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# A FREAK IN FINANCE.

OR  
THE BOY TEACHER  
TAUGHT.



## ANSWER "COIN'S TO FINANCIAL SCHOOL."

BY J. F. CARGILL.

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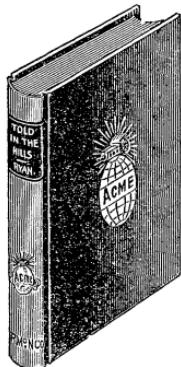
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## COMMENTS:

*The views of the capitalist and the banker, as expressed in Mr. Cargill's book, "A Freak in Finance," are my own views on the important question therein treated.*

**L. J. CAGE,**

*President First National Bank; Chicago.*

*The views as presented by Mr. Hope, the banker, in Mr. Cargill's book, are not only in line with my own convictions, but, as I believe, they are the same as those held by all the thinking and serious-minded men in the banking world.*

**E. S. LACEY,**

*President Bankers National Bank, Chicago.*

*I fully concur in the views of Mr. Hope, the banker, as expressed in Mr. Cargill's book.*

**ORSEN SMITH,**

*Vice-President Merchants Loan and Trust Co., Chicago.*

*The opinions of Mr. Applegate, the merchant in Mr. Cargill's book, "A Freak in Finance" are directly in line with my convictions. The book deserves a wide sale.*

**H. N. HICINBOTHAM,**

*(Of Marshall Field & Co., Chicago.)*

*President World's Columbian Exposition.*

*I believe with Mr. Cargill, that for the United States to return to a silver basis would be deplorable. I look at the question from the standpoint of the manufacturer.*

**NORTH STAR WOOLEN MILL CO.**

*Wm. G. Northrup, Tr., Minneapolis, Minn.*

*I have read the matter in regard to manufacturers in the book "A Freak in Finance," and I think the author has correctly stated the effect that would result from a change in our financial system to a silver basis.*

**GEO. A. PILLSBURY,**

*Of Pillsbury Milling Co., Minneapolis, Minn.*

*The views of the manufacturer as expressed in Mr. Cargill's book, "A Freak in Finance," are similar to my own convictions. I hope the book will find a ready sale, so as to attract attention to this important subject.*

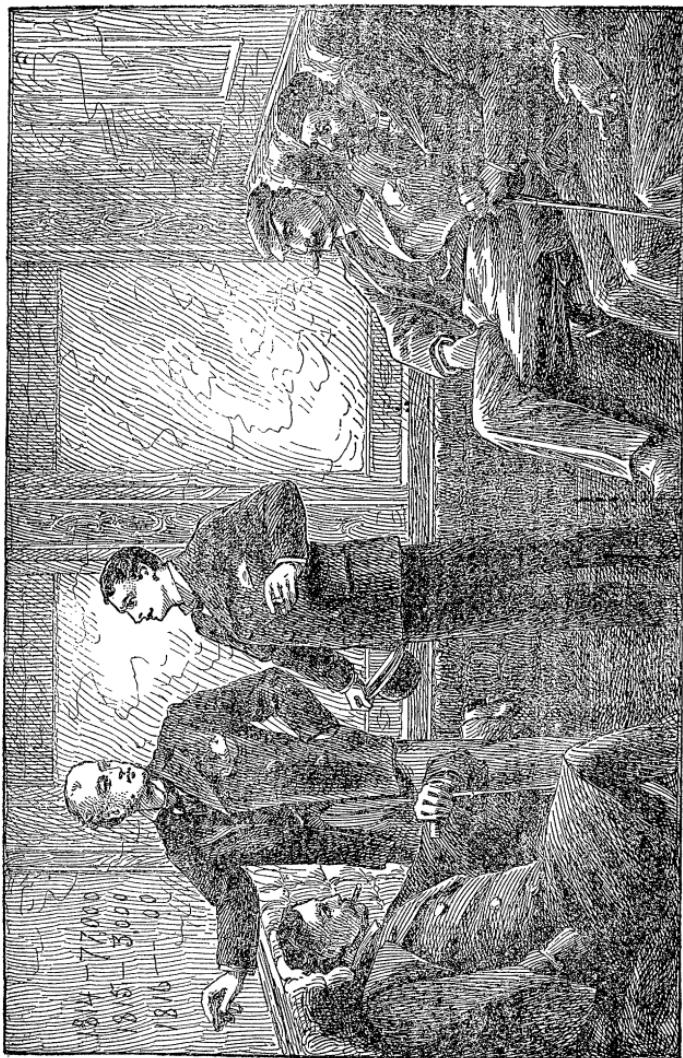
**JAMES S. BELL,**

*Prest. Washburn-Crosby Co., Minneapolis, Minn.*

*I concur in the foregoing.*

**C. B. FARWELL,**

*Of J. V. Farwell Company, Chicago.*



A LESSON IN COINAGE.—Page 21.

# A FREAK IN FINANCE

OR

## THE BOY TEACHER TAUGHT

BEING A REPLY TO

“COIN’S FINANCIAL SCHOOL,”

AND CONTAINING AN

*OUTLINE HISTORY OF BIMETALLISM IN THE UNITED  
STATES FROM 1792 TO THE PRESENT TIME.*

ALSO

A BRIEF STATEMENT OF THE THEORY OF MONEY,  
AND SOME OTHER FACTS CURIOUS  
AND INTERESTING.

BY

JOHN F. CARGILL.

With a chapter (Chap. V) contributed by  
LYMAN J. GAGE,  
President First National Bank, Chicago.

CHICAGO AND NEW YORK:  
RAND, MCNALLY & COMPANY, PUBLISHERS.  
1896.

“Credit has done more, a thousand times, to enrich nations than all the mines of the world.”— DANIEL WEBSTER.

“ If you were ignorant of this, that Credit is the greatest capital of all toward the acquisition of wealth, you would be utterly ignorant.”— DEMOSTHENES.

## PREFACE.

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The writer of this small and unambitious book is spurred to the undertaking by a conviction that something of the kind is an urgent need of the hour.

It is his belief that a great percentage of American voters has been so occupied by immediate business interests, and by other pressing questions of a political nature, that the deep-lying principles of governmental finance have not received the degree of careful thought and close study which their vital importance merits. The result is, that the present agitation of the question of our national monetary system finds the people unprepared to meet the issue with their customary shrewd judgment and intelligence.

This fact has been taken advantage of by certain persons with political or other personal ends in view, as a favorable opportunity to create and stimulate a set of ideas far away from the truth.

A large number of people—feeling that something must be at fault somewhere, to have produced the existing widespread commercial and industrial depression—have seized upon the ingenious untruths which have thus been presented to them, and seem to have formed a distrust of the entire financial policy of the Government; in fact they have been swept off their feet by the vociferously reiterated statement that there is but one medicine that can cure the malady, namely: “free and unlimited coinage of silver.”

The writer has never faltered in his firm belief that the average American citizen is actuated by upright and pure motives in the formation of his opinions upon both public and private matters; and it is because of this firm belief that he has undertaken to offset the current silverite false doctrines by a concise statement from the standpoint of true history and real occurrence.

He has a confiding trust that a natural sense of justice and love of truth among the people will impel them to recognize the right when they are confronted by it, and having a sincere conviction that the views he holds are the only ones possible to the person who makes an earnest and honest study of the question, he feels no hesitation in presenting them.

Besides those works to which he has referred, the writer wishes to express the especial value to him of Prof. J. L. Laughlin's "History of Bimetallism in the United States"; Henry D. MacLeod's "The Theory of Banking," "The Theory of Credit," and "Bimetallism"; Albert S. Bolles' "Financial History of the United States"; W. G. Sumner's "History of American Currency"; Louis R. Ehrich's "The Question of Silver"; The *Century* series of "Cheap Money Experiments"; William Brough's "Natural Law of Money." The last-mentioned work he has quoted to a considerable extent in the "lecture" portion of the book.

If the result is attained of stimulating a desire for careful and rational study of the subject, the writer will feel amply justified in his attempt.

J. F. C.

DULUTH, MINN., April 20, 1895.

## INTRODUCTION.

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For the information and guidance of the intelligent reader, the author wishes to state that the characters introduced in the following pages are quite new. The Professor, Mr. Mabie C. Goldwin, is journeying to New York on business relating to the prominent educational institution in Chicago with which he is connected. Mr. Silver Coin, the twin brother of the gentleman of like family name who lately made his bow to the public in a book on finance, has been engaged, in conjunction with his brother, in the righteous undertaking of perverting the people to his school of fallacies. Having found the City of the West too narrow a field for the free play of his untrammelled genius, he is on his way to the more populous East.

On the train he is thrown in with the Professor and Mr. Justus I. Hope, president of a leading Chicago bank, besides several other gentlemen whose names are unnecessary to the narrative.

The conversation that takes place causes him to resolve to make a careful investigation of public finance matters before he proceeds

farther with the work he had laid out. What is supposed to have been the subsequent development of his opinions, is given in a manner which will be construed either as clear or vague, according to the instinct of the reader.

The writer modestly hopes that, in thus directing the young gentleman's attention toward a search for truth and common sense, he may meet with the approval of an indulgent but truth-loving public.

# A FREAK IN FINANCE.

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## CHAPTER I.

IT was an evening in the early part of the year 189-, and the New York Limited had just pulled out of the station at Chicago. In one of the elegant sleeping coaches, which was only moderately filled, quite a number of the gentlemen, prompted by their habitual custom, or else by the spirit of movement and change which seems to pervade the atmosphere of the great city by the lake, had begun to wend their way toward the seats of the smoking compartment.

Somewhat noticeable among this select group of people with similar desires, was a smooth-faced young man, whose countenance wore what one would have judged to be an habitually pleasant expression, together with an air of rather large self-assurance. He leisurely scanned the faces, the attire, and general carriage of each of his neighbors in turn; and, it might reasonably have been inferred, by any-one familiar with the average peculiarities of the traveler, that he would be quite willing to engage in conversation.

Whether it is owing to a certain chord of sympathy between users of the narcotic, or whether it is because of the elbow-jostling familiarity necessitated by the limited space, it is certain that the influence of the smoking-room can hardly be overestimated as a developer of American social instincts. Acquaintanceships are here readily formed between men who would be likely to ride together in an ordinary coach for days without speaking. There are degrees and limits to the conversational tendency even here, however. Certain elements of caste feeling are exhibited, which are based less upon appearances than intellectual superiority; and our company, which had grown to the full half-dozen—the comfortable seating limit of the compartment—was unmistakably different in type from the ordinary small merchant or pleasure-seeker sort.

So that our young man, who was far from lacking in shrewd judgment, did not persist beyond the commonplace “pleasant evening,” and quietly relapsed into himself.

There were two gentlemen sitting opposite our young friend whose faces and general exterior particularly indicated scholarly attainments and the reflective cast of mind; and, after a silence of considerable length, one of them turned to his right-hand neighbor, and remarked:

“To what astonishing proportions this question of our silver policy is developing.”

"Yes," replied the person addressed, "but, on the whole, I think it is well that it is so. If the problem could have arisen twenty or thirty years ago in such a way as to have aroused the same degree of wide-spread discussion, we might to-day have been well along the road toward a stable and permanent basis of industrial and financial prosperity. A nation's education goes along the same lines as those of an individual, and it is only through study and experience that we ever learn anything."

"That is true enough," returned the first speaker, "but while it may be that a bitter experience is the most effective teacher, I can not help thinking it a pity that so many men pretend to be public educators when they are only stirring up a set of wrong ideas. I can not believe that it is always necessary for people to take first the wrong road in order that they may afterward find the right one."

The cultured accent and demeanor, as well as the earnestness of both speakers, had at once engaged the attention of the other four occupants of the room, and the interest denoted by the countenance of the first-mentioned young man was especially marked.

A shade of something like embarrassment stole over his face.

He puffed away at his cigarette, but kept his bright, black eyes upon the faces, now of one

and now of the other, of the two gentlemen sitting opposite him.

“You have been around to hear that fellow ‘Coin?’” inquired the second speaker.

“Yes, I plead guilty to misspending some hours down there listening to his —”

“Pardon me, gentlemen,” came the hasty ejaculation from our young listener, “this card will, I think, be a sufficient apology for interrupting you.” He handed an engraved calling-card to the nearest of the two speakers which bore three words. In the center was the unique, rather egotistic, but sufficiently explanatory name, “Mr. Silver Coin.” In the lower left-hand corner were the two words, “Palmer House.”

“Ah!” came with the rising inflection from both the gentlemen, simultaneously. Then, with a quick recovery, the first of our speakers continued in a courteous manner: “It would apparently seem that we both owe you an apology. But notwithstanding this rather awkward meeting, Mr. Coin, I can truthfully say that I am rather glad it has occurred. I have for some days wished for an opportunity to confer with you.” As he spoke he handed his own card to the young man, which action was at once followed not only by his friend, but by the three other gentlemen in the compartment.

A general exchange now followed until each of the gentlemen in the room held the cards of

all the other five. The respective cards of the two first speakers read, "Mabie C. Goldwin, Ph. D.," and "Justus I. Hope, Banker."

It became apparent at once from the quick and expressive glances that every one of the six persons was known by reputation to all the others, although, with the exception of the two who first engaged in conversation, none of them had ever personally met.

"I think I should probably have recognized you," said Professor Goldwin, "had I not been so busily engaged with my own thoughts. As you will remember, Mr. Coin, we have had a quite recent exchange of questions and answers while you were upon the platform and I one of the audience."

"Surely I remember," said Coin; "but having seen you only in the audience it is hardly to be expected that I should recall your face at once."

Similar but very brief exchanges of remarks passed back and forth between the other gentlemen and Coin; and the young man began gradually to recover from the embarrassment and confusion into which he had been temporarily thrown. His face wore, nevertheless, a slightly anxious expression.

"Mr. Coin," said Professor Goldwin, "I can not speak for the other gentlemen here present, but, having often spoken in public myself, I know the advantage which is possessed by a

platform speaker in asking, or giving answers to, questions between himself and his audience. I am going to talk very plainly to you, but I assure you that you will have no occasion to complain that I made use of either language or methods unbecoming a gentleman. I shall, in fact, employ the same means which you have used with us."

While he had been speaking he had touched the electric button and the colored porter at this moment entered the room. He passed a coin into his willing hand, and said, "Henry, we do not wish to be disturbed in here. I wish you would please see that any of the other passengers who may desire to enter are given some plausible reason for remaining without. I agree to stand between you and any complaints which may arise."

"Yes, sah. Thank you, sah. I will attend to it, sah," said the negro, who immediately withdrew, closing the door after him.

"Of course, Mr. Coin," continued Professor Goldwin, "you will not for a moment suppose us capable of holding you here a compulsory prisoner. You will be at liberty to depart the moment you may insist upon it. I appeal only to your manly sense and I am confident that it will not be in vain."

"I shall be most happy to remain here and converse with you for as long a time as you desire," said Coin, who had by this time recovered his ordinary self-assurance.



PROF. GOLDWIN HIRES A HALL.—Page 12.



"Thank you," said Professor Goldwin, heaving a sigh of deep satisfaction. "This is just as it should be. Now, as we have many things to discuss, we had better get about it at once; and even then, I fancy we shall make a night of it here in this room. But it will be worth our while.

"I have said, Mr. Coin, that I shall use exceedingly plain language with you. I shall begin, therefore, by asking you a very leading question.

"Kindly tell me this: Have you a genuine belief in the truth of the doctrines and theories which you are presenting to the people?"

"Yes" said Coin, "I do believe in them, certainly," and a flush came into his cheeks.

"Then," said Professor Goldwin, "you must pardon me for causing you pain. I have felt quite uncertain upon this point until now, but I will not question your word. I shall make no difference, though, in the course I pursue this evening, because the opinion I now have of you is the only one remaining which it is possible to hold. Since you are honest in your work, you are—from my point of view—very clearly and reprehensibly lacking in reliable information. In a moral sense, Mr. Coin, it is a very grave thing for a man to circulate hastily formed ideas. I judge that you yourself must have had sufficient opportunity to probe this money matter to the bottom. And in freeing

you from the charge of direct dishonesty, I must still hold you guilty of a certain moral indifference and laxity."

"This is all very well, sir," returned Coin, "but it yet remains for you to prove this. I choose to believe that I have studied these matters as carefully as you have."

"Well, such being the case," said Professor Goldwin, "we will—with your permission—review as briefly as possible the plain, naked history of bimetallism during the past one hundred years. If you have studied this history—as you intimate you have—your nature must be surprisingly illogical, or else, having been furnished (by certain interested persons) with a ready-made conviction, your stubborn disposition effectively closes your mind to any arguments tending toward a change of opinion. The average free-silverite despises history. To him a plastic theory stamped as a truth is so much more effective than dry fact; which, we admit, is quite consistent with his monetary ideas. You will understand that I am now referring to the person or persons in the background who are responsible for your own beliefs. It is they, of course, who furnished you with the first statement of importance which you made when you commenced your campaign. It is an outright assumption, which has no warrant at all.

"You stated that the Act of 1792 (our coun-

try's first experiment in bimetallism) made the silver dollar of  $371\frac{1}{4}$  grains of pure silver, *the unit of value*.

"I think this idea was furnished you by some one, because no such notion could have ever grown in a sane mind unless it had been *read into* the act itself by those who wished to believe it. You are not the first person to make use of the argument. The assertion was made by backers of the Bland-Allison bill during their debates in Congress, prior to its passage in 1878. It must have been impressed upon you as a vital feature, for you amplified and elaborated the false idea until it would be made to seem that the entire coinage system was, by governmental fiat, then, henceforth, and forever, made to center in and revolve around the silver-dollar piece, and that all else was made subsidiary to it.

"My dear sir, I am not necessarily accusing *you* of this clever bit of juggling with the use of terms and words. It was doubtless handed to you manufactured and complete.

"Mr. Coin, let me ask you if you have ever read the Act of 1792 carefully and section by section?"

"I have, sir," replied Coin.

"I needn't have asked you that," said Professor Goldwin, "because, after being schooled, you would, of course, see it just as you do.

"I will now give you a little accurate informa-

tion relative to the question of the *unit* as treated in the Act of 1792.

“The Act owed its impulse, its authorship, and its machinery to Alexander Hamilton. Not only had Hamilton made a profounder study of monetary systems than anyone else in America, but no one else even claimed to have adequate ideas upon the subject of national finances.

