the Government vaults nine-tenths, or even a larger proportion, of the money of the country! The more he could get in the greater would become the value of the dollars left out.

The value of money—

says John Stuart Mill—

other things being the same, varies inversely as its quantity, every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent.

If the repeal of the Sherman law is to be accomplished in behalf of the workingmen, if the country is to be deprived of the three millions or so which that law has added monthly to the circulation, we shall doubtless next have a proposition looking toward the calling in and cancellation of all the notes issued under it, with the view of further increasing the value of the dollar in the so-called interest of the workingman, to be followed by other propositions of like character, all in the interest of an increasing value in the dollar, in order that it may be made a better dollar.

What is wanted in the dollar, Mr. President, is that it shall neither increase nor diminish in value, but shall, as nearly as possible, be unchanging through time. This would hurt neither debtor nor creditor.

SOME OF THE CONSEQUENCES OF A DECREASING VALUE IN THE MONETARY UNIT.

We have seen what were the prognostications of Chevalier as to the probable results to be expected from the increased money supply with which the world was blessed during the middle of the century. As to the actual results there is ample testimony. I will cite the one author who more vividly than any other has left a picture of the times.

Sir Archibald Alison says:

The annual supply of gold and silver for the use of the globe was, by these discoveries, suddenly increased from an average of £10,000,000 to one of £35,000,000. The era of a contracted currency, and consequent low prices and general misery, interrupted by passing gleams of prosperity, was at an end. Prices rose rapidly, and rose steadily; *wages advanced in a similar proportion*, exports and imports enormously increased, while *crime and misery rapidly diminished*; emigration itself, which had reached (in 1852) 368,000 persons a year, sank to little more than half that amount. Wheat rose from 40 shillings to 55 shillings and 60 shillings: *but the wages of labor advanced in nearly as great a proportion:* they were found to be about 30 per cent higher on an average than they had been five years before.

In Ireland the change was still greater, and probably unequaled in so short a time in the annals of history. Wages of country labor rose from 4 pence a day to one-and-six-pence or 2 shillings; convicted crime sank nearly a half; and the increased growth of cereal crops under the genial influences of these advanced prices was for some years as rapid as its previous decline since 1846 had been. At the same time, decisive evidence was afforded that all this sudden burst of prosperity was the result of the expanded currency, and by no means of free trade, in the fact that it did not appear till the gold discoveries came into operation, and then it was fully as great in the protected as in the free-trade states.

Those were the effects of an increased volume of money upon the condition of the working classes forty years ago, when labor was wholly unorganized, and employers had, to a far greater extent than at present, the determination of the rate of wages.

THE WAGES QUESTION.

With the modern organization of labor, the question, What shall be the wages of the workers in any occupation is not wholly a question for the employer.

It is his right to close his establishment if he can not work it at a profit, but if he will keep it open it must be on terms at least acceptable, if not welcome, to the workers.

The growing strength, efficiency, and intelligence of the workingmen have for some time been depriving the employer of the dogmatic and autocratic power which in former periods characterized his relations with his employés. The alertness of the workmen and their disposition to assert their right to a fair, and even a growing, share of the products of their labor, will be seen from an extract from the proceedings of the British Royal Commission on Labor which has only recently completed its labors. Before that commission, sitting at Westminster Hall, London, a large number of witnesses were examined, among them a secretary of an organization of working people, comprising 200,000 persons—the Weavers' Association of Northeast Lancashire. This gentleman, Mr. Thomas Birtwistle, was asked by one of the commissioners:

When there is a rise in prices, by what means do the operatives get their share of such a rise?

To this question Mr. Birdwistle answered:

By meeting and discussing the question with the committee I have described before, the joint committee (a committee consisting of six employés and six representatives of the operatives). Of course, we each of us use our best arguments; we produce facts as far as we are able, and prove that the profits of the employers are such that they can afford to do this.

He was further asked:

Do they ever give it to you without your asking it?

To this he replied:

A. I only remember one case; they did once, some twenty or twenty-five years ago.

(Minutes of Evidence, Group C, page 59.)

This period was during the rise of prices—before the demonetization of silver.

From these questions and answers it is manifest that the laborers are keenly on the alert and keep a watchful eye on the prices of the products of their labor, so that they may be able promptly to take advantage of a rise. Not only this, but so determined are they not to be deprived of anything which they deem their due that even when prices are falling they are indisposed to submit to a reduction of wages which the employers deem absolutely essential in order to keep the establishments open. A question on this point was directly put to Mr. Birdwistle by one of the members of the commission, who first reminded him of the testimony he had given regarding the *increase* of wages.

Q. I think you went on to say in answer to Mr. Mawdsley that if business were to improve you would of course look for an advance in wages?

To this the witness answered, "Certainly."

Q. But if, on the other hand, there came a period of depression, you would not allow your wages to go down?

The answer to this question was:

No, I did not say "allow." I simply said we should do our best to prevent it. (Same evidence, page 64.)

These answers sufficiently attest the spirit which animates the working classes of Great Britain regarding the increase and reduction of wages.

STRIKES IN EUROPE.

That spirit is further attested by the fact that the number of strikes in that country in 1889 was 1,145, of which those for advance of wages numbered 768. Of these 768 it is a significant fact that the number recorded as being wholly unsuccessful is but 76, being only 10 per cent. The demands for higher wages were, therefore, wholly or partially successful in nine cases out of ten; and taking the entire number of strikes from all causes in that country for that year, the number declared of record to be unsuccessful is only 207—so that the workingmen were either wholly or partially successful in four-fifths of the cases.

In Germany, for the year ending April 30, 1890, the number of strikes and lockouts reported, of which particulars can be ascertained, consists of 1,075. Of these the number resulting favorably to the employers was 187; those favorably to the workingmen 420, and the number compromised 468. If we credit the workman's side with one-half of the number compromised and the side of the employers with the other half, it will show 644 strikes out of 1,075, or 60 per cent in which the workmen succeeded either wholly or partially.

The growing self-assertion of the workers is to be seen even in Italy, in which the strikes in 1878 were but 22, while in 1890 they were 160. In 1878, the number of strikes in that country arising from demand for increased wages were but 25 per cent of the whole, while in 1890 those arising from the same cause were 50 per cent of the whole.

In France, as stated by the eminent statistician, Maurice Block, the number of strikes of workingmen prior to 1844, ranged from 20 to 50 per annum. In the year 1889 alone they numbered 321.

These are evidences of the unmistakable trend of labor in Europe towards larger self-assertion and a determination to obtain what to the laborers appears to be a fair share of the products of their labor.

STRIKES IN THE UNITED STATES.

It is not to be supposed that the workers of the United States are less alert and attentive to their own interests than those of other countries. Accordingly, we find, by the third annual report of the United States Commissioner of Labor, Col. Carroll D. Wright, that the number of strikes in this country in 1881 was 471, while in 1886 the number was 1,411.

An analysis of all the strikes in the United States from 1881 to 1886 inclusive, made by Col. Wright, shows that strikes having for their object simply an increase of wages occurred in 9,439 establishments. Of these the workmen were completely successful in 6,229, or 66 per cent. In 797 others, or 8.43 per cent, they were partly successful. So that the workers succeeded, either wholly or partially, in 75 per cent of the establishments in which they struck. In only 25 per cent of the establishments did the strikes for increase of wages wholly fail.

During the pendency of this debate we have seen in the morning papers an item of news from Milwaukee, reading as follows:

> If the Chicago, Milwaukee and St. Paul Railroad Company insists on cutting wages there will be a strike by the six thousand employés in the operating departments. This is the decision of the grievance committee of the Brotherhood of Trainmen.

We can hardly infer from all these that the wages of the working classes depend on the employer.

I must be permitted to distrust the anxiety of many of these gold-standard theorists with regard to the welfare of the workingman. If the silver dollar were really a cheap dollar—cheaper than a gold dollar—many of those who now express anxiety for the laborers would be the first to welcome it. If they could keep for their own purposes a dollar of high purchasing power, and have at command, as a special fund for the payment of wages, a supply of dollars of low purchasing power, we should find them sending up petitions to Congress for the free and unlimited coinage of depreciated dollars.

The workers do not seek the commiseration of the bankers with reference either to the amount of wages they are to receive or the quality of the money in which those wages are to be paid. They are the guardians of their own rights, and will so remain. They are citizens of the United States, imbued with all the manhood and independence which that term implies.

When it is said that the first thing which these depreciated silver dollars would do would be to find their way into the pockets of the workingmen, it seems to me that, taking into account the enormous numbers of workingmen who are constantly idle, owing to lack of profit in business, the greatest blessing that could occur would be to have such a quantity of dollars of some kind in circulation as would increase with the growth of population and business. If that were done, the dollars would be sure to find their way into the pockets of men who are willing to work, but for whom, even in a country that is not yet half finished, there is no room, owing to the persistent fall of prices, which disorganizes industry.

The greater the number of dollars that get into the pockets of the working classes the better. It is not enough that dollars shall get into the pockets of only such persons as, under the operation of the gold standard, are able to find employment. It can not be said that a nation is prosperous when a part only of its people are employed—even if that part should be employed at wages so high as to include the laborer's entire contribution to the product. The working classes will never be prosperous until the employer is found seeking workmen with the same zeal that workmen are now seeking employers. That condition of affairs will be brought about by an intelligent regulation of the money system of the country so that the number of dollars shall always increase in accordance with the increase of population and business.

The constant trend of the laboring classes in all countries is to combination—a direction in which capital set them the example. The process is certain to continue and to result in the laborers getting a larger and larger share of the contribution which they severally make to the joint product of capital and labor. To the extent that they pursue this course they must impinge upon the profits of the employer until a stage is reached at which an equilibrium between wages and profits is established.

THE STRUGGLE BECOMING SHARPER IN ALL GOLD-STANDARD COUNTRIES, OWING TO THE PERSISTENCE OF THE FALL OF PRICES.

With a constantly shrinking volume of money, however, there is little hope for employer or employed. The leading factor in all industries of the present day being the time contract, it is impossible for employers to see their way to meeting their obligations while the money unit is obtaining ever-increasing control over commodities—over the products of labor. In many industries great strikes have recently been undertaken in order to prevent reductions of wages, rendered necessary, as the employers stated, because of the fall of prices. Such a strike was that of the Lancashire operatives, in which tens of thousands of workers opposed a proposed reduction of 5 per cent in their wages.

After a struggle of five months, throughout which the employers insisted that with falling prices they could not continue manufacture at the old rates of wages, the men were obliged to accept a compromise by which the proposed reduction was divided, so that they were compelled to submit to a lowering of 2½ per cent.

Later still we have seen 350,000 coal miners of Great Britain going out on strike rather than submit to a proposed reduction of 25 per cent in their wages, rendered necessary, as the employers asserted, by the long-continued fall in the prices of their products.

While other adverse influences in business may be foreseen and guarded against, the most far-sighted computations are brought to naught by the subtle power of an increasing value in the money unit. So long as this increase continues it is impossible for business enterprises to be anything but games of chance, in which men the most reckless and unconscionable outwit the most honorable and conservative.

The working classes may battle for better wages, but when the fall of prices reaches the point at which profits vanish they must give up the fight and accept the reduction or be relegated to idleness. All over the European world, as well as in this country, the maximum of wages consistent with the gold standard appears to have been reached. Everywhere we observe trouble between employers and employés. Everywhere we see multitudes of men rendered idle, owing to want of profit in business—a want of profit due to the persistence of the fall of prices.

The bane of labor is the idle laborer. In this enlightened and progressive age, in which people are learning to adapt means to ends, it is pitiful to see millions of men always out of employment, and it is useless to hope for any improvement so long as the value of the money unit is increasing and acquiring greater and greater control over the products of labor. It is not meant that the same millions—the same identical persons—are always out of employment, but while the persons vary, the number of the idle always reaches millions.

SOME OF THE FRUITS OF THE GOLD STANDARD.

On the very day that Mr. Gladstone was making his speech in the House of Commons, in February last, ascribing the prosperity of Great Britain—meaning thereby the creditor classes of Great Britain—to the gold standard, the official returns show that of the trades unions of skilled workmen reporting to the board of trade, comprising at that date 280,377 members, there were out of employment 26,324, or 9.49 per cent. As these were distributed all over the country, the number of idle men among such unions as did *not* report to the board of trade must have been a similar percentage. Inasmuch, then, as in round numbers 10 per cent of the skilled and organized artisans of Great Britain were out of work, we can not assume any less number of the *unskilled* and unorganized to have been so, and there being, according to Mr. Giffin, thirteen million two hundred and seventy-seven thousand workers in the Kingdom, we are warranted by the official figures in placing the number of the involuntary idle in Great Britain at 1,327,700.

If we add to these the number of persons naturally dependent upon them for support—a very small average of which would be two persons to each worker (and I believe it to be a larger number)—we find, including the workers themselves, 3,900,000 persons, or, in round numbers, 4,000,000 persons, the skilled artisans of Great Britain and their families, without means of livelihood, in a country whose boast it is that it has no money but "sound" money; no standard but the gold standard. Yet these are the men upon whose labors rests the renown of Great Britain.

THE ACHIEVEMENTS OF GREAT BRITAIN DUE TO HER ARTISANS.

In comparison with the services rendered by these, the services of her generals, her admirals, her armies, her navies, and her statesmen, upon which the literature of England spreads so much hazy and questionable glamor, are as nothing. To the skill and the genius of her artisans is due the civilization of England; not to the cunning of her so-called financiers, the greed of her money-lenders, or the cupidity of her creditor classes. The idleness of 10 per cent of her workingmen is a misfortune of incalculable weight, yet it is recorded in a news item of half a dozen lines in England's leading economic paper, and goes wholly unnoticed in the great dailies, in which a column or two of space may be given to an attack of the gout on a duke or an earl, and an entire page to a horse race.

The large proportion of the idle men in England can not be ascribed to temporary derangement of the industries of that country owing to the passage of our tariff bill of 1890. It is usual to find enormous numbers of persons out of employment in Great Britain. I do not refer to the "Submerged Tenth," the 3,000,000 unfortunates who are always on the verge of starvation. I refer to the respectable artisan class. As far back as 1886—four years before the passage of the McKinley bill—the records of the board of trade show a percentage of idleness even higher than 10 per cent.

It must be manifest that willing and capable workers would not thus be thrown out of employment except by falling prices. Profit is in all cases the inducement to production. When profit ceases production ceases. If, therefore, production be not sustained by steady prices for the products of labor it is certain that workmen will be relegated to idleness.

There can be no doubt that before the development of labor organizations many employers were making undue profits, and getting a larger share of the products of industry than they were entitled to, in comparison with the share of the workman. But as the organization of labor became more perfect, then, in response to the imperious demands of the workers, wages gradually improved.

All great institutions of industry have time contracts stretching into the future, which they are under bond to fulfill by or before specified dates, so that few such institutions can afford to resist the workmen's demand for increase of wages, so long as such demand is one not inconsistent with their continued operation. When closely pressed, however, the employer often seems to yield—that is to say, he grants the increase of wages, and then discharges a number of his men—resorting to all sorts of small economies to render more efficient the labor of those who are retained.

People do not perceive that if, by reason of an increase of 10 per cent in wages 10 per cent of the workmen are thrown out of employment, a far greater injury results to society than if the wages of all were permitted to remain unaltered, or even than if they were to a moderate extent reduced.

With all the workmen employed there would be 100 per cent of production. With only 90 per cent employed there would be but 90 per cent of wealth produced; yet from this 90 per cent all men must live—including the workmen themselves and their families.

THE ARGUMENT THAT THE WORKERS ARE BETTER OFF THAN FORMERLY.

When the workers of the world express dissatisfaction with present conditions they are reminded of the fact that they are better off than were the workingmen of former times, that their condition is far ahead of that of the laboring classes of the last century, and the century before. But this is not the real question at issue. It is not whether the man now living is better off than were men of his class who lived at some remote period of the past; but whether the man now living—the man now producing the wealth by means of which alone all other classes in the community can continue to exist—is, all things considered, receiving his own fair share of the products of his labor.

The question is whether the working classes, *all* of them, and not merely a portion of them, are able to keep uninterruptedly at work, and to receive for their work that compensation which comports with the advances in invention, in science, in art, and in government. In other words, are they as well off as the methods of production warrant?

My conviction is that when we have a correct system of money, the working man, instead of having one spare dollar to protect himself against the exigencies of the day, will have *ten*.

Workingmen have the same intuitions as other men; they desire to have some money in their pockets. At the least calculation, under conditions as they should be, in this new and great country, our 22,000,000 workers would absorb in pocket money alone, to be constantly held against contingencies, not less than a hundred million dollars, which would be $5 per capita. This would absorb $100,000,000 of silver to-morrow.

Mr. GEORGE. What is the Senator's statement?

Mr. JONES of Nevada. That with every laboring man kept constantly at work, and at such rates of wages as should be just, not only to himself but to his employer, considering the risks of capital, the interest on money, etc. there would be a constant tendency to an increase of the amount of money statically held in the pockets of the people. If you will go around among workingmen to-day you will find them carrying perhaps 10 cents, 25 cents, or at most perhaps a dollar in their pockets. With unfailing constancy of employment at just wages there would be a continual advance in the amount thus carried by those men to protect themselves against the emergencies of the day. With a five-dollar piece instead of 25 cents in the pocket, $100,000,000 would be absorbed by the community before prices of commodities could in the least exhibit a rise.

ENORMOUS ADVANTAGES OF EVEN A SLIGHT RISE OF PRICES, ESPECIALLY TO THE WORKING CLASSES.

Large numbers of the people even of this country are doing business by barter, owing to the lack of a sufficient quantity of money; and this is a most extravagant method of doing business. Were they to do business with money, an enormous amount of money would be thus absorbed before a rise in prices could take place, and without a rise in prices there could be no such thing as a diminution in the value of the money unit; because, to say that prices rise is but another way of saying that the money unit is diminishing in value.

As I have already stated and as is well known, after the discoveries of California and Australia, when the money volume of the world was doubled, the resulting increase of prices of commodities was only 20 per cent, distributed most gradually over a period of twenty years. The reason for so small a rise of prices following so great an increase of the money volume is to be found in the fact that before prices can rise the first effect of the new money supply is always to quicken the movement and increase the volume of business—cutting out new channels of enterprise for itself and widening and deepening those already existing.

This process calls from idleness to labor every man who has been unemployed, which fact alone absorbs an enormous amount of money. Before any rise, therefore, could take place in prices there would be an enormous increase in the number of transactions and a like increase in the number of men put to work. If, instead of having a million or two million of men idle in this country, all were at work who were willing to work, a vast increase in the amount of money would be needed before any increase could possibly take place in the general range of prices, or any diminution in the value of the money unit. When, therefore, there is a large increase of money in proportion to population, without a corresponding advance in prices, it is a signal that that wonderful instrumentality, money, is beginning to operate—beginning to perform its great function of setting every energy in motion and putting every idle man to work. It is then that great enterprises are undertaken—great projects, stretching far and wide, giving opportunity for the exercise of all the activities of the people. Men have courage when satisfied that prices are going to be firm in the future.

After a long period of shrinkage in the volume of money, comdared with demand, an enormous amount of new money would be absorbed as soon as all the people began to be employed and all the energies of this great country to be called out.

Therefore I say we need have no fear whatever of the coinage of all the silver there is in sight, which can not exceed $25,000,000. The effect of an increase now of $100,000,000, $200,000,000, or $300,000,000, were it possible to obtain so much, would be like that of rain upon the parched and thirsty earth. It would be absorbed as fast as it could come, with the most fructifying results.

Before any rise of prices could take place every department of industry would be enormously stimulated.

The working classes are specially benefited by increases of the volume of money. Referring to the effects upon those classes of the increase of the money volume of the world by the California and Australia discoveries, Prof. Cairnes (*Essays in Political Economy*) has demonstrated that the addition of 40 per cent to the money volume of Great Britain between 1851 and 1859 was prevented from affecting the prices of commodities, except in the most gradual and infinitesimal degree, not merely by the stimulus to business, but by reason of the increase in real incomes resulting to the *industrial classes* as a consequence of the increased production of gold. He demonstrated that the tendency of all increases in the volume of money was to effect a larger proportionate distribution of money *among the working classes.*

The true test of the prosperity of the people is their ability to consume. No people can have the highest capacity for consumption while large numbers among them are unemployed. With steady prices, or prices having a slight tendency to rise, employers will be seeking workmen with all the zeal that workmen are now seeking employers.

DISASTROUS EFFECTS OF COMPULSORY IDLENESS.

As I have stated, the great impediment to the progress of the working classes is the idle man. While large numbers are hungry and unemployed, it is impossible for organization to accomplish the objects it has in view. Hence the task which naturally precedes all attempts of workingmen to obtain an advance that shall be real, rather than apparent, in wages is the adoption of such national policies as may result in putting and keeping every man at work.

Computations as to rates of wages are, and will continue to be, wholly incomplete and misleading until side by side with them are placed the figures which show the number of men who are living in enforced idleness. Our statisticians take note of wages *as they are, for those who are at work.* They make not the slightest attempt to ascertain the number of the unemployed. Until this is done all calculations of wages are vain.

Enormous numbers of men are at all times to be found ready to take the places of those who go out on strike, and this, too, in a country whose development instead of being complete, has only just begun.

On the occasion of the strike on the New York Central Railroad at Buffalo some months ago, although all the statisticians and orators of the gold-standard school had for some time been telling us that there was no suffering in the country, that our prosperity was never greater, it was seen that the railroad company had no trouble in supplying the places of the strikers.

The same is true of the strike at Homestead, Pa. It is well known that at that place a very large number of men of high skill were employed, and that to take their places an equal number of idle men of like skill were sought and were found. The strikes, therefore, both at Homestead and Buffalo, proved to be complete failures.

When large numbers of men are found standing ready to take the places of those who strike it means more than appears upon the surface as to the numbers of the unemployed. It means not only that the number actually needed to fill the places of the strikers are idle, but a very much larger number. For such is the *esprit de corps* of the working classes that men must be at the point of starvation before they will take the places of their fellows who are struggling for what they deem their rights—struggling for the elevation of the entire body of workers, including that of the men who take their places.

Men who undertake to fill such places know that they incur the hatred of the entire class to which they belong, and would, under ordinary conditions, hesitate a long time before subjecting themselves to so severe an ordeal as the ostracism of themselves and their families. There is among the great body of workers a class pride that deters each from injuring all by filling places under such circumstances. Hence, we may be assured that when, on the occasion of an extended strike sufficient men are found without difficulty to fill the places of those who have engaged in what they feel to be a struggle for life or death, the number who take their places form but a trifling proportion of the whole number out of employment.

When compelled to admit that large numbers are chronically idle. the advocates of the gold standard take refuge in the cynical assertion that in all communities a number of men will be found who do not wish to work, and that their idleness is the result of their own folly or improvidence. The statement that men prefer idleness to honest labor I consider a slander on the working classes. These are the statements of the political philosophers of gold-standard countries, resorted to in order to account for the enormous proportion of men whom the gold standard relegates to idleness, and keeps there—a standard which is the symbol for the concentration of wealth and the distribution of poverty. By its diversion of money from the paths of industry into the great centers of speculation, it takes from the labor market and uses in the bond and stock market the material which is the lifeblood of industry.

The idea that men prefer to beg rather than to work is altogether an idea of European origin, and is contradicted by all the experiences of this new country. The very classes that in Europe have been charged with incorrigible laziness, prove, on coming to this country, that in their European homes they were merely the slaves of conditions, and that they can be as industrious as any other class of the community.

Whatever amelioration occurs in the condition of the workingman occurs because he is year by year increasing his demands. He will continue to increase those demands until it becomes clear to him that he receives his fair share of the products of his labor. So long as the employer's profits will warrant the increase, the workman will exact it, until the equilibrium between profits and wages is reached. This is inevitable. But where, with falling prices, the employer is already on the verge of loss (and as money shrinks in volume his profits tend to disappear) no effort on the part of the workers, whether by strikes or otherwise, can permanently secure to them a higher scale of wages. Where the strikes are warranted by conditions of business they will be successful. Where not so warranted, they must inevitably fail.

THE FALLACY THAT PRICES CAN RISE WITHOUT A RESULTING INCREASE OF WAGES.

When it is said that the prices of the products of labor could increase all along the line without the laborer exacting his share of the employer's increased profits, I should like to inquire where the laborer is supposed to be while all this is going on? Is it assumed that he is asleep? The history of labor within recent years does not warrant this assumption.

Is it for a moment to be supposed that American workmen stand in such awe of their employer that they can not contrive to obtain from him any fair proportion of this increase in the price of the commodities which are the products of their own hands?

In other words are we to understand that the prices of inanimate things—things that can not *think*—are to rise, while the price of flesh and blood—the compensation of living, thinking, human beings, who *make* those inanimate things, can not rise?

The great object of a nation should be to have such national policies as may lead to the uninterrupted employment of all its people. A country can not come to harm when its people are all at work, when every forge, anvil, and loom is performing its function—when every hand and every brain is busy.

Whenever there is enough money in a country to keep prices of commodities firm, the productive energies of the people are fully occupied, and business profits are reasonable, so that employment is continued and continuous for all. With a proper volume of money comes a proper distribution of the results of industry.

Under proper monetary conditions in this country there would be opportunities constantly offering for every American worker to invest his surplus earnings in the industrial or manufacturing establishment with which he may be connected. This would give him an interest in the work in which he is employed—an interest far beyond the ordinary interest of a wage-earner. It would be a spur to industry and thrift, and would increase the true permanent wealth of the country.

The aim of political economists seems to be to deal with products after they have been made—after they get into the hands of those who did not produce them.

MISDIRECTION OF EFFORT ON THE PART OF POLITICAL ECONOMISTS.

The entire learned world appears to be applying itself to the task of remedying complaints made by speculators, by those who deal in articles by mere purchase and sale, while the interests of the producers are wholly ignored. While science and learning are thus looking after the interests of the already enormously powerful aggregation of middlemen who assume to themselves all importance in the development of industry, the industrious and hardy producers are left to shift for themselves. Such organizations as they effect with a view to their own advancement are sneered at even by Cabinet ministers through the columns of the public press.

The parties who should be left to shift for themselves are the middlemen. Whenever justice comes to be done, the interests of the producers will be cared for. When they are justly dealt by no man can suffer. It is in their capacity as producers that men are entitled to consideration.

Imagine the injury to a capitalist if a great machine remain idle for a time! Yet machines are mere inert matter. Man is infinitely greater than any machine that is the work of his hands. In comparison with the idleness of a man, the idleness of a machine is a mere trifle. Yet how palpable is the injury when machines are idle; how impalpable, unperceived, unappreciated, and disregarded when men are idle!

THE COMPULSORY IDLENESS OF LARGE NUMBERS OF WORKERS AN EVIDENCE OF DEFECT IN THE MONEY SYSTEM.

In view of the almost infinite division of labor which is the ever-increasing characteristic of our advancing civilization, it may be said that the principal function of money is to keep all the people at work. I wish emphatically to impress upon Senators that *when that is not done there is some failure or fault in the money system.* Nothing can be of greater importance to a nation than to keep all its people at work. Until every man is employed, each in the labor of his choice and of his aptitude, the goal of civilization will never be reached.

There is not a minute of time that has not its duty; not a minute of the working day in which every man of sound body should not be contributing to his own support and that of his family; to the creation of wealth, and the enrichment and advancement of society. Imagine, then, the colossal waste when millions of men are compulsorily idle!

By the effect of a sufficient volume in sustaining the prices of commodities, so that all men may be kept at work without interruption, money becomes an instrumentality by which *billions of millions of minutes are saved to society*, and by which to that extent civilization is enabled to advance beyond a motionless level, beyond the point of petrifaction, because *work is the dynamo of civilization*. The loss of so much dynamic force in society is absolutely *immeasurable*. The most serious, then, of all the evil effects wrought by a money volume which does not keep pace with demand, is the subtle and furtive effect by which it relegates to idleness millions of the workers of the world.

The national policies that will keep men at work, and keep them *all* at work, are the policies that will make the people happy, contented, and prosperous. If all are at work, all are sure of a living. This statement, so easily made and in so few words, seems commonplace, but if we reflect upon it we shall find it to be the bearer of a great message to humanity. That message is, that *it is only when men are certain of earning a livelihood that their real development begins*. In order that man may experience the highest and most noble development, not only is it necessary for him to have uninterrupted employment for hand and brain, but without this, that is to say, without being relieved of the fear of hunger, no man can put his soul into his work.

When men are deprived of work, even for a short time, they get into debt, which, being practical slavery, benumbs the faculties and depresses aspiration. With regular and uninterrupted occupation for all there would be fewer disordered minds and fewer men falling into evil ways—fewer lunatic asylums and fewer jails.

The best missionary work in the world is that which keeps men employed. An increasing value of the unit of money tends to put them out of employment. The more skillful, intellectual, and spiritual a people become, the greater the necessity for a correct money system, in order that their labor and its products may be justly measured and equitably distributed. The more intelligent and aspiring the people the greater the economic loss by their idleness—the greater the loss to their country and to civilization. No people were ever more intelligent, aspiring, or skilful than the people of the United States. The compulsory idleness of large numbers of our people constitutes a greater loss to civilization than the like idleness of twice the number in any other country of the world.

Says John Ruskin:

> Since the essence of wealth consists in power over men, will it not follow that the *nobler* and the more in number the persons are, over whom it has power, the greater the wealth? Perhaps it may even appear, after some consideration, that *the persons themselves are the wealth*—that these pieces of gold with which we are in the habit of guiding them are, in fact, nothing more than a kind of Byzantine harness or trappings, very glittering and beautiful in the barbaric sight, wherewith we bridle the creatures; but if these same living creatures could be guided without the fretting and jingling of the byzants in their mouths and ears, they might themselves be more valuable than their bridles.
>
> In fact, it may be discovered that the true veins of wealth are purple—are not in rock, but in *flesh*—perhaps even that the final outcome and consummation of all wealth is in the producing as many as possible full-breathed, bright-eyed, and happy-hearted human creatures. (Unto this last; Essay II.)

That is a sentiment, Mr. President, which I commend to the serious consideration of the gold-standard advocates.

WHAT IS AN HONEST DOLLAR?

The gold-standard men tell us that all they ask for is good money—honest money. If that is so, then there must be some monstrous juggling with words. For the very pith and marrow of our contention in demanding the restoration of the privilege of full coinage to silver is for good money, honest money, a money more honest than gold, a money that shall be honest not merely to-day, but in perpetuity. The acute among the gold men very well know that gold money under existing conditions is not an honest money, but an unjust and essentially dishonest money.

What, then, is an honest dollar? Is it not a dollar which demands at all times the same degree of sacrifice to obtain it?

Is a dollar "honest" only when it is increasing in purchasing power—when it is enlarging its grasp over the products of labor? Is it an "honest" dollar only when it is exacting more from the debtor than he contracted to pay, and giving more to the creditor than he agreed to receive?

Is a dollar dishonest when, on the date of repayment, it commands precisely the same degree of sacrifice that it commanded when it was borrowed?

In order that a dollar may be entitled to the designation "honest," is it necessary that at the date of repayment it should have a greater control over human effort than it had when it was borrowed?

One would naturally suppose that an honest dollar would be a dollar that would correctly register the sacrifices of men, so that at the close of the term of a loan the creditor, in addition to lawful interest, would receive as principal not merely the same number of dollars, but dollars commanding on the average the same degree of human effort as those he had lent.

Are we to understand that after the making of a contract requiring the payment of money a dollar becomes more and more "honest" in the proportion in which its purchasing power increases, to the advantage of the creditor and the disadvantage of the debtor?

WAS THE GOLD DOLLAR AN HONEST DOLLAR IN 1873?

The gold dollar having to-day a purchasing power 50 per cent greater than the same gold dollar had in 1873, was the gold dollar of twenty years ago a dishonest dollar, and is it to-day 50 per cent more honest than it was then, it being at both periods of precisely the same weight and fineness? And if it continues to increase in purchasing power, will it continue to increase in honesty?

We have heard no gold-standard champion attribute dishonesty to any gold coin of any country at any date. Gold, they say, is always gold, which in one sense we grant, and therefore one would suppose that a contract to pay gold would be the same contract at one time as at another. Yet, at two different periods of time it means two totally different things.

One of the most important ends served by money is, or should be, to equate the differences in value produced by the varying degrees of supply and demand which, from season to season, affect the commodities in the market. Before money became evolved from barter men could, on the spot, have exchanged wheat for clothing, but without money they could not have arranged, as Aristotle puts it, "for the exchange to take place at a future time," because in another season, owing to altered conditions of supply and demand affecting the commodities, their true relation in exchange might be altogether different.

Under a perfect money system the sacrifice necessary to obtain any given sum would on the average be no greater at one time than at another. It is as a measure, an adjuster—an instrument of registration—of the varying degrees of human sacrifice entering into the production of commodities and the rendering of services, that money finds its most beneficent function. It can not faithfully perform that function when the measuring unit is increasing in power from year to year.

To illustrate: in 1849 the pound sterling bore the same name that it bore in 1809, yet, as I have already remarked, between those years, according to Jevons, and according to Tooke and Newmarch, its value increased 145 per cent—that is to say, in 1849 it had a purchasing power two and a half times as great as in 1809.

In view of the enormous debts of the world, is it possible that Senators are prepared to admit that such a pound, constantly increasing its grasp over the products of labor, was an honest pound? If so, it must have been two and one-half times more honest in 1849 than in 1809, and as the weight of debt became progressively heavier, the pound must have grown more and more honest!

So, likewise, from 1873 to 1893, as is shown by the reports of royal commissions and by all the economical, financial and commercial literature of the times, the pound sterling, the dollar, the franc, and every other monetary unit in gold-standard nations have increased in value 50 per cent.

Taking into account these extraordinary changes, can money be said to be thus serving the ends for which society intended it? It will be observed that it is only when it is undergoing this sort of change—it is only as it is increasing in power—that it is called "honest."

To be entitled to the designation honest, it is not enough that it shall be a dear dollar. It must be constantly increasing in dearness. It must be a dollar that is becoming progressively more difficult for debtors to obtain—a dollar which requires more sweat and toil to reduce it to possession. Of course, on the theory of the gold-standard advocates, the dearer and more difficult a dollar is to get, the more "honest" it is. That sort of dollar, when paid over by a debtor to the holder of his bond and mortgage, will command more property than could have been commanded by the debtor with the dollar which the creditor originally lent him. That is the idea of an honest and a just dollar entertained by the champions and beneficiaries of the gold standard.

As the dollars are due to them, they deprecate with upturned eyes and clasped hands any change except one by which it is becoming more valuable. Were they the persons who owed the dollar they would feel that they had discharged every duty of honor and honesty if they paid their debts in a dollar of precisely equal value with that which they borrowed—in a dollar which should transfer to the creditor the exact amount of sacrifice—of control over human effort, which the creditor had transferred to them on making the loan. What further can justice require?

The cry for an honest dollar is a mere pharisaical claim by which money-lenders are enabled to perpetrate practical robbery upon the masses of the people. It is a demand under the name of honesty for a grossly dishonest dollar. While they are calling out for honest money, they are looting the community. Their entire contention is enough to bring the word "honesty" into reproach. As well might the dealers in "green goods" insist that their trade is "honest."

A sordid disposition, from which, as civilization advances, mankind can escape only slowly, still induces many to think that anything is honest which is for their profit and advantage.

Well may we invoke honesty, as Madame Roland invoked liberty, exclaiming "How many crimes are committed in thy name."

THE DEMAND THAT ONE DOLLAR MUST BE KEPT AS GOOD AS ANOTHER.

The gold advocates say that one dollar must be as good as another. But they do not define what goodness means. What is goodness in the case of a dollar? Is not a *just* dollar a good dollar? Is not a dollar of *unchanging value* a good dollar?

If the dollar they take for their model is a swindling dollar, why should they ask that an "honest" dollar should be as "good" or as bad as that?

If a dollar should get to be more valuable than the dollar of the contract—if goodness means *dearness*—then we want a dollar that shall not be so good. We want a dollar that shall demand no more sacrifice to get it than the dollar of the contract—than the dollar that was agreed to be paid.

By artful devices, and without the knowledge or consent of the people, but through the arm of the law, the creditor classes increased the value of the dollar by cutting off one-half the quantity of the material from which dollars had theretofore from time immemorial been made; and, having thus clandestinely secured themselves, they began, with loud voice and sanctimonious air, to announce to the people that justice required every dollar to be kept at a parity with this new dollar that is constantly growing dearer.

Were gold to double in value in the course of the next year we should still hear ringing sentences from the banks and from the President of the United States, demanding that we make every dollar as good as every other dollar—meaning that all dollars would have to be made of equal value with the gold dollar. They would disregard the injustice caused by overturning all contracts and doubling the burden of all debts. The honest dollar, according to these authorities, is that which exacts the most sweat and toil from the debtor.

Suppose that instead of agreeing to pay dollars people agreed to pay wheat in standard bushels of the United States, and suppose that after the debt had been contracted, a bushel measure was introduced and made the only legal bushel, having a capacity 50 per cent greater than the measure which was the standard at the time when the transaction was entered into, then with the same propriety that our leading financiers *now* speak of the gold dollar, we should find them and the President declaring the larger bushel to be the best bushel because it would give to the creditor a larger quantity of wheat than the bushel for which he had contracted. So also if a pound weight were by law so changed as to represent 50 per cent more than the present standard pound the creditors would assert that they must have the best, meaning the heaviest pound weight. They would cast odium upon the old weight as a cheap and dishonest weight, and insist that one pound weight should be as good as another!

The analogy will be completed when we suppose the law to provide that without further specific legislation all the standard weights and measures of commerce shall each year take on a percentage of increase—the pound weight to be a heavier weight, the yardstick a longer stick, and the bushel measure a more capacious measure. In this way, without the trouble of making new laws every year and undergoing the exposure and odium naturally attaching to acts of moral turpitude, the creditor classes could enter into contracts involving future payments of money to them with the certainty that as each yearly payment fell due they would get a greater and greater unearned increment of money.

THE SUPREME TEST OF THE GOLD STANDARD.

If gold be the best money, it will of course stand the best test. Let us apply to it the test that we would apply to all other things.

The supreme test of all things human is the ordeal of war. In order to fight to the best advantage—in order to win battles—a country must have the best men; those men must have the best guns, the best powder, the best clothes, the best blankets, the best horses, the best tents, the best food. All these require money—and, one would suppose, the best money. What is to be said of a money that disappears on the outbreak of hostilities?

Do we consider citizens the best citizens who leave their country on the first appeal to arms? Has mankind been mistaken in its estimate of duty and valor, and is the true patriot, after all, *not* the man who goes to the front, but he who takes the first steamer for a neutral port, to return only when the conflict is ended?

If gold be the best money, is it not extraordinary that no nation on earth has ever been able to fight with it? And is it not equally extraordinary that men can only fight with the worst money? What would be thought of a country that should provide its soldiers with the worst guns, the worst powder, the worst food, and the worst clothing? In the greatest emergency of the nation's life it had no gold—in the greatest emergencies of the lives of all nations, they have had no gold. At the first roar of the cannon gold goes, and never returns until it comes in the hands of usurers.

The lesson of history is that that money which fights for liberty, and has fought for liberty all the world over, is not an international money, but a *national* money. It is a very extraordinary thing that people will persist in ascribing the term "best" to a money that leaves them helpless upon the slighest note of danger. In every great war that has ever occurred in the history of the world, men have been deserted by this money which we are told is the "best." The memory of every Senator informs him that it is as true of this country as of others. During our late war, where was gold? Where was this "best" money? Who then heard the statesmen and the newspapers calling upon the workingmen of the country to demand the "best" money and the only honest money? If gold was the best money why did not the Government officials seize it and make it serve the country? They did not hesitate to seize *men* and send them to the front? Is gold more sacred than men?

After all, do we not make a mistake in saying that a national money is the worst money? Observing the high premium on gold during our time of trial, all the monarchies of the earth were predicting the doom of the Republic. One of England's greatest historians, Prof. Freeman, saw this so clearly that in 1863 he published an elaborate work entitled "A History of Federal Government from the formation of the Achæan League to the *Disruption* of the United States." No doubt the monarchs and the historians based their calculations on the fact that at that time the money-lenders of Great Britain possessed all there was of this "best" money, and that for want of it we were helpless. They have since had ample opportunity to discover that the people of the United States are equal to every emergency.

IS THERE NOT NEED FOR GOOD MONEY IN PEACE AS WELL AS WAR.

So far as concerns the need for money, is there essentially any difference between a time of war and a time of peace? In peace is there no exigency demanding money? In peace as well as in war a people need something with which to pay. Do men not get hungry in peace as in war? Do they not need money with which to exchange the products of industry at one time as at the other?

During a period of warfare the exigency is on the part of the Government and the people as a whole—as a *collectivity;* it is a struggle by all for the existence of the nation. During a period of peace the exigency is on the part of every individual citizen, who is engaged in a struggle hardly less serious, for *his own* existence. If in the supreme emergency of war, a nation can wholly dispense with gold, why during peace should they sacrifice justice to obtain it?

If without gold a people in their collective capacity can defend and preserve their lives and liberties, how illogical and absurd to suppose that they are dependant upon it in peace to defend and protect their industries? If the Republic is to survive, it is as important that the people shall have food and clothing during peace as during war. The struggle for existence is not over on the cessation of armed hostilities. The battle of life goes on. In the contests of industry the people need money as exigently in peace as the nation needs it in war, and they need just as good money.

All admit that there is a struggle in war, but who can deny that there is also a struggle in peace? The war struggle lasts a year or two; the struggle of peace lasts a lifetime. The same men who held the musket, are they who follow the plow. Do they not continue to need at home, as they needed on the battlefield, the best blankets, the best clothes, the best food, and the best money? Is there any period of their lives when the industrious, energetic, and aspiring people of this country should not have all of these? Is it only during periods of warfare that men are to be blest with prosperity? Is it only *then* that their activities are to be in requisition? Must men be unemployed during peace? Must they starve because they are not destroying each other? Did Milton err when he wrote:

> Peace hath her victories
> No less renowned than war.

Those who insist upon having the best money can not mean that the entire volume of a money, if composed of any special material, is any better or has any more value than the entire volume of a money composed of any other material. All the economists unite in declaring that all the money-value possible to a country at a given time is expressed in its total volume at that time, no matter of what material the money may be composed.

The entire value of the money of a country can not be increased except by increasing the wealth of the country. Under given conditions the only change in value that can be effected is in the value of the *unit*. The word "best" therefore can have no possible application to the volume of money as a whole. It can apply only to the individual units of money—to the separate dollars. But if "best" money means best units of money, the term is nonsensical. If there is a "best" unit of money, there must be a best unit of other things. Imagine a farmer insisting upon the best unit of wheat! If the best unit of money is that which has the largest control over property, then the best unit of property would be one that has the largest control over money.

Hence our farmers should be occupying themselves with the invention of devices for progressively decreasing the cubical contents of the bushel, as it is only in that way that wheat can acquire greater control over money. The farmer has just as much right to claim the best unit of wheat, as the banker has to claim the best unit of money. As the vast mass of industry in this age is based on time contracts. neither the unit of wheat, nor the standard measure of any other product of human labor, any more than the unit of money, should be permitted to suffer either increase or diminution if it be possible for human wisdom to keep them unchanging.

So, again, if the bankers are correct in insisting upon the best unit of money, why should not the manufacturer of cloth insist upon the best unit of cloth—meaning by that a unit of measure that is constantly shifting its measuring power—and always in the direction which will give advantage to the cloth manufacturer. If the instincts of the money-lender lead him to wish the greatest purchasing power in the unit of money, and to scheme and plan in order to bring about a constant increase in that purchasing power, then the cloth manufacturer should not be blamed if he for his part should strive to see that the unit of his merchandise shall command a constantly increasing quantity of money.

WHAT IS THE BEST DOLLAR?

The best money is the money of unchanging value. The best dollar is the dollar that holds its own.

The best dollar is that which, as time advances, becomes no dearer and no cheaper, so that neither debtor nor creditor can be despoiled by it. The best dollar is that which, in so far as it expresses the equity of a contract at the time the contract is made, continues faithfully to express that equity through time, no matter for how long a period the contract endures. Whenever society shall get such a dollar the ultimate will have been reached. With a perfect money the world will be transformed. Men will succeed in life according to their ability in their special callings, and not according to their cunning, their hardheartedness, or their dishonesty. It will be sufficient if they shall be able to exercise foresight and make calculations with regard to their own business without being compelled to study the science of finance and enter upon long computations regarding the changing value of money.

The statement that silver is cheap money is only correct in the sense that gold has become a dear money. Silver bullion will buy as much to-day of everything that enters into the consumption of the people as gold bought twenty years ago. In that sense silver is to-day cheaper than gold. The delicate hands of our bankers go up in horror at the idea of having a cheap money. It is repugnant to their sensitive nerves that the thing with which *they* have to deal should become cheap. They do not suspect anything to be wrong when it is wheat that is becoming cheaper. Indeed with many advocates of the gold standard it has become a maxim that "cheapness is the life of trade"—meaning some other man's trade—not their own.

All things in which *other* people deal may become cheap without debasing our civilization, but to cheapen the things in which bankers deal would be altogether unendurable.

Now, as I have already indicated, if *money* be not cheap other things must be cheap. How can other things be cheap unless money be dear? To state the one is to state the other. The bankers and bondholders would not directly admit that they want a dear dollar; they prefer to call it an honest dollar. Inasmuch as "dear" is the opposite of "cheap," one would suppose they would use the word "dear" to describe their own dollar, and if they were logical they would do so. They want the dear dollar, but are afraid to say so. That a dear dollar is what they really want—even a dollar that is each year becoming dearer—is confessed by their insisting that all dollars shall be equal to the gold dollar, to a dollar that has risen in value, in purchasing power—in command over the products of labor—at an average rate of 2½ per cent per annum for the past twenty years, or 50 per cent for that entire period.

When people talk about dear money being the "best" money, everything depends upon whom they have in mind. If they are considering only the creditor, the annuitant, and the idle income gatherer, then in one sense they are right. Undoubtedly in a narrow sense, and for the purposes of the moment, the best money in the case of these persons is the money that is increasing in value, and acquiring constantly larger control over the products of labor. But how is it with reference to the producer? What money is best for him? Is he not to be considered in the matter? Is he to be destroyed in order that creditors may receive a dollar more valuable than they paid, more valuable than they agreed to take in repayment, and more valuable than justice or equity warrants? They effected their loans in a dollar that would buy 100 cents' worth of property; they insist on being repaid in a dollar that upon that basis will buy 150 cents' worth of property. Calling the two dollars by the same name will not make them the same thing.

THE 60-CENT DOLLAR.

And here let me inquire, is it not a somewhat remarkable circumstance that 60-cent dollars are quite numerous, while 150-

cent dollars are never heard of? It is singular that a dollar can become less than 100 cents, but can never become more. The rule does not seem to work both ways. No matter how high the value of the dollar may go, according to Wall street it can never rise above 100 cents. This is because it is to the interest of money-lenders to keep the eyes of the people off the rising dollar and make it appear by comparison that the other dollar is falling. It is a device to divert the attention of the people from the ruinous advance in the value of gold in the interests of those who juggle with money.

When Senators deride the silver dollar and call it a 60-cent dollar, they are in effect deriding the gold dollar of 1873, and calling it a 60-cent dollar. It was not so dear a dollar then—it had not such a high-purchasing power—hence according to their logic, the gold dollar of to-day is more honest.

The fact is, however, that every dollar that the law creates contains 100 cents. A dollar means 100 cents. The thing to be ascertained when two different dollars change their relation to one another is whether the unit of each of such dollars bears on the average the same relation to the units of commodities that it did before. If not we may ascertain that one of the dollars has become a 150-cent dollar. In that case it is a very bad dollar.

If our dollar is a 60-cent dollar, then the 5-franc piece of France, Belgium, and Switzerland is not a 5-franc piece but a 3-franc piece. The 5-lire piece of Italy is equally "short." If the value of money is derived from any supposed "intrinsic value" of the metal it contains, how are we to account for the fact that all those "short-weight" coins are doing the business of the countries named in unlimited payments at par with gold and without complaint by the people of those countries or anybody else?

According to the logic laid down by the advocates of the gold standard the gold dollar of to-day will in a few years be considered a swindling dollar, inasmuch as the dollar of a few years hence, though containing no more metal, will have considerable more purchasing power than the gold dollar of to-day.

MONEY OF HIGHEST PURCHASING POWER.

Many persons take for granted that a unit of money having the highest purchasing power is the best unit. It is not a question of high or low *per se*, but of a *change*. It makes no difference whether the value of a dollar be high or low at any given time, provided it will only *remain* unchanged. The idea that there is any advantage, even if there were no injustice, in having a unit of higher value than one that previously existed, is as absurd as to suppose that the best clock is that which is constantly gaining time, that the best yardstick is one which each year acquires an addition of a few inches to its length, or that the best pound weight is that which is each year acquiring greater specific gravity.