“The only two men among his American contemporaries who seem to have given any study to monetary matters were Thomas Jefferson and Robert Morris. Jefferson and Hamilton were political enemies, but the former never failed to speak of Hamilton’s abilities as being of the highest order. In their differences upon the currency question, the President and Congress invariably adopted the measures recommended by Hamilton, as against Jefferson’s. This was especially the case after the quarrel between the two men, wherein Jefferson’s methods caused him to be regarded with some distrust.

“Morris, also, was given to theorizing, and offering suggestions now and then, upon monetary matters; but when offered the Secretaryship of the Treasury by Washington, he very promptly urged Hamilton for the place, as being ‘the one man in America’ capable of filling it.

“The Act of 1792 was passed upon the rec-

ommendation and report of Hamilton, with scarcely a single deviation from his ideas.

“Here is his exact language referring to the proposed bimetallic ratio:

“‘That the unit in the coins of the United States ought to correspond with 24.75 grains of pure gold, and 371.25 grains of pure silver, each answering to a dollar in the money of account. The former is exactly agreeable to the present value of gold, and the latter is within a small fraction of the mean of the two last emissions of dollars.’

“The Act itself reads: ‘Sec. 9. And be it further enacted, that there shall be from time to time struck and coined at the said mint coins of gold, silver, and copper, of the following denominations, values, and descriptions, viz.: Eagles, each to be of the value of ten dollars or units, and to contain 247½ grains of pure, or 270 grains of standard, gold.’

“The Act then goes on to stipulate regarding half-eagles and quarter-eagles of commensurate weight and fineness—silver dollars, half-dollars, quarter-dollars, etc., each in the order here given.

“There is no uncertainty in the language used, nor is there the least doubt as to the meaning and intent of the term ‘unit.’

“It was that the dollar itself was the *monetary unit*. Not silver, nor gold, but simply the *dollar* to be the unit of measure, because, in

everything to be measured it is essential to have a unit of measure, as the bushel is the unit in grain measure, the foot in longitudinal measure, the gallon in liquid measure, etc.

“There was no provision in the Act for the coinage of one-dollar pieces in gold, and this barren fact has been seized upon by your friends as a much-desired opportunity to misrepresent the whole tenor of the enactment.

“Can it be possible, Mr. Coin, that you will adhere to lines of argument which show such a perverted system of morals as this?”

The earnestness of Professor Goldwin, together with his air of being thoroughly certain of his position, could scarcely have failed to impress anyone; and Coin had for some time given indications of intense interest.

He now said, slowly: “No, if I verify your statement of the matter I will not adhere to my position.”

“That is good, Mr. Coin. You will be able to verify it. But your next statement was worse still; far worse. You said that this law was in force up to 1873, when silver was demonetized. This is another serious *error* Mr. Coin. Why did you glide so quickly over the matter of the Act of 1834, making no reference to it except that it changed the ratio? Also concerning the Act of 1853, why did you make only the faintest allusion to that enactment as having merely been for the pur-

pose of changing the amount of silver in the fractional coins? Have you really looked closely into these matters, Mr. Coin? I am loth to believe that your diffidence upon these questions arises from the same motives which actuate those men who are struggling to re-establish a market for their product upon a basis of two dollars for one."

"Professor Goldwin," said Coin, with spirit and emphasis, "I had no improper motive in slighting these matters to which you refer. I will go over them again and see if I can discover these matters of *serious import* which you charge me with having omitted. You will pardon me if I at present doubt their existence."

"All I ask, Mr. Coin, is that you will read history, and free your mind from bias while you are reading. I would have no fear then of the result, and would unhesitatingly leave the formation of any man's opinions to this test alone."

## CHAPTER II.

THE interest felt by the entire company in Professor Goldwin's talk had been so absorbing that every cigar had smoldered and gone out. The Professor made a slight pause, and Mr. Hope produced fresh ones and passed them around. All accepted and lighted up, including Coin. After a few whiffs the Professor continued :

"I am assuming, Mr. Coin, that your knowledge of what was actually transpiring in the monetary world, during this period from the Act of 1792 to the Act of 1873, is both meager and inexact. I am now going to give you some thoroughly accurate historical information.

"The ratio established by the Act of 1792 was 1 to 15, or that the silver dollar should contain fifteen times as many grains as the gold dollar; that there should be free and unlimited coinage of either gold or silver, and that both should be full legal tender at their nominal value.

"But now mark! From that very year, Mr. Coin, the value of the silver coins (relatively to gold) began to cheapen. Up to 1833 the changing value of silver swung up and down,

but never, during the forty years, quite rose to 15 to 1.

“What was the effect? American gold began to disappear from circulation as early as 1806. I trust that you are familiar with Gresham’s Law, Mr. Coin, but I do not remember having heard you allude to it.

“Sir Thomas Gresham, in the sixteenth century, declared, as the result of his observation, that when two metals circulate together as legal tender at a fixed ratio, the cheaper metal will always drive out the more valuable. The operation of this law has never been known to fail. How thoroughly it did its work in the matter of American coinage I will show you here.”

Professor Goldwin drew a crayon from his pocket and improvised a blackboard from the plate-glass mirror behind him. These are the figures that he set down:

In 1814 our gold coinage was.....	\$77,000
In 1815    “       “    “    “	3,000
In 1816    “       “    “    “	
In 1819 the circulation of gold virtually ceased.	

The Professor resumed his seat and said: “The first experiment of the United States in free and unlimited coinage of gold and silver closed in 1834. It could not be called a thorough success.

“That year the ratio was changed from 15 to 1

to 16 to 1. The change was made, Mr. Coin, for the reason which I have given, and which you failed to give, namely: That there was no gold circulating in the country, and none could be kept in circulation here at its ratio to silver. Bear in mind, Mr. Coin, that the Government had not stopped the coinage. With the exception of a pause now and then from lack of material, it continued to grind out varying amounts of gold from the mint every year. And for whose advantage? Can you inform us, sir?"

"You are asserting these things, Professor Goldwin," returned Coin; "pardon me if I again say to you that they need verification."

"If you seriously and honestly go about an investigation of my statements," replied the Professor, "it is all that I ask. You will find all these facts and figures in the reports of the United States Mint and Treasury.

"During the debate before the passage of the Act of 1834, Thomas H. Benton, on the floor of the Senate, said: 'The position of gold coinage in the United States is ridiculous and absurd. The Government has coined at great expense \$11,852,890 in gold, and where are the pieces now? Not one of them is to be seen! All sold and exported!'

"The Coinage Act passed in 1834, in fixing the ratio at 1 to 16 simply reversed the conditions which were inaugurated in 1792, because the

*commercial* ratio of gold to silver in that year was about 1 to 15 3-5. In the one instance silver was valued too high; in the latter case it was valued too low. There were some who saw the danger and expostulated. Mr. Baring, the banker, said to the committee: 'A very slight difference of one-tenth or one-fourth per cent would determine the use of one metal or the other.' And Gorham of Massachusetts said: 'If we make gold the cheaper metal we shall have no silver circulation. We will have the same cry about the want of silver coin which there was now about gold.'

"Up to 1850 (sixteen years) the commercial ratio of silver to gold oscillated from  $15\frac{3}{4}$  to 1 to  $15\frac{9}{10}$  to 1; but *never fell* to the ratio of 16 to 1. Consequently, silver as coined by the United States was (relatively to gold) worth more than its coin value. Gresham's law again came into operation, and silver disappeared.

"The silver dollar was rarely used after 1840. Professor Simon Newcomb wrote, in 1879: 'It is probably safe to assert that one-half the citizens of our country born since 1840 have never seen a silver dollar.'

During the period from 1841 to 1851 (ten years) the world's annual gold product was in round figures \$38,000,000. The annual average product of silver for the same period was about \$34,000,000. These figures were not very unequal.

“But in 1849, '50, '51 came the great discoveries of gold in California, Australia, and Siberia, and during the five years from 1851 to 1855, while the world's annual silver product was about \$40,000,000, the annual average product of gold for the same period was \$140,000,000.

“This gave a still higher value to silver. The commercial ratio rose from  $15\frac{3}{4}$  to 1 in 1834, to  $15\frac{1}{3}$  to 1 in 1853.

“One great mistake of the Coinage Act of 1792 (which had never yet been remedied) was in making the subsidiary silver coins—half-dollars, quarters, etc.—exact proportions of one dollar. Consequently, after 1834, Gresham's Law operated on the small coins too. All of them disappeared.

“The Act of 1853 remedied this defect. The silver of the fractional coins was reduced 7 per cent, and, as the silver dollar was only worth about  $3\frac{1}{2}$  per cent more than the gold dollar, the profit in melting subsidiary coins was lost. The same act disallowed the *free* coinage of the fractional silver pieces; and inasmuch as the silver *dollar* was already practically out of circulation, a little study of this enactment, Mr. Coin, will show you that in its actual force and effect it really did more to demonetize silver than the Act of 1873, which you and your friends continually shriek at as the ‘great crime.’

“I will put some more figures on my black-

board to show you what was the matter at this time." He drew a line under his previous figures and set down the following:

In 1850 the silver coinage was .....	\$ 47,500
In 1851 " " " -----	1,300
In 1852 " " " -----	1,100
In 1852 the gold coinage was over -----	56,000,000

The Professor resumed his seat, saying: "These figures indicate the coinage of *dollars* only. But the most significant fact of all concerning this particular time, is that during these three years we coined over three millions of fractional silver, and *imported* the greater part of the silver for the purpose. The entire production of silver in the United States during those same three years was only a little over one million dollars.

"In other words, we were importing silver and coining it at enormous expense into half-dollars, quarters, and dimes, and none of it going into circulation. It simply disappeared, no one knew whither. Apparently nobody cared very much. There is nothing recorded to show that there was any especial desire for it felt among the people.

"How do you account for the fact, Mr. Coin, that there was no complaint then about the lack of silver? It was because nobody had any interest in silver, financially or otherwise. From 1853 to 1862 the standard currency was

in effect *gold only*. The silver dollar was out of circulation, and at a premium of  $3\frac{1}{2}$  cents. But gold was plentiful and the people now had (since the change in weight of the fractional coins) enough small silver for change, and that was enough. Silver was forgotten.

“This brings us down to the time of our Rebellion. We had had seventy years of alleged bimetallism. You yourself, in your lectures, Mr. Coin, characterized it as ‘real bimetallism.’

“With no gold in use during the larger part of the first forty years, and no silver, not even enough small coins for change during the most of the other thirty years, do you not think it requires a rather hysterical imagination to declare such bimetallism as ‘real,’ Mr. Coin?”

“Professor Goldwin, do you mean to say that you can prove these things?” exclaimed Coin.

“Prove them?” returned the Professor, “they are simply and only matters of statistics. You have given us a lot of statistics yourself, sir. By what sort of modern miracle can it be that you should be familiar with the tables which you presented to the people, and so ignorant of the entire purport of the statistical facts in general which bear upon this great question?”

Coin’s face turned a deep crimson. It was evident to all how incapable he was of maintaining his footing against such an antagonist;

and yet he did not indicate any desire to escape. He was fascinated in spite of himself.

The Professor began again: "The Rebellion came on. In the fall of 1861 our Government needing money, borrowed \$100,000,000 in gold from the banks. In 1862 the question of unsecured legal-tender paper money was agitated. At the mere raising of the question of such currency gold jumped to a premium. But as specie payments had been suspended December 31, 1861, it was necessary to do something to raise money; and so the Act of February 25, 1862, issued the first installment of United States legal-tender notes, or 'greenbacks,' to the amount of \$150,000,000. Gresham's Law came into operation instantly. Gold disappeared.

"In March the average gold premium was  $1\frac{3}{4}$  per cent.

"In April the average gold premium was  $1\frac{7}{8}$  per cent.

"In May the average gold premium was  $3\frac{1}{8}$  per cent.

"In July another issue was made of \$150,000,000 more.

"The premium on gold rose in July to  $14\frac{1}{2}$  per cent.

"The premium on both gold and silver was great enough now so that Gresham's Law could operate easily upon the fractional silver coins, and, although they were deficient 7 per cent in

the amount of silver, they all went out from the half-dollars clear down to the half-dimes.

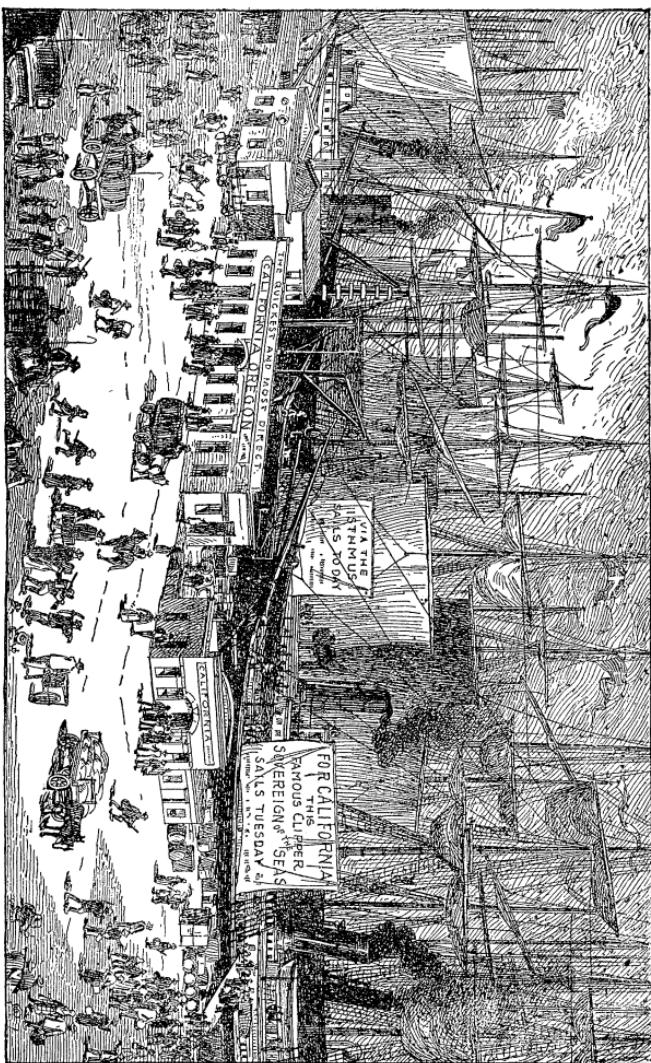
“The Government was getting into terrible straits. In this same month of July came the first issuance of paper fractional currency, or ‘shin-plasters.’

“In September the premium upon gold was 24 per cent, and kept advancing until in July, 1864, it reached 185 per cent premium.

“We are still suffering from the destruction of our monetary system by the war. From the date of the passage of the Act of 1853 up to 1862 our coinage system worked almost as well as could be desired. Our currency was a gold currency; we were virtually upon a gold basis, which was what the Act of 1853 contemplated, by neglecting to make provision for any re-issuance of silver dollars so as to try to continue them in circulation. But with the passage of the Legal Tender Act in 1862, there came a train of troubles, which (largely in their lingering effects) are still with us.

“From 1830 to 1850 (twenty years) the world’s production of gold was about \$525,000,000; from 1850 to 1870 (the succeeding twenty years) it was about five times as much. It is computed that the gold product from 1851 to 1875 (twenty-five years) exceeded that for the previous 357 years, or from the discovery of America up to 1850.

“This enormous increase in the gold supply created some alarm.



HO! FOR EL DORADO. NEW YORK WHARF IN 1849.—Page 28.



“The purchasing power of gold fell, and commodities rose considerably in value. France saw a desired opportunity, and hastened to make large purchases of gold. Between 1852 and 1864 France absorbed 680 millions in gold, and disposed of 345 millions of her silver. This, together with the heavy gold coinage in the United States, arrested the decline of gold, but did not restore it to its former value.

“I mention this latter fact, Mr. Coin, because there is no advocate of the single gold standard who attempts to deny that the price of gold has had a downward tendency. However gradual and slight the change may be, it proves that nothing can be fixed and unchangeable. That everything produced by man is certain to fluctuate in value in accordance with the laws of supply and demand, and that gold is merely *less liable* to change than any commodity with which man is acquainted.

“In 1871 France began the payment of her heavy war indemnity to Germany in gold, whereupon Germany instantly proceeded to follow the example of England and France, and took steps to place herself upon a gold basis.

“I wish to call your attention particularly to these things, Mr. Coin, because of the wholly false emphasis which you have given to the order in which they occurred. The war cry of the silver party—and which you have adopted as your own—is the ‘Conspiracy of 1873.’ It

seems such a vital part of the working machinery of your friends to spread abroad the childish idea that a clique of designing men in the United States Congress planned and brought about the depreciation in the value of silver, that to them any falsification of history and fact is more than justified. You yourself—and we will suppose you to have been simply a part of that same machinery—have declared again and again that the first attack toward the downfall of silver was our Act of 1873; that it was only owing to the example set by the United States that the commercial nations of Europe joined in the same movement later on. It needs but a slight degree of thought and scrutiny for us to understand the motive which your false friends have in circulating this kind of doctrine. What they are working for is a silver sentiment, and nothing has so great a popular tendency as the cry of ‘fraud.’ Only prove the claim that the United States led the movement, and they feel that they will not only have shown a fraud, but, from the alleged fact that the European nations pattern after us, they can safely urge that they will do so again. In other words, that we can induce Europe to purchase silver from us in unlimited amounts and at whatever price we may feel inclined to ask, if we are only persistent enough in our demands.

“Now to the question in point: You have

not only distinctly stated it as a fact, Mr. Coin, but you have over and over again repeated the statement that Germany did not pass any demonetization act until 1873, and after the United States act of the same year.

“Since you have assured us of your correct motives we will assume that you were merely ignorant of Germany’s coinage act of 1871. Kindly tell us, Mr. Coin, were you aware, when you made those statements, of what Germany did in her Act of 1871?”

“I was not aware, sir,” retorted Coin, “that Germany passed any coinage act in 1871, or that she took any action that was detrimental to silver before the passage of her Act of 1873. I still question the fact. Where do you get your authority for this?”

“Mr. Coin,” replied Professor Goldwin, slowly and impressively, “Germany positively and effectively demonetized silver by her Act of December 4, 1871, wherein she stopped the coinage of all her silver except fractional coins. Our own Act of 1873 *did only the same thing*, so that, if we really did demonetize silver in 1873, Germany was ahead of us by nearly two years. Germany’s Act of 1873 only set the legal stamp upon what was actually effected by her Act of 1871. And, in the same sense, it may be said that our own Act of 1873 was merely a confirmation of our Act of 1853.

“As to my authorities, I am giving you noth-

ing but plain unbiased history. When we have finished our little talk to-night I will give you a list of works written, not by political demagogues nor by any persons interested in promoting schemes for selfish ends, but by conscientious thinkers and students, whose only aim is to ascertain and to circulate the truth. I have not expected, nor do I desire, that you should take me upon trust for the statements I have been making. My highest wish is that you may be impelled to investigate the subject yourself. The historical and statistical data furnish all the arguments that are really necessary, and they may be easily found in the libraries and book-stores in our city of Chicago.

“Mr. Coin, to offset that battle-cry of yours about the ‘Conspiracy of 1873,’ I will now tell you what it actually was that caused the demonetization of silver. It came about, not through any single action or circumstance, but through a chain of causes.

“But first we must recognize that ever since nations began to have commercial relations with each other, they have felt the desire and the necessity for having the very best money which they could get. England, after going through a long, dreary series of monetary troubles, continuing for centuries, placed herself upon a permanent gold basis in 1816, where she has ever since remained. The other European nations would have been glad to do the same

thing long before they did, but they lacked the opportunity. The great gold discoveries of 1849, '50, '51 created the first opening, and France was the first nation to take advantage of it.

“The sentiment of the commercial world was clearly enough expressed at the International Monetary Conference which convened at Paris in 1867, where one of the principles laid down was the necessity for the ‘universal adoption of a single gold standard.’ Germany, as we have seen, took the next important step in 1871. And in the case of both nations it involved the sale by them of large amounts of their silver.

“As long as there was a steady world-demand for silver, there need be no depreciation. But, beginning in 1870, the gold product of the world began to decline and the silver product began to increase enormously. So that it became evident to the European nations that the increase in the quantity of silver was becoming so great that it was likely to depreciate in value, as it was no longer in as great demand as formerly. In 1874 the Latin Union—which, besides France, includes Italy, Belgium, Switzerland, Roumania, and Greece—withdrew free coinage, and limited the coinage of silver to five-franc pieces.

“Now, sir, what do you really suppose was the significance of all these things? Were they also concerned in a ‘conspiracy against

silver'? Every one of these nations, Mr. Coin, had, and still has, upon its hands a great quantity of silver. They saw its tendency to depreciate, and from selfish motives would have been only too glad to arrest its downward movement, but they knew their helplessness, and adopted only what seemed the wisest thing in limiting their silver coinage. Being wiser than we, they knew that no government, nor any union of governments, can fix or maintain the value of anything. That so long as there is unrestricted trading between different countries, it will always be the *people* in their trade and commercial relations who will fix the values.

"There has been a great deal said, Mr. Coin, not only by all your silverite friends, but by yourself as well, regarding the condition of things in France. France is your friends' favorite example of a nation which has successfully maintained bimetallism for a long period. I wonder if any of your people really know anything at all about it. Allow me to offer you a little truth upon this matter.

"For several centuries she has been *trying* to circulate gold and silver together, and during this time she has changed the unit value of gold one hundred and forty-six times, and the unit value of silver two hundred and fifty-one times, or three hundred and ninety-seven times altogether. During the present century, not-

withstanding all her care and solicitude, there have been long terms of years when the only metal she could keep in circulation was silver, and other long periods when she had nothing but gold in circulation. Instead of being a shining and beautiful example of bimetallism, Mr. Coin, France, as well as the rest of the European nations, has had a very perplexing time of it; but she did not close her mints to the coinage of silver until the decline in the price of silver had continued for several years; and the mints were closed *because of the decline*, instead of the decline being caused by the closing of the mints, as your friends so loudly assert.

“Now, as I have before stated, Mr. Coin, in 1870 the production of gold began to decline, and the production of silver began to rapidly increase, as you can readily ascertain by consulting some of the tables you have been circulating so freely.

“I will give you the figures showing what was going on in our own country.”

Professor Goldwin took out his pocket-handkerchief and erased the figures from his black-board. He then set down the following:

From 1865 to 1877 product of silver in the United States.....	\$320,000,000
From 1878 to 1891 product of silver in the United States.....	735,000,000

He then drew a line underneath these figures and put down the following additional:

From 1865 to 1877 net excess export of silver from United States .....	\$223,000,000
From 1878 to 1891 net excess export of silver from United States .....	137,000,000

He turned to Coin and pointing to his figures, said: "With an increase in the production of silver of 127 per cent, there was a decrease in our exports of silver of 39 per cent.

"Please study those figures a little, Mr. Coin, and if there is any lingering doubt in your mind as to the real truth of the silver question, there are still other facts which I shall be pleased to give you."

"The sole true cause for the demonetization of silver, Mr. Coin, was *natural law*."

It had been for some time evident to the silent members of the party that Coin was beginning to droop. His air of confidence in the first place had been replaced by flushes of excitement, with now and then little outbursts of indignation. His air now, however, was that of hardly concealed chagrin. However, his pride did not desert him, and, still scanning Professor Goldwin's blackboard figures, he finally said:

"Supposing that we can verify those figures, Professor Goldwin, I do not see how the conditions which may have been in effect up to 1891 have anything to do with the demonetization Act of 1873."

The Professor had resumed his seat and re-

lighted his cigar. He then resumed: "I have before referred to the Act of 1873—your so-called 'great crime,' Mr. Coin—as being in reality of small significance, and that in its actual substance it merely tended to confirm the Act of 1853. Now, let us see what was actually done by this 'criminal' Act of February 12, 1873.

"The only definite charge which has been brought against it is on account of the clause which discontinued the coinage of the standard silver dollars. What was the actual condition of things which justified that action? We were issuing standard dollars from the mint year after year, and not one of them was going into circulation, *nor had been in circulation for more than twenty-five years.*

"Where they went to we do not know; but, inasmuch as the silver was worth more as bullion than in the form of dollars, it may very reasonably be supposed to have gone into the melting-pot, as there was a neat profit of three cents to the bullion-seller for every dollar melted. The coinage of standard dollars had been nothing but a long-continued ridiculous farce, and yet it was a 'crime' to stop it.

"Do you question these facts, Mr. Coin? Have you any counter statements to offer that will offset them?"

Coin dropped his eyes, but said nothing. He did not look happy.

"One of your strange and foolish utterances,

Mr. Coin," continued Professor Goldwin, "was that the passage of the Act was a 'fraud'; that nobody knew the actual import of it. Let me offer you a little enlightenment to the contrary. Comptroller John Jay Knox, in his report to the Secretary of the Treasury, *which accompanied the bill when laid before Congress*, said: 'The coinage of the silver-dollar piece is discontinued in the proposed bill. The present laws authorize both a gold-dollar unit and a silver-dollar unit, differing from each other in intrinsic value. The present gold-dollar piece is made the dollar unit in the proposed bill, and the silver-dollar piece is discontinued.'

"This report of Comptroller Knox, which was transmitted to Congress by Secretary of the Treasury Boutwell—and from which I have quoted—stated distinctly no less than three times that the bill accompanying it proposed to discontinue the issuance of the silver-dollar pieces. Mr. W. D. Kelley, who was chairman of the committee of coinage, weights, and measures, in reporting the bill to the House, said: 'It has received as careful attention as I have ever known a committee to bestow upon any measure. They went over the bill not only section by section, but line by line and word by word.' Now, Mr. Coin, you can find in the congressional records that the bill was printed thirteen different times, that it was debated in five different sessions of the Senate and House, and that

copies were sent out to no less than thirty persons for expert criticism and suggestions.

“The question of the standard dollar was not only discussed, but it was dilated upon in full and elaborate speeches. Mr. Hooper of Massachusetts, in his speech, said: ‘This dollar, by reason of its intrinsic value being greater than its nominal value, has long since ceased to be a coin of circulation, and is melted by the manufacturers of silverware. It does not circulate in commercial transactions with any country, and the convenience of these manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the *useless expense* of coining the dollar for that purpose.’ And Mr. Kelley of Pennsylvania, in another speech, said: ‘It is impossible to retain the double standard. The values of silver and gold continually fluctuate. All experience has shown that you must have one standard, which shall be a full legal tender, and then you may promote your domestic convenience by having a subsidiary coinage of silver which shall circulate in all parts of your country as legal tender for a limited amount.’

“You have been saying over and over again, Mr. Coin, that the bill was juggled through Congress, and that neither the Representatives nor the people knew the import of it. It does not seem to have ever occurred to you as being worth

while to inquire how, if such was the case, the question of the *substitute dollar*—or subsidiary dollar of 384 grains—was introduced and discussed at full length, and finally rejected.

“Also, how about the discussion and adoption of the trade dollar of 420 grains, which was clearly understood by everybody as being a substitute for the standard dollar, which was not in circulation in our country, and that this substitute trade dollar was also not intended for circulation in our own country, but only meant for the China trade?

“Do you know, sir, how Congress voted upon the bill when it came to action? The vote stood 110 for its passage to 13 against. Do you suppose these 110 Congressmen to have all been hypnotized, or that perhaps they all went to sleep during the debate? For heaven’s sake, Mr. Coin, please refrain from any more nonsense of that sort. The truth is that the general public was not interested either in its defeat or its passage. It attracted no attention because there were no silver dollars at all and almost no gold in circulation among the people. It was only when the great fall of silver came in 1876 (and not until then) that a lot of your friends, who thought their business interests were in danger, became frightened and began to scream about the ‘crime of ’73.’

“In this connection I wish to call your attention to the position we would have found our-

selves in, in 1876, if we had failed to demonetize silver in 1873. The bullion price of silver had been steadily downward ever since 1859, *in all the markets of the world*. In 1876 the fall was so great that gold (relatively to silver) was at a premium in this country. Do you see, Mr. Coin, what the effect would have been on January 1, 1879, when we resumed specie payments?

“We would have been compelled to resume in silver instead of in gold, and 15 per cent of all our contracts and indebtedness would have been repudiated.

“Up to the year 1873 there had been eighty years of endeavor to make silver and gold circulate together in the United States upon terms of parity.

“The legislation had all been bimetallic in intent; but the invariable *effect* had been monometallic. The metal to which the law had given the greatest value always disappeared, leaving the cheaper metal to circulate.

“But since 1878 we have had real bimetallism, and in the very worst sense. On February 28th of that year the bill was passed which is commonly known as the Bland Act. The prime object of the promoters of this bill was, through the forcing of a market for silver, to keep up the price, which was going down at an alarming rate. It provided for the purchase of ‘not less than two million nor more than

four million dollars' worth of silver bullion per month, to be coined into silver dollars, said silver dollars to be full legal tender at "their nominal value." To have made the coinage obligatory was a daring experiment, Mr. Coin; but this in itself was not the worst feature of the Act. Since we were having what was alleged to be a bimetallic system, the worst thing was in failing to make any provision for maintaining the two metals at a fixed ratio. For, in making that kind of a silver dollar legal tender, it was a blow at our national credit. The law said that it should be a dollar, but it was no longer real money of full actual value. It was simply fiat money. It had lost its character.

"The Act did not hold up the price of silver as its friends expected. From \$1.15 an ounce, in 1876, it steadily declined from year to year until, in 1889, it was 93½ cents an ounce.

"In 1889, therefore, the *commercial* ratio of silver to gold—or, in other words, its ratio to gold in the markets of the world—was 22 to 1.

"In July, 1890, the Sherman bill was passed. This bill provided for the purchase of four and one-half million ounces of silver per month at the market price, to be paid for in legal tender treasury notes, redeemable either in silver or gold, at the *option of the Government*—it being the policy of the Government to maintain the parity of the two metals upon the present legal ratio.

"This meant that the Government committed itself to *nothing*, Mr. Coin, and pledged itself to nothing except an enforced purchase of four and one-half million ounces of silver a month.

"In making the treasury notes redeemable in either gold or silver at the 'option of the Government,' it simply shifted the entire responsibility upon the shoulders of the Secretary of the Treasury, and that is where it remains to-day. The Secretary can redeem in gold as long as he sees fit, and when he gets tired of so doing he can pay in silver.

"This is a non-committal, evasive policy which sadly depreciates the value of our securities in the eyes of foreign investors. They scrutinize our monetary legislation, and say: 'Your Government makes no promise regarding the redemption of its obligations which we can regard as safe or reasonable. The credit of the United States is perfectly good, provided she will make a definite agreement to pay us in money of full value; but until she does promise this we do not want your securities, no matter how valuable they may be, *at any price*.' This is precisely what the capitalists of Europe are saying to our representatives who are trying to negotiate with them to-day, Mr. Coin. Do you blame them? Do you honestly think that any person with a common understanding of business principles would do otherwise?

"In 1893 we repealed the purchase and coinage clause of the Sherman Act, which was a very good thing to do as far as it went.

"It stopped a foolish and useless flood of silver (which is still lying unwanted in the Treasury vaults), and stopped a great tax on the people.

"But it did nothing at all to save or improve our national credit. It is still optional with the Secretary of the Treasury to redeem in whatever metal he sees fit. Our monetary attitude is so vague and irresponsible, and, in the eyes of outside investors, seems to have such a suspicious lack of frankness and want of upright principle behind it, that there is no confidence in it either abroad or at home.

"Until our Government takes such action, Mr. Coin, as to definitely agree to redeem its silver money with gold, we shall continue to be embarrassed by impaired credit.

"Your friends are telling you to say that we can get along without credit from the outside. I hope you will be manly enough to hereafter declare the criminal foolishness of such doctrines.

"They tend toward our complete ruin, Mr. Coin! If acted upon we will certainly become a bankrupt nation, sir.

"You have laid great stress upon the fact of our foreign indebtedness being at least five thousand millions of dollars.

“This great load of obligations has all been contracted upon the tacit understanding between ourselves and our creditors, that as we promise so will we redeem.

“Supposing now, we should announce that we intended to redeem our debts in a metal which, among all our creditors, had depreciated 50 per cent from the value we claimed for it. What would be the effect? Every obligation, as soon as it matured, would be demanded by the creditor, both principal and interest, in money of full value, or upon the basis of the same value which we received from him. In tendering him a settlement upon a silver basis we should be repudiating one-half of the debt. Twist and turn this matter whichever way you will, it is simply that and nothing else.

“And even then, what sort of position would we be in? Our creditors would never consent to renew the obligations upon such a basis, and the result would be that they would accept the 50 cents on the dollar we offered, and demand INSTANT PAYMENT. Do you fancy we could comply?

“What is the accepted term for a failure to meet a matured obligation, Mr. Coin? It is *insolvency!*

“The plain, homely statement of the case is that we would be *bankrupt*.

“So, here are the two results we shall have to

face if we assume that we can get along without *credit*, namely: repudiation and bankruptcy.

“The first is a relapse into a stage of moral and intellectual development akin to savagery; and both the first and the second are distinct forms of disgrace. We would lose not only our credit, but much of our trade; for the creditor nations would not see it to their advantage to deal with unreliable people.

“There is still another very serious feature of the case which I am sure has never occurred to you. A large part of your outcry is directed against the great bonded railroad corporations.

“The interest on their bonded debt being payable in gold, after the country goes to a silver basis they will be required to pay two silver dollars interest-money for every dollar that accrues upon the basis of gold.

“With their interest doubled, how do you suppose they will pay it? Simply by doubling their carrying rates for freight and passengers.

“These, Mr. Coin, are some of the things we must boldly meet if we resume the free and unlimited coinage of silver!”

The earnestness and deep feeling evident in Professor Goldwin’s manner, the persuasive, almost pleading ring of his clear, pleasant voice, and the complete absence of offensiveness in either tone or utterance, would have had their effect upon a man of coarser sensibilities than Coin’s. He was deeply moved, and showed it,

but his stubborn pride and strong will forbade any indication of surrender.

The Professor had paused for a few moments to obtain a drink of water. When he had closed the door and reseated himself, Coin said to him: "These are tremendous statements you are making, Professor Goldwin, but I can not accept, nor will I believe them. I still maintain that it was a wrong and unjust thing for the United States to demonetize silver, and that by restoring free and unlimited coinage we can create and maintain a parity between the two metals."

If the Professor was surprised at this retort he did not manifest it either in action or voice. He turned his handsome eyes directly upon Coin, and, as he began again, his pleasant voice bore no trace of irritation or impatience.

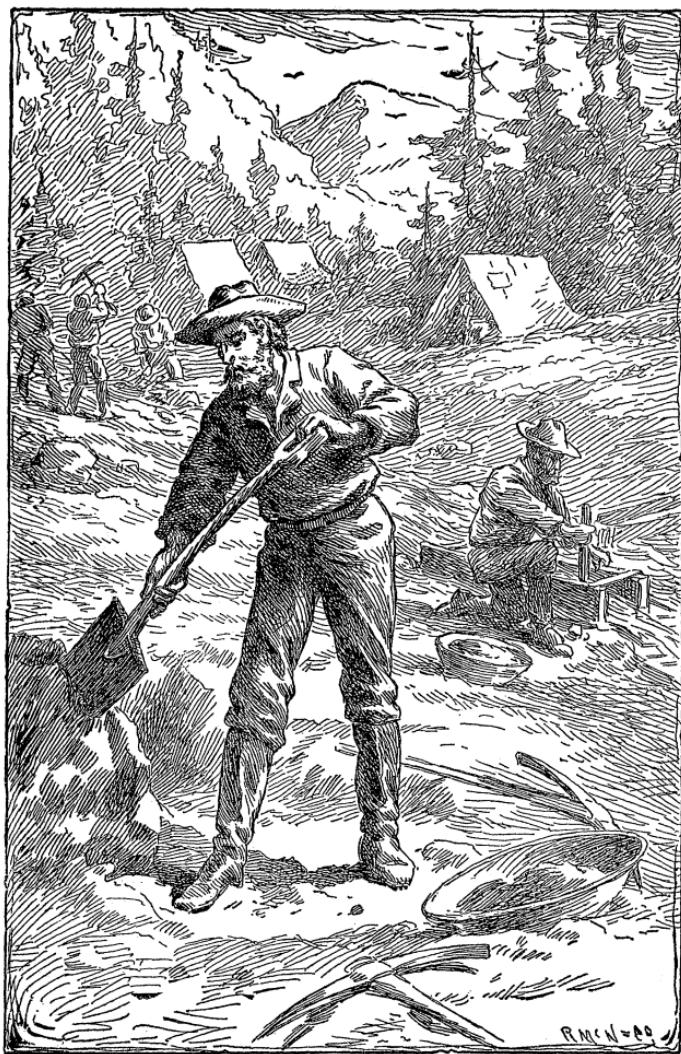
"The friends of the Sherman bill believed, or claimed, at the time of its passage, Mr. Coin, that it would raise the price of silver. Nobody but they themselves can know the real measure of their disappointment over the failure of their hopes. We all know that the pause silver then made in its descent was only speculative and very brief, and that ever since there has been what would better be described as a tumble than a decline. But we need not enlarge upon that. The actual condition at the time of the repeal of the Sherman Act needs no comment. Neither, as I think, will it be necessary in the

case of those who are unprejudiced to offer further explanation of the causes which demonetized silver. But, in order to give your mind a fair and unhampered opportunity to sift this matter out to its legitimate conclusion, I would like to sum the matter up briefly.