The distinguished Senator from Ohio [Mr. SHERMAN], in some remarks delivered before the Legislature of Ohio on the occasion of his last election, is represented by the New York Tribune and other newspapers to have stated that what both political parties in Ohio wanted was "the best money and plenty of it," so that "labor and production will be measured by money of the highest purchasing power."

Now, Mr. President, in the sense here intended, the expression "best money and plenty of it" is a contradiction of terms. All political economists agree that money will have purchasing power in proportion to its scarcity, so that according to the Senator's statement, what both parties wanted in Ohio was "the scarcest money and plenty of it." [Laughter.]

SUCH MONEY GOOD FOR MEN WHO HAVE ALREADY ACHIEVED FORTUNE.

For those who have already achieved fortune—*who have reduced the dollar to possession*—undoubtedly in a narrow and selfish sense the best dollar is the dollar of highest purchasing power, especially if, as is the case with the gold dollar, the purchasing power is constantly increasing. Hence it is not unnatural to find that men who lend money and deal in bonds and mortgages call the best dollar, and indeed the only "good" dollar, that which will exchange for an increasing quantity of commodities. But if a man *owe* a dollar, is not the best and most honest dollar in that case, not only for him but in a broad sense for the man even to whom it is due, the dollar intended by the contract—that is to say, a dollar which will demand of the debtor when repaying it the same sacrifice that it demanded of the creditor when lending it?

If any other dollar is meant, it would argue that injustice and exaction are better for the human family than equity and fair dealing. The correct principle is that it makes no difference what may be the purchasing power of the dollar, so long as it *remains unchanging through time*. Whether it have a high or a low purchasing power it will equally maintain the equity of debts and time contracts if it retain that purchasing power without alteration, and especially without increase.

In the Middle Ages 6 bushels of wheat could be bought with the present price of 1 bushel. The money of that time was money of a higher purchasing power than the present money of the United States. Will it be wise for us, therefore, to return to the prices of the Middle Ages? If wheat continues declining till it gets to be 5 cents a bushel, then a dollar will buy a very much larger quantity of wheat than it does to-day; in other words, the dollar will have a much higher purchasing power than the dollar of to-day. Had we better, therefore, persist in our adherence to that form of "best" money—money of increasing purchasing power—until prices have fallen sufficiently to enable the rich man, whose money is already reduced to possession and who is himself producing nothing, to buy the products of other men's labor at the rate of 20 bushels of wheat for $1. This is a question that ought to have some interest for our farming communities. It is the constant *increase of value* in the monetary unit that disturbs and disarranges industry, that ruins employers and relegates to idleness our workingmen.

If the gold dollar is the best dollar because of its weight—because of its containing so many grains of metal—it would manifestly be a better dollar if the number of grains were increased. On that contention the dollar would be twice as good if the number of grains were doubled, and three times as good if trebled. According to this the best foot measure would, as I have already stated, be that which should have the greatest number of inches, the best yardstick that which should have the greatest number of feet, the best hat, the biggest hat.

Inasmuch as all economists agree that the principal function of money is that by which it serves as a measure of value for deferred payments, what difference can it make whether there are many grains or few in the dollar, many inches or few in the foot rule, provided the measure be unchanging. Will not a bushel measure be a good measure if it always measures out the same quantity of wheat, and the foot rule a good rule if it always stands for the same space?

I must here repeat that money is a question of relative numbers. The value of money—its purchasing power and control over commodities—is a question of the number of money units in circulation. The effect of one unit is precisely the same as that of another unit. Other things being equal, one dollar, no matter of what material made, can not make prices either advance or decline more than any other dollar. An increase of the purchasing power of all dollars results from a decrease, relatively to demand, in the quantity of all kinds of dollars in the circulation; and *vice versa*.

The value of every dollar in use, population and demand remaining the same, being determined by the number of dollars in circulation, the purpose of repealing the Sherman law manifestly is to increase the value of the dollars in circulation by refusing to increase the quantity of money while population continues to increase. This will add unjustly to the burden of every debt and to the weight of every mortgage. It will turn increasing numbers of workmen out of the shops and throw them on cold charity of the world.

THE NEW YORK NEWSPAPERS AND THE STOCK MARKET.

If money is to have the highest or a constantly increasing purchasing power, prices of commodities must be kept constantly lowering. The higher the purchasing power of the dollar the lower necessarily must be those prices. Yet everybody wants prices to be "good." In the stock market business is said to be prosperous when sales are rapid and prices rising. It is said to be "bad" when prices are falling and sales, as a consequence, restricted. The same rule applies to all forms of business. Unless, then, there is to be a fall in the purchasing power of money, there is no way to secure better prices except by a diminution in the production of commodities—by poor crops and idle factories.

There is great rejoicing in the New York newspapers when stocks and property are rising, which means that money is decreasing in value; yet they tell us in the same breath that they want money of the highest purchasing power, showing that so far as money is concerned the writers do not understand the relation of cause and effect. When these "honest money" newspapers of the East tell us that there is a "brightening up all over the country" and that "business is looking better" they always add that "there is an advance in values." Now, an "advance" in prices of property signifies a decline in the value of money, but they do not perceive this. Ask business men generally whether they think it better for the country that a slow and slight rise in prices should take place, rather than a steady and persistent fall, however slight, and they will tell you that a gradual and reasonable rise of prices is the very synonym of prosperity.

But when people want money of the highest purchasing power, and at the same time want that activity of business that results from steady or gently rising prices, they simply ask for two things that are absolutely incompatible and contradictory. They want both sides of the scales to be going up at the same time.

To whatever degree money is *increased* in volume (other things remaining the same), the value of all the money in circulation is *decreased*. If, then, money of the highest purchasing power were really the best money, and the only honest money, it would become a moral duty of governments, in the interest of society, to forbid the further mining or coining of gold and silver. By refusing to those metals or either of them free access to the mint, the purchasing power of all dollars already in circulation would be enormously increased.

If, notwithstanding this increase, workingmen could receive the same number of dollars that they now do, what an inestimable boon it would be to the laborers not only of the United States, but of the world if the greater portion of the money stock were destroyed. No scheme could be more philanthropic than one in which all civilized nations should combine to annihilate nine-tenths of the money supply of the world, so that by enormously decreasing the quantity of money the unit of money may acquire the highest purchasing power, and inasmuch as, according to the logic of the gold-standard advocates, the laboring men would still receive the same number of dollars, they would of course be elevated from poverty to affluence.

This involves an entire reconstruction of the science of political economy upon principles never before dreamed of. It is hereafter to be a science, by the study of which men may learn how to lift themselves up by the straps of their boots. That is precisely the performance which the advocates of the gold standard propose that the people of the United States shall undertake to do when they determine to inaugurate a season of prosperity by repealing the present silver-purchase law and putting nothing in its place.

SILVER A PRODUCT OF THE UNITED STATES.

The ground that silver is the product of the United States does not, in the eyes of the gold advocates, commend it in any way to consideration. When opportunity arose, however, to commend *gold* as being such a product, the argument was deemed legitimate, and was used without hesitation.

Albert Gallatin, in his Considerations on the Currency, published in 1831, said:

> Another consideration may be adduced in favor of the proposed reform of our gold coins. It seems to be well ascertained that the United States contains some of the most extensive deposits of gold that have yet been discovered. * * * It appears but just to afford to those employed in collecting that natural product, a *certain*, and the *highest* home market, of which it is susceptible. (Page 64.)

Even the honorable Senator from Ohio [Mr. SHERMAN] has considered the fact that gold was a product of the United States to be a recommendation in its favor, and I presume he considers it so still, although, taking into account the much greater importance of our silver yield, one would suppose that as a product of our own soil, silver would be esteemed the more valuable, the Senator professing to be a consistent protectionist.

In 1868 that Senator, then chairman of the Finance Committee of the Senate, submitted a report to this body upon the question of an international monetary standard, recommending the adoption by the United States of the system of unification of the coins of all nations on the gold basis, as suggested by the

International Monetary Conference held at Paris in 1867. In that report the distinguished Senator states:

Aside from the general advantages which we will share with the civilized world in attaining a uniform coinage, there are special reasons why the United States should now adopt the system. The United States is the great gold-producing country of the world, now producing more than all other nations combined, and with a capacity of future production almost without limit. Gold with us is like cotton—a raw product. Its production here affects and regulates its value throughout the world. Every obstruction to its free use—such as the necessity of its recoinage when passing from nation to nation—diminishes its value, and that loss falls upon the United States, the country of production.

And farther along in the same report he repeats his recommendation for the adoption of the gold standard, on the ground, among others, that gold is "mainly the product of our own country."

The Senator did not permit his mistaken fears of an enormous yield from the mines to interfere with his recommendation. He distinctly stated that the United States had "a capacity for future production almost without limit." According to this reasoning it would seem to be the conviction of the Senator from Ohio that because gold was an American product it was our duty by all the means in our power to sustain its value, no matter how unlimited its supply or how insignificant the cost of its production. "Every obstruction to its free use," said the Senator, "diminishes its value, and that loss falls upon the United States, the country of production." In that statement I fully agree with the Senator from Ohio. But it seems that while this was a valid argument for gold, it is to be deemed preposterous as an argument for silver.

THE SILVER MINERS.

The silver miners of the United States, Mr. President, are a brave and hardy people. Those of my State shrink from no comparisons to which they can be subjected. Tried by every gauge of manhood and patriotism, they respond to all tests. Imagine the resolute pioneer, filled with the ardor of expectancy and the enthusiasm of anticipation, denying himself all present enjoyment, all the solaces and comforts of civilization, to take up what he hopes will be but a temporary abode in a hut on a barren mountain-side—can there be found within the borders of the Republic a soul more intrepid, more aspiring, more filled with the ardor of liberty, more willing to do and dare, more determined to defy and overcome difficulty, in the effort to achieve, in the endeavor to appease that thirst, which, from the days of the Argonauts, has seized upon the best and the bravest of mankind.

In his interested and alluring search he finds no consolations of landscape: no spreading lawns; no undulating fields; no placid lakes; no tempting fruits; no sheltering trees. On bleak and rugged mountain, or in deep forbidding gorge his lot is cast. The blasts of winter and the torrid heats of summer he bears with fortitude and resignation—for does he not see the finger of Hope—that hand-maiden of Ambition—ever beckoning him on? This follows, as of course, from the nature of his calling. Mining is, above all things, the occupation of Hope. It is an honorable occupation; requires the boldest and most enterprising men: invites none but independent and adventurous spirits. No man not possessed of self-control and self-reliance—no man who is not willing to brave danger, can follow it. Such characters are the natural material for citizenship of a free republic. And although Nevada be a State of small population, yet its population is composed of such as these—no State in the Union can boast of braver or of better.

As is befitting such a population, the great seal of the State which I have the honor in part to represent in this Chamber bears a motto which I commend to the serious consideration of those who ridicule Nevada because it lacks the splendor and majesty of the great banking States of the East. The motto is: "All for our country." That was the simple but eloquent legend which the warm glow of patriotism suggested to those faithful sons of the Republic on the admission of their State to the Union. It was becoming to men who loved freedom and wished to give notice to all mankind that they were willing to brave all dangers for the Republic which they loved. "All for our country!" Ah! Mr. President, that is a motto which I venture to assert will never be found upon the escutcheon of any State in which bondholders predominate. Their sordid motto is, "All for our bonds."

CONTRAST OF THE CLAIMS OF THE MINERS WITH THOSE OF THE BONDHOLDERS.

Let me very briefly contrast the claims of these two classes of men to the consideration of the people of the United States.

As I have shown, when the bondholders entered upon their relations with the United States they paid for the bonds in depreciated paper dollars, or in the gold equivalent of such dollars, at the average rate of only 67 cents on the dollar. Those bonds were (according to law, and would have been according to equity), payable in lawful money of the United States. That was the contract, and, in substance, it was so nominated in the bond. The bondholders then set to work to secure a change of the law in their own interest, and did secure such change, by which dollars that were agreed to be paid, and to be received, in lawful money of the United States, were afterward declared to be payable in coin.

Having got thus far they secured another change in the law, by which, in 1873, one of the two metals which alone constituted "coin," in the meaning of the statute, was demonetized and rejected as money of full liberating power. Inasmuch as the only value which money has is purchasing power, and that value is determined by supply and demand, the demonetization of one of the metals enormously increased the demand for the other, and by increasing the demand proportionately increased the value. The object of the bondholders was to increase the purchasing power of their bonds—of the debts which the people of the United States owed to them. That was what they knew they would get if they could secure the demonetization of one of the money metals. They have since received from the United States, in payment of the principal and interest of their bonds, an enormous increment which was not due nor earned by them, nor agreed to be paid to them, nor to be received by them.

Having secured from Congress an act which waived payment in lawful money, and agreed to pay in "coin," having then secured the act which demonetized one of the metals and made the debt payable in the other, they next attempted to secure from Congress a new interpretation of the act which provided for the payment in "coin"—an interpretation which should translate the word "coin" into the word "gold." This interpretation Congress refused to make. Congress then distinctly stated, by an overwhelming majority of votes in both Houses, that the word "coin" meant either gold *or silver* coin of the United States of the standard value of July 14, 1870. From Congress they appealed to what seems to be a higher court, not provided or contemplated by the Constitution, namely, the executive officers of the United States, who, acting as a self-appointed court of appeals, decided that the word "coin" meant "gold coin," and proceeded to pay those usurers in that metal.

Now, by contrast with this relation of the bondholders to the United States, in what relation did the miners stand toward the the country.

When they entered upon the work of silver mining they had every reason and every right to expect and to believe that silver would continue to be what from time immemorial it had been, namely, *money*. And if it could have entered their minds that *other* nations might demonetize silver—nations whose soil contained none of that metal, and whose people produced none—they could never have suspected or supposed that it would be demonetized by the Government of the *United States*, especially after a large number of citizens had embarked in the business and had learned the trade—for trade it is, requiring a considerable time in which to become skilled. Silver had been the companion of gold in the exercise of the money function not only since the dawn of history, but prior even to the period of tradition. In common with gold, it had been dedicated by the Constitution of the United States to the performance of that function, in the injunction imposed upon the separate States by a provision which recited that—

No State shall * * * make anything but gold and silver a tender in payment of debt.

Thus the miners not only invested money, but suffered enduring hardships and incurred the utmost risk of health and life, upon the faith of what may be termed a constitutional guaranty, and upon the faith of the laws of the United States from the foundation of the Government—laws having the origin in customs, mint regulations, governmental orders and decrees of all nations, from "time whereof the memory of man runneth not to the contrary."

The miners have never asked the Government for any bounties of any sort. They have simply asked, and they only ask now, that the plain intent of the Constitution shall be given effect—that that intent shall be adhered to, at least until the people of the United States have the opportunity of determining for themselves, and without interference by the executive department, the question involved in the constitutional provision. The Constitution stating that Congress shall have the power to coin money and regulate the value thereof, and that no State shall make anything but gold and silver a tender in payment of debts, the miners were warranted in expecting that Congress would never attempt by a mere law to override the authority implied by the Constitution, which was that a State could lawfully and constitutionally make silver as well as gold a tender in payment of debts.

If all the States should declare gold and silver to be legal tender, while the Government of the United States should prevent the coinage of silver, the provisions of the State laws passed in compliance with the Constitution would be of no avail.

Wherever the miners have gone they have built up communities that, until struck by the hand of the foreign creditor of the United States, were prosperous and happy. They have added to the flag of the Union a number of great self-supporting States whose future influence upon the destiny and welfare of mankind, and especially of our Republic, by the yield of the precious metals and otherwise, was destined to be most powerful. They have shown that they were true Americans in the courage, and energy, and determination with which they set to work to construct towns and cities in the heart of that which was a desert.

In those towns and cities, even in the least populated villages, they have established all the institutions of self-government—school houses, churches, libraries, lyceums, and all the other concomitants of American civilization. They have had to battle with the rude forces of nature and, like true Americans, have not flinched from the conflict.

I need not expatiate upon the comparative equities of the claims of the bondholders and the miners respectively. Those who, after consideration of all the circumstances, do not see a clear case in favor of the miner—a case which should be supported by all the power and all the energy of the United States—are in my humble estimation to be commiserated upon the absence, not merely of patriotism, but of moral sense.

The foreign bondholders, notwithstanding the total absence of equity and even in defiance of all law and of the plain and unmistakable terms of the written contract, find that they have only to "ask and it is opened unto" them; while the brave hearts that, in the hopeful dawn of early manhood, hazarded strength and health and life in the honorable ambition to achieve—that, American like, they might call no man master—are now, many of them, in their declining years, and with families that are as dear to them as ever wife and children were to bondholders—left to seek, not new homes merely, but, harder yet, *new occupations*. These, too, are the men whom the good and gentle Lincoln declared in a message to Congress to be worthy not merely of the protection of law, but of an "extraordinary" degree of encouragement. These are the men whose acute sufferings have afforded opportunity of ghoulish delight to the proprietors of the gold press of the country.

The demand of the bondholder is not only that laws passed for his special and unjust advantage, after his contract was made, shall be enforced, but that the most important word in the law shall be read *out* of it, and a new and different word read *into* it in order that he may get from the people not only far more than he gave, but more than the people agreed to pay him, and more than he agreed to receive from them, in full discharge of their obligation.

The present executive officers of the United States, following the example of their predecessors, without respect to party, ever since the issuance of the bonds, and supported by the army of bondholders and their servitors, and especially the leading newspapers of the great money centers, are determined to enforce this interpretation which they themselves, without warrant of law or reason, have made, even when, in order to accomplish it, they find it necessary, like kaisers, to reconstruct entire maps and

785

ruthlessly destroy the population of whole States. Even czars do not destroy the law-abiding people of their own countries. It was only the Janizaries who pillaged the cities which it was their duty to guard.

The people of the mining States, Mr. President, among them the people of the State which I have the honor in part to represent in this Chamber, advance in defense of their cause reasons founded at once in principles of eternal justice and sound economic policy. They are confident that a large majority of their countrymen are with them on the side of the right, and only need a fitting occasion and a plain statement of the case to make prompt and unmistakable decision.

They assert that in fairness to the republican principle of government, which does not recognize the lodgment of all the powers of state in the hands of any one man, all questions of superlative importance, such as that which involves at once the monetary standard of the Republic, and the lives, fortunes, and happiness of the population of entire Commonwealths, should be submitted directly and openly, fairly and squarely, to the people of all the States, and should not be decided by snap judgment, after the manner of ignorant magistrates and petty criminal courts, nor by personal orders or rescripts in the nature of imperial decrees. They believe that justice to the theory of government "of the people, by the people," demands that all questions of preëminent importance should be submitted to the enlightened suffrages of the people in their capacity as rulers.

They submit that the question now under discussion is, in its broad aspect, one which, for fifteen years, has, by disingenuous methods, been studiously withheld from submission to the people, owing mainly to what, in my humble opinion, is an unconstitutional encroachment—gradual, progressive, and finally overshadowing and dangerous to the independence of the lawmaking body—the encroachment by the incumbents of the Presidential office, without distinction of party, upon the functions of the lawmaking power.

The Roman republic, Mr. President, did not lose its liberties until the senate had degenerated into a mere instrument for recording the will of the chief magistrate. Macaulay has commented upon the ease and smoothness with which all democratic forms, and the names and titles appertaining to a republican form of government, were preserved in that commonwealth concurrently with the absorption of all the powers of the state—executive, legislative, and judicial—in the hands of one man. But that was a long time ago. Times change, and men change with them. This is a very different Republic from that of Rome, and although history, we are told, sometimes repeats itself, I, for one, can not believe that the Senate of the United States is ever to become a subservient Senate.

I know that I can speak for the voters of the mining States and millions of voters in other States who are in hearty accord with them on all fundamental features of the question now before the Senate when I assert that if the entire monetary policy of the country is to be changed it is too great a question to be decided without consulting the American people, whose mere representatives and servants we are. And, if there be a majority of Senators here favorable to the passage of this measure, without reference to the fatal effect which it is absolutely certain to have, not only upon all the people of the mining States, but upon the producing masses in every State in the Union, may I not admonish those Senators to pause and reflect that there is no exigency whatever demanding its passage—that absolutely no public condition requires it, and that—

> it is excellent
> To have a giant's strength, but it is tyrannous
> To use it like a giant.

[Applause in the galleries.]

Friday, October 27, 1893.

Mr. JONES of Nevada. At the close of my remarks on Tuesday I had stated that the most immediate consequence of the vote to be cast here in favor of repeal would be to practically destroy the silver-mining interests of the country. Although the inhabitants of the so-called mining States are numerous enough to be entitled to consideration, they are not numerous enough to be able, unaided, to undo at the polls the wrong inflicted here. It is not, however, to the inhabitants of those States that Senators will have to account, but to a much more numerous body of citizens in all the States of the Union, namely, the agriculturists and other producers.

THE INTEREST OF THE PRODUCERS OF WHEAT AND COTTON IN THE REMONETIZATION OF SILVER.

I assert that by reason of the demonetization of silver the wheat and cotton producers of this country are compelled to give a much greater quantity of the products of their labor for a given number of dollars than with unrestricted coinage of that metal at our mints they would be called upon to give.

Agriculturists suffer in perhaps an exceptional degree from an increasing value in the monetary unit. The obligations of their mortgages, like those of all others, are stated in dollars. But unlike other obligations, such as railroad and corporate securities in general, the farmer has no means of defending himself from the injustice inflicted by an increasing value in the dollar.

Although railroads must suffer with others, yet when the value of the dollar increases, their managers shrewdly "refund" and "reconvert" their bonds at rates of interest lower than the rates originally provided for. But there is no "reconversion" or "refunding" for the farmer or cotton planter. The only result in his case is that every day is hastening him on to the time when the mortgage is to become a *deed*, and the mortgagee to become the owner of the property.

Wheat and cotton, the leading products of our soil, have for twenty years been falling in price They fell last year, last month, and last week, and will fall further next week, next month, and next year. To the producer the term "fall of prices" is the equivalent of "increasing value in the dollar."

Where is the falling process to stop? Is it to persist until wheat gets to be 5 cents a bushel, and cotton 1 cent a pound? If so, what are those agriculturists to do whose farms are mortgaged, and who owe fixed amounts of other debt, all of which must be paid out of the amounts realized from the sales of their products? Were debts to be "scaled down" according as the value of dollars increased by reason of relative contraction of the money volume, no one could complain. But a debt is a fixed number of dollars, no matter how the value of the dollars may increase.

In order to get an idea as to how the fall of prices is progress-ing let us enter into a comparison, at random, of a few items from the report of the Government Statistical Bureau as to the quantities (contradistinguished from values) in the case of a few of our leading articles of export, for the two periods comprising the nine months ending September 30 of this year and the corresponding period of last year. According to those figures, we discover that while the exports of wheat were less in bushels this year than last by only two millions they were less in dollars by eighteen millions.

Taking flour as another illustration, we find that this year the exports of that commodity were less in barrels by 100,000, but less in dollars by 2,200,000.

Still more striking are the figures representing the quantities and values of our petroleum exports during the periods named. The exports of crude petroleum this year were greater than those of last year in gallons by 13,000,000. Notwithstanding this large increase in quantity, there was a decrease in the number of dollars received this year, as compared with last, by 3,000,000.

The full statistics of the cotton exports for the nine months are not yet available, but comparing the exports of the single months, September, 1892, and September, 1893, we find that the exports of cotton were this year less in bales by 17,000, but they were less in dollars by 215,000.

All these figures show that we are sending to Europe each year an increasing quantity of our agricultural wealth for a continuously decreasing amount of money. Our producers are being sacrificed and forced into poverty because of the avarice and cupidity of men, who, whether in Europe or America, produce nothing.

If the fall in the gold price of silver bullion is in any manner responsible for this, is it not the imperative duty of thinking men to investigate the subject?

The case for the agriculturist is so well stated by the New York Sun of September 10 last that I give in full the able editorial which presents it. The Sun says:

THE FARMERS AND THE CRISIS.

When, by reason of unfavorable conditions, nearly half of the population is deprived in whole or in part of its power to purchase of the products of those engaged in manufacturing industries, the whole commercial and industrial world suffers from paralysis; the exchanges become deranged; hoarding ensues; monetary stringency follows; mills, factories, and furnaces close; operatives, ceasing to earn, lose their power to purchase of the products of their own labor as well as of the labors of others; and the circle of declining activity constantly widens.