“I would say that the first great movement toward the displacement of silver began with the discovery of gold in California and Australia. The supply of that metal became so great as to cheapen it, and its abundance enabled the European nations to substitute it in the place of their silver.

“Silver, in consequence, was thrown upon the market in great quantities, though the world was already well supplied. Then, too, beginning about 1870, when the production of gold in the world was greatly diminishing (after its great spasmodic output), the silver mines began to very greatly increase their production, and the result now is that the supply is entirely out of proportion to the demand. Unless new uses other than money can be created for silver, or unless its producers can agree to accept the depreciation of its value as the working out of a natural law, I do not see how there can be hope of any satisfactory solution of the problem.

“If somebody must be held responsible for the trouble, I think the only persons who can reasonably be blamed are the discoverers and



THE ORIGINAL "GOLD BUG."—Page 49.



miners of the new gold in 1849, '50, and '51. They were the original and only 'gold bugs.' All others are purely imaginary.

"What better example do we need, Mr. Coin, of the effect of free and unlimited coinage of both gold and silver than that which is presented to us by Mexico to-day?

"All Europe and the United States demonetized silver in the seventies, but Mexico kept right on. They had both metals in circulation down there not very many years back, but to-day you can not find a trace of gold.

"The silver dollar there is worth only its actual value as bullion, and all prices have arranged themselves according to its purchasing power. A recent writer in one of our magazines, in an article wholly descriptive, and relating to his own traveling experience, gives a formula for making money during a trip to Mexico, which may, perhaps, already have been tried. He says a person need only take plenty of gold with him, and for every small purchase offer a gold five-dollar or ten-dollar piece, receiving his change in silver.

"If, for instance, his purchase should amount to one Mexican silver dollar, he would receive back as change for his five-dollar gold piece nine silver dollars, with his purchase thrown in.

"Remember, that whatever Mexico buys outside she has to pay for at gold valuation;

in other words, two of her legal dollars pay for one dollar's worth of goods. Is not this statement a pretty serious one for bimetallism, Mr. Coin? It recalls the prophecy of Alexander Hamilton, made over a hundred years ago: 'The revolution, therefore, which may take place in the comparative value of gold and silver will be changes in the state of the latter rather than in that of the former.'

"For my own part I would say that I do not present these statements because I find any triumphant satisfaction in the existing state of things; far from it, Mr. Coin, I assure you. But since they do exist, we not only may not ignore the fact, but, after learning their true cause, must act in such a way as to promote the greatest good for all the people."

He paused, and so absorbing had been the interest and attention of his little audience, that for a few moments the silence within the room was unbroken save for the faint and measured ringing of the wheels as the train darted forward. Then Mr. Hope leaned toward him and grasped his hand.

"Professor Goldwin," he exclaimed, "I speak for myself, but I am confident that I express the sentiments of at least four gentlemen in this room when I say that I owe you a debt of sincere and grateful thanks for the instruction and entertainment you have afforded me. It is something which I shall never forget. If I

had any hesitation or perplexing doubts before upon this most important subject, they are entirely at rest. I only regret that your hearers have been so few in number, for, as I fully believe, your talk is weighted with a meaning and truth for which the people in this country are in very serious need."

Congratulations were also expressed in the warmest manner by all the other gentlemen, with the exception of Coin, and to all of which Professor Goldwin replied in his simple and pleasant way: "I thank you, gentlemen. Your attention and appreciation are all the indorsement I could have desired."

## CHAPTER III.

IT WOULD not be possible to state the real condition of Coin's mind. He was clearly not at all at ease, and there were some of the company who felt that if he could have done so consistently and gracefully, he would have been willing to join with them in similar expressions. This may or may not have been true to the extent of a warm passing impulse, but at any rate it could have had no very firm hold upon him, and presently the stubborn expression again appeared about his mouth and eyes. He appeared to be gathering himself for a retort of some kind, but before he could whip his scattered ideas into line, the Professor quietly remarked :

“ I would like now, with your permission, Mr. Coin, to take up and analyze a few of the startling assertions which you have made to the people, which have, apparently, had such a misleading effect upon them that there ought—in my opinion—to be something offered in the direction of disproof and contradiction.

“ First, let us see what can be said as against your assertion that our redemption money, up to 1873, was both gold and silver, and that the

demonetization of silver destroyed one-half of the redemption money of the United States.

“I have no particular fault to find with your general statement of the relative positions of primary money and credit money.

“In saying that credit money should rest upon a foundation of primary money or commodity money which has a real value, you stated a radical truth; but, in your subsequent wrestlings with the question, your remarks were wholly destitute of logic or common sense.

“You were arguing around in a circle, with no logical place of beginning or ending. Apparently there was just one fixed and immovable idea in your mind, and this was the restoration of free and unlimited coinage of silver, which, you maintained, would at once restore silver to its parity with gold and create the full necessary supply of commodity money for the redemption of all obligations. Mr. Coin, it seems to me impossible that you could ever have believed such nonsense. Do you know what impression such talk creates in the minds of thinking men?

“It strikes one with terrible force that such arguments are simply arranged for the purpose of befogging the minds of the people by the use of a string of meaningless phrases and then, by the constant use of one clear idea —namely, ‘free and unlimited silver’—to make

the people unconscious abettors in a movement toward the repudiation of our debts. For that is precisely what free coinage means, Mr. Coin, and whether or not you were aware of that fact when you stated your tangled notions from the platform, I must believe that now, and face to face with me here in this room, you fully know it to be a fact."

Coin moved uneasily and blushed, but did not raise his eyes.

Professor Goldwin resumed: "In 1873 we were upon a paper, or credit money, basis. Gold and silver were only in name a part of our currency. They did not circulate, and there was no money except paper money. So that the discontinuance of the coinage of silver had no effect whatever on the supply of our redemption money.

"Let me ask you, Mr. Coin, why, if we had both gold and silver redemption money in 1873, the Government was still unable to resume its specie payments, which had been discontinued in 1861? It was clearly enough understood *at that time* that there was no specie to resume with. Let me give you a practical illustration from history.

"In the fall of that same year of 1873, Secretary of the Treasury Richardson undertook—all by himself—to redeem forty-two million dollars of fractional paper currency with silver. Now this paper currency was *credit money*

of the most pronounced type; and, from the standpoint of honest intention, this attempt of Secretary Richardson's was most commendable. But, from the standpoint of good judgment, to try to do such a thing just then was a very foolish thing indeed, as there were but a few thousand dollars' in the Treasury. He was advised by his friends not to make the attempt, but he asserted that he could carry it out. He came to ignominious grief almost immediately, and was well laughed at for his pains.

"Mr. Coin, what reason did you have for stating that we can put silver back to its full value, and restore the volume of our redemption money by free and unlimited coinage?"

"I meant," replied Coin, "that with free and unlimited coinage of silver at a fixed ratio to gold, it would then be not simply legal tender, but actual money of full value, and be recognized as such in all transactions."

"You mean, then," returned Professor Goldwin, "that the act would give silver twice its present value; would enable it to circulate as such here at home, and that we as a nation can force its acceptance as currency upon that basis among our foreign creditors? Is that what you mean, Mr. Coin?"

"I suppose it is," replied Coin, without looking up.

"Mr. Coin," said the Professor, very slowly, "by giving silver a forced parity with gold we

may or may not enable it to circulate and be received as full legal tender for a very brief period, here in our own country, but it would not be for long. Notwithstanding the fiat of the Government, it would still be currency, and nothing but currency, or token money, and not real or primary money at all. We might force it into use as real money here at home for a short time, but the reaction would certainly come. We would realize its actual place immediately when we came to use it to redeem our foreign obligations.

“Mr. Coin, the advocates of silver have been challenged time and again to give satisfactory reasons or explanations, first, why, in case the free coinage of silver should be instituted in this country, it would not at once result in the driving of all our gold out of circulation ; second, how the parity of the two metals could be maintained at a fixed ratio in case the producers, merchants, exporters, importers, and bankers choose to deal with each other on the basis of a gold unit ; third, on what ground they can justify the forcing on a creditor, by an act of legal tender, a kind of money which the creditor does not want and has not agreed to take. The only kind of honest redemption money, Mr. Coin, is the kind that the rest of the world redeems with.”

“Professor Goldwin,” exclaimed Coin, suddenly, “allow me to ask you whether you have

a single thing which you can put forward as *evidence* to show that the act of demonetization of 1873 was not a great evil to us, in hindering the advancement of our material prosperity?"

"Yes, I think I can show that very easily," replied Professor Goldwin. "When it was announced that specie payments would be resumed on January 1, 1879, it gave rise to such a wide-spread confidence in us as a people, and in our ability and desire to meet our obligations like men, that a great stream of foreign capital began to flow in upon us for investment in American industries and enterprises.

"The world had been waiting to see what we were going to do. It ought to be impressed upon every loyal and honest American that from the foundation of our government down to the present unfortunate monetary legislation, we have maintained a reputation for meeting our obligations honestly and fairly, second to that of no people in the world. So that it needed only the *announcement* that we intended to resume specie payments to lift our credit into the very highest place.

"Capital began to flow in before the payments were begun; and you will not need to have me tell you, Mr. Coin, that the era of prosperity which followed was, beyond any possible comparison, the greatest that this country has ever known. The number of miles of

railway built in 1875 was 1,711. In the year of resumption we built 4,746 miles, and in 1882 the number of miles of railroad constructed rose to 11,568.

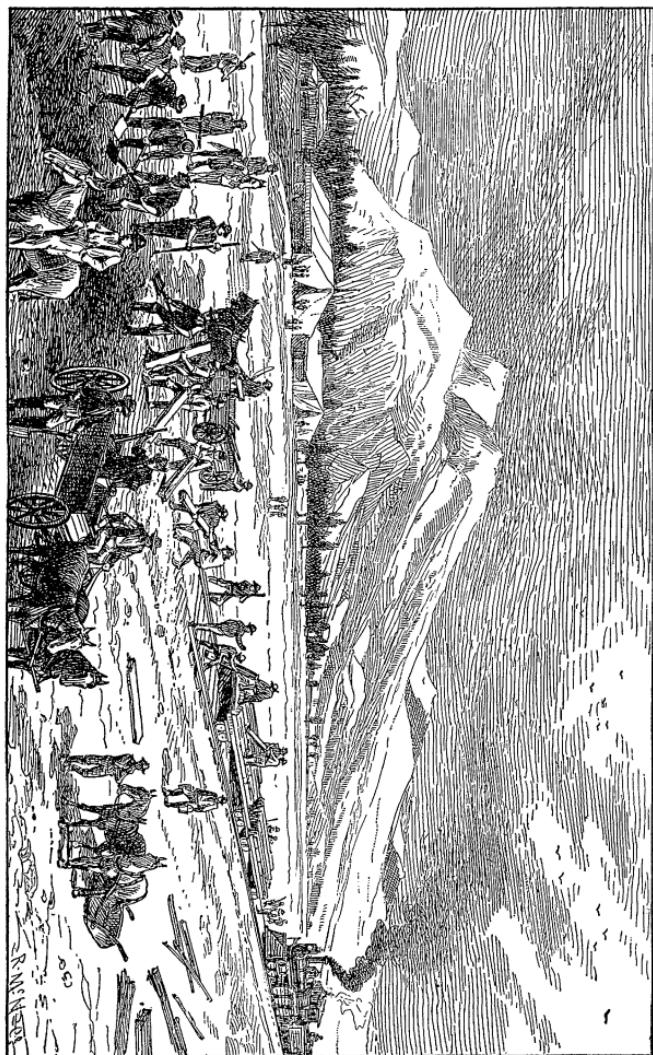
“New enterprises were started in every portion of our country, and from ocean to ocean the feeling among all classes of people was one of happiness and prosperity. Capital from abroad came to us in such abundance that not only was resumption an easy thing, but the rate of interest was greatly reduced, and money, in almost any amount, could be obtained by anyone who had the security to offer for it.

“The suspension of silver coinage in 1873 never caused one single ripple for or against our industrial prosperity.

“The people neither thought of nor cared about it, and it would long ago have been entirely forgotten except for a few demagogues in our National Congress.

“Our unexampled era of prosperity, Mr. Coin, was largely, almost wholly, in fact, a result of our financial credit as a people. As long as our credit was good, times were prosperous with us; but when unwise monetary measures were agitated in Congress our foreign creditors began to withdraw their capital, and times began to tighten. Have I answered your question, Mr. Coin?”

Coin spoke no word in reply, but merely nodded his head.



RAILROAD BUILDING IN 1882.—Page 58.



"I do not ask the question expecting that you will answer it," resumed the professor, "but I have a great curiosity to know who the ingenious but very unscrupulous person was that arranged and put together for you that nondescript mixture of silliness and falsehood, which you innocently quoted as being from the 'Report of the U. S. Commission of 1878.' I mean the statement beginning with the alleged quantity of metallic money of the Roman Empire at the Christian Era; and where, in the same breath, you quoted Adam Smith as authority that wheat, in 1455, was worth only two pence per bushel in England.

"Now, in the first place, I want to inform you — because I presume you are not aware of the fact — that this alleged quotation is not a quotation at all; there is nothing of the sort to be found in the 'Report of the U. S. Commission of 1878.' It is a bare-faced fabrication, with a few phrases only taken from the report. But, since we are upon the subject of 'units' of value, let me ask you if you can add any statement which will throw further light upon the monetary condition of the Roman Empire at the period stated?

"As you do not reply, I must tell you that the metallic money of Rome, in those days, was copper, and it would be interesting to learn what process of computation your friend used, which warranted him in saying that the money

of Rome amounted to eighteen hundred millions of *dollars* at the Christian Era.

“As you, of course, know, Palestine was then a part of the Roman domain. The New Testament informs us that the daily wages of a laborer in Palestine, at that time, was a penny a day. Now, what did a penny consist of in those days? It was a copper coin, whose value or purchasing power, at that period, was about equivalent to that of one of our dollars to-day. Your friend has a very corrupt and immoral way of giving history; because, in stating to you that the volume of money shrunk from eighteen hundred millions of dollars, at the Christian Era, to two hundred millions of dollars in the fifteenth century, the idea that he intended to convey was, that there was plenty of money at the period first mentioned, and that during the next fifteen hundred years there came about, in some way, a disappearance of sixteen hundred millions of *dollars*, leaving only two hundred millions of dollars with which to effect business exchanges.

“In manufacturing this very smooth statement, he was quite aware of something which you seemed to have been entirely innocent of, namely, that this great ‘shrinkage’ in the volume of money was only the depreciation of the market price of copper. Did you ever hear of the demonetization of copper, Mr. Coin? It has really taken place at some time

since the beginning of the Christian Era. Some persons (perhaps it was a clique of Roman senators) were evidently concerned in a gigantic 'conspiracy' against copper.

"Now, as to the price of wheat in England in 1455. You or your friend say that it was only two pence per bushel, and give Adam Smith as authority. I want to say that Smith was careful to state that the figures he quotes from previous writers were conflicting and uncertain, and that he is, himself, in doubt about them.

"Furthermore, supposing that the price (two pence) may have been correct, it was not honest to stop short with the quotation, and neglect to explain that two pence in 1455 was equal to from four pence to six pence (English money) of to-day. Then, too, regardless of what was really the price of wheat (or any other commodity) at a given time in days past; it is altogether false to say that the scarcity of money had anything to do with it. History (if rightly read) gives full explanations of these matters: and we know that if wheat sold for two pence per bushel in the time of the Plantagenets, it was either because there were no transportation facilities, or else the communication between districts was cut off by wars waged between feudal barons. It is within the memory of many living persons to have seen corn burned as fuel in this country. I have, myself,

seen high-grade apples and peaches sell for a dollar a wagon-load, and also rotting upon the ground because there was no immediate market for them. Did a scarcity of money have anything to do with these things? Certainly not. If there had been adequate means of conveying the surplus wheat of the fifteenth century, or the corn, apples, and peaches of the middle of the nineteenth century, to sections where they were in demand, they would have commanded fair prices. But your ingenious friend was very careful to avoid making mention of these facts. My idea in calling your notice to them, is only to show you how your youth and innocence are being played upon by the designing persons who masquerade as your friends.

“A discussion of these matters does not, necessarily, have anything to do with the real question at issue; but inasmuch as the statements were made up as part of the scheme to create false prejudice, it seems to me, that in showing you that the statements are themselves false, a doubt should be created in your mind as to whether the entire doctrine you are preaching may not be a fallacy.

“It is a matter of continual astonishment to me,” the professor continued, “how, if you have studied our financial history, you could gain the strange ideas you have uttered.

“For instance, in explaining why it was that

so many foreign silver coins were circulating at their bullion value in this country, prior to 1860, you stated that Congress had passed a law making them all legal tender.

“I presume you thought this to be the truth; but, in fact, it is wholly untrue. There was a law passed on March 3d, 1843, which stipulated that a few silver coins of FIVE COUNTRIES ONLY should be legal tender at certain grades of fineness. These five countries were: Spain, France, Mexico, Peru, and Bolivia. Now, do you know that there were more than a hundred silver coins of other countries which circulated here at their bullion values at that period? There were English, German, Austrian, Belgian, Danish, Dutch, and even East Indian coins which circulated here just as readily as the ones Congress had declared to be legal tender, and ALL OF THEM circulated only at their bullion value.

“Moreover, notwithstanding the legal tender quality of the Spanish dollars, these particular coins—when new from the Mint—were at a steady premium of one cent; so that there came to be a regular traffic in them by the traders. One hundred new Spanish dollars would bring one hundred and one dollars at our Mint, and as our own dollar circulated at full value in the Spanish-American countries, a very pretty and profitable exchange was kept up. There were regular published quotations of the bullion

values of the coins of all the nations I have mentioned (and others besides); and, for the truth of what I say, I refer you to the U. S. Mint Reports.

“After that, you immediately went on to state that the reason why President Jefferson ordered the discontinuance of the coinage of silver dollars in 1805, together with the fact that there were only eight millions of silver dollar pieces out of the total one hundred and five millions of silver which were coined prior to 1840, was on account of the ‘scarcity of silver.’

“This is nonsense. There were plenty of silver dollars and other coins of foreign countries circulating here, BUT NONE OF OUR OWN. Our dollars were going directly from the Mint to the West Indies. They could not be kept at home, and benefited nobody but the traders; and this is the reason why Jefferson stopped their coinage, and why Jackson continued the same policy until 1836.

“Then you followed with still another statement about silver, which, I am sorry to say, Mr. Coin, so displayed your lack of knowledge as to really make you appear ridiculous. You said that in the ‘struggle’ to get silver, France made a bid for ours by passing a law making the ratio  $15\frac{1}{2}$  to 1, and, as our ratio was 16 to 1, this made silver in France worth  $1.03\frac{1}{8}$  in gold, so that it was found that our silver was

leaving us. Do you know, Mr. Coin, that the ratio of  $15\frac{1}{2}$  to 1 had been in existence in France since 1785, and that we did not have any silver of our own until after 1792? Also, did you not know that we did not establish the ratio of 16 to 1 until 1834, or, forty-seven years after this 'bid' that France made? This was a dreadful blunder, Mr. Coin. How did you come to make it? It is actually painful to me to see a person make a spectacle of himself in a public place. I am not certain of just what you meant to assert, but I suppose it was an effort to explain why silver failed to remain in circulation after the ratio of 16 to 1 was enacted in 1834. Silver really did go away somewhere then, as I have said before; even the fractional coins disappeared; but the people did not mind. They had been without gold for almost thirty years; they wanted and needed gold, and were so glad to get it that the loss of silver did not worry them; and, besides, they had foreign silver coins in large amounts.

"Then you went back to the 'unit' again, and said the reason why Congress made the silver dollar the monetary unit in 1792 was because 'gold was considered the money of the rich'—that 'poor people seldom saw any of it.' I have explained to you that Congress did no such thing; and there is no written word in existence to show that Congress ever con-

sidered such lunacy as that the poor required a different kind of money from that of the rich. The poor man wants the very best money that he can get. He needs the money that will buy the greatest quantity of fuel, provisions, and clothes, for himself and his family. The rich man does not carry around gold. He prefers paper. Gold to him is the same thing that it is to the poor man—only a standard of value. Is not the poor man entitled to as high a standard of value as the rich man?"

## CHAPTER IV.

“You have asserted, over and over again, Mr. Coin, that we had bimetallism until 1873; and you have nearly always accompanied this assertion with a kind of fairy-story sentimentalism, about silver having been deprived by Congress, of its right to free coinage. Silver is an inanimate, lifeless commodity, which is produced by man’s labor; and it never had any rights. Only animate creatures have rights; and, as there is a prevalent idea that Congress has some life, it doubtless has the right to do whatever it pleases with silver.

“Neither did we have bimetallism prior to 1873. I believe I have clearly shown you that we had neither silver nor gold from 1860 to 1879. We had only paper; there was no metal about it.

“One of your arguments—relating to the possibility of maintaining the commercial value of the two metals at a fixed ratio—is so deceptive in its character and appearance that I wish to call your attention to it again. You say that the table of market ratios shows that during nearly two hundred years, from 1687 to 1873,

the commercial ratio of gold and silver was never lower than 1 to 14.14, and never higher than 1 to 16.25; a variation (as you put it) of 'only two points.' I find it necessary to keep in mind your first assertion to me this evening, that you are honest in your convictions, otherwise I would not find it easy to believe you were innocent in the use you made of that expression, 'only two points,' as though it were an insignificant matter. I have already said enough about the impossibility of circulating the metals, together without continual fluctuations. My only reason for referring to this particular statement of yours, is that, 'two points,' in this case, means about 15 per cent; and it has very many times been absolutely demonstrated under all sorts of conditions that a variation of one-tenth of one per cent will drive one or the other of the metals out of circulation, provided they are both declared by law to be legal tender at a fixed ratio. This is no insignificant matter, Mr. Coin, and to offer the people arguments so carefully and deceptively phrased, shows that your friend's unwholesome influence upon your ideas has sunken very deep.

"This same baleful influence again appears in your unconscious falsehood, wherein you said that a certain clause in the Bland-Allison act discriminates against all other forms of money but gold. There had long before been a

decision in the Supreme Court to the effect that it is a constitutional right of the people to make contracts payable in gold if the parties to them choose to do so; or, that they may make them payable in any other kind of money they desire. The court held that such contracts could be enforced; and the Bland-Allison act, in the clause you referred to, simply recognized the law of the land in stipulating that silver dollars to be coined under the act should be legal tender, except WHERE OTHERWISE EXPRESSLY STIPULATED IN THE CONTRACT.' Your friends, Mr. Coin, want nothing less, and will be contented with nothing less, than a law which will compel people to make future bargains in silver, even though they may prefer to make them in gold. This the Supreme Court has held to be unconstitutional.

"The next statement you made—to the effect that the Government can add value to a thing by passing a law—and which you tried to make plainer by talking about a purchase of cavalry horses by the Government, has been, I think, sufficiently answered in the remarks I made about the effect upon the silver market after the passage of the Bland-Allison and the Sherman bills. The silver senators, and all interested in the price of silver, declared that the enforced purchase of four million and  $4\frac{1}{2}$  million ounces of silver a month would restore silver to its former price. Well, did it do so?

"You made one assertion, Mr. Coin, concerning which I would like to ask you a direct question: It was when you said that somewhere about the period from 1853 to 1857, our small silver coins were leaving us and going to France, on account of the general scarcity of and general demand for small money there.

"Did you actually believe that our fractional silver was going to Europe at that time?"

"I did think so at the time I said it," replied Coin.

"What reason had you for supposing such was the case?" asked the professor.

"I had been told so," said Coin.

"Well, you had been told another very stupid falsehood. You surely must know that our act of 1853 reduced the value of the silver 7 per cent in the small coins; and that at no time was their commercial or bullion value great enough to overcome their reduced weight, or to admit of their being taken abroad without a direct loss. Our small silver did not go out of circulation until the war. It was the issuance of unsecured legal tender paper money which drove them to a premium, and nothing else, sir.

"During your lecture on greenbacks, you made two statements that are so manifestly absurd, that I would not take any notice of them if it were not for the fact that people can be found who are ignorant enough and credulous enough to believe them.

"First, you said that 'paper money always takes the place of redemption (or metallic) money during wars.' I fancy you must have said this upon your own individual responsibility. Your instructor would doubtless know it was not true, and there could be no sufficient reason for wishing you to make misstatements, which are without value or purpose."

"Well, isn't it true?" asked Coin.

"Of course it is not true," replied the professor. "You would know this yourself if you thought a little. Did France or Germany suspend during their war? Has England suspended during any of her troubles since the early part of this century? Have we suspended during any of our wars since the Revolution, except our Civil war? Have you heard that Japan or China have suspended because of their recent unpleasantness? You might as well say it is impossible to maintain a commissary department during a war.

"Your other statement about paper money was, that when paper money fluctuates in value, or becomes worthless, all people are upon the same footing; that all suffer proportionately. How about the employer and the employé? May not the workman agree for monthly wages, and find at the end of the month that the money he has earned is worth much less than when he hired out? Such things have

happened many times; many times in our country toward the close of our war.

"Then you undertook to struggle with the question of prices, and in trying to make your meaning clear, you said if a dollar will buy one bushel of wheat at one time, and two bushels of wheat at another time, the dollar has doubled its purchasing power. This is simply a question of *wheat*. The dollar will not necessarily buy twice as much of *other things*, and, therefore, has not doubled its purchasing power. This question of the price of wheat is over-worked and used up. Any western farmer, of ordinary intelligence, can now tell you that the present price of wheat is only the result of disproportionate wheat-raising, and cheapening processes? Why do you say nothing about corn? We produce far more corn than we do wheat, and yet, since the home demand is more in keeping with the corn supply than is the case with wheat, the price of corn has not fallen, it has risen. Corn is worth ten cents a bushel more than it was ten years ago. If your theory were true we would have to have one kind of a dollar for wheat and another kind of a dollar for corn. There is no consistency or common sense in your argument at all; but the measuring of the value of money by the wheat gauge is so convenient for the silverite, and fits in so nicely with the decline of the price of silver, that he will be very reluctant to give it up."

"I have greatly wondered, Mr. Coin," resumed the Professor, "what possible support to your cause you expected to derive from a sanction or indorsement of a scheme for issuing paper money by the Government, based upon labor, postage-stamp issues, and other such vagaries. Money must be based upon something redeemable upon demand.

"Supposing we had no metallic money, Mr. Coin, and were to issue paper money based upon labor. Upon what would you base your labor?"

"Upon the money," replied Coin.

"What kind of money, Mr. Coin?"

"The only kind there happened to be, paper money," retorted Coin.

There was a general laugh, which was joined in by everyone excepting Professor Goldwin.

For the first time Coin displayed decided wrathfulness at being so caught, and seemed to be on the point of an explosion. But the Professor quickly interposed, saying:

"Pardon us, Mr. Coin. There is no disposition to make merry at your expense. It is the inconsistency of the whole cheap-money argument which amuses. But surely you must be ignorant of the recent experience which the people of the Argentine Republic are now trying to live down. If there can be degrees of superiority among cheap-money schemes, their idea of basing paper-money issues upon

land had greater merit than your 'labor' basis. And yet they have hopelessly bankrupted themselves by trying to put it into practice.

"Here is a rich and beautiful country—that of Argentine—which possesses manifold resources, a vast extent of fertile soil, a wealth of mineral and grazing lands; a fine, stimulating, and healthful climate; an enterprising and intelligent class of people, and all the conditions and natural accessories which tend toward the best conditions of intellectual and physical life, all ruined, hopelessly insolvent, and her prospects blighted for at least another generation, simply through trying to make money plentiful. The people said, 'Give us more money,' and so the legislature sanctioned the issuance of paper currency, based upon land. Any person owning land could, by going through the hollow form of pledging it as security, through the intermediary of the government or hypothecary bank, have issued to himself currency up to its full value.

"As might have been foreseen, a tremendous inflation of values ensued, until it at last became a perfectly easy matter for a farmer possessing a 100-acre tract to obtain an issuance of \$100,000 against it. After that the end was not very far to seek.

"The 'labor basis' scheme which you sanctioned is far more wild even than the Argentine land scheme. Do you think that in a

popular government like ours any such scheme — even if it possessed the smallest amount of common sense behind it (which this does not) — could be held within reasonable bounds? We Americans have a natural tendency toward inflation and 'booming.' Where do you suppose it would land us? 'Labor currency,' indeed! As well base money upon people's moral intentions. I am ashamed of your reasoning faculties, Mr. Coin."

Coin rose to his feet as though he would leave the room. There was no word of restraint upon the part of any of the company, but a sudden sense of what an unmanly action it would be to fly, came upon him, and he resumed his seat.

"The next assertion of yours which it is worth while for me to take up," resumed the Professor, "is that referring to the general decline of the prices of commodities. As in all your arguments, Mr. Coin, you attribute it to the demonetization of silver, and deny that improvements in production have anything to do with the matter.

"You have been accustomed to quote from the tables of Mr. Augustus Sauerbeck to substantiate some particular theory or idea with which you happened, from time to time, to be laboring. Allow me to call your attention to the fact that Mr. Edward Atkinson, our ablest statistician, and a man who holds a foremost

place among our American thinkers, has recently shown—and largely through Mr. Sauerbeck's own figures—that there is not a single commodity in use, whether an article of food, of wearing apparel, or of mineral or timber production, upon which any decline in price that may have taken place can not be proven to be owing wholly to improved facilities in production and distribution. He claims—and this is a very evident truth—that the only fair basis of comparison must involve a period of years, running backward from the year 1890 to, say, about 1860, or before the outbreak of the Rebellion.

"It is not fair to introduce figures of the past four years since 1890, because the conditions have been more or less strained during this period, owing to the agitation of silver fallacies—unnatural prices of many articles being the result.

"The treatment, he says, of Sauerbeck's tables of forty-three articles shows that '*a few have risen* in price since 1873, others have fallen but very little, others a good deal, others have varied from year to year, but there has been no sign of any influence which has caused a steady tendency to depression, as the silverites claim.'

"He gives tables showing the relative prices of meats, both in England and the United States, from 1860 to 1890.

“Tables of grain, roots, fruits, vegetables, and sugar (these are mainly higher in price than in 1860); also he gives a table of average of all wages, beginning with the year 1845, down to 1890, and shows how the tendency is constantly toward a greater purchasing power in the average rate of all wages.\*

“The causes for a reduction in the price of animal food since 1860 are, he says, the extension of railways, the establishment of great packing-houses, inventions in canning provisions, the application of freezing processes and cold-storage chambers, and changes from sail to steam in navigation.

“In 1860 the supply of meat to great cities was limited to farms and pastures in close proximity; in 1870 the movement of live or dressed animals by rail was insignificant, and by steamships of no influence or effect.

“In 1860 and 1870 the beeves of South America and Texas were slaughtered mainly or only for their hides; they possessed no international food value. The great prairies of the United States were still buffalo ranges, and the sheep of Australia and New Zealand yielded use and value only in wool and tallow.

“In 1890 every part of the animal had become an article of international commerce, while the cheese factory and the creamery had made an economic revolution in dairy processes.

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\* See table on page 118 of appendix.

"These improved facilities of distribution made it possible for the people to purchase animal food in proportion to the rise in their wages, and, of course, if their power to purchase had been less than it has been, the price of meat would have shown a great falling off since 1860, which it has not.

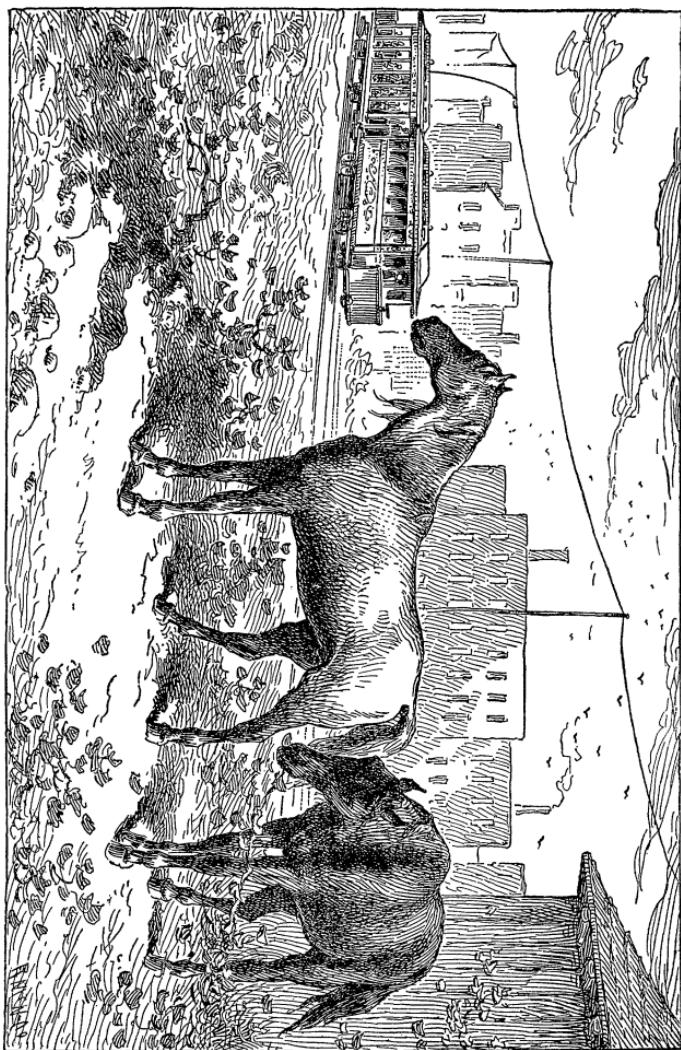
"There is very small comfort in these figures for your theory, which attributes all the trouble to the demonetization of silver. And the fact that they come through your favorite statistician, Mr. Sauerbeck, ought to make them the more acceptable to you. I recommend this article to you for a very careful reading, Mr. Coin. You will find it in the April number of the *Forum* for this year.

"Referring to one of your light and airy assertions in this connection, that relating to the present cheapness of horses, you said it could not be claimed that there is any improvement in the facilities for raising horses.

"Would you also assert, Mr. Coin, that there has been no introduction of improved facilities for transportation during the last five years? How about the trolley car?

"Mr. Coin, the horse has merely been superseded by electric and other such contrivances. In a comparative sense, he is no longer needed. The era of his great usefulness as a factor of transportation is rapidly drawing to a close."

Coin looked up suddenly, with an air of



THE HORSE SUPERSEDED.—Page 73.



startled conviction. It was evident that he had not thought of this.

Professor Goldwin's arguments were now telling upon him with immense force. He said nothing, but sat with knitted brows. The dawn of truth was breaking in upon his mind.

"Another of your 'catchy,' but altogether trivial, arguments, Mr. Coin, is that wherein you make such a humbug ado about the volumes of gold and silver in the world. You mark off a space twenty-two feet square, and say that all the gold in the world can be placed within a cube of that size. That it could be all stacked behind the counter of a single bank, or placed within the Chicago wheat pit, without interfering with the regular business, etc.

"There are numerous ways in which a problem may be presented, and yet adhere to the lines of truth. Your method, Mr. Coin, seems to have been very ingeniously contrived to shrink this volume of the world's gold supply into the narrowest possible compass, and thereby make its apparent insignificance appeal to the imaginations of the people.

"Now, in the first place, I do not think you have made your figures of the world's available gold supply large enough. But, for the sake of argument, I will pass over this and accept your figures of thirty-nine hundred million dollars, and make it serve the purpose of an illustration of a different sort.