Such are the conditions now existing, and they are largely if not almost wholly due, primarily, to the loss of the power on the part of some 45 per cent of the people to purchase of other than the veriest necessaries.

On the other hand, whenever this great multitude of people have large revenues, their purchases are of such volume and the character and quantity bought so constant that manufacturing plants are fully employed, and new ones are built to meet augmenting demands; the mill-owner buys raw material in advance of consumption; operatives and artisans have constant work; the wage scale being an ascending one, the ability of the worker to buy of the products of his own labor and of the labor of others is enhanced; money seeks employment with confidence; the merchant's stock rapidly disappears and is constantly replenished; collections are easy, and, in short, labor is fully employed, manufacturers overrun with orders, money is abundant, and times are good.

As the prices of farm products have fallen, so has declined the purchasing power of that great body of producers constituting nearly half the working force of the nation, and so has waned the prosperity of all.

At the taking of the census of 1870, 52 per cent of all the males following regular vocations were engaged in agriculture, and this was approximately the proportion of the people living upon the farm, but by 1880, owing to the growth of manufactures, the proportion had been reduced below 49 per cent, and is now probably about 45 per cent.

After the close of the civil war farm products brought such prices that the 52 per cent of the population then directly dependent upon agriculture had ample revenue; their purchases of the products of manufacture were so liberal that many establishments ran night and day; the mill-owner, the producer of raw material, the merchant, and all those engaged directly and indirectly in distribution or construction, as well as those employed in the subsidiary industries, were fully employed at remunerative rates, the result being an era of prosperity never equaled in our history, as neither before nor since have those prices for farm products been equaled.

Now the very reverse of such conditions obtains, except in so far as relates to the desire of the farmer to buy of the products of others. This desire remains, as it has during all the years when declining prices for his products have forbidden its exercise, except in the most restricted manner.

As the power of the farmer to buy declined, so has declined, measurably, the activity of the industrial and commercial world, except as an impulse has been given to commerce and manufactures by the construction of an immense railway mileage, often in advance and excess of local needs. While the development of transportation facilities served to mask and postpone some of the inevitable results due to the farmer's loss of purchasing power, the almost entire cessation of such works tends to emphasize the loss of that power which the farmer exercised in such a way as to cause a rapid extension of the industrial equipments of the country, until it has become more than sufficient to meet demands reduced by reason of the loss of revenue suffered by the greatest body of workers in the country

The nation is likely never again to have its economic conditions hidden by a factitious prosperity growing out of great railway constructions, as such operations are no longer possible, there being no region, except very limited Southern areas, where expenditures could be made to appear as promising returns to tempt the possessors of available funds.

For more than fifteen years—1878 to 1893—all the great primary agricultural staples have been declining in price, although there have been periods when the price of some one was high for a limited time. This is more notably true as respects secondary products, especially meats and lard; but the trend of the whole scale has been constantly downward, and the general price level at the end of each year was lower than at its beginning. In the meantime there has been no material reduction in the cost of production, the self-binder, the gang plow, mower, hay tedder, and hay loader, and all other great improvements in agricultural machinery having come into use prior to 1878. Subsequent modifications and improvements have been in the direction of greater facility in operation rather than of lessened cost. While it is true that there has been a material reduction in the cost of farming implements, such reduction has not always resulted in lessening the cost of production on the farm, as new machines have often displaced those which were but partially worn and which were quite as efficient.

It is probable that upon farms large enough to warrant the purchase of full lines of improved machinery the cost of production has thereby been lessened 10 per cent, but such farms, constituting less than 5 per cent of the whole area under cultivation, the aggregate saving from such economies has been slight and has probably been fully offset by the progressively increasing use of commercial fertilizers, which has been found necessary in all the region east of the Mississippi, not to increase the fertility of the land, but simply to prevent further deterioration.

While the cost of production can not have been lessened as much as 5 per cent since 1875, prices for the staple products of the farm averaged 82 per cent greater during the five years ending with 1875 than now. This is especially true as respects the five staples—corn, wheat, oats, hay, and cotton—which employ 195,000,000 out of the 206,000,000 acres now devoted to staple crops.

The following table shows, in five-year averages, the gold value per acre (in the local farm markets) of the product of the five staples named, for quinquennial periods, since 1866, and an estimate of the value, with average yields, of an acre under each such staple in 1893 at present prices:

Staples.	Value of an acre's product—					
	1866–'70.	1871–'75.	1876–'80.	1881–'85.	1886–'90.	1893.
Corn	$12.84	$11.30	$9.62	$10.25	$8.81	$8.35
Wheat	13.16	11.90	12.00	10.20	9.07	6.00
Oats	10.92	9.81	8.58	9.17	7.50	5.75
Hay	13.28	14.38	11.57	11.15	10.19	10.00
Cotton	28.01	28.55	17.65	15.63	13.84	10.65
Total	78.21	75.94	59.42	56.40	49.44	40.75
Average	15.64	15.19	11.88	11.28	9.89	8.15

If, as is altogether probable, the revenue derived from the cultivation of each acre of the staples named has not since 1885 been in excess of the cost of production, then it is readily seen that the workers among the 30,000,000 who inhabit the farms of the United States have for eight years received no more than laborers' wages, and could purchase but the barest necessaries. As prices now current are 21 per cent below the average of 1866 to 1890, it follows that the products of the farm are now sold below the cost of production, and that the farmer is wholly without purchasing power other than such as results from his wages as a common laborer.

Granting that present prices even cover the cost of production, or say $8.15 an acre, it is evident that every cent that can be added thereto will be in the nature of profits or rent, and will add that much to the purchasing or debt-paying power of the cultivator; but there is abundant evidence that $8.15 does not represent the actual average cost of producing the staple products, and that the farmer's debt-paying and purchasing power has been reduced to that of the lower class of labor, and will afford him, while present prices obtain, but the means of the most meager subsistence. That present prices are below the cost of production appears probable from the fact that outside a few favorably situated communities, there has been no reduction of farm indebtment in recent years, while the farmer has, over wide areas, from year to year been reducing his purchases of the products of manufacture, although his revenues have been 21 per cent above the present level.

The extent of the reductions made in revenue from each acre under staple crops is best shown by saying that the acre revenue from 1866 to 1870 was $7.59, or 93 per cent greater than in 1893; from 1871 to 1875 it was $7.04, or 86 per cent greater than in 1893; from 1876 to 1880 it was $3.73, or 46 per cent greater than in 1893; from 1881 to 1885 it was $3.13, or 38 per cent greater than in 1893; from 1886 to 1890 it was $1.74, or 21 per cent greater than in 1893. The great diminution in the purchasing power of the farmer, implied by these progressive reductions in acreage revenue, without compensating reductions in the cost of cultivation, is thus clearly shown; but the enormous yearly aggregate of lost purchasing power is comprehensible only when we multiply the acres now employed in growing staples by the declines shown in the acreage value of products since 1870. While very accurately measuring the farmer's loss of revenue by reason of the declining value of the acreage product, even multiplying the acres under staple crops fails to show the whole loss, as no account is thereby taken of the reduction in the value of animals and the thousand and one things produced on the farms of the United States, which have suffered, in many cases, quite as great a decline in value as have the great staples to which this showing is confined.

As 206,000,000 acres are now employed in growing staple crops, it follows that the power of the farmer to purchase is this year $1,563,000,000 less than it would be if he was receiving the prices of 1866-'70 for his great staples. If the prices now realized in the farm markets equaled those received from 1871 to 1875, the farmer would this year be able to spend $1,450,000,000 more for manufactures and other commodities than he will be able to spend with prices at the present level. Were prices now equal to the average of those obtained from 1876 to 1880 the purchasing power of the farmers would this year be augmented by $768,000,000. Should the crops of 1893 give average yields and the prices equal those current from 1881 to 1885, the farmer's spending power would be $645,000,000 greater than with present prices. Even with prices as low as those prevailing from 1886 to 1890 the farmers of the United States would have $358,000,000 added to their debt-paying and purchasing power in 1893; and like advances on the other products of the farm would create an ample fund for building and general improvement, thus employing more labor.

The least of these sums, added to the sums yearly distributed among the producers of metals and textiles, would afford employment for great numbers, keep the mills in motion, make money abundant, and bring good times.

Much stress is laid upon the necessity of cheap food for the wage-worker; but what possible benefit can be derived from a cheapness that deprives the 30,000,000 who produce food and fiber of the ability to keep the wage-worker employed by buying the products of artisan and operative?

Doubling the present price of wheat would probably add the price of six or eight days' labor to the cost of the year's supply of bread for the average family; but with wheat at an average of $1 a bushel at the farm markets, and other farm products at proportionate prices, there would be no idle mills, and the earner of wages would have that easily procured and constant work which would assure him the continuous ability to buy bread. Would not that be far better than existing conditions and bread unattainable though low in price?

We recently published a statement to the effect that the 1,600 young women employed in the Warner corset factory at Bridgeport, Conn., had been reduced to half time; that 600 of them were unable to buy food, and were fed by the charity of their employer. Such conditions exist because the women upon the farms are unable to renew their corsets with wheat selling west of the Mississippi at from 30 to 40 cents a bushel.

The relation between the price of wheat, the lack of power to buy corsets, and the idleness and inability of the women of Bridgeport to buy bread is as obvious as that between the earth's movements and day and night.

However people may have disagreed about the late Zach Chandler's statesmanship, no one questioned his success as a merchant, and this was due as much to his power of discerning economic conditions affecting his customers as to the unerring judgment with which he provided saleable goods. Soon after the close of the civil war, being asked if he could find sale in the farming districts for a lot of rich dress goods, which he was shipping to small inland towns, his reply was characteristic:

"Sell them! Sell them! Why, the women on the farms of Michigan have discarded homespun and calicoes for silk and merino, and no farmer's son now thinks of going out to plow unless dressed in doeskin trousers and calfskin boots. Don't you know that wheat is selling for $2 a bushel?"

Such was the late Mr. Chandler's way of stating the operation of that economic law which enables people to buy liberally of the products of others.

*　　*　　*　　*　　*　　*　　*

When we reflect that had the 460,000,000 bushels of wheat exported since July 1, 1891, brought but 15 cents more a bushel, the corn exported 10 cents more, and the cotton exported only 4 mills more a pound, fully $100,000,000 less in gold would have gone abroad, and many millions less in American securities have been sent back, we can understand that the purchasing power of the farmer would have been enhanced by several hundred millions, as like advances would have been secured on all similar products sold at home.

Such an addition to the farmer's power to purchase would have kept the mills and furnaces employed; the operatives, having constant work at high wages, would be able to buy bread; and their power to purchase of the products of their own labor, as well as of the products of the labor of others, would be vastly increased, gold would be abundant, confidence unimpaired, and prosperity still be the rule.

With prices of farm products again such as to afford fair remuneration for the labor and capital employed in production, as they presently must be, by reason of the elimination of the world's acreage excess, the purchases of the 30,000,000 upon our farms will help to keep every spindle busy; labor in the towns will, at least for a time, be well employed; hoarding will cease; confidence will be restored, money become abundant, and an era of prosperity will result from the operation of that natural law which is the ultimate arbiter in determining the price of nearly every product of labor.

It would be difficult to describe more accurately the situation of the farmers of this country and the effect which their prosperity or adversity has upon the entire body of our national industries.

THE EFFECT OF EAST INDIA COMPETITION ON OUR FARMERS AND COTTON PLANTERS.

Several years ago shrewd men in Great Britain foresaw what would be the effect on the agricultural industries of the United States of a fall in the gold price of silver bullion. They saw that, in the situation of India, the price of silver bullion would dictate the prices for wheat and cotton.

At a meeting of the British and colonial chambers of commerce held in London in 1886, Sir Robert Fowler, a member of Parliament, banker and ex-mayor of London, said that—

The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world.

The interest of the farmers of this country in the silver question can not be more perspicuously stated than is done by Mr. Moreton Frewen, in some felicitous remarks delivered by him at the second national silver convention held in Washington a year or more ago. Referring to the method by which the price of silver bullion controls the price of wheat, Mr. Frewen said:

This is a question to which, when in India, I gave very close study, and I should like to make this general statement, which I am convinced the experience of the past and of the future will amply confirm. Let me put it briefly in this way:

The price of wheat in this country is its price in London or Liverpool, less the cost of carriage from here there, and the London price of wheat is, under ordinary conditions, one ounce of silver per bushel of wheat. Your farmers will always have to sell a bushel of wheat, say in Chicago, for an ounce of silver, less freight charges to London. If, then, silver is worth $1.29 per ounce, the London price of American wheat is $1.29, while, if silver is worth 90 cents, then your wheat will realize only 90 cents. This is a statement that will bear close examination, and it is the sum of the importance of the silver question to your nation. When in the Punjaub three years ago I went very closely into the cost of producing wheat there. In that one India province the area devoted to wheat-growing is twice that of the wheat area of all Great Britain.

The irrigation system organized by our Government is perfect, so that harvest returns are extremely uniform, and the figures I arrived at, and which have not been called in question, go to prove that the Punjaub wheat farmer will always make a living profit by selling his wheat in Europe for 21 silver rupees per quarter [8 bushels]. And if this is the case the competition of tens of thousands of small wheat farmers in India will always suffice to sell wheat in Europe down to that price. Now, 21 rupees a quarter is an ounce of silver per bushel; and seeing that the value of the rupee in India to buy land or labor or any local commodity is actually a little greater than it was before the gold price of silver fell, I hold that we are justified in stating that the price of a bushel of wheat, whether American or Indian, in the London market, has been in the past and will be in the future on the average an ounce of silver.

Admitting, then, what all students of prices do admit, namely, that the purchase power of the rupee in India is well maintained, the fact that the price of wheat and cotton falls with the price of the silver exchanges between Europe and Asia is not for a moment open to doubt.

A comparison of the range of prices for wheat and cotton and the gold price of silver bullion for the past twenty years will demonstrate a much more than accidental relation between them. The following table gives the figures:

Year.	Wheat, per bushel.	Cotton, per pound.	Silver, per ounce.
		Cents.	
1872	$1.47	19.3	$1.32
1873	1.31	18.8	1.29
1874	1.43	15.4	1.27
1875	1.12	15.0	1.24
1876	1.24	12.9	1.15
1877	1.17	11.8	1.20
1878	1.34	11.1	1.15
1879	1.07	9.9	1.12
1880	1.25	11.5	1.14
1881	1.11	11.4	1.13
1882	1.19	11.4	1.13
1883	1.13	10.8	1.11
1884	1.07	10.5	1.01
1885	.86	10.6	1.06
1886	.87	9.9	.99
1887	.89	9.5	.97
1888	.85	9.8	.93
1889	.90	9.9	.93
1890	.83	10.1	1.04
1891	.85	10.0	.90
1892	.80	8.7	.86
1893	.65	7.0	.75

Let us endeavor to reach an approximate estimate of the losses sustained by our agricultural population since 1885, when President Cleveland first advised Congress to repeal the silver-purchase act of 1878 and to stop the coinage of silver dollars:

WHEAT.

Average export price per bushel—	
1875 to 1885	$1.17
1893	.73
Difference	.44

According to the report of the Agricultural Department for December, 1892, the wheat crop of this country for the year then closed amounted to 516,000,000 bushels. On this quantity a loss of 44 cents per bushel, caused by the decline in the price of silver bullion, amounts to an annual sum of $226,600,000 of debt and tax-paying power, which amount apportioned among the principal wheat-producing States shows the loss of each of such States to be as follows (I give the figures in round numbers):

Wheat crop of 1892 in—	Bushels.	Loss.
Indiana	40,000,000	$17,600,000
Minnesota	41,000,000	18,040,000
California	39,000,000	17,160,000
Kansas	70,000,000	30,800,000
South Dakota	32,000,000	14,080,000
North Dakota	35,000,000	15,400,000
Ohio	38,000,000	16,720,000
Missouri	25,000,000	11,000,000
Illinois	28,000,000	12,320,000
Michigan	24,000,000	10,560,000
Pennsylvania	19,000,000	8,.60,000
Nebraska	16,000,000	7,040,000
Kentucky	12,000,000	5,280,000
Oregon	10,000,000	4,400,000
Washington	10,000,000	4,400,000

There may be added to these figures five to ten million bushels each for the States of New York, Maryland, Virginia, North Carolina, Texas, Tennessee, West Virginia, Wisconsin, and Iowa. The loss on wheat, therefore, suffered by the farmers of this country must be estimated at $200,000,000 annually.

COTTON.

Average price per pound in New York—	Cents.
1879 to 1885	11¼
1879 to 1893	8
Difference	3¼

Taking the crop year 1888-'89 as an average year, and, for convenience of calculation, computing the loss at 3 cents per pound, we find that the total annual loss of the planters of the United States amounts to over $100,000,000, distributed among the States as follows:

Cotton raised in—	Pounds.	Loss per year.
North Carolina	230,000,000	$6,900,000
South Carolina	275,000,000	8,250,000
Georgia	480,000,000	14,400,000
Florida	32,000,000	960,000
Alabama	422,000,000	12,675,000
Mississippi	532,000,000	15,960,000
Louisiana	240,000,000	7,200,000
Texas	719,000,000	21,570,000
Arkansas	350,000,000	10,500,000
Tennessee	162,000,000	4,860,000
Total	3,422,000,000	102,660,000

This makes a total loss to the agriculturists of this country, in wheat and cotton, by reason of the demonetization of silver, of over $325,000,000 a year.

Mr. McPHERSON. Inasmuch as I have made a declaration directly contrary to that made by the Senator on a former occasion, I should like to ask the Senator how he accounts for it, then, that when you come to consider that the exports of wheat from India have only averaged 10 per cent of the export of wheat which supplies the world outside of India during the past twenty years, how it could influence the market? Then I wish to take up the export of cotton, and I read from the Statistical Abstract, which simply shows that while India in 1872 produced 35 per cent of the world's supply of coton, with a stimulus of 40 per cent in the fall of the gold value of the rupee, India's whole product of cotton fell 23 per cent. I should like to know how in the production of wheat and cotton it has been of so much importance to India, when the Senator knows that in Calcutta and Bombay the gold price and the silver price of cotton has been exactly the difference between the value of gold and silver bullion. I do not know what it has been in the interior of the country, but in the export cities the price of both wheat and cotton represents exactly the difference between gold and silver bullion, leaving out of the transaction, of course, all transportation charges, so as not to cloud the transaction.

Mr. JONES of Nevada. A very slight surplus of product, say 10 or 15 per cent of wheat, is enough to demoralize the entire market.

With reference to cotton, I wish to call the Senator's attention to the fact that the production of cotton is enormously increased in India, but the shipments from India have not increased, for the reason that the people, owing to the bounty (which the premium on gold is), have been able to take an enormous amount of business from the spinners and weavers of Great Britain. India is reaching out for the entire trade of the Orient, including Japan, China, Siam, and the Straits settlements. The result is that the mills of India have closed many of the mills of England.

Mr. McPHERSON. If the Senator will permit me a moment more. If it is ascertained that upon the continent of Europe there is a deficiency of wheat to supply consumption, say, of 300,-000,000 bushels, India only supplies 10 per cent of the 300,000,000 bushels. The Senator will not pretend to say that that 10 per cent will regulate and control the market for a deficiency of 300,-000,000 bushels. He can not say that, and upon a little reflection he will not.

Mr. JONES of Nevada. Cheap silver stimulated the production of India, of Russia, of the Argentine, and all other nongold-using countries, because the wages obtaining in those countries being payable in their national money, the rise of gold acted as the equivalent of a bounty on all productions. Does the Senator deny the proposition that wages have not risen in India? Does he deny the proposition that the rupee to-day among the 285,-000,000 people of India will buy as much of all the things that enter into daily lite as it ever bought?

Mr. MCPHERSON. I deny it emphatically, because, in the first place, there can be in commerce no such thing as a one-sided prosperity. If the Senator tells me that the Indian ryot, who lives in a mud hovel, wears straw clothing, and eats only rice is cheated, and is willing that the shipping agents or the Indian merchants of Bombay and Calcutta may have the full benefit of his labor, then I can not deny that, because I am not acquainted with the practices and habits of the ryots. But when the Senator tells me that in Bombay and Calcutta the price of both wheat and cotton, as taken from the Statistical Abstract of India and England—both the gold price and the silver price of wheat and cotton—has not been exactly the difference between the value of gold and silver bullion, then I say the Senator can not sustain his position.

Now, then, as to the rupee, if the Indian merchant at Bombay or Calcutta ships his wheat to London he is able to get more rupees either in council bills or silver for that wheat than he is able to get if he sells it for gold. Does the Senator pretend to tell me that competition between India and London, between the importers and exporters of Indian goods and Indian products from India is not exactly like the competition between merchants in the city of New York, Philadelphia or Baltimore? If that is not the case, then it seems to me, Mr. President, that there is no such thing as commerce from that part of the country. It is robbery.

Mr. JONES of Nevada. I can scarcely understand the statement made by the Senator from New Jersey. The ryots and all the small farmers in India are in competition with one another, like the farmers of this country. They must sell their wheat for what they can get for it, and with the rates of wages which have prevailed from time immemorial, and the range of prices of commodities which now obtains, and has from time immemorial obtained, the rupee will buy as much of labor and as much of the products of labor as before silver was demonetized. It will buy as much now as then of everything sold in India that the East Indian consumes. To 280,000,000 of the East Indians it is a matter of entire indifference what money is used in London. It would be as useless to inform them about it as it would be to inform them, if one knew, the character of money used in Mercury or Mars. They use nothing but silver.

Mr. MCPHERSON. Will the Senator bear with me for a single moment longer?

Mr. JONES of Nevada. Certainly.

Mr. MCPHERSON. Take wheat in London, worth 40 shillings a quarter.

Mr. JONES of Nevada. Put it down lower than that.

Mr. MCPHERSON. Say, for illustration, 40 shillings a quarter—I do not care what figure you put it at. Twenty rupees are equal to 40 shillings, and the East Indian—leaving out of the question, so as not to cloud the transaction, freight, commissions, etc.—receives 20 rupees for his quarter of wheat. If that wheat was sold to-day in England, with the rupee at 1 shilling 2 pence, he would receive not 20 rupees, but 35 rupees in silver. I wish now to ask the Senator if he believes that there can be such a thing as commerce between London and India, in which an Indian merchant, located in Bombay or Calcutta, can send that wheat to London, and receive 35 rupees in silver, and pay no part of it to the producer? Then is it not true that wheat and cotton buy more rupees, and is it not also true that the rupee has not the same purchasing power as before?

Mr. JONES of Nevada. I have the most complete tables on that subject, which I did not care to inflict upon the Senate, and the figures they contain show that for twenty years the price of silver has governed the price of wheat; that the price of wheat varied with the price of silver. An ounce of silver coined into rupees was the price of a bushel of wheat, with freight added, in Liverpool. Is that accidental? The brief and sufficient answer to all the Senator has said with regard to what under given circumstances the Bombay or the Calcutta merchant would do and what the ryot would do is the simple fact that under all changes the price of a bushel of wheat has been an ounce of silver.

Mr. McPHERSON. Suppose I admit everything the Senator has said. We know, of course, that India is not a civilized country to the full extent in which we understand the term civilization. Apply that to the American farmer. He is an intelligent man; he receives telegraphic reports; he takes the newspapers; he knows every day at the little railroad station near which he lives and where he sells his products the price of wheat in London. I want to know if the American farmer would be willing to sell his wheat in the London market for a dollar a bushel in gold, to be paid in silver, and silver is worth but 57 cents on the dollar?

Mr. JONES of Nevada. The Senator talks as though a farmer, cultivating a little piece of land upon which rests a heavy mortgage, occupies himself by running to the telegraph office in order to ascertain the amount of wheat that India is going to sell, and then makes calculations as to the product of Europe. Of course no such thing occurs. He sees simply what the price of wheat is in Liverpool, and that fixes it. That becomes the price. He sells at that price, and can not get more.

Mr. TELLER. Will the Senator allow me to make a suggestion as to the cotton trade?

Mr. JONES of Nevada. Certainly.

Mr. TELLER. The Senator from New Jersey thinks that India does not export cotton, and that therefore she can have no influence on the cotton trade. I have before me an article by Mr. Grenfell, published in the Fortnightly Review for September, 1893, headed "Mr. Gladstone and the currency." and I want to show from that article the export of cotton from India and from England. The table that I now read is headed "From India to China, Hongkong, and Japan." It does not include some of the other countries spoken of by the Senator from Nevada. It runs from April 1 to March 31, that being the Indian fiscal year, and the exports from India to China, Hongkong, and Japan are given, beginning with the year 1876–'77.