“Let us suppose this bulk to be all coined into double eagles, or twenty-dollar pieces. If we then were to lay a string of these twenty-dollar pieces close together and in a single straight line, it would reach from New York to San Francisco in a continuous and unbroken line of gold, and there would be nearly one billion dollars left over, or enough to furnish a large portion of the commercial world with sufficient for exchange purposes.

“Or, take another illustration: The Mechanics and Liberal Arts Building at the World’s Fair in Chicago covered forty-three acres of ground. We could take these twenty-dollar pieces, which compose the world’s available supply of gold, and pave the entire floor of the Liberal Arts Building, laying them *three deep*.

“But such illustrations as these, after all, count for very little. They only appeal to immature minds. I will now show you that all statements to the effect that the supply of gold is inadequate to the world’s needs are wholly erroneous and vain.

“The world’s production of gold for the year 1894, Mr. Coin, was \$185,000,000. At the present rate of production, which, for the last four years, has steadily increased—and without figuring on any future increase of the present annual rate (which we might, perhaps, legitimately do)—we shall be able to duplicate your world’s present available gold supply in *eighteen*

*years.* The world is to-day producing gold, Mr. Coin, more rapidly than at any time in its history; more rapidly than in the palmiest days of the California and Australia diggings. This is a steady rate of increase, which is chiefly owing to the development of modern scientific methods of mining and extraction, and is little influenced by the discovery of new and fickle surface deposits. The world's supply of gold is very well assured, sir, and, inasmuch as the whole world wants gold, and seems willing to take it to an apparently indefinite extent, and moreover, as it apparently has *enough silver*, and does not apparently want any more of it, it would not seem necessary to urge any further arguments as to which of the metallic standards it would be safest and wisest for us to maintain.

“Gold has no tendency to concentrate at any one given spot in the world, and the figures of production which I have given show how impossible it would be for any clique of men to control the volume of gold.

“But the silliest idea of all is that any men could have a desire to do so. Gold, to be of any use or value, must be earning something; and when the stock becomes too large in a given locality, the invariable effect is that its holders are obliged to sacrifice something, by reducing the interest rate, in order to set it afloat again.

“We have heard a good deal lately with

reference to the shipments of our gold abroad, that it was being hoarded in Europe by certain people for speculation.

“ As an example of the wildness of this sort of talk, and to show the tendency of gold to flow only in legitimate channels, to go only to places where there is need for its actual use, we now have accurate figures to show that 118 millions of the American gold eagles that were shipped abroad last year went directly into the Austrian coinage.

“ As a last word against the whole idea of bimetallism, international or otherwise, I would like to give the substance of Henry Dunning MacLeod’s argument in the November *Nineteenth Century*.

“ He states that in 1830 the question of re-establishing bimetallism in England was agitated to some extent, after they had been upon a gold basis for fourteen years. Silver, during this time, had fallen only about 5 per cent; so that in case of a re-adoption of the double ratio it would necessitate only the declaring of nineteen shillings to be equal in value to twenty shillings.

“ But the closest students of the question, among whom were Sir Robert Peel and Mr. Herries, Master of the Mint, declared that to do such a thing would bring on national bankruptcy in twenty-four hours. After debating, the motion was rejected without a division.

"Mr. MacLeod further says, the bimetallists claim that a legal ratio between gold and silver was adhered to in England and France for centuries, but that it is true in name only.

"It was bimetallism upon the statute-books of both countries, but invariably it was only the cheaper metal which circulated; and that the present agitation is simply the keeping alive of a fallacy which the older and more experienced nations of the world have exploded many years ago.

"The time was when the statesmen of these same older countries thought they could regulate and fix the value of any or all commodities by law. And they tried to do so.

"It is needless to say that they have abandoned their attempts in this direction. If it is possible to establish a fixed ratio between silver and gold by international agreement, he argues, why should we not establish the price of wheat, cotton, and wool, also, by the same means? Gold and silver are also commodities which are produced by man's labor. Why should not an international law be agreed upon which would forbid any of the great commodities to fluctuate in price, and thereby save great losses to merchants through changes of values?

"Does any person of average sense believe that such a law would have the slightest effect? The principle is in no sense different from that

which applies to the money metals. Being commodities, they fluctuate according to demand and supply.

“There is nothing to be gained by reviling England, or the bankers or capitalists of the world, because of their adherence to a belief in a gold standard. They have nothing to gain and everything to lose by our misfortunes or depressed condition. In defending their belief in monometallism they are only standing by that which they are assured is for the benefit of the world at large as well as for their own best interests. All the European nations have only abandoned bimetallism as inexpedient after having vainly attempted it during the last five centuries.

“Mr. Coin, I earnestly hope you will reflect candidly upon these matters. It is a great pity that a mind as bright as yours naturally is, should so utterly go astray. I do not hesitate to say, however, because I believe it to be true, that it only needs the proof as to wherein truth actually is, to prompt you to take a firm stand in the cause of right. I shall believe in the soundness of your future position, Mr. Coin, and this shall be my only apology for keeping you out of bed so late.”

He extended his hand as he spoke, and it was taken without an instant’s hesitation by Coin.

“Professor Goldwin,” he said, “I can say with perfect freedom and truth that you have

given me a great incentive for investigation, if nothing more. My first aim in life shall now be to ascertain whether you or I am in the right. Your talk has interested me greatly; and while you have been rather severe with me, I am bound to admit that *if you are right* and I wrong, every word you have said has been justified.

“Moreover, I can say without hesitation that you have shown yourself to be a gentleman throughout, and I hope to give myself the pleasure of meeting you in the future.

“Possibly I may write you the result of my search for the ‘truth.’ I wish you a pleasant good-night; or, rather”—he smiled as he looked at his watch—“I should say, good-morning.” He turned its face to the company. It was three o’clock. After mutual expressions of good-will, the gentlemen all retired to get a few hours of sleep.

## CHAPTER V.

THE following morning, after the passengers had all breakfasted and returned to their seats in the coach, Professor Goldwin was sitting alone reading the morning paper. A man who occupied a section at the forward end of the car, and who, for several minutes, had been going back and forth holding brief but animated conferences with many of the passengers, suddenly approached the professor's seat, and, in a brusque but pleasant manner, said: "I believe this is Professor Goldwin? My name is Reuben Applegate. Now, there are a number of fellows here in the car who were inclined to grumble and swear a little last night over that close communion love feast you and Mr. Coin and the others held in the smoking-room. The boys made the porter tell who it was that ordered the door closed; and little by little it has leaked out that there was a lengthy discussion on finance, from which they were shut out. Of course they were able to go into the other cars and smoke, but being free American citizens they did not like the idea of being compelled to do it; and, besides, they think the case was aggravated because

they believe they would like to have heard that discussion. I have found by talking with them that most of the boys in the car are pretty bright fellows. They don't pretend to know a whole lot about national finances, but some of them know a job lot of goods when they see it; and most of them are pretty strong in their ideas of trade and business. The question has come up about our having a meeting of our own; and as we are all of us forgiving in our dispositions, we want you and Mr. Coin, and all the rest of last night's 'select circle,' to take a hand with us. Besides, we want somebody to act as chairman or moderator, and we would like to have you take the position if you will accept it. The rest of us are all too modest."

The professor, while this little address was being made, had been scrutinizing the appearance and manner of the man who was talking to him. Being a very good judge of character he quickly formed the opinion that he was a very good fellow, of the somewhat rough-and-ready sort.

When he paused for a reply, the professor smilingly said: "I have no right to blame you, Mr. Applegate, nor any of the other gentlemen for feeling as they do about my action of last night. I am aware that it was unwarranted, and, perhaps, in some respects, rather high-handed for me to hold possession as I did, but I

had a particular reason for wishing to hold a long conversation with Mr. Coin, and I feared that if the door remained open to all we might be interrupted, so I concluded to take chances on the outcome. It would not be truthful for me to say that I regret doing it, however, but I can say that I shall gladly join you in the general meeting you propose, and if I can assist in any way I am willing to do so. I have no doubt there are others who would fill the moderator's chair as acceptably as myself. You will do me a great favor if you will convey my thanks to your friends for their tolerance with me under the somewhat unusual circumstances."

"All right, professor," returned Mr. Applegate, "we are going to call to order right away, and I wouldn't be surprised if we could set up almost as good a meeting as yours of last night. I will speak to the other boys now and have them all come down to this part of the car."

He turned abruptly and went toward the other end, speaking a few words to his fellow-passengers as he went. In a few moments, as if by common consent, they all arose and began to congregate in the immediate neighborhood of the professor. There were more than a dozen in all, besides those who were included at the professor's meeting of the evening before. Mr. Applegate proceeded to act as master of ceremonies and went through a brief form of introduction, which had the effect of making

everybody feel more or less at ease. Mr. Applegate then arose, and, addressing his preliminary remarks apparently to Professor Goldwin, said: "We have found, by making a canvass, that the passengers in this car represent nearly all the important branches of occupation or profession which are in the line of production and distribution. The purpose of this meeting is to obtain an expression of opinion and sentiment upon the question of money standards, from as many of the gentlemen as may desire to speak, and present a view of the matter as seen from the standpoint of their own occupation. Supposing this meeting to have already been called to order, I wish to propose Professor Goldwin as moderator."

By a unanimous vote, and in a very free and informal manner, the professor was chosen moderator, and, after briefly expressing his thanks for the honor conferred upon him, said that the meeting was now open for whatever business or discussion seemed desirable. After a moment's pause Mr. Applegate arose and said: "MR. MODERATOR AND GENTLEMEN:

"As we do not wish to have any drag about the proceedings of this meeting, I shall, with your permission, state my own ideas upon the 'silver question.'

"I am a merchant. The merchant is a person who occupies a middle ground between the producer and the consumer.

“I do not produce anything myself, but I do not see how the world could get along without merchants, because they serve the needs of the people by distributing goods. In other words, I buy and sell; and I try to make enough profit to pay my rent and all running expenses, as well as interest on what money I borrow, and interest on my capital, with just as much additional profit as I can get, to pay for my own services and the risks of the business I carry on. I owe more or less money at all times; and there is at all times owing to me, for goods sold, about the same general average amount of money as that which I owe.

“When it comes to the question of what kind of money I prefer, I have to say that I do not see that there could possibly be any advantage to me in paying my debts in a cheap form of money; because, if I did, I would have to take what is due to me in the same kind of money; and as all that I owe falls due within the next four months, any increase I might make in my stock of goods, or any other new transaction I might enter into and pay for with a cheaper form of money, would require a larger amount than I would pay in money which was not cheap. In other words, the goods I bought would be higher priced in cheap money than they would be in dearer money. It is very clear to me, that if we should adopt silver as our standard money, it would result

in pushing up the prices of everything; and unless it could be made plain to me that I could realize a much larger profit on the volume of goods I sell than I now do, I should be opposed to a silver standard; because it is evident enough that the purchasing power of my profits would be greatly reduced if these profits were in a cheap form of money. I can see no inducement for me to favor cheap money unless I could see a very much larger aggregate or annual profit with which I could offset the disadvantages.

"Then, too, I am afraid of this kind of money, because of the unsettling and derangement of prices and values which would result from its adoption. Speculation would take the place of legitimate mercantile transactions, and that, on a large scale, is always dangerous, and generally an expensive thing for the community.

"There is another thing that I have to think of. I sell a great many foreign goods; and, no matter what kind of money we have, all such goods would have to be paid for in gold.

"If I am not mistaken the fluctuations in the price of silver bullion, as measured in gold, during the past few years, would, in the swing of a single year's time, amount at the very least to 10 per cent.

"Now, if we were on a silver basis, and gold was at a premium, the silver, we will say, would not fluctuate, because the prices or values

would be measured in silver; but the gold would certainly bob up and down in price when measured in silver, just the same as silver has bobbed up and down when measured in gold. This being so, when I bought foreign goods, to be paid for four months afterward, in gold, and began to sell them immediately—as I should—I should have to know in advance what the price of gold would be four months later, or else I would have to add a large enough amount on to the price of these goods to cover the risk I ran by this fluctuation. Otherwise I might be out of pocket, and lose more by the rise in gold than any profits I should gain in the sale of the goods. I think  $2\frac{1}{2}$  per cent would be the very least amount that could be added for this risk; but all merchants would be compelled to add it, and this would operate as a tax on the people who consume such goods. It would not really come out of us.

“There is still another point. With the present general average of prices, I am obliged to go to the bank and borrow money in order to meet my bills promptly, or to buy goods for cash, as the case may be. If we should use this cheaper form of money, and double the price of goods, it is easy enough to see that where I borrow one dollar now, I should have to borrow two then, and thus pay twice as much interest as I now pay. Of course, this, too, I should have to take out of the people who buy my

goods. I can not do business for them at my own expense.

“So when I come to look at the matter from first to last, in the light of my own business experience and convictions, I am bound to say that I am opposed, as I think all men in my line of business will be opposed, to changing the money standard.

“In fact, I am fully convinced that it would be a most foolish if not a suicidal policy for the people of the United States to enter upon.

“This is the view of the question which the great majority of men in my line will take. But there are men here representing other lines who wish to speak, and I will be glad to hear what they have to say.”

As soon as Mr. Applegate sat down, Mr. Wood arose. He began by saying:

“I am a manufacturer. I have listened with a great deal of interest to what Mr. Applegate has said; and a large part of his statement of the disadvantages we should labor under through a change of money standards would apply with equal force to me. This I can see would especially be the case in the fluctuations of prices, the irregularity of the markets, and the higher rate of interest I should have to pay on the money I borrowed.

“There is one point, however, wherein I think I should get an advantage by the use of the cheaper form of money.

“To speak frankly about it, it is this: I believe I could get a higher price for the products of my factory. I know the prices would be higher for all those articles which come into competition with foreign goods, whether they were sold here or sold in some other country.

“I do not believe I would have to advance the wages of my factory hands. The advance would be very little if any at all. As matters are with me now, when I have paid off the wages of my operatives, and my rent, and my interest, there isn’t much profit left.

“Competition is very close, and if I could get higher prices, without being compelled to advance the wages, it would be a very great advantage to me.

“I think the effect would be that wages would remain substantially the same, because their tendency is to remain fixed by custom or usage, and they do not rise and fall—or, I ought rather to say, they do not rise—with the prices of things.

“But when times become sluggish, or industry fails, the very first thing to be reduced is wages.

“This is the way I would look at the question if it concerned my own private and personal interests, and nothing else.

“I believe I might be able to make money out of the new conditions.

“But if I put this passing advantage to one side, and look at the question widely, rather than from the standpoint of narrow self-interest, I am compelled to say that I can see no reason at all for making a change. It would assuredly work a great hardship upon the mechanic, and very likely upon all grades of employes. I do not believe in shifting the standard. The standard is good enough as it is, if only the agitation of the question could be entirely dropped. We are even now—under our present standard—quite rapidly working our way out of bad conditions into more prosperous ones, and to change from our gold standard and take up silver would relegate us to the rank of China, Mexico, or other effete or half-civilized nations.”

As Mr. Wood sat down, two men sprang to their feet at about the same time. The Moderator, however, recognizing one of them as being slightly in advance, nodded to Mr. Boardman, and the other gentleman resumed his seat.

Mr. Boardman began: “The class I represent is, I suppose, thoroughly well hated. I am a speculator. If newspaper screeds, the tirades of the labor men, or the great swelling words of the political orator are good evidence, we must be regarded as an all-round curse to the community.

“And yet, from one point of view, we are

not a bad lot, and I think I will be able to show you how we often do great public service.

"It is true that we neither sow nor reap, nor do we give employment to industry. Our business office is generally small, often it is only carried around with us in our hats.

"In fact, we are not very much *in view*, unless the newspapers 'get on to' some of our deals. In times when prices are fairly well related to each other—as is always the tendency when trade is steady, and the production of things is on an average basis—there is little or no room for us to operate, but when a crop fails, or is extraordinarily large; when war or civil commotion, strikes or riots are in vogue, when panic comes, and credit fails; in short, when from any cause, prices fluctuate because of uncertainty, then our opportunity is before us. We study all the various influences operating in this direction and that direction, on this thing and that thing, and anticipate the movement of prices.

"In a word, we are awake when others sleep; and by acting in time, either as buyers or sellers, we reap a profit (when we are successful) between the transactions of the regular dealers.

"Meanwhile, these regular dealers, in order, I presume, to cover up their own dullness, call us speculators and plungers, and dignify

themselves by the name of legitimate ‘merchants and traders.’

“You need not construe what I have said as being a confession. It is merely a preliminary explanation, which I am not ashamed to make, to show you why the free coinage of silver would be, to men of my class, a great boon.

“It would be so, because through the demonetization of gold, and the substitution of the cheaper money, it would radically and universally dislocate all existing relations in values and prices.

“It would not, however, operate alike and concurrently upon all things.

“First,—and to an intense degree—articles would be affected which are bought and sold only in foreign countries.

“Second,—but less violently—the things which consist in part of foreign fabrics.

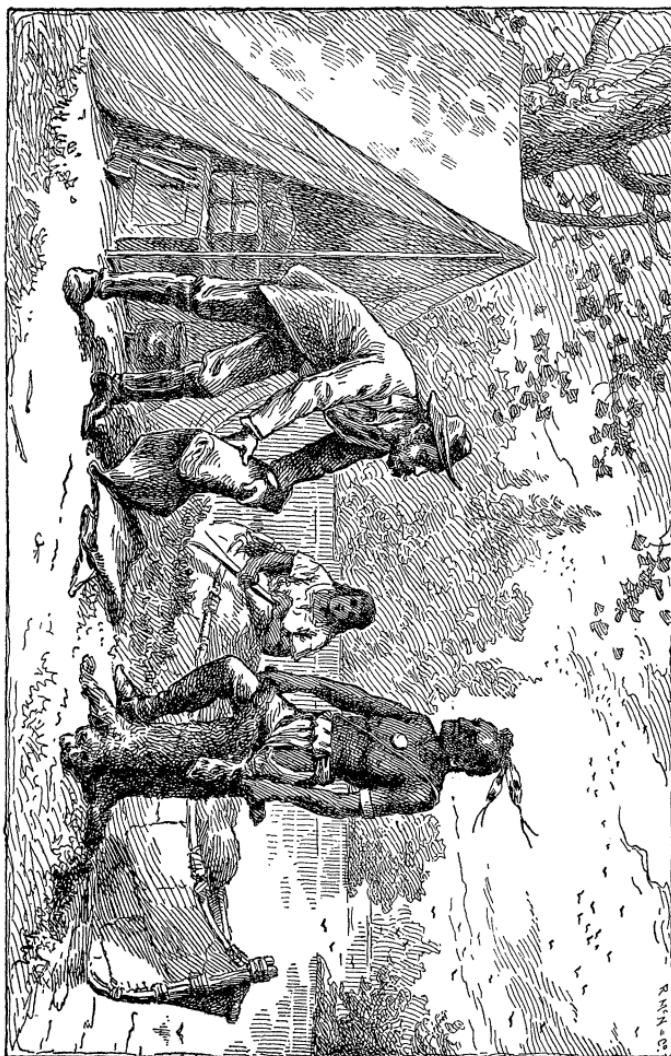
“And, lastly, the things which are wholly of domestic production and use.

“I do not want to extend my remarks too much. I have said enough to show where we would come in; and nobody could greatly blame us if we made the most of it. Mind you, I don’t advocate free coinage of silver. I do not think it is for the general welfare. But if the people want it, we will be happy to welcome it as grist to our mill.”

As soon as Mr. Boardman sat down, Mr. Hope arose and began immediately to speak.

"As some of the gentlemen present are aware, I am a banker. I belong to a class which seems to be growing in unpopularity among a large number of people. This condition is, I presume, inevitable during periods of industrial depression; and I am rather glad of the opportunity to speak a few words for my class, and the interests and opinions which they represent.

"In some particulars it will be for my immediate interest, as a banker, to have the change made to the silver standard; to see gold demonetized and a premium upon it. My interest in that direction will appear from the following considerations: A premium on gold would mean a higher price for things. Therefore, every check, bill, or note, passing through my hands would, in that case, be for a larger actual amount than is at present represented by a corresponding commercial transaction. Many people erroneously suppose that I get my living by loaning money. That is partly true; but the larger part of my earnings comes through exchanging my obligations—in the shape of open credits on my books, for the notes of merchants and dealers—for a like sum, payable at a future date. I lend them my credit, against which they can draw from time to time, to suit their own convenience. They agree to reimburse me at a fixed period. For this service I make a charge relative to the





size of the transaction. We call this charge interest or discount.

"Now, one of my troubles of late has been, that notes given in purchase of commodities are comparatively small, owing to the generally low level of prices. This results in a small volume of notes or bills. We bankers compete with each other to get them. Our charge, or rate of discount, goes down, and our profits have been small. If you double the price of things you will thereby double the size or amount of every credit instrument. For instance, a hundred tons of pig iron, at present prices, amounts to, say \$1,500. If sold on credit, a note for that amount comes into the market. If the price should be doubled through the use of a less valuable form of money, the same transaction would involve a note for \$3,000 upon this instrument. The banker, charging the same rate of discount as before, would realize twice the sum that he now does.

"Nor is this all. With the free coinage of silver, gold would disappear as domestic money and become a merchantable commodity. This, for a time, would reduce the banker's available cash. He is always limited in his discount operations by the relation of the amount of cash he has on hand to his liabilities or deposits. With higher prices (on silver) his deposits would increase, while his available

cash means would not be added to. This fact would prevent him from 'discounting' as freely as he now does for his customers. Rates of interest or discount would increase; so that on transactions larger than at present he would also obtain a rate higher than at present. He could also protect himself from loss through depression of his capital, by carrying, as part of his cash reserve, a sum in gold equal to his capital, until the market should furnish a premium sufficient to justify him in converting it into the cheaper money.

"So that, quite contrary to the popular idea, the banker would reap larger direct gains on the silver basis than he now enjoys.

"Does he therefore favor the free coinage of silver? No, decidedly not. He is perfectly aware that such action, if entered upon, would be instantly followed, if not anticipated, by a contraction of credit and a derangement of values which would cause wide-spread loss and disaster. From these consequences he could not escape. A large holder of claims against the commercial community, he is interested in maintaining the safety and prosperity of the community. He knows also, that even though his profits or dividends might be larger on the silver basis, their efficiency in purchasing power would be greatly lessened. He, therefore, is in favor of maintaining gold as the monetary standard, because it is the world's standard.

All things have now become related to gold; and the bankers oppose a breakneck experiment, which a change in the money standard would certainly amount to."

After Mr. Hope had resumed his seat there was a pause for a moment or two before the floor was taken by anyone else. Then a man slowly arose, who, by his diffident manner and general bearing, indicated that he was of a somewhat different class from the other gentlemen who had been speaking. It was evident to all, before he began to talk, that he belonged to the army of labor.

He began by saying, " My name is Wheeler, and I am a workingman—a mechanic. Mr. Coin, and the entire school to which he belongs, says that my class is in favor of the free coinage of silver. Free coinage of silver means, as I understand it, that gold would be at a premium. Well, I am not generally credited with much intelligence, but there are a few things I know. I know that wages tend to a certain level. They say that labor is a commodity, and is subject to the law of supply and demand, like all other commodities. If that is true—and in a sense it may be true—I know that neither wages nor labor enjoy market quotations. Things in general go up or down every day. They equally respond to the principle of supply and demand, but I do not discover this to be the case with wages. The

rate of pay, whether for common labor or skilled mechanics, seems to get established by some kind of agreement or understanding, and once established that way, employers seem to think it a crime to pay more. We go on from year to year, getting work when we can at the general average rate. If things go up in price, wages don't follow. We have to be satisfied and get along with fewer things. Now, if the silver basis means—as I think it does—that we are to get our wages paid us in cheaper money (money that will buy less of food and clothing), I am against it, unless you can show me that my pay is going up to correspond. If the silver men will guarantee to double our pay, we might be willing to chance it, but they don't propose to do that as far as I can see.

“Until something of that kind is done, I want my pay in the best kind of money; the money I can buy the most things with; and that, if I understand it, is gold coin, or its full equivalent. That's my idea, and I believe most thinking men in my class will agree with me.”

Mr. Wheeler then sat down, and it was very evident that he had made quite an impression. The impression seemed to be strongly felt by all; but the effect was particularly strong upon Mr. Coin.

Before another person could rise, Coin spoke,

saying, "Mr. Wheeler, you say that most men in your class will agree with you. Do you think you could verify that statement?"

"I said," replied Mr. Wheeler, "that most thinking men in my class would agree with me. I presume you know something about working-men. Some of them think a good deal, and some of them think very little. The mistake is in supposing that the thinkers among the workingmen are few in number."

As Mr. Coin made no response to the last remark, after waiting a moment Mr. Root arose.

"I am a farmer," said Mr. Root. "Perhaps I don't understand all the ins and outs of the silver question, and I may mix things up some; but the way it strikes me is this: Things are awful low in prices. We farmers don't seem to get rich like city folks, although we are the producers, and they couldn't live without us. We are told if silver had its rightful place and enjoyed the privilege of the mint, everything would go up in price. We farmers would get a dollar a bushel for wheat, and so on for everything we had to sell. Well, if everything went up, I suppose what I had to buy would go up just as much as, and perhaps more than, what I had to sell. My yearly profits would look bigger, but perhaps they wouldn't buy any more than they now do."

"I own my land and don't owe much; so I haven't anything to gain by paying my debts

in cheap money. I guess if anybody was to get any advantage out of the proposed change it would be the speculator and not the farmer. Not the farmer that's situated as I am, anyhow. I know some farmers that have bought their land within a few years, and owe most of the purchase money. If they could pay their debt with dollars worth half as much as the dollars we now use are worth, it would be of great advantage to them, I presume; though I can not see that it would be exactly honest, because they bought the land on the gold basis of value. We have been on the gold basis for a good many years.

"I came West just before the war, without a cent, and went to work at \$12 a month and board. After a while I hired a piece of land, and finally bought my farm. Except for the greenback days, it was all done on the gold standard. I pay my hired man \$18 a month; which is 50 per cent higher than I got in the early days. I ain't rich, but I am better fixed than I used to think I ever could be. I believe that common honesty and common wisdom are against what (talk of it as you want to) is a virtual repudiation of honest debts."

When Mr. Root had finished and resumed his seat Mr. Applegate at once went over to him and shook hands. He then sat down in the seat with him, making a whispered comment or two.

By this time a gentleman who had twice before attempted to secure the floor was upon his feet and waiting for full attention. It was Mr. Goodenough, from Nevada. He appeared to be somewhat excited, and began to speak in a rather high voice and with a rapid utterance.

He said, "I am a silver producer, a silver mine owner. Now, it strikes me that the sentiments of the people in this car lean very dangerously all toward one side, and I propose to show you gentlemen how you are all mistaken in your conclusions.

"The United States is the only country that has ever tried the experiment of a single gold basis of money—with the exception of England—and it has been the ruin of ourselves and England too. Gold is our tyrant; but we propose, by lifting silver again to its rightful place, to make gold our slave.

"The bondholders and capitalists of this country and Europe are determined, if they can possibly bring it about, to compel the United States to abandon its sovereign power of coining and issuing money by the treasury. They propose to accord this great privilege to gold alone, and to turn over to the bondholders and banking corporations of Europe and Wall Street, the control of the volume of our money.

"We are now in the hands of the pawn-brokers of Europe. The bank of the Roths-

child's in England is behind the United States Treasury.

"Our great creditor is England, and we are the debtor nation. But when we gave our bonds to England we promised to pay in coin, and not in gold, as the gold-bugs are making you believe. We can pay in either metal, and we propose to pay her in silver.

"I tell you that the great political battles of the future are going to be fought on just such lines as this, and the battle of the money standards, now drawing near, is the greatest battle which is to be fought in this country and the world over. The enslaved masses of the Old World look naturally to the free people of this glorious land to lead the way. This vast country of ours, with over seventy billions of wealth, and a population of seventy millions of people, is strong enough to maintain its own monetary system; to open its mints to the free coinage of gold and silver, and thus again restore—not only to ourselves, but to the world—the old order of things by which gold and silver circulated side by side upon terms of the purest brotherly fellowship." (There came a rather lonesome and perfunctory hand-clapping from Mr. Coin.) "Yes, gentlemen, for a long period of years silver and gold circulated together upon terms of perfect justice and loving equality. Side by side, arm in arm, they went together to the Mint, and returned from the

Mint undivided. Nothing occurred to mar this ideal brotherhood until a clique of malignant wretches in our National Congress concocted an abominable conspiracy, which resulted, in 1873, in the most awful crime that the world has ever known. The brothers were torn apart, and silver was murdered!"

Mr. Goodenough paused to take breath just as the train came to a stop.

In the momentary silence that ensued there were three or four deep sighs which floated up to his ears, and one low-voiced, mild expostulation: "Oh, say!"

The orator glanced from one to another of the group of faces, but could not tell from whom the words came. It seemed to him, however, as though it were from the direction of Mr. Wheeler, the workingman.

Mr. Goodenough flushed; twice opened his mouth to speak, paused, and finally said: "Well, perhaps you are right, gentlemen; I will perhaps do well to save that matter and give it to the other people."

He again paused briefly, as though he were uncertain how to proceed; and when he began again it was in a changed manner and voice.

"I may as well state the case to you frankly, gentlemen. I am in favor of the free coinage of silver at a ratio of 16 to 1, because it is to my interest. It is not only to my interest, it is also to the interests of each and all—or at least to

most—of you,” and he gave a resentful glance in the direction of Mr. Wheeler. “Our friend Mr. Hope, the banker, has told us how it is possible for the banker to benefit (for a time at least) from the introduction of free silver coinage. Now I regard this possibility as something more than that. It is a certainty—and it applies to all, or nearly all, of you—that it will be for your interest to favor this measure, because, through the appreciation of prices and disturbance of values, there will be wonderful opportunities for all of us to make money.

“Mr. Hope says he does not favor silver, because he believes that upon its initiation any possible benefits in the way of profits would be followed by a reaction. Also, that it would be a bad thing for the country, and that it is his duty to oppose it. This is all ‘gammon’ (pardon me Mr. Hope). In the first place, I think we are all of us willing to take chances on any future reaction, if we can have the opportunity to make plenty of money in the present. And, secondly, you and I, and all of us, know that we are all working for *ourselves*, not for the country. We, of course, don’t want to have the country suffer any great injury, but we look after our own prosperity first. Mr. Wood, the manufacturer, has told us how it will benefit the manufacturer, by increasing the price of his goods without making it necessary for him to

pay any more for his labor. If it will help him, how much more will it help me—a silver producer? That is the whole secret of it, gentlemen. It will benefit all of you, with the exception of the workingman.

“The manufacturer will have a great advantage in dealing with his customers, the merchants; the merchant will have a similar advantage in dealing with the consumers; the banker will be in the same position with reference to his depositors; and the speculator will reap his reward from the unsettled condition of the market. I am not quite certain where the farmer would come in, but I know he could make money out of it. It will be to the benefit of all except the workingmen.

“But there is another gentleman here from whom I would be glad to hear. I know that he possesses certain interests in the same line as my own, and his wide experience in business matters and industrial conditions will enable him to speak with peculiar intelligence. I refer to Mr. Waters.”

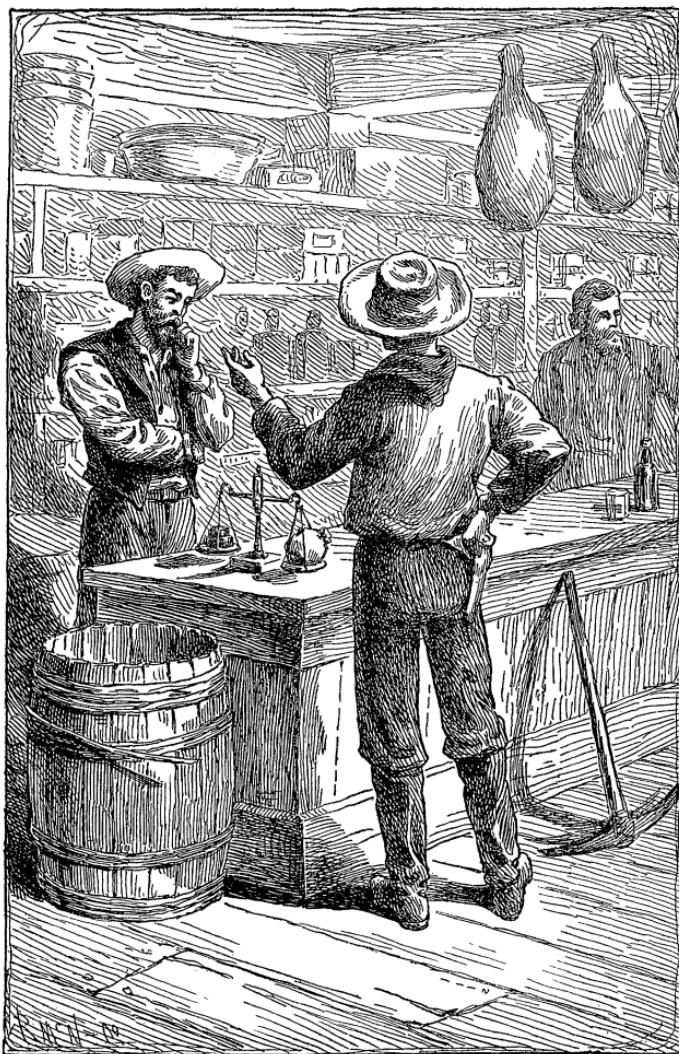
Mr. Goodenough sat down, and there was a moment's stillness which seemed almost ominous. Then Professor Goldwin spoke and said:

“I understand that a part of the company is to leave the train at the next station; and as I also have arranged a business interview with a gentleman who is to come aboard there, I must announce that it will be necessary after

the remarks by the next speaker to conclude the meeting. Mr. Waters, will you be kind enough to give us your views from the stand-point of the investor?"

Mr. Waters arose. He began by saying, "I am what you call a capitalist. As this session seems to have developed into an experience meeting, perhaps I ought not to refuse to bear my testimony. We capitalists are becoming quite accustomed, now-a-days, to epithets, such as 'Shylocks,' 'Plutocrats,' 'Gold Bugs,' etc. These epithets are becoming so frequent of late that it takes but a kind word or two to awaken tender sensibilities, which we possess in common with other men.

"We are not accustomed to speak very freely of our affairs, and are generally devoid of that 'stirring eloquence' which seems to be the capital of the office-seeker and the demagogue. I am not disinclined, however, to speak, in plain language, here, where so many others have frankly expressed themselves, for I feel very deeply the importance of this question. It has been said that my remarks would bring the symposium to a close. I shall, therefore, feel at liberty to speak until my mind is fully cleared, unless by so doing I overtax your attention; in that case I will cease. You asked me to tell how my interests would be affected by a change to the silver standard, under the free coinage of silver, at the ratio



CALIFORNIA, 1849. MONEY BY WEIGHT.—Page 126.



of 16 to 1. Now, I can not answer that question intelligently without considering also how other persons who are now using my capital would be affected, because my welfare and theirs are very closely related. It is in this way. Although I control, on my own account and for others, a capital of, say two millions of dollars, I have not at the present moment (and rarely have for any long period) a sum in cash equal to \$10,000 under my control. My capital is in the hands of other people; used by them in various forms of industry and enterprise. For its use I expect in return either a certain share of profit—be the same more or less—or a fixed and limited payment known as interest.

“In the first instance, I agree to share my proportion of loss (if any) for the sake of the hoped-for profit. In the second case, for the sake of being secured against loss, I forego all expectation of any return beyond the agreed amount. My capital, then, may be classified thus :

“First, shares of stock in banks, insurance companies, manufacturing companies, steamships, railroads, mines, etc. These represent that part of my capital on which I assume the element of risk for the sake of profit.

“Second, notes, bonds, and mortgages. These represent that part of my capital under the exclusive control of other people, who are

using it at their own risk, for their own exclusive profit, subject only to the faithful return of the principal and the amount of interest agreed upon for its use.

"Let me further particularize. The notes I hold are generally secured by the pledging of some kind of property as collateral security therefor, with ample margin to cover ordinary fluctuations in market values. The bonds are quite varied in character. Bonds of water companies, railroads, school districts, towns, counties, and cities being included. Some of them are, by their terms, payable in gold. Others are not so specified. The mortgages are upon improved farms in several States, and upon dwellings or business houses in cities, drawing interest from  $4\frac{1}{2}$  to 7 per cent, according to circumstances. Now it does not require much reflection to perceive that I can not say (as some one is reported as saying) 'I don't care what happens so long as it don't happen to me.' Situated as I am, with my fortune in the hands of many people, and exposed to many vicissitudes, nothing can happen without it touching me; or, to put it affirmatively, nobody can be more interested than I that peace shall prevail, that order shall exist, that industry shall thrive, and that prosperity shall abound. It is natural, therefore, that, according to my ability, I should try to secure and perpetuate these conditions—that I should

study danger signals and betray alarm when these good conditions were threatened. Whoever affirms of me that which is contrary to this, makes me out a fool; or else writes himself down as either a knave or an idiot.