Mr. GEORGE. Does that refer to raw cotton?

Mr. TELLER. No, it is cotton yarn. The first table given is as follows:

From India to China, Hongkong, and Japan, from April 1 to March 31.

	Pounds.		Pounds.
1876–'77	6,596,129	1880–'81	25,103,496
1877–'78	13,783,563	1881–'82	28,638,540
1878–'79	19,348,261		
1879–'80	24,381,387	Total	117,851,376

Taking the next six years, beginning with 1882-'83, the following is the statement:

	Pounds.		Pounds.
1882-'83	42,972,785	1886-'87	88,641,940
1883-'84	47,288,099	1887-'88	109,962,834
1884-'85	63,413,067		
1885-'86	75,635,540	Total	427,914,265

The exports from 1888 to 1892 were as follows:

From January 1 to December 31.

	Pounds.		Pounds.
1888	114,707,200	1892	178,249,034
1889	126,766,800		
1890	145,112,800	Total	730,175,306
1891	165,339,472		

Now, take the exports from England to the same places, China, Hongkong, and Japan, beginning at the same time—that is, in 1876—and the following is the statement:

From England to China, Hongkong, and Japan, from January 1 to December 31.

	Pounds.		Pounds.
1876	29,838,495	1880	46,425,800
1877	33,067,900	1881	47,479,200
1878	36,467,800		
1879	39,025,700	Total	232,304,895

It will be noticed that the exports from India rose from 117,-851,376 pounds to the places named in the next six years to 427,914,265 pounds, and in 1882 the English export fell to 34,391,-500 pounds.

Mr. MCPHERSON. To the same countries?

Mr. TELLER. To the same countries. The following is the statement of the exports of cotton yarn from England to the same places from 1882 to 1887:

	Pounds.		Pounds.
1882	34,391,500	1886	26,930,400
1883	33,499,800	1887	35,354,300
1884	38,856,100		
1885	33,061,100	Total	202,093,200

A decrease of more than 28,000,000 pounds in the six years.

The following are the figures of the English export for the next five years, from 1888 to 1892:

From January 1 to December 31.

	Pounds.		Pounds.
1888	44,642,600	1892	31,886,000
1889	35,720,200		
1890	38,057,400	Total	178,277,500
1891	27,971,300		

Thus we have the total exports of cotton yarn from England for the five years from 1888 to 1892 amounting to 178,227,500 pounds, as against 730,175,306 pounds, which had been exported from India to China, Hongkong, and Japan.

I have a statement here showing that the Indian export trade has practically destroyed the yarn trade of Great Britain. I think that will explain to the Senator how it has affected cotton, because Great Britain was the market for our cotton and of the cotton raised in India. I want to state a further fact to the Senator, if the Senator from Nevada will indulge me a moment, that during the last year cotton has been imported—to what extent I do not know, but it has been imported—from India to the United States.

Mr. McPHERSON. I should like to ask the Senator how that statement changes my contention in the least? India has engaged in the manufacture of her own products, and she finds a ready market in China and Japan. As a matter of course, if it were not that India produced cotton, the result would be that American cotton would probably go to China and Japan through the English market and through the English manufacturers, but if India finds a market in China and Japan, it is to the infinite credit of India that she is able to manufacture her own goods. There is nothing in the world that should prevent that; and it can not hurt the American crop of cotton. So the Southern States have largely increased their manufacture of cotton, and so has England increased her manufacture of cotton; but she has found markets elsewhere than China and Japan. That market has been gained by India, which has become a factor in manufactures, and will always be a factor in the growth of wheat, but India can not compete with the American export of the raw material which goes to London, whether it be wheat or cotton which we export, and do not manufacture. For what we manufacture we find a market in other nations and at home.

It is to the credit of India indeed that she has found a market. You can not prevent her doing that, nor can you prevent the natural causes which aid in the raising of wheat in India: but that silver has anything to do with it, I deny, unless as silver has fallen it has stimulated for a time, perhaps, growth and production.

Mr. JONES of Nevada. Why?

Mr. McPHERSON. For this reason. As a matter of course, the Indian ryot, selling wheat to-day in London and receiving a certain amount, say 40 shillings per quarter, and taking his pay in gold, will turn around and convert that gold into silver: and instead of getting 20 rupees he gets 35 rupees for it. That stimulates production to a certain extent, but to say that the producer of wheat does not get the benefit is simply to say that there is nothing whatever in commerce in which competition enters.

Mr. TELLER. May I be indulged a moment by the Senator from Nevada?

Mr. JONES of Nevada. Certainly.

Mr. TELLER. The Senator from New Jersey says we shall always have India in competition in wheat-raising and in manufacturing.

Mr. McPHERSON. Certainly.

Mr. TELLER. We did not have India as a factor in either until the low price of silver stimulated the export, first of wheat and then the creation of manufactures in India. That is a historical fact which the Senator will not deny.

No wheat came from India to Europe until after the fall in silver, and practically no goods were manufactured in India and sent to China until after the fall in silver. Now, the Senator says "What of it? It is to India's credit." That is not the question. The question is, Why did England buy less of American cotton last year than ever before? Because England has lost her own market. When the Senator states she has made up her market in some other portion of the world, I say she has absolutely lost her market and has not made it up anywhere, and the statistics will not support the Senator.

India has become the competitor of Great Britain in the cotton business as well as the competitor of the United States in the wheat-raising business. It has become the competitor of England because it raises its own cotton and manufactures it and sends it to China, and thus takes away the English market. It can be seen that the English market has fallen off, while the Indian product has increased from 6,000,000 pounds in 1876 to 178,000,000 pounds in 1892. It is not a question whether this is to the credit of India. It is undoubtedly true, as the Senator states, that India is to be hereafter a factor in wheat-raising and a factor in manufacturing. That is the unfortunate part of it. It will be the perpetual destruction of our market for wheat and cotton. What we complain of is the stimulation brought about in India by the cheap price of silver, or, to state it more accurately, the enhanced value of gold.

Mr. McPHERSON. The Senator should state that the fault is not the fault of India or of the United States, but the generosity of nature; that nature has given to India wheat-fields and cotton-fields, which are suitable for the growth of wheat and cotton, and suitable for nothing else. I want to know how he is to stop India from producing wheat and cotton, when they have rapid and cheap transportation between the ports of India and those of England. There is nothing else they can do in the world except to grow wheat and cotton, and, as a matter of course, they will grow it. India has a population of 300,000,000 souls, or more, which must be supported in some way out of the lands of India. After 1870, when cheap transportation was opened with India by way of the Suez Canal, India began to export her wheat and her cotton to London.

Mr. TELLER. She did not do it until some time after that.

Mr. McPHERSON. I did not say how long after, but certainly in 1872 India exported very largely of wheat and cotton.

Mr. TELLER. She did not.

Mr. McPHERSON. This export has been occasioned by the improvements which have been made by the British Government in India in developing her great railroad system. Before these railroads were built, the only means of transportation in India was by ox-carts across that immense territory. The very moment transportation was opened, labor being cheap, they began to grow wheat and cotton, and they became a factor and they will always remain a factor; and as new lands are opened in Asia and Africa the people of those countries will also become factors; but what silver has to do with the question I can not imagine.

Mr. JONES of Nevada. Mr. President, the Senator from New Jersey states that nature has done this thing, and that we have to complain of nature. It had its genesis in the demonetization of silver in 1873, and dates from that time. Nature did not do that. That was done by legislation. It enabled the East Indian ryot, in competition with the gold-using countries of the world, to almost absolutely drive out of competition all other countries and to make them produce cotton and wheat at a loss by reason of the enhanced value of gold, or, as the Senator from New Jersey might be pleased to term it, the low price of silver.

The combined losses on wheat and cotton which I have shown amount to $325,000,000 a year, or more than a million dollars for every working day, since the issue of Mr. Cleveland's first fulmination against silver. As a consequence of the repeal of the silver-purchase law now in force, the losses to the farmers and cotton planters of the United States will be very much greater. Perhaps our farmers and planters should be only too happy in the knowledge that any sacrifice on their part might contribute to the constantly growing wealth of the nonproducers of Europe and of India.

PRICES IN INDIA HAVE NOT FALLEN.

Nothing is better established by men who know and who write of their own knowledge regarding the affairs of India than that the prices of commodities there have not fallen as have prices in gold-standard countries.

Mr. Daniell, in his work on The Industrial Competition of Asia, says:

> What has happened is that silver prices, or, to speak more exactly, the value of silver *in gold* has fallen *in Europe* while its value in the exportable products *of India* has not fallen correspondingly *or at all* in that country. (Page 32.)

Every decline, therefore, in the gold price of silver bullion, so far as our farmers and cotton planters are concerned, is a decline in the price of wheat and cotton at Liverpool; though not a decline in the price of anything that the East Indian people need, or consume, or buy. So far as the people of India are concerned, gold is not their money, and, as I have already stated, changes in its value have no more effect upon them than if they inhabited another planet. Every decline in the gold price of silver bullion is a premium—a bounty—given to the producer of wheat and cotton in India over the American farmer and cotton planter in the prices of those commodities in European markets.

This encourages exportation from India to those markets. Should the Hindoo, in return, want to buy gold with which to pay for English goods, he would have to pay an enormous premium upon it. This fact acts as a discouragement to importations into India. But as the 285,000,000 East Indians live almost wholly on what their own country produces, they do not need to buy gold for foreign payments. The only people in India who have anything whatever to do with goods made in gold-standard countries are a few English officials, a few native princes, and the few merchants with whom those classes deal. The vast masses of the people of India buy the commodities of their own country with the silver rupee alone.

THE FALL IN THE GOLD PRICE OF SILVER BULLION A BOUNTY TO EAST INDIAN PRODUCERS.

Every decline in the gold price of silver bullion is a direct blow at the prosperity of the farmers and cotton planters of the United States, a blow against which they are powerless to protect themselves, except by the opening of the mints of the United States to the free coinage of silver. This will be an act which can not possibly injure any human being, not even the ryot of India, inasmuch as wages in that country of 285,000,000 people remain the same throughout the years. It would, on the other hand, be an act which would put heart, and hope, and energy into every farmer and every planter in the United States.

That the fall of silver bullion *does* act as a bounty or premium on Indian exports, the highest authorities show. Mr. Bagehot, for many years the editor of the London Economist, in his work on the Depreciation of Silver (page 54), says:

The necessary effect of a depreciation of silver as against gold is to give a bounty on exports from India and the other silver-using countries to England. An English merchant can now buy many more rupees than he formerly could with the same number of sovereigns, and therefore he can import from India, though prices at Calcutta are not at a level at which it would have paid him to operate if he had not had that novel facility in getting rupees.

So Mr. Bagehot differs from the Senator from New Jersey, and I think that that gentleman has studied the question almost as much as the Senator.

The same fact is proved by Mr. David McLean, manager of the Hongkong and Shanghai banking corporation of London, in the course of his testimony before the British royal commission on gold and silver, May 16, 1887. In that testimony I find the following questions and answers:

Q. I think you said that the wheat in India was often sold here in England before it was actually purchased there?

A. Yes; very often.

Q. Then how is the operation carried out? Is it bought by corn merchants here in England, and do they send out an offer for a certain quantity of wheat of a certain quality?

A. Yes; and if the offer is sufficient, the wheat is shipped.

Q. Some witnesses have told us that the rate of exchange between India and England acts like an export bounty or bonus upon the wheat sent from India to England. Is that your opinion?

A. I think the fall in exchange has encouraged the export of wheat from India very largely.

Q. And every additional fall acts as a bonus?

A. Yes.

Q. And you think that the fall in exchange has stimulated the export of wheat from India?

A. Yes; there is no doubt about it.

Q. Do you think that that will be an abiding stimulus.

A. I think so; I think it will go on increasing.

This witness's foresight has been amply verified by the subsequent facts. Inasmuch as an ounce of silver makes two and a half rupees (no matter what the price of bullion may be), if silver should fall to 50 cents an ounce in consequence of the repeal of the Sherman law, an ounce of the metal would still make two and a half rupees, which would still pay for a bushel of Indian wheat. So long, therefore, as India exports wheat, and it has hardly more than commenced, the price of that wheat will fix the price of American wheat until such time as silver is remonetized in the United States. When that shall be it is for our producing classes, not for bankers, brokers, bondholders, and other nonproducers, to decide.

With reference to cotton, an ounce of silver will place ten pounds of that commodity in Liverpool. However low, therefore, the price of silver bullion may fall, the American planter must, for the price of an ounce of that metal, deliver ten pounds of raw cotton in Liverpool. Should silver fall to 50 cents an ounce, if he would sell his cotton, he must deliver ten pounds of cotton in Liverpool, and pay transportation charges on it, all for 5 cents a pound.

By bringing the price of silver bullion to a parity with gold on the relation established in this country since 1792, our farmers and cotton-planters will be relieved of the competition of the East Indian in the markets of Europe.

With reference to the effect of the competition of India on the price of American and English wheat, the British Royal Commission on gold and silver in 1887 examined a number of witnesses, among them Mr. J. Shield Nicholson, professor of political economy at the University of Edinburg, and one of the most distinguished economists of Great Britain. The following question, which is precisely to the point, was put to Prof. Nicholson by a member of the commission:

> Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think tying gold and silver again would raise the price of English and American wheat by 25 per cent?

In his reply Prof. Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point I am discussing, said:

> Now, it seems to me probable if the price of silver rose to its old level *wheat could not be profitablg exported from India until prices rose in a corresponding degree.* For India, being a silver country, the price of wheat there *is independent of the relative value of gold and silver.* An exporter to England at present will give the Indian price in silver, and he can buy his silver for less gold, and thus competition will lower the price. If the price of silver

rose the exporter from India must get more gold. Thus *a rise of silver would, on this view, raise the price of wheat to a corresponding degree.*

There is not a shadow of doubt that Prof. Nicholson is right.

IN THE EVENT OF REMONETIZATION, SHOULD WE BE "FLOODED" WITH INDIAN SILVER?

I must here repeat that there is no ground whatever for supposing that in case of remonetization of silver in this country all the silver of the world would be sent here.

As quickly as the telegraph could convey the news that the United States had fully remonetized silver, that metal would command $1.29 an ounce in every market in the world. As I have said, there is no silver bullion in the markets of the world to exceed 25,000,000 ounces, if so much. Such silver as may exist in any market would not need to come to the United States, because when men knew they could get $1.29 for it by sending it here they would not part with it for less.

We have a demonstration of this in the fact that when in 1890 there was some expectation that a free-coinage bill might become a law in this country. and silver rose in consequence to $1.20 an ounce, it rose to that price not in the American market alone, but in every market in the world that had any silver bullion for sale.

When it is said that the hoards of silver in India would come here to be exchanged for gold, there is not the slightest foundation in reason for such a supposition. Gold is not the money of the 280,000,000 people of India, and it is impossible to conceive that it ever can be. The remonetization of silver simply means that with silver freely admitted to the mints, gold would fall in relation to silver.

Why should the people of India want it on that account? When silver fell as compared with gold, did the people of the gold-standard countries buy silver because they could get it "cheap?" Did anyone ever hear it suggested that when silver declined as compared with gold the gold-using countries would probably "dump" their gold, which was their money, into India or any other silver-using country in order to take away silver, simply because silver was getting "cheap?" As gold is not the money of India, any more than silver is the money of the Western world, why should we suppose that when gold falls relatively to silver the people of India would "dump" their silver into this country?

The silver of India, which is so much feared here, is referred to by the latest official report—that of Lord Herschel's Indian currency commission—as "*coined rupees, of which it is said the hoards chiefly consists.*" (Report of the Commission, paragraph 106.)

Are the people of India going to ship out their coined money to be exchanged for something that, so far as they are concerned, is not money, but merely a commodity? The fact that there is in India a considerable quantity of uncoined silver has but little bearing on the question we are now discussing. As I have said, the teeming millions of that country have always dedicated to purposes of worship considerable quantities of the silver drawn from Europe and America. Not only do they use it in the architectural decorations of their numerous and magnificent temples, but as objects of religious regard, both in those temples and in their homes and for religious charms, which they wear upon their persons, and to which they attach supernatural virtues.

That a people like the unchanging and unchangeable Hindoos should, because of a change in the commercial relation between gold and silver, melt up their idols and religious charms is, to my mind, simply inconceivable.

Even as to that portion of the silver of India which consists of simple personal ornaments and to which no religious value may be attached, there is not the slightest justification for supposing that its owners would part with it. The best evidence of this is found in a fact recorded in the report of the Herschel commission, paragraph 106. Referring to that class, the report states:

In times of scarcity and famine a considerable quantity of silver ornaments has found its way to the mint.

But what is the quantity that the Commission terms "considerable"? It states that in the three years 1877–1879, inclusive, as much 4,500,000 tens of rupees were coined from these ornaments. Now, the famine of 1877 was one of the most destructive famines ever known in India—the number of recorded deaths from starvation being over 500,000—leaving the imagination to conceive the vastly greater number of unrecorded deaths occurring among 280,000,000 of a squalid population which during the most prosperous seasons are barely able to keep body and soul together. In round numbers 4,500,000 tens of rupees may be taken to be $22,000,000. This is the total sum in silver ornaments which, in those three extraordinary years, under the pressure of wholesale starvation the Hindoos could be induced to part with. This is at the rate of about $7,000,000 a year—which for the purposes of this discussion is hardly to be regarded as threatening a "flood." Nothing but starvation would have drawn from them even so much as that. It is preposterous to suppose that a change of relation between gold and silver would do what widespread starvation has been unable to do—especially when, to the Hindoos, the process appears in the light not a rise in silver measured by gold, but a fall in gold measured by silver.

For as I have said, silver and not gold is the measure of value in silver-using countries. Persons living in a gold-using country, accustomed to estimating values in gold and to seeing prices stated in gold, are prone to imagine that all the world sees things as they see them. The fact is that the people of each country estimate and measure values—that is, they state prices—in whatever is money in their own country. In silver-using countries all estimates are made in silver; in a gold-using country in gold; in a paper-using country in paper. What, to a people in a gold-using country, would seem to be a decline in the value of silver, would to people in a silver-using country appear to be an advance in the value of gold.

In order that it may be ascertained which of the metals has changed, or whether both may not in fact have changed, it is necessary to compare each with all the things which it is the function of money to measure. If it is found that all things appear to have changed in relation to the money of one country, while all things remain unchanged in relation to the money of the other, it can not be truthfully affirmed that the change has been in the money of the country, in relation to which all commodities have maintained a practically unchanging relation. So, when all commodities appear to have fallen in their relation to a particular metal, while at the same time maintaining practically unchanged their relations toward one another, it is asking too much to require us to believe that it is all these things which have changed and not the particular metal. From the point of view of common sense alone, it must be conceded to be more probable that one thing has changed than that every one of thousands of things (which maintain throughout a practically unchanging relation to one another) have all changed in relation to one thing.

GOLD RETAINED AT THE EXPENSE OF OUR PRODUCERS.

The New York newspapers were delighted when, during the past summer, the price of wheat fell to a point at which that cereal could be exported instead of gold, in payment for imports. The New York Sun of June 19, 1893, called attention to the fact that when the price of wheat became low enough the gold that had left the United States came back from England, because our importers could pay for their imports with American wheat rather than with gold.

The farmers of the United States ought to be very glad to know that by this depression of the price of the product of their labor the brokers of New York, who deal in Reading stocks and in Chicago Gas and National Cordage, are enabled, without loss to themselves, to pay their bills in foreign countries. Who are the farmers of this country, that they should interfere with the profits of the New York brokers, or complain of the state of things by which wheat is, by artificial means, reduced in price? If the ruin of the farmers be necessary to enable the brokers and bankers of New York to become rich, the farmers should be willing to be sacrificed.

I hope that Senators in this Chamber who represent agricultural communities, who represent growers of wheat and of cotton, can explain to their constituents the philosophy of the votes they cast here in favor of the repeal of the Sherman law.

I hope the distinguished Senator from Ohio [Mr. SHERMAN] will be able to satisfy the farmers of the great State which he represents here that the $17,000,000 a year which they are out of pocket on the sale of their wheat by the fall in the gold price of silver bullion is more than made up to them in the gratification they must feel at the increased wealth accruing to the bankers, bondholders, pawnbrokers, and other creditors of Europe and America.

I hope, also, that such of the distinguished Senators from cotton-growing States as favor the demonetization of silver, to be effected by the repeal of the purchase clause of the Sherman law, will be able to prove to the satisfaction of the cotton-producers of the great Commonwealths which they represent in this Chamber that those producers are not being destroyed by the competition of India, and that that competition is not enormously stimulated by the bounty which the fall in the gold price of silver bullion gives to the East India grower of cotton.

Agriculture, Mr. President, is the most fundamental and vitally necessary industry of mankind. Without food men can not live. But in order that some men in other countries may live better than they otherwise would, it is neither necessary nor desirable for our people to permit our agriculturists to be destroyed, or to be kept at the lowest level of physical existence. A country can have no better class of men than those who cultivate the soil; and in the selection of national policies we can make no mistake by adopting such as may save from serious injury a class to whom the ordinary methods of tariff protection can be of but slight avail.

PROTECTION FOR AGRICULTURE.

Mr. President, I am and have been a protectionist, and for very broad reasons, which I have heretofore had the honor to present in full to the Senate. I believe no country can be so happy as when it is doing all its own work; that no country can be richer than one in which all its people are employed with hand and brain in pursuits that accord with their aptitudes. But, Mr. President, I want the protective theory to have full scope. I want it carried out to the end of the chapter. I am a consistent protectionist. I believe in protecting all classes, not merely some classes; all industries, not merely some industries.

Under the present protective policy of this country it is not possible for the farmers and cotton producers to be directly benefited by the tariff. The benefit they receive can only be that indirect benefit which comes of developing in their immediate neighborhoods the various manufacturing industries which will create a demand for the products of the farm. Whatever differences of opinion may exist as to whether a tariff is or is not a tax on some of our people for the benefit of others, no one can deny that by legislation upon our part which will bring the price of silver bullion to $1.29 an ounce we have an absolutely certain method, without imposing any tax whatever on any class of our people, of giving protection to our farming population, both North and South, protection against a competition infinitely more grinding and destructive than that of the people of Europe, against whom especially our tariff wall has been erected.

When we take into account the premium which the Asiatics receive upon their exports, by reason of the fall in the gold price of silver bullion, theirs is a competition which it is impossible for us to remove except by raising the price of silver bullion, which can be done without the slightest injury to anyone and with immeasurable benefit to all. We can not erect a tariff wall which will compel the East India wheat-grower to pay a duty on his wheat as it enters Liverpool; we have no control over the fiscal policies of other countries. But in the way I suggest we can erect a tariff wall that will protect our agriculturists North and South, to the same degree that our manufacturing interests are already protected. And we must remember, Mr. President, that if our farmers are to get the benefit of protection to the same degree that our manufacturers do, it can only be by the plan I recommend—by opening the mints of the United States to the unrestricted coinage of silver.

For my part, I can not conceive how, consistently with their theory, the protectionists of the country can deny to the farmer the full benefit of that policy. While I do not believe that protection is a selfish policy except in the sense that all national policies are selfish, and national selfishness is patriotism, I fear that the agriculturists of the country will come to believe—do they not already largely believe?—that the protective policy is designed to benefit the manufacturers only; that it is for the advantage of certain classes, and not for the benefit of the whole country.

THE PRESIDENT'S LETTER TO GOVERNOR NORTHEN.

President Cleveland, in a letter addressed to Governor Northen, of Georgia, which I find published in the Washington Post of September 28 last, says:

EXECUTIVE MANSION, *Washington, D. C., September 25.*

MY DEAR SIR: I hardly know how to reply to your letter of the 15th instant. It seems to me that I am quite plainly on record concerning the financial question. My letter accepting the nomination to the Presidency when read in connection with the message lately sent to the Congress in extraordinary session appears to me to be very explicit. I want currency that is stable and safe in the hands of our people. I will not knowingly be implicated in a condition that will justly make me in the least degree answerable to any laborer or farmer in the United States for a shrinkage in the purchasing power of the dollar he has received for a full dollar's worth of work or for a good dollar's worth of the product of his toil.

I not only want our currency to be of such a character that all kinds of dollars will be of equal purchasing power at home, but I want it to be of such a character as will demonstrate abroad our wisdom and good faith, thus placing us upon a firm foundation and credit among the nations of the earth.

I want our financial condition and the laws relating to our currency so safe and reassuring that those who have money will spend and invest it in business and new enterprises, instead of hoarding it.

You can not cure fright by calling it foolish and unreasonable, nor you can not prevent the frightened man from hoarding his money.

I want good, sound, and stable money, and a condition of confidence that will keep it in use.

Within the limits of what I have written I am a friend of silver, but I believe its proper place in our currency can only be fixed by a readjustment of our currency legislation and the inauguration of a consistent and comprehensive financial scheme. I think such a thing can only be entered upon profitably after the repeal of the law which is charged with all our financial woes. In the present state of the public mind this law can not be built upon nor patched in such a way as to relieve the situation.

I am therefore opposed to the free and unlimited coinage of silver by this country alone and independently; and I am in favor of the immediate and unconditional repeal of the purchasing clause of the so-called Sherman law.

I confess I am astonished by the opposition in the Senate to such prompt action as would relieve the present unfortunate situation.

My daily prayer is that the delay occasioned by such opposition may not be the cause of plunging the country into deeper depression than it has yet known, and that the Democratic party may not be justly held responsible for such a catastrophe.

Yours, very truly,

GROVER CLEVELAND.

Hon. W J. NORTHEN.

The President says he wants a "stable" currency. The President is said to be a man of convictions, and I have no doubt that he believes fully that gold is a stable currency. But what do the economists say in this respect?

Adam Smith, in his work on the Wealth of Nations, says:

Gold and silver, like every other commodity, vary in their value. The discovery of the abundant mines of America reduced in the fifteenth century the value of gold and silver in Europe to about a third of what it had been before. This revolution in their value, though perhaps the greatest, is by no means the only one of which history gives some account.

Evidently Adam Smith did not believe that gold was a stable currency.

Prof. Jevons, in his work upon Money and the Mechanism of Exchange, chapter 6, says:

In respect to steadiness of value the metals are probably less satisfactory, regarded as a standard of value, than many other commodities, such as corn.

By "corn" Prof. Jevons meant wheat and all other cereals.

The same author, in chapter 24 of the same work, says:

We are accustomed to looking upon the value of gold as a fixed datum line in commerce, but in reality it is a very variable thing.

He appears to differ with the President as to the "stability" of gold as a standard of value.

Ricardo, in his paper on the High Price of Bullion, says:

If we diminish the quantity of currency, we give an additional value to it

By "currency" Ricardo meant money of every character, including gold.

Mr. Macleod, in his able work on the Elements of Banking, says:

The actual alteration in the *quantities* of the precious metals has materially altered their value at different periods of history. (Page 163.)

We have a distinguished American economist who also differs with the President as to gold being a stable currency. Prof. Francis A. Walker, of the Massachusetts Institute of Technology, in his able work on Money, says:

Gold and silver do over long periods undergo great changes of value and become in a high degree deceptive as a measure of the obligation of the debtor; of the claim of the creditor. Thus Prof. Jevons estimates that the value of gold fell between 1789 and 1809, 46 per cent, and from 1809 to 1849 it rose 145 per cent, while in twenty years after 1849 it fell again at least 20 per cent.

As this enormous increase in the value of gold and silver arose from the falling off in the yield of the metals from the mines of South America, one would suppose that the lesson of *quantity* would have impressed itself on those whose duty it is to deal with monetary policies. The President's idea of stability must be somewhat nebulous when he supposes that gold is a stable material, history demonstrating that it suffered an alteration of 145 per cent in one generation, so that one pound sterling became practically two and a half pounds sterling.

The President also says that he wishes our currency laws to be such that those who have money will spend and invest it in business and in new enterprises instead of hoarding it.

I wonder whether the President ever asked himself the question why people hoarded money and did not invest it in business enterprises.

Does he suppose that while dollars are increasing in value—acquiring daily larger and larger control over property and commodities, more valuable to-morrow than to-day, and more valuable *next* week than *this*—people are going to be in a hurry to invest in property *that is going down in price?* Does he suppose that people will want to buy property that will be worth less next week than it is to-day? Would not the instinct of thrift induce them to withdraw their money from productive enterprises and hoard it?

Does the President suppose people will invest money for a given amount of property when they know that that amount, if held in hand, will buy much more property next month than this, and next year than this year? The President's idea is that money is "stable" when it is increasing in value, but unstable when it is decreasing: so that according to this theory when property is rising in price it signifies that money is unstable and unsound, but when property is falling, so that those who own money may be able to get an increasing amount of property for a given number of dollars, then money is "stable;" it is then "good" money, "sound" money, "honest" money!

In this letter to Governor Northen, the President also says:

> My letter accepting the nomination to the Presidency, when read in connection with the message lately sent to the Congress in extraordinary session, appears to me to be very explicit.

That is to say, explicit with reference to the President's views concerning the financial question, upon which he says in the same letter:

> It seems to me that I am quite plainly on record.

It is a great pity, Mr. President, that the President was not a little more explicit before the election. Had he been so he might have been relieved of the necessity of being so explicit afterward. After the election he furnishes the country with a cryptogram by which his letter of acceptance may be interpreted. Had that letter needed no cryptogram the President would not have supplied one. He would not have become President for the second time had the people of the United States, or the voters of his party, understood that there was a mental reservation with reference to the financial question, which reservation would be fully expounded in a message to be "sent to the Congress in extraordinary session," after the election, and which by its terms would annul the platform of the party which nominated him.

In the same letter Mr. Cleveland says:

> I will not knowingly be implicated in a condition that will justly make me in the least degree answerable to any laborer or farmer in the United States for a shrinkage in the purchasing power of the dollar he has received for a full dollar s worth of work, or for a good dollar's worth of the product of his toil.

Every man knows that when a "laborer or farmer" gets dollars he usually retains them in his possession but a few days, and on paying them out receives for them all that he gave.

Mr. Cleveland is very anxious that there should be no shrinkage in the purchasing power of the dollar for the extremely few men who have reduced dollars to possession, but he expresses no anxiety with reference to the gross injustice of creating an artificial shrinkage in the purchasing power of the bushel of wheat and of the pound of cotton, and of all the other products of human industry, with which alone dollars can be obtained. Very few men have reduced dollars to possession compared with the enormous number that have yet to produce the material with which dollars can be obtained, for the purpose of supplying wants and paying debts.

The President knows that the whole stock of money in circulation in the country is only sixteen hundred million dollars, and he ought to know that there are at least thirty or forty thousand million dollars of debt; so that for every dollar of money which any man has reduced to possession there must be twenty or thirty dollars that are owing by the producers of the country, who must pay the ever-increasing value of the dollar by an ever-increasing quantity of the products of their toil. What the President should concern himself about is not a shrinkage in the purchasing power of the dollar to the few men who have reduced dollars to possession, but rather the shrinkage in the purchasing power of the unit of all the products of industry: so that the farms and homes that are mortgaged may not by summary proceedings become the property of the mortgagee to the ruin of the mortgagor; and so that the workingmen of the country may not be relegated to idleness by reason of the absence of profit to their employer, owing to the persistent fall of prices, which the increase in purchasing power of the dollar is constantly gaining over the products of industry. For the entire question involved in monetary discussion is the question of *the course of general prices*.

It is a great pity that the President did not call the extra session of Congress before the election, so that the country might have before it an unmistakable statement of his views with reference to this all-important question. It does not seem to have been quite candid on the part of the President to adopt the plan of the serial story papers by which each installment is supplemented with the statement, "To be continued in our next."

It is marvelous to observe what solicitude is displayed by the President and the bankers with reference to a shrinkage in the purchasing power of the dollar—that is to say, a rise of prices of commodities. This is what they term inflation. Inflation, undoubtedly, is to be avoided, but so also is contraction. These two opposite factors in the money problem end in disturbance and distress. But the harm done by inflation, as the whole history of commerce shows, is not one-hundredth part so great as that done by contraction.

PERIODS OF FALLING PRICES ALWAYS PERIODS OF DISASTER.

In every period of the history of the world, when prices have been gradually rising, activity and prosperity have marked every department of business, while, on the contrary, whenever a fall of prices has been taking place—and that has been the condition almost constantly, the periods of rising prices being few and short—cankering and corroding misery have been its concomitants; social and political upheavals have been universal, and civil governments, without respect to the degree of freedom or liberty of which the people were possessed, were threatened with overthrow. It will be remembered that, as I have already stated in the course of my remarks, during 1848 and 1849, at the end of a generation of falling prices, violent upheavals characterized every city and country of Europe. Starving men, women, and children crowded the streets and cried for bread.

Almost every country of Europe had a revolution on its hands, which could only be repressed by the strong hand of the military. And this equally in despotic Austria and comparatively free England and republican France. It must never be forgotten that *the greatest civil commotion of all time*—that which struck terror into the hearts of all the governmental forces of Europe—the French revolution—occurred after a period of seven years persistent *fall of prices.* That fall, which brought to a culmination the miseries of the French people, was a fall of but 15 per cent, yet it was sufficient to relegate to idleness and keep long in misery enormous numbers of men whose discontent and suffering finally overtoppled first the throne and later the republic.

In all ages of the world the great disasters have occurred during periods of falling prices. Yet we hear no solicitude—no anxiety—expressed by the President or the bankers because of the persistent fall of the past twenty years in the prices of the products of industry in this country—although the story of all the nations is punctuated with disasters growing out of this baleful and prolific source. The only fear we hear expressed is that prices will not fall enough—that the producers will not be sufficiently "cinched" by the idle creditors, income-gatherers, and bondholders.

The President and the bankers express so much anxiety with reference to a shrinkage in the purchasing power of the dollar that they ought to have been delighted with the recent panic. There was no shrinkage in the power of the dollar throughout that period, and there is no shrinkage in its power now. Who ever saw a dollar in the United States buy more than during the recent disturbance? According to the theory of the President, instead of regretting the panic as a great evil we should rather hail it as the dawn of the millenium.

If this Republic, Mr. President, is ever to lose its liberties it will be through the gradual absorption and concentration of all the functions of government in the hands of the Executive. There is to-day throughout the country a feeling of uneasiness, crystallizing into a conviction, that the lines of demarcation which the Constitution has wisely marked out between the various departments of the Government are being obliterated, and that the functions of government are being merged more and more into the Executive.

It was the proud boast of the makers of the Constitution that for the first time in history the three departments of government, the legislative, the executive, and the judicial, were by that instrument made wholly independent of each other. It is within the knowledge of Senators that the Executive of this Republic, whoever he may for the time be, possesses more power of patronage than any monarch on earth.

The constitution grants the Executive the right, and imposes it as a duty, to make to Congress recommendations from time to time as to the state of the Union, but the Constitution never contemplated the exercise of any pressure by the Executive upon members of either House of Congress. The framers of that instrument—men of wisdom and patriotism—had had some experience and observation of a pressure exercised by a chief executive, who, though called a king, had neither power nor influence which was for a moment to be compared with that of the Chief Executive of this Republic in the closing years of the nineteenth century.

The population of Great Britain in 1780 was less than one-quarter of our population of to-day. It was less than 16,000,000 of people, and the tenure of all persons holding government offices was for life or for good behavior. The power of a king in such circumstances—the patronage which he could exercise, the influence which that patronage implied—in other words, the *pressure* which the king of a little country could bring to bear upon the members of the legislative body, was not a tithe of that which the President of the United States could, were he so disposed, bring to bear upon the members of the legislative department of this Government—even were the members of that department disposed to permit any interference with their constitutional rights.

The British king may have been a tyrant; but there had been greater tyrants. He was not Dionysius or Critias. But he was tyrant enough to convince the people of these colonies that in the making of a new constitution they should be on their guard against any encroachment by executive power on the independence of the Legislature. Hence, in providing for the relations which, in the Republic they were founding, should exist between the executive and the legislative departments of the Government, the makers of the Constitution never contemplated the exercise of any pressure by the Executive upon the members of either House in connection with questions of public policy.

The legislative branch of the Government is as independent of the executive as is the judicial branch. I am now merely supposing a case; but I ask, in all seriousness, what would be the condition of public morality in this country if it should come to be understood that the judges of the Supreme Court, who by the Constitution are not a whit more independent of the executive department than are members of this body, might expect Executive favors in the way of patronage provided the judges rendered decisions corresponding with the views of the Executive in behalf of one or the other of the parties to a suit pending before the Supreme Court of the United States? How promptly would the press demand the impeachment of the Executive! Yet the gold press of this country—especially of the great cities of the East—have been urging the President to exercise every means at his command (and all men know what that signifies) to accomplish the passage of the bill now under discussion.

THE ENCROACHMENT OF THE EXECUTIVE SUSTAINED BY THE GOLD-STANDARD PRESS.

It is not the first time the gold press of the great money centers were guilty of attempted subornation of perjury in urging the Chief Magistrate of the Republic to violate his oath of office by inciting him to purchase the votes of those whose convictions were opposed to his. During the period of the debate in Congress on the silver-purchase law of 1878 a leading gold standard journal of the Eastern States, which was in political accord with the President then in office, said, under date of January 7 of that year:

The President knows that men can be held true to Republican pledges as to finance—

It will be remembered that the President of the period was a Republican—

if they know that their truth will mean favor as to appointments.

This, as will be perceived, was no vulgar suggestion that the President should bribe a member of the legislative body. It was, on the very contrary, an incentive to him *simply to purchase the truth*. It is a particularly delectable exemplification of gold-standard morality—the morality that characterizes Wall street—that *truth* is, not something to be held sacred, as a precious personal possession, dearer than life itself, but something to be bought by the President when necessary to maintain the gold standard.

Another leading Eastern gold-standard paper on the 12th of February, 1878, during the same discussion, editorially gave the Republican President a hint as to what he could do. It said:

The United States Senate has sunk so far below the standard with which it was formerly associated that the propositions which we yesterday gave as in circulation at Washington excite little or no surprise. There are Senators who have so little intelligence or principle that they do not know their own minds in regard to the silver question, or so little conscience that they are ready to vote for or against the pending bill. They imagine that it is popular. Provided they receive a *quid pro quo*, however, they are willing to run the risk of unpopularity. They are ready in short to sell their votes to the President and aid in defeating the bill. It is hinted that by adopting this bribery plan the President may not only defeat the Bland bill, but also may establish amicable relations between his administration and Senators who are at present inimical.

The passage of what is known as the Bland bill by a two-thirds majority of each House demonstrates that the then President either did not take advantage of this hint or that if he attempted to do so the attempt did not succeed.

It will be borne in mind that this language was not used with reference to the present occasion, but to an occasion occurring some fifteen years ago. Nor do I cite it as having application to this occasion, but to illustrate how safely republican institutions may repose on such newspapers as are the obedient servitors of the banking and creditor classes. This was not language used by irresponsible socialistic or reactionary sheets, bent on bringing into contempt such a thing as government of the people by the people. It was used by newspapers priding themselves on their conservatism, that is to say, the conservatism of the banking classes, which does not regard such a trifle as want of fidelity in a President to a solemn oath of office, or unfaithfulness in a legislator to his own convictions, so long as thereby the gold standard of which the bankers and brokers and their clients and customers are the beneficiaries, may be sustained and perpetuated. Their motto is, "The end justifies the means."

So, also, on the 10th of January, 1878, a leading gold-standard paper said:

The capital of the country is organized at last, and we shall see whether Congress will dare to fly in its face.

We are told the same thing now, Mr. President. The chambers of commerce, the boards of trade, and the bankers of the United States, headed by the newspapers of the banking centers, tell us that they are the people and the people are demanding certain things to be done. The capitalists of the country undoubtedly, or at least a noisy part of them, are organized in behalf of the measure now under consideration. But, mark you, we do not hear of the *labor* of the country being organized in its favor.

THE BEST PROTECTION FOR CAPITAL IS JUSTICE TO PRODUCERS.

Is not that a rather ominous fact? It would be more creditable for the capital of the country to investigate the great question pending here before coming to the conclusion to follow the shallow-pated scribblers who are posing as editors and statisticians and political economists, and whose fortune it is to find ready, zealous, and numerous believers among the beneficiaries of the swindle which they denominate the gold standard. It appears that it is the interests of capital that are to be consulted in this country, not the interests of labor—the interests of the few, not those of the many. Is it wise, let me ask, for the capitalists and their organs, so early in the history of the Republic, to attempt to separate men into classes? Is it wise to establish orders which shall be known as the capitalists and the laborers—which, like the patricians and plebeians, may reproduce in this age and on this continent the feuds that periodically convulsed the republics of antiquity?

We must not forget that history repeats itself. To the thoughtful student of monetary science it was unnecessary for the gold-standard press to convey the suggestion that the capitalists of the country were "organized." It was but too palpable already (to all who understand the subtle effects of the gold standard) that those who were the beneficiaries of the system would be "organized." I, for one, though my warning will pass unheeded, suggest to the capitalists of the country that if they expect the repose which should characterize a just government they might profitably devote a little of their valuable time to examining and analyzing the question with which we here are dealing before petitioning for the passage of this bill. More reflection and less noise would better become men who pretend to be thinking beings.

In a free republic the best protection for capital—yes, the only protection for it—is the hearty content of the laborers. It is the bulwark alike of capital and of freedom. History attests that the greatest breeder of social and political discontent is poverty. We are admonished by the census returns that the debts of the people are enormous. The attempt to increase the burden of those debts unjustly will be repelled and punished by the people. Any and all political parties that attempt to buttress and perpetuate injustice will be swept from power, whatever may be their names, or however great their history.

We must remember that this is not India, and that the people of this country are not Hindoos. No order in council and no order from Downing street will ultimately avail here to add to the unearned increment which an increasing value in the money unit exacts from the debtor—a secret, unjust, and clandestine increment which the gold standard insures to the creditor without the knowledge of the debtor, and to his injury. Unlike the people of any other country in the world, the people of this country are giving thought to their monetary policy. And unless justice be installed, parties will crumble under the righteous indignation of the voters.

When it is said that other civilized peoples have abandoned silver and gone to the gold standard, I enter a most emphatic denial of the truth of the statement. The masses of the people—the producers—of no country have been at any time consulted as to what should be the material of their money. These matters are settled for them by the little coterie of statesmen who believe themselves born to rule, and who, in so far as they are not abstract theorists, are direct representatives of the creditor classes and annuitants who are the beneficiaries of the wrong to which these so-called "statesmen" lend themselves.

Our people will never surrender their sovereign powers into the hands of any coterie of men, whether so-called statesmen or financiers. This is the fundamental error which the gold-standard clique have been making in this country. They think they have to do with Hindoos or Egyptians, whose habit it is to sit in silence and upon hearing their doom pronounced accept it not only without resistance but without remonstrance.

The Constitution, as I have said, made separate and apart the executive, the legislative, and the judicial functions and offices of the Government. It made them coördinate and independent of each other. To suppose that the framers of that great instrument intended that the Executive should have policies of his own to enforce against the convictions of a majority of the lawmaking branch of the Government would be to imply that those great men erred in trusting the making of laws to the wisdom of a large number of men, selected to represent their several localities and States rather than the opinions or caprices of one man. If the members of those Houses were to accept the dictum of the Executive, it would have been better to provide that the will of the Executive should be the law of the land.

THE CLASS OF MEN WHO LEAD THE GOLD-STANDARD PRESS.

With a few honorable exceptions the daily press of the great banking centers of the country have in this contest, as in all monetary contests since 1873, pursued like sleuth hounds the advocates of silver money. No language has heen found too violent, no abuse too gross, no epithet too scurrilous, no imputation too unjust, no falsehood too flagrant, to be applied to the motives and conduct of those who stand here contending for the rights of the plain people and against the perpetration of a monstrous wrong. Who are the persons who thus assail us? It is well known that the brainy men who are employed upon newspapers have nothing whatever to do with fixing the policy of the paper on which they are employed.

Many of them are with us heart and soul in this great contest, but. like soldiers on duty, they obey orders, whether those orders have or have not the approval of their judgment. The policies of great modern newspapers are fixed and directed either by syndicates of wealthy proprietors, in some instances leading bankers or stock operators, or by single millionaire proprietors, who prefer to spend in Europe in an anti-American environment the money they make while figuring as "editors" of newspapers published thousands of miles from the scene of the editor's lodgings. Even when the so-called "American" proprietor of some great city newspaper remains at home and attends to his business, he is well described by Mr. J. W. Keller, the president of the New York Press Club, who ought to know whereof he writes, in the number of the New York Forum for August last, as follows:

He knows how to buy and sell, whether it be white paper or ink or brains. The fact that he may not know the first rudiments of the English language, that sociology and political science are as incomprehensible to him as the hereafter, does not affect the case at all. He can hire men at so much a week for all that sort of thing, just as he could hire skilled artisans if he were a manufacturer of machines, or railroad cars, or jewelry. Editorial writers, or copy readers, or reporters are so numerous and so cheap that his whole editorial staff can be changed in a day if he deems it necessary. He despises the literary accomplishments of these men, and therefore the men themselves, because he measures all men by their ability to accumulate money, and can not see advantage in anything not convertible into money.

These men may be his superiors in all but money getting, but they are his docile hirelings. To him the business end of a newspaper is of chief importance, and if he does not attend to that himself he is willing at all times to pay more for a business manager than for an editor-in-chief. It is a favorite boast of one newspaper proprietor of this stripe that he can hire all the editors he wants for $10 a week. This, of course, is a slight exaggeration, although the average pay of the writers in his employ does not greatly exceed that sum; but his theory of journalism that newspapers are made in the business offices and that the editorial departments are mere adjuncts for carrying out money-making schemes hatched elsewhere is widely shared.

The domination of the business office over the editorial department is a development of recent years; a natural consequence of the gradual evolution of journalism into a purely money-making business. There was a time when the salaried editor despised the counting-room. His idea of a newspaper embodied a loftiness of aim which could not be affected by any sordid motive. He held that there were certain reservations on which the business office should not trespass. An advertisement should appear in the unmistakable form of an advertisement, and in the column set aside for advertisements. Editorial opinions should be above and beyond all considerations except those of right and justice and the general good. The presentation of news should be unbiased and uncolored, the single unvarying rule being to give the facts as nearly as possible.

In short, to borrow the words of a distinguished New York editor, there should be "no sailing under false colors." This was the old theory, the high chivalrous declaration of journalistic principles which the new school of journalism, the purely business school, is willing enough to accept, even if it does not always practice it, except in the matter of advertising. In that the new school has wrought such a revolution that the salaried editor now lends himself cheerfully and even enthusiastically to the attainment of the one objective point, money getting.

The old school pretended to sell nothing but a certain space allotted to advertising. The new school can see no reason for such restriction. If it is right to sell advertising space in one part of the newspaper, that a man may puff his wares, why not in another? This wholesale barter does not necessarily mean debasement, but it does mean that journalistic traditions are shattered, and that in the new school the business office is paramount. Therefore, if a man would be successful to the highest degree in journalism to-day he must know the business office. Without this knowledge he may attain success as an employé, but never as an employer. Without it he can never hope to attain the ownership of a newspaper.

Working newspaper men, workers in the literary vineyard, have given too little heed to this important fact. They have been too long and too thoroughly saturated with contempt for the business office. If the money getter of the journal despises them for their lack of thrift they doubly despise him for his methods, even when their sustenance depends upon his success. This has been chiefly because they have had no business training. They are dependent from the beginning, and their dependence increases with their years of service.

A well-known editorial writer now in New York once made a contract with a Boston newspaper owner to occupy the chair of managing editor for five years. His compensation was to be a fixed weekly salary and $5,000 worth of stock at the termination of the contract. After he had served three years the proprietor of the newspaper made things so uncomfortable for him that he offered to leave if $3,000 of stock or its equivalent were given to him. "You can get out now," said the proprietor, "without any stock or any equivalent." "But," said he "my contract calls for the stock, and I demand it." "Take your contract to a lawyer," said the proprietor, "and let him see what it is worth."

The proprietor thus becomes a sort of despot at whose feet his vassals sue for favor, and to influence whom plots and counterplots are made until the honest, straightforward, guileless man is so sick of such underhand work that he is all too willing to quit the contest and seek some other field. Hence it is that the best places are not always held by the best men. The courtier is often more successful, temporarily at least, than the journalist.

It is not necessary for me, Mr. President, to add to this description, nor to enlarge upon the herculean task which the masses of the people will always have before them when they attempt to right any public wrong whose perpetuation appeals equally to the cupidity and the ignorance of the men described by the able journalist whom I have quoted.

Fortunately for the liberties of the people of this country, the men thus described are few. Their example, however, and the influence of their journals doubtless affect to a greater or less extent men who have not taken the pains to inform themselves of the claims of bimetallism from sources friendly to that system. They have formed their opinions of it from the great metropolitan dailies, which, in view of the location of such papers in great banking centers, they suppose must have analyzed the question. They have been advised thatthe question was one that concerned only miners of silver. Thus many earnest minds among the journalists of the country, in the multiplicity of their labors and the daily and hourly urgency and pressure of an exacting profession, have not been able to give the subject the time and thought that it deserves. It will not always be so. The great body of the press of the country, with the exception of the great city dailies, which will always be the allies of the banks, will in time be found ranged on the side of the people.

THE INVESTMENT OF FOREIGN CAPITAL IN THE UNITED STATES NOT A BENEFIT BUT AN INJURY TO OUR PEOPLE.

The recent panic in this country has been ascribed to a great variety of causes, some of which, with the permission of the Senate, I shall examine.

The New York World of August 1, 1893, said editorially that the fright which caused the panic began with the foreign investor. It is not denied that at the very time that the foreign investor was so alarmed with reference to the class of money that he should receive from the United States there was in this country more wealth than ever before in its history.

Are we to understand that the legislation of this country is to be in the interest, not of the people of the United States, but of foreigners?

Is the prosperity of this country to depend upon a lot of idle fellows who live in some other country, for whom we must provide investment schemes upon which they may make a profit? What, after all, is it that brings prosperity to a country? Is not prosperity present when all the people are at work with hand and brain? The real source of wealth is the productive energy of the people. The policy that will keep all our people at work will develop the country without the aid of foreign investors.

The theory of these foreign investors is that in this new country great numbers of our people should be idle in order that the foreign investors may be able to send their money here for investment. If, as is constantly asserted, we have enough money in this country, why do we want more? And if we have *not* enough of our own money, why should we not have enough? The position of the bimetallists here is that we have not enough, and that we should have enough of our own.

With proper monetary and industrial policies in this country everybody would be at work. Were all at work, they would be engaged on the best ventures we had. This would be the maximum of effort, and from it would result the maximum of wealth, prosperity, and national content.

This exploitation of our country with foreign money simply means that schemes are gotten up here to induce foreigners, who do not understand all the conditions existing on this side the ocean, to invest their money in enterprises that are not sufficiently good to warrant wise men among our own capitalists taking hold of them. When sound investments are found here our own capitalists do not hesitate to engage in them.

Were all our people occupied, a foreign investor, in order to make a profit on the money he sent in here would be obliged to send on the same ship with the money a number of foreign workmen upon whose labor the expected profit could be made. Inasmuch as the most profitable enterprises would already be absorbed by our own people, there would be nobody upon whose labor the foreigner could make a profit unless he sent in *men* as well as money. This would mean the sending to this country of hordes of the lowest order of foreign contract laborers, unacquainted with our language and institutions, and not coming here by reason of the development in them of that aspiration for political freedom which makes the only sure foundation for citizenship in a self-governing republic.

If all our people are usually at work, as is claimed by the gold-standard champions, of what use would it be to bring into our country more money? In order that such money might be put to use our people would need to be diverted from their accustomed occupations—from those to which their lives have been dedicated and in which they are prospering. They would need to be turned into new and unaccustomed avenues. In this there would be great economic waste. A man is most useful and most happy when in the vocation for which he has been trained—the vocation of his choice and of his youth.

It would be much better for us, instead of anticipating what this country may require a generation hence, to attempt to build up communities in reasonable proximity one to another, and develop those to the utmost of our power, instead of building railroads prematurely which are to languish for a generation or more—much better to get all our domestic capital employed and to maintain our own investments in high efficiency than to invite hither the money of foreign investors, and thus throw away much of our prosperity, if not also much of our independence. We should not be dependent on foreigners for the money necessary to make exchanges among our own people.

In a work on the Use and Abuse of Money, by a lecturer at Cambridge University, England. Dr. Cunningham, the apposite remark is made that foreign investments "*do something to break down the strong nationalism of old days.*" There can be no doubt of this, judging from the awe with which the New York bankers, brokers, and newspapers look upon these foreign investors. They regard the home investor, in comparison, as nobody—as indeed no investor at all—because *his* money goes into enterprises that employ *labor*, while the foreigner employs the stockbroker. The "workingman" whom these people have in view is he who exhausts himself daily shouting in the pit of the New York Stock Exchange. His "compatriot," as he may be called, the "foreign investor" of Great Britain, is well characterized by the same author in the following words:

He may be prepared to join in an outcry against the manufacturer who sends improved patterns of guns to a rival power, say to Russia. But he would feel no scruple in *lending his capital* to Russia, and thus giving that rival power the means of purchasing the improved arms. There is no difference between the cases.

These gamblers engage in a business for all it is worth, and they do not care who or what is hurt, whether their own country or any other.

Instead of this foreign money being borrowed to develop, as is stated, the national resources of the United States, most of it has been borrowed for the purpose of developing the personal resources of speculative adventurers, who have been able to obtain control of franchises and privileges for enterprises which anticipated by many years the needs of the people, and on which these promoters issued bonds for fifty to a hundred per cent more than the cost of the enterprise. Of this amount large bonuses were given to the foreign investor. Hence almost every corporation is enormously overstocked, and the securities as a whole upon which the people are paying interest represent two or three times the money actually invested.

It were much better for our people if the foreign investor kept his money to himself, or invested it elsewhere than here. For all the purposes of rational and natural development in the United States, our own investors and men of enterprise would, under proper conditions, supply all necessary capital. In such cases the interest paid upon the investment, besides representing only the normal cost of the plant, would remain in the country. Under present conditions the interest is taken away by the foreign investor, only to be brought back for investment in some new speculative scheme, which also anticipates by many years the natural demands of the community, but upon which the people are constantly taxed to pay interest—so that they are *compounding the interest* on these foreign investments.

This course will, if the gold standard be proclaimed here, continue until these foreign investors will have our people as they have the people of many other countries—in a condition of vassalage.

The importance to the United States of the money of the foreign investor is a mere bagatelle in comparison with the importance of a system of money which will maintain justice between man and man. The sooner the people of United States learn to do their own work the better, including the work of supplying themselves with their own money; to do this as the country needs it, and in quantities sufficient to maintain all our industries and keep prices firm.

It is very humiliating for a great country like the United States to say that it must adapt its financial system to a condition in which it can borrow money. This country does not need to borrow money. What would be thought of the owner of a vast and splendid estate, whose sole and constant aim it was to be always borrowing money that he did not need? Would it not be an impeachment of his judgment and his common sense? Imagine a man rich beyond the dreams of avarice, yet wringing his hands and crying in despair, "What shall I do if I can not borrow money?" And borrowing money, too, upon conditions that in a subtle and unperceived way would eat up his property by reason of the increasing value of the money unit.

When it is said that if we do not have a gold standard the foreign investors will not buy our bonds and securities, let me inquire what they are going to do with their money? Do they refuse to buy the securities of any other country or to invest their money in any other country in which there is to be a profit made? Not at all. They have so plundered their own country that they can not invest profitably there. Prices there are falling lower and lower and driving more and more money out of England for investment abroad.

Were our money national instead of international, and foreigners then wished to invest in our securities they could do so with perfect freedom, but they would be oliged first to purchase our money, either with commodities or with the money of their own country, and with our money buy our securities, a process which would in nowise inflate our currency. Then when they wished to realize on their investments and withdraw, they would have to sell in our money, and with that money purchase the money of their own country.

In that way they could not perpetrate an injustice upon every producer and every debtor in the United States—upon millions of men who have nothing whatever to do with the investments of foreigners, but who, whenever money is taken out of our country to pay for bonds forced upon our market by monetary exigencies arising abroad, have to pay a premium upon gold in the form of a fall in the prices of the products of American labor—a fall which by bringing the producer to poverty and keeeping him there works advantage to no human except the few men who lend money.

It should be enough that the United States furnish to foreigners not only the opportunity to invest their money at rates of interest higher than they could obtain in their own country, but also the equal protection of our laws—protection equal to that afforded to our own citizens—without permitting the foreigners to disturb and disarrange all the business of the country by inflating the currency when they buy our securities, and contracting it when they sell, thus destroying all the equities in hundreds of thousands of time contracts—contracts involving millions upon millions of dollars—and distorting justice in the innumerable debts due by and among our own people.

Has the American farmer whose farm is mortgaged, or the American mechanic who is buying a home on installments, anything to do with these "foreign investors"? Why should either of these be made to suffer by reason of the investments of such foreigners, either here or elsewhere? When it is undeniable that the value of the unit of money depends upon the number of units, is it wise to permit foreigners at their will to throw, say, $100,000,000 of money suddenly into our country, thus inflating our currency and putting up prices, and then, when prices have gone up, or whenever financial trouble threatens in Europe, to sell out the American securities, and take away the $100,000,000 as well as the profit on the investment, thus alternately inflating and contracting our money volume to the great injury of our people.

When bonds are sent here and gold is taken out by the foreign investor to enable him to meet pressing demands at home, it is sure to be again sent here when the pressure there is over, to be reinvested in the same or similar securities, only to be again taken away as soon as the necessity arises for its European owners to meet obligations in countries other than the United States. Had we a money of our own that was not international in character we should be able to open up railroads and to undertake all other enterprises as they were currently needed for the national progress of our country, and nothing is gained by undertaking such enterprises prematurely. No enterprise should be put upon the market except as it is needed, and with a national money sufficient in quantity there would always be enough of it among our own people to enable them to undertake projects that would pay a fair return to capital.

Had we really to depend upon foreigners it would be a sad commentary upon our population and our institutions—70,000,000 of people with whom no like number anywhere in the world can compare for energy, industry, ingenuity, intelligence, and aspiration, and with a form of government adapted to the highest development of man and without the traditions that tend to petrify the conditions of the people, as in the civilization of older countries.

The gold newspapers think a clear case is made in favor of the gold standard when they assert that the panic was caused through lack of good opinion which foreigners entertained of our country, because of a fear that we might go to a silver basis. Well, Mr. President, if we are to legislate for every foreigner who lacks good opinion of the United States we shall have a good deal to do. The creditor classes of Europe never had any opinion of this country, its people or its institutions. They see nothing good in this country except when they can make a profit by sending their idle money here. When they concern themselves at all about our affairs it is to malign our people and condemn our institutions.

There is, therefore, no reason why we should do injustice to our own people in order to secure the good opinion which the "foreign investor" may entertain of us or our country.

[At this point the honorable Senator yielded the floor for the day.]

Monday, October 30, 1893.

Mr. JONES of Nevada. Mr. President, everywhere we hear it echoed and reëchoed by the gold-standard press of the banking centers that the people demand the repeal of the purchasing clause of the so-called Sherman law. I deny most emphatically that the people demand it. The last statement that we had from the masses of the people of both the leading political parties was contained in the platforms of their national conventions. The orders of the people, there given in unmistakable terms, were *to continue the use of both metals* as standard money, and it was not even hinted that the use of either was to be dispensed with.

THE PEOPLE HAVE NOT DEMANDED THE REPEAL OF THE SILVER-PURCHASE LAW.

The silver plank of the last Republican national convention reads as follows:

> The American people, from tradition and interest, favor bimetallism, and the Republican party demand the use of both gold and silver as standard money, with restrictions and under such provisions to be determined by legislation as will secure maintenance of the parity of values of the two metals, so that the purchasing and the debt-paying power of the dollar, whether of silver, gold, or paper shall be at all times equal. The interest of the producers of the country, its farmers and its workingmen, demand that every dollar, paper or coin, issued by the Government shall be as good as any other. We commend the wise and patriotic steps already taken by our Government to secure an international conference to adopt such measures as will insure a parity of value between gold and silver for use as money throughout the world.

The paragraph of the Democratic platform which relates to silver is as follows:

> We denounce the legislation known as the Sherman act of 1890 as a cowardly makeshift, fraught with possibilities of danger in the future, which should make all of its supporters as well as its author anxious for its speedy repeal. We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage. but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value, or be adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity of the two metals, and the equal power of every dollar at all times in the market and in payment of debt; and we demand that all paper currency shall be kept at par with and redeemable in such coin. We insist upon this policy as especially necessary for the protection of the farmers and laboring classes, the first and most defenseless victims of unstable money and a fluctuating currency.

Upon these declarations of principle by the leading political parties we assert that the masses of both parties are with us. We deny that the gold-standard press correctly represents the situation when it asserts that they are against us. Has there been some census of opinions taken since these official declarations were made, by which it has been ascertained that both parties and their voters have abandoned their platforms? Is there some new "Nickel-in-the-slot" machine of which we have not heard, by which the advocates of the gold standard can take a census of the opinions of the people without the knowledge of the silver advocates?

The Republican plank states that "the Republican party demands the use of both gold and silver as standard money," while the Democratic platform announces that "We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage." These declarations must be taken to be and to mean the wishes of the voters of the United States, at least of the respective parties which these opinions were supposed to represent.

The proposition now before the Senate is intended to do away with the use of silver as standard money. It is therefore directly in opposition to the course recommended by these platforms. And while the Democratic platform demanded the repeal of the Sherman law, it was not because that law went too far, but because it did not go far enough towards free coinage—it was not because too much but too little silver was put out under it. The clause which denounced that law must be taken in connection with the clause which declares that the Democratic party was in favor of both gold and silver as standard money, and in favor of the coinage of both gold and silver without discriminating against either metal.

The platforms of both parties agreed in calling for the use of gold *and silver*—not of the gold and silver merely that had been coined, but for the use of gold and silver both in the present and in the *future*, as the material of money.

The proposition now before the Senate is diametrically in opposition to both platforms, and in the very teeth of their distinct declarations. It is wholly against the wishes of the people of the United States.

Undoubtedly the bankers, brokers, and money-lenders want it, and no doubt they think *they* are the people. In the words of Tennyson:

> They take the rustic murmur of their burg
> For the great wave that rolls around the world.

Counting all the people whom the bankers have in the toils—

who feel that *they* must dance when the bankers whistle—and the people who, for want of thought, adopt any opinion which bankers promulgate, it is my solemn conviction that not 3 per cent of the people of the country demand the passage of the measure before the Senate. The great majority of the people—the great producing classes—are in favor of silver money, but they have no great city newspapers to speak for them and no professors of political economy to propound learned and sophistical opinions for them. *They will speak for themselves on election day.*

The law which it is attempted to repeal has upon the distinct acknowledgment of the Senator from Ohio [Mr. SHERMAN] himself, saved to the people of the United States millions of dollars in sustaining the prices of the products of their labor at a time when, without it, a decline enormously greater would have taken place in those prices.

If it be a correct policy to cut off from the people the limited supply of money which the Sherman law has been furnishing, why have our people been coining or issuing money in the past? The conditions which demanded an addition to our money volume fifteen years ago—are they not continuing conditions? Have our people abandoned the production of wealth? Has our population stopped increasing? But it is said that the continued purchase of silver and the issuance of these Treasury notes based upon the purchases of silver constitute a menace to our gold reserve. These Treasury notes have the gold value of the silver bullion behind them, and, as is also said, the whole credit of the Government behind them. Yet they are said to be a menace to the reserve of gold in the Treasury.

I hope that some gold-standard Senator will interrupt me to explain how any other kind of money except actual gold can be issued that will not equally be a menace to that reserve.

And inasmuch as those Senators do not propose to issue a money that will be a menace to that reserve, I should like to inquire what sort of dollars they do propose to issue? Or do they not propose in any way to increase the volume of money in a country in which population is increasing at the rate of 2½ per cent per annum?

Unless we are to have the actual gold, is there any form of dollar that will not be a menace?

A dollar issued under the Sherman law can be no more of a menace than any other form of dollar, whether issued by the Government or a bank.

The addition to the money of the country of a monthly sum being a menace to the maintenance of the parity between gold and other forms of money, it must be the intention of the gold-standard Senators to altogether prohibit the increase of money in this rapidly growing country. That certainly is a most extraordinary proposition.

BOND ISSUES.

The proposition to issue bonds with which to obtain gold simply demonstrates that those who propose it do not understand the conditions under which gold can be kept in a country. When gold goes out of this country it goes because the prices of commodities internationally dealt in are, all things considered, higher here than in other countries having the gold standard. It is therefore the prices of commodities that will dictate whether gold is to go out of this country or remain in it. If those prices are falling rapidly in gold-standard countries it would be as vain to issue bonds, in order to bring gold here, as it would be to attempt to maintain a higher level of the ocean at New York than at Liverpool by pumping water out of the one harbor into the other.

I will venture the statement that if the United States Government were to-day to issue $500,000,000 of bonds, while they would all be taken by European bankers and money-lenders, it would be on condition that the gold should be demanded in installments only and at considerable intervals of time apart. Suppose they sent us, say, $50,000,000 as a first installment. This would tend to depress prices abroad and raise them here, with the result that our importations would increase, and we should shortly send back to Europe in payment for those goods the very $50,000,000 we had received for the bonds. The Europeans would then pay the second installment on the bond contract with the same fifty millions with which they had paid the first.

And so the performance would go on until the entire five hundred million had been supplied—all with $50,000,000 of actual gold, while our taxpayers would be saddled with interest on the entire bond issue. Some people appear to think there is some neutral ground stored with gold—some great vault of the metal awaiting an issue of our bonds.

The fact is, if a few million dollars in gold were taken from Europe prices would fall. Mr. Goschen, when chancellor of the exchequer of Great Britain, stated in the House of Commons that he was ashamed to confess that the outgo of a million of pounds sterling of gold strained the whole financial fabric. They are strained for gold now. The very moment we take a few millions of it there is danger of a panic. If I am correctly informed, they are on the very edge of a panic now. We might issue bonds under those conditions until this country were $10,000,000,000 in debt, yet we should permanently have no more gold than we have now, because as fast as we took gold from them their prices would fall while ours would rise, and out our gold would go. If you use international money you must content yourselves with international prices. It is impossible to maintain gold here under any other condition.

If we are to enter upon a struggle with Europe for the possession of gold the only course for us to pursue is when we get possession of it to lock it up, as it is practically locked up by Russia, and practically locked up by Germany, Austria, and France. But for us to think of maintaining a range of prices here higher than the European range—for us to attempt to establish a value of the gold unit here different from the value of the gold unit all over the western world, and at the same time retain gold here, is preposterous. We might as well attempt, as I have said, to establish two levels to the waters of the ocean. It is utterly impossible of accomplishment. There would be an irresistible tendency toward equalization of international prices.

The banks want permission to issue their notes up to the par of the bond. It is supposed that this class of money would not drive out gold and would not endanger the reserve. But at all times it is *the movement of prices of commodities internationally dealt in that makes it necessary for gold to be sent from any one country to any other*. Any increase in the quantity of money—in the

785

number of dollars—in the country, of whatever material those dollars may be composed, will have the effect of raising prices to a level higher than the level abroad. An increase in the number of bank notes placed in circulation, would have precisely the same effect in sending out gold that an increase of Treasury notes issued under the Sherman bill or any other form of money would have. Gold would be doing no more service in this country than would a money exclusively national, and therefore the cheapest and most advantageous thing for merchants to send out in payment for imports, would be gold rather than products, because the range of prices of products of international trade would be higher here than abroad.

THE NATIONAL BANKS AND THE PANIC.

The course of the national banks in the great money centers during the past summer fully justifies the fears which the people have long entertained of them. As soon as they discovered that the Fifty-third Congress contained a majority against the repeal of the Sherman law or any clause of it they undertook to create a sham public opinion which, they shrewdly opined, would by many be mistaken for real public opinion in favor of repeal. This they could readily do by marshaling, *not* the great mass of the producers of the country, who are under no obligations to the banks, but the army of middlemen and nonproducers who have intimate relations with the banks and who are willing to sign any petitions which the banks may suggest. Not one of those petitions states a single reason why the Sherman law should be repealed, except that what they called "want of confidence" existed which, they professed to believe, but show no grounds for believing, grew out of the Sherman law.

Having determined to secure the repeal at all hazards, they hit upon the cruel device of limiting and restricting credit—of withdrawing from the business men of the country a certain proportion of the accommodation which they had theretofore been in the habit of granting. While doing this they took care to pass the statement around that there was plenty of money in the country and that all that was wanting was confidence.

The banks thought it best to give the country an object lesson in the form of a panic, intending that it should go far enough to secure repeal, but no farther. They did not understand that an economic cause determining a crisis had for some years been in operation, namely, the increase in the value of gold. The bankers ought to have known this fact, but they thought the change in the relations between gold and commodities was not a rise in the value of gold but a fall in the prices of commodities and of silver, which metal had apparently fallen in relation to gold in about the same ratio that commodities had fallen. They thought they would set in motion a small fright, a bankers' "ghost dance," to which they would invite their brethren, the brokers and members of the chambers of commerce. The ball lasted much longer than they intended, for the reason I have mentioned, that they had not reckoned with the factors that constitute a panic, which were ready at any moment to create a crash on the occurrence of the first deranging incident.

With the latitude now allowed by law to the banks to lend the money of their depositors to the extent of from 75 to 85 per cent of the deposits, there can be no security against the periodical recurrence of panics. The law should require them to maintain a much larger reserve, and should provide for the strictest surveillance over them, so that the people may have some assurance that the provisions of law would be respected. If this be not done banks will always overloan, as they have been doing, in order to make dividends for their stockholders. Whatever the volume of money might be, a crisis could be brought about if the banks persisted in overloaning. Their book credits serve to put up prices of commodities and property to a point far beyond the range naturally consistent with the quantity of money in circulation; and when the crescendo movement has continued to the danger line and liquidation is required, either by depositors, from their banks, or by the banks from those who have borrowed from them the money of the depositors, the entire superstructure of credit begins to totter and finally comes to the ground, the quantity of money (upon which alone credit must rest) being insufficient to support it.

There are in the United States to-day about ten thousand banks, including national banks, State banks, trust companies, private banks, and savings banks. At the end of 1892 they had in all deposit liabilities amounting in round numbers to $5,000,000,000. to meet which they had a total sum in cash amounting in round numbers to only $500,000,000.

Here were ten thousand institutions holding the money of the people *subject to call*, yet lending it out *on time* to the extent of 90 per cent, keeping on hand but 10 per cent to meet all demands.

It is manifest that in such circumstances the slightest untoward incident might cause the entire volume of credit to collapse.

DID THE PEOPLE HAVE A DISTRUST OF TREASURY NOTES OR SILVER?

Among the reasons which the banks hastened to assure us were responsible for the panic was one to the effect that the people were afraid of the quality of our money. This was transparently absurd, as the facts of the situation subsequently demonstrated. When the New York bankers advanced this as the reason for the panic that had set in, they could not foresee what was to happen. It did not occur to them that the money which they were trying to disparage would soon bear a premium of 3 per cent over gold in the streets of New York. Yet such was the fact. During the progress of the panic I asked a great many persons in New York City whether they entertained any fear of the quality of the money they held in their pockets, and I could not find a man who expressed any such fear. On the contrary, there was perfect confidence in the quality of the money. The only fear expressed—and that fear was well-nigh universal—was that the banks did not have the money with which to meet the demands of their depositors. And in entertaining this fear the people were perfectly correct.

Nothing can better illustrate the hollowness of the pretense that the panic was caused by the people's distrust of the quality, or kind, of money they were to receive than to inquire whether the firms that failed would not have been glad to pay their debts in any form of legal tender—anything that was money within the United States. Had they been able to get together a sufficient amount of such money to meet their obligations, as those obligations matured, would they have gone into bankruptcy? Was their failure a consequence of their impossibility to get gold? Would not their creditors accept payment in the class of Treasury notes issued under the so-called Sherman law? Does any one deny that those notes became more valuable from month to month, and that the last one issued had more value than the first? Would not the last buy more goods than the first?

Let me ask any Senator who favors this bill whether he does so upon the ground that such notes are diminished in value, compared with those which were issued originally, or diminished in value as compared with gold? If so, how does the Senator prove that the notes are diminished in value? No such proof can be obtained, for the reason that it does not exist. On the contrary, there is ample proof that the last of such notes issued would buy more of all the commodities of life than would the first. This was true not merely after the panic, but before, and even before the President announced that he would pay those notes in gold.

We are told that the people took their money out of the banks because they were afraid the country was going to a silver basis. This explanation does not explain. If we were going to a silver basis, what good would it do them to take their money out of banks? The money they took out of the banks and kept at their own homes or locked up in vaults is the very money they would have when we should arrive at the silver basis. Very much of it was either actual silver or paper based on silver, and, under the law, not redeemable in gold. The fact is that they took their money from the banks, *not* because they were afraid we were going to a silver basis, but because they were afraid the demand for money with which to liquidate might be so great that the banks might fail; and when a man has his money in a bank it is his right to get it if he chooses.

DID THEY FEAR A SILVER BASIS?

The workingmen of this country are ready to deliver the products of their labor for the money of the United States. Has anyone heard of any man in search of work who made it a condition-precedent to his agreeing to perform such work that the money he might be tendered for his services should be some special form of money? I venture to say not one such has been found.

I have yet to hear of any manufacturer or workman, or person engaged in any business whatever, refusing to exchange his services for money simply on the ground that he was afraid the money might not be as good as gold. No man has demanded any particular kind of money.

If I had a dollar that was not advancing in value, and could exchange it for a dollar that was constantly advancing, would I not quickly do so? What, then, can be said of people who foolishly refuse to go to the Treasury to exchange dollars which they are informed by the bankers and the brokers, and the newspaper editors, of New York, was liable at any time to depreciate to the extent of 40 per cent. Are our people lacking in intelligence? Can they not read (and do they not read) the newspapers? Is there a country in the world in which the people read newspapers and everything else to the extent that they do here?

If the masses of the people, say of New York, had had any distrust of silver certificates, silver dollars, or Treasury notes, and preferred gold, would they not have rushed in thousands to the subtreasury with their silver certificates or Treasury notes in order to get gold for them?

If I have a dollar that to-day will buy a bushel of wheat and which I suspect may to-morrow or next week buy but two-thirds of a bushel, if I can exchange that dollar for one that will be sure to advance in value will I not make the exchange as quickly as possible? Is it to be supposed that I should wait very long before applying at the Treasury for the dearer dollar?

The withdrawal of money from the banks does not show a distrust of the kind of money. It only shows a distrust of the banks. Had it been a distrust of the kind or quality of the money, there would not have been a dollar of gold left either in the banks or in the Treasury. The people would have taken the paper or silver money immediately to the Treasury and demanded gold much faster than it was possible for the Treasury to get the gold or pay it out. Yet there has been no gold taken from the Treasury, except for shipment abroad. It is therefore absurd for the bankers to claim that there was any distrust of any form of our money.

Instead of the people of this country going to the subtreasury with Treasury notes to be changed for gold, it was only the agents or brokers of foreign governments who went there, and they went for the purpose of sending the gold out of the country. They ought not to have been accommodated. The law had provided that the Government had the option of paying in silver whenever it was more convenient to do so.

THE NATIONAL BANKS DETERMINED TO SECURE A MONOPOLY OF THE ISSUE OF MONEY.

The repeal of the Sherman law, if accomplished, will be but one-half of the scheme of the banks. They desire to get silver first out of the way. The project is, and the determination of the banks is, that they must be permitted to have a monopoly of the issue of money. They insist that the Government shall cease the issuance of money and hand over the prerogative to them. By the Constitution the right to coin money was given to Congress. The bankers do not believe that was a wise provision on the part of the framers of the Constitution, who should have devolved this duty upon the banks.

When silver is out of the way, they will acquiesce in the views of the producers of the country that more money is necessary, and will demand an issue of several hundred million dollars of bonds in order that the country may be enabled to have a sufficient volume of money to do its business and maintain some degree of prosperity. They hope and expect that by the time they are ready to push this demand the distress of the country will be so great for want of money that their wishes will be complied with.

There is no doubt that the distress of the country will be great—for want of money. Distress will continue until relief be brought by a sufficient supply of money—not, however, bank money, but legal-tender money. It is useless to hope for permanent improvement of industrial conditions—useless to expect that the great masses of idle men will find permanent employment—until a volume of money shall be issued sufficient to arrest the pernicious fall of prices, and give to employers of labor and projectors of great enterprises the reasonable assurance that by employing workmen they will not be losing money. This new money can not be gold. We already have our distributive share of the gold of the world, and if we temporarily get more we can not keep it. Silver must therefore be remonetized, unless we are to resort altogether to paper money. The country must have money, and there appears to be no alternative for quartz mills except paper mills. This may be an unwelcome dilemma to the national banks and the creditor classes in general, but if industry is to be revived and maintained in this country it is a dilemma of which those classes must accept either the one horn or the other.

If the Government must issue bonds—for which, in my opinion, there is no necessity—why should it not take the bonds into its own possession and deposit them in the Treasury of the United States as security for *Treasury notes to be issued by the Government* without expense to the people? In that case the Government would have the advantage of saving the interest on the bonds while they were locked up in the Treasury, which could not be saved if the bonds were placed there as the property of the banks.

We do not need to issue bonds for gold. We do not need to sacrifice our people for gold. This country does not need to depend upon any other country for money. By reliance upon ourselves, our own resources, and our own people, any development that is necessary in our country will be made without difficulty. We do not need to borrow from other countries for the purpose.

For, after all, what is it that is necessary for development? Nothing but labor and the products of labor. We have enough *men* and enough *material* for all rational and natural development. All that is necessary in addition is to have a well-regulated system of money of our own.

HISTORICAL PARALLELS.

I have referred to the effect which the demonetization of silver is destined to have upon the population of the mining States of this country. The cunning, the cruelty, and the unwearying vigilance of the creditor classes in adapting means to ends, and in shaping events to fit their purposes, is well illustrated in the genesis and progress of the movement for demonetization. It is not, however, without historical parallel.

We are told that the Emperor Nero, having himself set fire to a portion of the city of Rome, turned the fury of the populace against the Christians by ascribing the act to *them;* by which means he justified their massacre. This cruel edict of the Roman Emperor is to be outdone in cruelty by the edict to be pronounced here. The bondholders and money-lenders of Europe and their pliant agents in the United States, the national banks, first secure the demonetization of silver, thus enormously increasing the value of gold, and when as a natural consequence gold appreciates in value, making the gold price of silver bullion fall, they demand the destruction of the American silver miners, and our President and lawmakers acquiesce, justifying the decision by the fall in the gold price of silver bullion—a fall which the creditors themselves have caused, though no *silver dollar* has fallen by as much as the value of the one hundredth part of a cent, but, on the contrary, as I have said, has, during the late panic, been at a premium over gold!

However, the edict has gone forth. The vote soon to be taken in this Chamber will give effect to the greatest and the saddest immolation of human beings which history has ever recorded. How can American Senators, through whose veins there courses the warm blood of a common race, consent to record so monstrous a malediction against a million of their fellow-countrymen?

Of what use to man is intellect, if he will not use it to analyze and examine a question involving the happiness of all his countrymen—nay, of the whole human race? Of what use is conscience, if it be overshadowed by cowardice? Among the gods of the ancient Egyptians, one was preëminent for exacting sacrifices, not of beasts, but of *living human beings.* This was Moloch. It has been supposed he was dead, but that appears to be a misapprehension. Like the *poor*, we have him always with us, and it is largely because of *him* that we have so many poor. The money-lender, "like to Incarnate Moloch," demands as a living sacrifice a million of men, women, and children; and when the victims express a desire to appeal to the intelligence, the conscience, and the votes of their countrymen, Moloch, *the national banker*, declines to permit the appeal to be made. But in due time the issue will be presented to the people, and the national banks will be unable to prevent it. The arrogance of those institutions will be fittingly rebuked.

THE GOLD STANDARD MUST BE DESTROYED.

It is related, Mr. President, of Cato the Wise, that upon a visit to Carthage, observing the haughty and intolerant disposition of the Carthaginians toward the people of his own country, he returned to his place in the senate of Rome, and ever afterwards closed his speeches, upon no matter what subject, with the statement, "Carthage must be destroyed."

This was because Cato knew that if Rome did not destroy Carthage, Carthage would destroy Rome. If the people of this country, Mr. President, do not destroy the gold standard, it will destroy them. Notwithstanding the loud noises of a few newspapers, the masses of the people of the country see that the adoption of that standard is incompatible with their prosperity. It is a well-known fact that for several years every great organization of labor in this country, both of artisans and agriculturists, has declared for the free coinage of silver.

In Congress after Congress, for many years, bills to effect that object have been passed by the people's representatives, but have been defeated by the Executive. The people may for a time be defeated, but they will ultimately triumph, provided they do not wait too long before engaging in the final struggle. Each victory gained by the creditor classes—each successive fall of prices of the products of labor from causes inhering in the money system—will increase the power of the creditors to *extort* and diminish the power of the people to resist the extortion. With the establishment of the gold standard in this country, industry, with accelerated speed, will persist in the downward trend already begun; and it is difficult to predict when, during the descent, the people can find a level plane upon which to rally their forces, face their opponents, and turn the tide of battle.

No matter how low may fall the prices of wheat, cotton, and other basic products of industry, there will not be lacking subservient statisticians and superficial political economists to put forth statements that this result is not from any increase in the value of money, but for various other reasons.

From the fierce onslaughts made upon all who favor a just monetary standard—onslaughts that are no more severe among the creditor classes of Great Britain than among the like classes in the United States—it is evident that the people are to expect no quarter, and that it will become their duty to adopt as a rallying cry, "The gold standard must be destroyed."

THE "GREAT" NATIONS OF EUROPE NOT COMPARABLE IN TRUE GREATNESS WITH THE UNITED STATES.

Those who point to the greatness of European countries, and advise us to follow their example, forget the greatness of the country of which they are citizens. Distance lends enchantment to the view. When they say they want the "money of the world," they mean the little world of Great Britain. They ignore the far greater world of the United States. They fail to note some facts to which I will invite their attention, a few of which I find noted in an interesting work entitled Our Country, by Dr. Josiah Strong.

Our Republic would make sixty States each as large as England and Wales combined; or thirty-one States as large as Italy, or eighteen States each as large as Spain. Take five of the first-class powers of Europe, namely, Great Britain, Germany, Austria, France, and Italy; to those add Spain, Portugal, Switzerland, Denmark, and Greece, weld them all into one mighty empire, and you could lay it down in the United States a first time, a *second* time, and a THIRD time, and then have room to spare.

Lay Texas alone on the face of Europe, and this giant, his head resting on the mountains of Norway, one hand covering London, and the other Warsaw, would stretch himself down over the Kingdom of Denmark, through the empires of Germany and Austria, across Northern Italy, and dip his feet in the Mediterranean. Dakota might be carved into a half dozen kingdoms as large as Greece. Place the 70,000,000 inhabitants of the United States all in Texas, and the population would not then be so dense as that of Germany. Put them in Dakota, and it would not be so dense as that of England and Wales.

In all that constitutes the fundamental basis of the highest development of a people, our soil and climate have been favored by nature. *We can produce everything necessary to the sustenance and comfort of mankind.* Even such articles as nature inhibits in our country, *no gold-standard country can supply to us.* Senators should bear that fact in mind. Our own resources are equal to everything except the products of distinctively tropical countries, *and those are silver-standard countries.*

Above all, we have iron and coal in inexhaustible supply. Iron is mined in twenty-three of our States.

In the work of storing away those elements—the twin bases of enduring power—nature remembered the destiny to which she had appointed this Republic, and gave it many times more than all the other countries of the world combined.

It was the discovery of coal and iron in adjacent fields that first gave Great Britain the vantage ground in manufactures. We have infinitely more coal and iron, and Great Britain has yielded to us that vantage ground. The dominion of manufactures, which the gold standard was expected to maintain for Great Britain to the end of time, has been wrested from her. Our Republic is yet young. Our people are alert, energetic, and aspiring, and do not propose, after a century of independence, to pay tribute to any foreign power - whether the attempt to collect that tribute be by force of arms or by the subtle process of a shrinking money standard. The world's scepter passed from Persia to Greece, from Greece to Italy, from Italy, through intervening states, to Great Britain, and from Great Britain it is passing away; nay, in all that constitutes a dominating nation it has already passed.

The usurers of that country have exploited their own producing classes until, notwithstanding that millions of men are always idle, there is no longer a possibility of profitably using money by their employment. Leaving those millions of their own countrymen to idleness, and to *destruction*—for idleness is the destruction of any people—these British usurers who, like American usurers, know not the name of patriotism—cast their looks abroad, and, after having exploited India, and Egypt, and Argentina, and Australia, and wrought ruin and desolation wherever they went—are now undertaking to exploit the people of the United States. But they will find, Mr. President, that while with the aid of their agents, the national banks, they may have some slight temporary success, they will be doomed to eventual disappointment. The people of this country will now rouse themselves as they never have roused before They will teach the creditor classes of Europe that the center of influence has moved from their environment.

From the dawn of history power has been moving toward the West, "as if guided," said De Tocqueville, "by the mighty hand of God." Still "Westward the course of empire takes its way." Here must it find pause. There is no farther West. Beyond us is the unchanging and unchangeable Orient.

[At this point the honorable Senator yielded to Mr. HARRIS].

Mr. JONES of Nevada. Mr. President, all countries of the world except the United States are countries for the few. Privilege has been so long installed among them—having its roots in the barbaric ages of the past—that it may never come to an end. With standing armies frowning upon liberty, and with the people in practical servitude to the privileged classes, there would seem to be no outlook in that direction. The hope of all mankind therefore abides with this Republic.

For the people of this country to admit, after all the splendid achievements of their history, that they are unable to shape their financial policies for themselves without reliance upon monarchical countries, would be to confess that republicanism is a ghastly failure; that as an instrument for the development of progress and happiness among mankind "government of the people, by the people," can not be compared with government of the people by kings, emperors, or arbitrary presidents; that laws passed by the representatives of a free people, the result of their own intelligence and their own convictions, without duress from any executive, whatever his title, can not be compared in beneficence with laws passed by subservient lawmaking bodies at the dictation of the executive.

The making of such a confession would be a slander upon self-government and upon the people of the United States.

A SHRINKING MONEY VOLUME PRODUCES RETROGRESSION OF CIVILIZATION.

The gold standard, Mr. President, is the standard of privilege. It is a standard of injustice. It can not stand, if liberty is to stand. The proofs of its injustice are to be found by anyone who, with an impartial mind and without prejudice, examines the evidence. But so powerful are the influences behind it that every effort is exerted to make it appear that what are in reality glaring defects are evidences of a higher civilization—as the Chinese justify the torture of their children's feet by claiming that what we call a deformity is in reality a higher development of the line of beauty. They regard the standard of the *shoe* as of greater importance than the standard of the *foot*. This is not civilization; it is barbarism. But in the midst of what even *we* term civilization a shrinking volume of money produces, on the industrial and social body, distortions infinitely more cruel and repulsive.

Without a sufficient volume of money the steam engine, the railroad, the telegraph, and the daily newspaper are in vain. Without a sufficient volume of money every advance in the arts, every addition to human knowledge but adds to the wealth of those already wealthy and to the poverty of those already poor.

History, we are told, repeats itself. Like causes produce like effects, whether upon men or nations. If the gold standard, because it is the standard of contraction, is to be universally established throughout the Western world, the civilization of the Occident will not only be brought to a halt, but will experience a retrograde movement. The records show such a movement to have taken place upon the closing of the ancient mines of Spain and Greece, resulting in the destruction of the great civilization of Rome, ushering in the Dark Ages, and dooming mankind to a thousand years of misery, ignorance, and superstition. Inasmuch as all the annual yield of gold is substantially absorbed in the arts, the vote now to be cast in this Chamber practically closes for all the purposes of money all the gold and silver mines of the world. A shrinking money volume is the greatest agency known to man for the concentration and diminution of wealth and for the increase and distribution of poverty.

Money is indispensable to the just proprietary distribution of wealth. It is as necessary for that purpose as roads or railway cars are for its physical distribution.

The evils arising from an unjust distribution of wealth become more palpable, and, to a free people, more intolerable as knowledge becomes more widely diffused. The higher becomes the intelligence of a people the keener become the pinchings of poverty and the discontent with injustice. To suppose, as many do, that poverty is a necessary concomitant of an advancing civilization is to deny the wisdom which ordained the universe. It is as absurd as to suppose that the slavery of *some* is a necessary concomitant of the freedom of others.

The evils of an unjust distribution of wealth are not evils inhering in progress, but tendencies which, under the operation of a just money system, would be arrested, and which, if society is not to be condemned to retrogression, must be arrested. They are not evils imposed by natural law, but are brought about by violations of natural law. They are evils that do not cure themselves, and unless the cause be removed, must grow greater and greater. Under the gold standard, or under a shrinking volume of any other form of money, the more ingenious and skillful become the masses of the people, the greater becomes the power and wealth of the few.

A MOST SERIOUS FACT ON WHICH TO PONDER.

The world has never had the opportunity of realizing the blessings that would come with a properly regulated volume of money, and has only twice known a sufficient volume of metallic money. Taking even both metals, with the exception of two very short lustrums in history, all periods of recorded time have been periods of monetary contraction. To this statement of irrefragable truth I invite the serious and most earnest thought of this Senate and of the American people. I assert, without fear of successful contradiction. that with the exception of those two brief periods, the metallic monetary supply of the world has, throughout all history, been insufficient to meet the growing demands of the people. The first of these gleams of light came upon the discovery of the American continent, not by reason of that discovery itself, but by reason of the greater discovery which it made possible, namely. the discovery of the great silver mines of Potosi. The second occasion was half a century ago, upon the discovery of the gold mines of California and Australia.

The demonetization of silver concurrently with the falling off in the supply of gold—a demonetization secured in their own interest by the creditor classes of the world—arrested the progress of the most marvelous movement for the enrichment and enfranchisement of mankind that had ever been known. It cut off the world from receiving the full benefit of the yield of silver, which, as if arranged by a special providence, came to supplement and reinforce the dying energies of the gold supply.

In a civilization such as that of the present day, a proper volume of money is as necessary to the freedom of a people as is the ballot.

THE ADVOCATES OF THE GOLD STANDARD DISTRUST THE PEOPLE OF THE UNITED STATES.

Without financial independence political independence is but an empty name. In this Chamber we sound the praises of Liberty. On the Dome of the Capitol we set up her statue. But we fear to trust her. The advocates of the gold standard dare not submit this great question to the enlightened judgment of the voters of the United States. They know they would be overwhelmingly defeated. They have not seen Liberty in all her grandeur. They have seen her through a glass darkly. The beauteous features and benign countenance of the Goddess of the Republic have been obscured from their sight.

But the plain people know and recognize the genius of Freedom. They trust her. None recognize better than they do that it is only under the ægis of Liberty that they can prosper. They will see that the Republic take no harm.

THE ONWARD MARCH OF THE REPUBLIC MUST NOT BE IMPEDED.

This is the only country in the world in which the masses of the people have any chance to improve their condition. Well has Emerson said:

> We live in a new and exceptional age. America is another name for *Opportunity*. Our whole history appears like a last effort of the Divine Providence in behalf of the human race.

This grand opportunity of which Emerson speaks is the very thing of which the masses of the people are now to be deprived. This opportunity means opportunity for advancement—for the physical and mental development of man—for the widening of his social life, the strengthening of his affections, the lifting up of his aspirations. It means the progress of the race up to that high plane of intellectual life in which the physical and the spiritual merge into equal and coördinate dominion. The basis of this opportunity is, and always must be be, industrial prosperity.

The opportunity to which this measure is to give rise is the opportunity of the foreign and domestic creditor to take from the producers of the United States a portion of that just reward to which they are entitled for their labor. It is the opportunity to those creditors to get a bushel of wheat and a pound of cotton—the result of American labor—for a constantly diminishing return. It is the opportunity for which the foreign and domestic money-lenders have been looking with longing eyes for twenty years. At last they see the fruition of their dearest hopes. The deed which in 1873 could be effected only by stealth, and as a consequence largely of the ignorance of members of both Houses of Congress as to the contents of a bill which they were enacting into a law, can now be effected in open day and with full knowledge of consequences. That which for twenty years has been characterized by Senators as a crime committed in the dark, can now be effected by the votes of Senators themselves in the light of a blazing publicity, as an act of the highest virtue and patriotism!

The opportunity which this bill creates is the opportunity to the creditors abroad and at home to filch from labor, by a subtle and cunning device, not palpable to the laborer himself, a portion of his fair reward; and thus to turn the blessings of material progress into curses. By its effect in producing poverty among agriculturists and idleness among artisans it will, if not speedily corrected by the people, be responsible for more misery than any measure ever enacted into law by the representatives of a free people.

To depress by artificial means the prices of the products of labor, from which prices alone can men receive the reward of their toil—what is it but to turn men out of their homes in every State of the Union—to turn the mortgage of the farmer and planter into a deed for the mortgagee? What is it but by means of hunger to goad men to crime, to rob women of the grace and glory of a perfect womanhood? What is it but to pinch with cold and hunger and premature care the otherwise happy morning of childhood?

But, Mr. President, let no man suppose that the iniquitous measure which is now foreordained to pass this Chamber and become a law is to remain long without correction. The people of the United States will never consent that the money volume of the country shall again be contracted, as it has heretofore been contracted, in the interest of sordid greed, for I maintain that the gold standard, as it is understood to-day, is the child of greed and avarice and the prolific parent of panic and of involuntary idleness.

The people understand this question much better than the advocates of the gold standard suppose they do. They will, by an overwhelming majority, rebuke the high-handed, unlawful, and unconstitutional interference of the Chief Magistrate with the rights (and especially the right of conscience) of the members of the law-making branch of the Government. They will overturn the tables of the money-changers and expel them from the temple. They will, if not now, at a time which I believe to be not far distant, embody in the money system of the Republic those fundamental principles of equity and justice by which opportunity will be withdrawn from the usurer and restored to the plain citizenship of the Republic. Then the king, which is the people, will come to his own again.

CONCLUSION.

In my humble opinion, Mr. President, words are inadequte to express the glories of the achievement of man under the stimulus and enjoyment of a perfect system of money—a system in which the *quantity* of money, the number of monetary units, should always and unfailingly keep pace with demand. Imagine a world in which industry ceases to be a game of chance, in which the honors and prizes of life are for the *producers* and the contempt for the *idlers*, in which projectors of enterprises and men of far-seeing vision may with safety enter into contracts requiring years for their completion, with the knowledge that the unit of money will not change a hair's breadth in its measuring capacity between the day of making the contract and the day of its final completion, a world in which the products of industry are justly distributed between employer and employed, a world from which involuntary idleness is banished, and in which hunger is unknown!

What an enormous stimulus to intellectual and moral growth—to the development and unfolding of the spiritual nature of man, would be a civilization in which no willing worker should ever be idle, in which all would be assured, by uninterrupted employment, of the comforts of life, and in which hunger and cold would not benumb alike the body and the soul. We may not see this immediately, Mr. President, but with the growth of intelligence and strength among the masses of the people, and in spite of the opposition and cupidity of the creditor classes, the result will be achieved by an intelligent monetary system scientifically adjusted in quantity to the increase of population and demand. The flow of time in its irresistible current is carrying us rapidly to the goal. It is for want of such a system that the destiny of man is retarded, his control over nature belated, the fruition of his hopes postponed.

> The days of the nations bear no trace
> Of all the sunshine so far foretold;
> The cannon speaks in the teacher's place;
> The age is weary with work and gold.
> And high hopes wither and memories wane;
> On hearths and altars the fires are dead,
> But the brave faith hath not lived in vain;
> And this is all that the watcher said.

APPENDIX.

Index numbers showing the downward trend of wholesale prices, not in one class of commodities merely, but in all classes of commodities from the year in which silver was demonetized.

Year.	Vegetable food (wheat, etc.).	Animal food (meat, etc.).	Sugar, coffee, and tea.	Total food.	Minerals.	Textiles.	Sundry materials.	Total materials.	Grand total.
1873..	106	109	106	107	141	103	106	114	111
1874..	105	103	105	104	116	92	96	100	102
1875..	93	108	100	100	101	88	92	93	96
1876..	92	108	98	99	90	85	95	91	95
1877..	100	101	103	101	84	85	94	89	94
1878..	95	101	90	96	74	78	88	81	87
1879..	87	94	87	90	73	74	85	78	83
1880..	89	101	88	94	79	81	89	84	88
1881..	84	101	84	91	77	77	86	80	85
1882..	84	104	76	89	79	73	85	80	84
1883..	82	103	77	89	76	70	84	77	82
1884..	71	97	63	79	68	68	81	73	76
1885..	68	88	63	74	66	65	76	70	72
1886..	65	87	60	72	67	63	69	67	69
1887..	64	79	67	70	69	65	67	67	68
1888..	67	82	65	72	78	64	67	69	70
1889..	65	86	75	75	75	70	68	70	72
1890..	65	82	70	73	80	66	69	71	72
1891..	75	81	71	77	76	59	69	68	72

NOTE.—The foregoing are the figures of Mr. Augustus Sauerbeck, published by the Royal Statistical Society of London. The average prices of ten years (1868 to 1877) are taken as 100, and upon that basis the figures given above for the separate years result, showing a persistent decline of prices in every department of industry.

785

INDEX.

785

785