“If, then, the free coinage of silver would insure general thrift and prosperity, it would seem to be to my interest to favor it. If it would bring ruin, loss, and bankruptcy in its train, then to an important degree I should be exposed to its evil results. It is because the last-named result is, in my opinion, sure to be realized, that I oppose with all my vigor, the suicidal proposition. How would these evil results be developed? Well, it is impossible for the human mind to picture the details, but it is easy for any one experienced in business to perceive that a liquidation of indebtedness would be forced upon the people of America, so sudden, sharp, and exhaustive in its character as to bring general paralysis to industry and trade.

“Upon the first initiation of the proposed programme, every dollar in gold would be drawn from the United States Treasury by the presentation of greenbacks. Gold would disappear instantly as money, and appear only as merchandise. Its appreciation in value, as measured by the new standard, logically speaking, would be rapid—and its advance in price would mark a similar rise in all other commodities.

“To secure the advantages of this prospec-

tive change, I, as well as all other men similarly situated, would cease to be lenders and become buyers; first of gold, then of anything and everything having value abroad. The instinct of self-preservation would compel us to such a course.

“We would enforce payment of claims due us. We would no longer lend.

“Do you say that the demand for gold and gold commodities, thus excited, would send their price so rapidly upward that it would be easy for the debtor to sell; and therefore easy for him to pay? You forget that the whole debtor class would be sellers *under compulsion*. Being unable to borrow, they would be unable to buy. In a mad struggle to realize, they would bid against each other, not to buy but to sell. The owner of capital would be the only buyer, and to him, of course, would come the first opportunity.

“You have all had an object-lesson in the panic of '93. The distrust and fear occasioned by the weak condition of the treasury as to gold; a distrust (not wide-spread, not very general) was yet sufficient to inaugurate a liquidation that has cost the business men of America *more than the total value of the product of our silver mines from their first discovery until now*. You have seen, as a consequence, factories closed, labor unemployed, and wide-spread distress prevail.

“Gentlemen, the panic of '93 was a financial summer breeze, compared to the winter storm that will sweep over this land when the vague doubts which engendered that period shall be resolved into a certainty that we are to drop to the silver basis. My debtors will meet with ruin and disaster. My securities—many of them—will perish, while all of them will depreciate. That is why I oppose the silver basis.

“We have just been told that the United States is the only government—except England—that has ever tried gold monometallism, and that both have been gigantic ‘failures.’

“England has been on a gold basis ever since 1816; and she is, beyond comparison, the richest nation upon earth. Look at her multifarious interests all over the globe; the conditions of her trade and manufacture—wherein she is mistress of the world—and say wherein consists the ruin!

“Turn to the United States, which is referred to as the other great ‘failure’ under a gold basis, and examine the facts. During the past thirty years the development of our country and the growth of wealth and prosperity among the people at large, have been such as the world has never before witnessed. This has especially been the case since we resumed specie payments in 1879.

“Is it necessary for me to explain or elaborate this fact—that since 1873 the growth of

every kind of manufacture, from cotton and woolen fabrics to everything in iron and steel, and all metals; that in the building of railroads, opening of mines, the development of stock-raising and farm industries; that in the vast growth in population, and enormous improvement in and up-building of our great cities, we have never been equaled, or even imitated, since history began?

“All this—or the most marked portion of it—has been under a gold basis. This is the kind of *ruin* we have been witnessing. The only ruin has been during the past three or four years, since pernicious changes in our monetary system have been agitated.

“There are other reasons, numerous and powerful, why I oppose free silver coinage. Some of them have been stated by those who spoke before me. I do not care to repeat or add to them. If I could discover among the various branches of production, industry, and trade, by which the affairs of a great nation are carried on, any class, or any set of individuals of importance, whose interest would really be promoted by the adoption of this contemplated folly, I could look upon it with more complacency. But I can discover not one, unless it be the speculator and the silver mine owner. The gentleman who spoke for the speculators was correct in his estimate of the benefits to him,

"The advantage to the mine-owner would be but temporary, unless by the juggling influence of his new dollar he should be able to rob labor of a portion of its fair reward."

After Mr. Waters concluded his remarks, Professor Goldwin, after looking at his watch, said: "We have a few minutes yet before we shall be at the station. Mr. Coin, would you not like to say something?"

But Coin's customary readiness of action and speech seemed to have departed from him. He hesitated, and moved restlessly; and finally said, without rising:

"I do not see what good I can expect to derive from trying to reply to the remarks that have been made. It would require much time, and we have only a few minutes; and, besides, there have been many things said which, to me, were very unexpected, and I am not prepared to answer them.

"Moreover, I can not say—possibly I should not attempt to reply, even if I felt confidence enough to try it. What I most desire now is opportunity to study and think. I beg that you will excuse me."

Just then the train began to slow up, and the porter entered, saying: "We shall be at the station in two minutes." So that Professor Goldwin, after briefly expressing his own indorsement of the larger part of the sentiments of the majority, adjourned the meeting *sine die*.

## PART II.

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IT IS possible that some of the readers who have followed the brief course of events which have been narrated in the foregoing pages, may have a slight curiosity as to what became of Mr. Silver Coin after parting with his traveling companions.

We regret to say that this can not be told with any certainty. Several rumors have been afloat, one of which says that he is sojourning somewhere in the Middle or Western States, gathering statistics. Another is to the effect that he is taking a special course in finance and political economy in an Eastern university.

The strongest clue to his whereabouts, that has come to us, consists of a newspaper clipping which came from Professor Goldwin. When it reached us the name of the lecturer had been — either through accident or design — obliterated, so that his identity can not be positively ascertained. Certain circumstances, however, together with the assertions of a few people who claim to know, lead us to believe it to be Mr. Silver Coin himself. We leave the solution of the problem to the reader's own judgment.

The clipping is given in full, as follows:

## "THE THEORY OF MONEY."

SYNOPSIS OF A LECTURE DELIVERED AT MONUMENTAL  
HALL, NEW YORK CITY, SATURDAY  
EVENING, ————— 189—.

BY ————— —————

"LADIES AND GENTLEMEN: I shall endeavor to show you this evening how the idea of, and need for, money arose and grew among primitive people, and then of its growth and elaboration down to the present day.

"Among other things I shall try to point out how the development of the modern banking system has done more to advance the cause of modern civilization than any other single factor, and that the banker, instead of being a natural enemy to mankind, as the party shiboleths of the labor agitator and the rural populists proclaim him to be, is in close sympathy with everything which touches the welfare of the whole people.

"Also, I may endeavor to bring to your notice some of the defects of our present monetary system, and possibly suggest something in the line of improvement.

"Before money appeared in the world commodities were exchanged between men in the very crudest way. If a man wished to own a

cow he must first decide what property he had to exchange for it, and when he had decided, for instance, that he had a blanket or a canoe which he did not need, he had then to find a person who had a cow to dispose of, and who wished to obtain a canoe.

“In the course of time, however, man discovered that there was some one particular commodity more universally desired and used than any other. This commodity became his medium of exchange. It was his rudimentary money.

“Thereafter it was no longer necessary for him to wait long and patiently for a chance to exchange, in order to obtain the particular article he needed. He knew he was safe in accepting the commodity which was in universal demand, because he could quickly exchange it for the especial commodity he needed, and thus, by two transactions, be enabled to get what he wanted without delay.

“The first-mentioned crude method of exchange is called barter. The second, which is an advance over the first, is called trade.

“At one time or another in the world’s history, a great variety of articles has been used as money, beginning, perhaps, with skins of beasts, rude implements, or some rare kind of shell or pebble.

“As time drew on and man advanced from the condition of a savage hunter to that of a

being who lived in communities, his knowledge increased, and, with the broadening of his intelligence, his wants multiplied.

“In his earlier stages of existence, living closely within his own family or tribe, he had no need for money, but when he came into communication with other tribes, money became necessary.

“As a factor in the civilization of mankind money can hardly be overestimated. There can be no trade or commerce without it. Without it man would relapse into barbarism.

“As the relations between tribes and peoples increased, traffic grew to be a system, and man became a trader, and when this stage was reached, which involved relations between different tribes or nations, a common medium of exchange was demanded. Thus was evolved from man’s primitive needs, first Barter, then Trade, and lastly Commerce.

“It ought to be evident from this glance backward that man had no preconception of money. He needed something, and took what was at hand—something made and obtained for other uses. The article he took supplied his immediate wants, and, for the time being, acted as ‘money.’

“We see, then, that money may be almost anything—a commodity, a product of man’s labor; that it is not necessarily any specific thing, nor do we believe that it has ever been

preordained that any particular article or substance should become and remain man's money. Simply the commodity which is *most generally desired* must be the safest and most effective article to use as a medium of exchange.

"Now, as almost any commodity may be used as money, and as man has always been, and will continue to be, a producer of commodities, money will necessarily fluctuate in value in sympathy with supply and demand, as is the case with all commodities.

"Of course it is not strange, when man has adopted a commodity into general use as money, that it should seem natural for him to look upon it as something stationary and fixed—as a standard by which he can measure the values of all other commodities. But all values are related to all other values, and the commodity which is used as money has its relative value to all other commodities, and therefore there can be *no fixed and immovable measure* for values.

"Until we clearly comprehend that there can be no absolutely fixed value to anything there can be no clear understanding of the law of money.

"This being the case, it becomes of the highest importance that the commodity chosen for money should have the greatest possible degree of stability; that it should be the thing which is liable to the smallest and least frequent fluctuation.



THE KING'S TOUCH.—Page 127.



"There have been many instances of the adoption of articles of food, clothing, and even liquor, as money, but it has generally been something in the nature of a rarity or luxury which has been so adopted.

"Until after our Revolutionary War, there were times when tobacco was used as money by the Virginia colonists; but though there was a steady demand for it, not only at home but in foreign markets, it was only used as a makeshift, owing to the scarcity of gold and silver, and went out of use as soon as something of a superior character could be obtained. It is only when superseded by something of higher efficiency or universal value that any commodity goes out of use as money.

"This is the natural law which invariably governs the change from one money to another.

"Nearly all the metals have at one time or another done service as money; and that they should have come to be so used was natural and reasonable, for they were durable and nearly indestructible. Cut up into small pieces they were convenient for handling and passing about, or, if so desired, they could be melted and run back into bars without any loss of value. That it shall be *worth as much when run into bars as when it is in coin*, is the crucial test of coined money. All coin ought to stand the ordeal, and if it does, it is fitted for use as money by the whole world.

“The ever-advancing order of human progress goes hand in hand with man's constantly multiplying demands for more and better implements and methods. This movement and tendency of mankind is irresistible; and we shall do well to recognize the fact, and to bring our attempts at monetary legislation into harmony with it, rather than rebel against it. If the march of progress has ordained that silver is to go out of use as money, we can not stop it; all our efforts in that direction merely being so many stumbling-blocks in the pathway of civilization.

“Gold and silver have, for many years, continued to be the money metals of the most advanced nations. The superiority of both over any other known metal has long been undisputed, the degrees of their efficiency, however, being widely different.

“In the earlier stages of trade, silver seemed to answer to all requirements, but it has not proven adequate to that larger, more developed, and complex trade which is known as commerce. Gold has far more satisfactorily fulfilled this demand, and the whole world seems to unite in the belief that it is the fittest for the money of commerce. Gold has always been more valuable than silver, and therefore having greater value in less bulk, is the more economical metal to handle, being cheaper to transport from place to place, and requiring

less time to weigh and count. Still, no nation has yet been able to entirely discard the use of silver money, and it is not easy to see how such a thing could very well be.

“As silver is not only more bulky and cumbersome than gold, but also more fluctuating in value, no commercial or industrial nation of to-day could adopt it as its standard without being at a great disadvantage in its transactions with other nations.

“In dealing with us—provided we were at such disadvantage—foreign nations would tax us for the risk they ran in accepting money which was less valuable than their own.

“This tax would appear in the added cost to us of goods bought by us from them, and in the lesser price we should obtain for goods we sold to them.

“It would also reduce prices at home of all our surplus products, for everybody knows that our home prices are governed by the prices obtainable for our surplus which goes abroad.

“As I have before stated, it is rather value and stability than quantity which is the prime requisite for a safe money metal. But there is still another quality which money must possess in order to be of the highest efficiency in meeting the requirements of the elaborate and complicated commercial transactions of the world, and this thing is not possessed by either gold or silver, nor any other metal.

"This element required is elasticity. What is meant by elasticity?

"To explain it is to outline the practice and functions of the banking systems of the world. To explain it is also to show how fallacious are the claims of the persons who, out of the density of their ignorance, are crying aloud that what the people need is 'more money,' and that nothing but a vast increase per capita in the coinage of silver will alleviate the distress of the people.

"But before going farther, I must again emphasize the fact that the first requisite of metallic money is that it shall have full *intrinsic value*; that its bullion value and exchange value shall be the same. In coining money for the people the Government performs a very valuable service. The California miner in 1849 weighed his gold-dust with scales, and made his purchases by weight. But it is not convenient for every person to carry a pair of scales about with him, so the Government weighs and mints the metal into convenient forms for handling, and stamps each piece as having the proper weight and fineness. This gives a sense of security to money which is very necessary. But this, virtually, is as far as the functions of government in the matter of coinage ought to go. To go farther than this is a step in the direction of paternalism and subserviency to kingly power, which nearly all

nations, one by one, have copied from each other. It is a preservation of the same superstitious awe which, in former ages, made it a common thing to believe that a king's touch would cure disease.

"In supposing that our Government can create or maintain value in coin we are subscribing to similar ideas. It is a lingering remnant of the dark ages of the past, which is still with us, to confuse and tangle our minds.

"What is most needed now is not more money; it is wisdom among our legislators, and thoughtful, honest action by Congress.

"There is no questioning the need of a reorganization of our monetary system, but nothing can be of use which fails to bring back the *public confidence* in our money.

"The improvement in money, which has come about through the working of natural law, has tended to put gold in the first place. But improvement has not stopped; progress is still being made, and will continue as long as trade and commerce exist.

"One vital factor which has long been recognized in finance is that of Credit. Credit has its foundation in *intelligence and integrity*. These elements not only show the degree of civilization which a people have reached, but that it is only through fair dealing that Credit can exist; and it is through the establishment of Credit that the amount of metallic money

necessary to business has very greatly decreased. Let us see how this can be shown.

“For example, take a community which has so far developed its money system as to use silver and gold, but which still hides away for safe keeping—in the ground or elsewhere—all its idle money. This would be a neglect to make proper use of its resources. And it would clearly be an advance in intelligence and integrity when the owners of idle money consented to *lend it*, and thus put it to use. This would be the beginning of credit.

“When the lending and borrowing of money became once established, the need of an agent or middle-man would soon be felt to aid in promoting such transactions. This need would create the banker.

“Possessing the trust and confidence of the people, they would deposit with him money which they had to lend. He thus becomes both a borrower and a lender, and derives his profit from charging a higher rate of interest than that which he pays. Gold and silver being deposited with him, his receipt for it would pass from hand to hand, doing better service as money than the metal itself. This is another refinement of money through credit—the banker’s receipt as the beginning of paper money.

“In at least two respects paper money is greatly superior to metallic money. First,

because of the ease with which its volume can be expanded or contracted; and second, from the facility with which it can be handled or transported. But, as paper money is only a promise to pay on demand, it must clearly be based upon something in which it is easily redeemable. To have a really efficient paper money, it must first rest upon the only true basis—the precious metals—and it should be *bankers*, and not Government paper money.

“It should not be issued by the Government, for the reason that no government currency can have the proper element of expansion or elasticity.

“The term ‘elasticity,’ as applied to money, means the readiness with which it responds to the demands of trade. It is said to have more or less elasticity according to the ease with which its volume may be increased or decreased at any given place. The conditions of trade are always variable. It has its seasons of activity and of dullness; and money should be so constituted as to be always able to meet and satisfy these varying conditions.

“Now, the elasticity of *metallic* money depends entirely upon whether it can be quickly moved from a place where it is not needed to a place where it is needed. Paper money—by which is meant bank-notes issued by a bank under a system having greater freedom than ours—may be increased or diminished in vol-

ume at every point of issuance, and therefore its elasticity does not so greatly depend on wide circulation as metallic money does. Our own bank-notes are not elastic, by reason of the peculiar nature of the restrictions which the Government imposes regarding their issuance.

"In the first place, each of our National banks is limited in the amount of bank-notes authorized. This, of course, is quite right. But the provision then imposes a restriction which does not permit even the authorized banks—National banks—to issue the full amount up to their limit without purchasing a corresponding amount of bonds with gold.

"If the volume of business should be sufficiently steady to enable a bank to keep its full issuance constantly and profitably employed, this restriction would be all well enough, and the bank might then sacrifice its gold for the sake of the corresponding amount of its authorized bank-note issuance. But this is *never the case*, and the larger number of our National banks find it to be a practical impossibility to make any profit in case they tie up their capital in the purchase of bonds to the extent of the full quota authorized.

"Being, very naturally, anxious to make money they keep their bank-note issuance down to the lowest possible limit, in order that their entire capital may be kept actively employed. The result is that when a sudden or

unusual demand arises for more currency the banker is often unable to meet it.

“The people (not being familiar with the restrictions which render the banker, to a certain degree, powerless) blame him as being the cause of the trouble, when it is only the *system* which is inadequate to the needs.

“As I have before stated, a large portion of the people fail to realize or understand how far the development of their system of business exchanges is owing to the banker. The development and refinement of the great factor of credit is especially his handiwork.

“Through credit the banker gathers up idle money and keeps it employed; through credit he issues his paper money, which enables him to expand and contract the volume of money to meet the demands of trade, and while he is working for profits—as all men do—it is equally to his interest that the conditions of trade and industry should be flourishing. It is owing to the intelligence, the integrity, and the inventive genius of the banker that the commercial world of to-day is able to carry on its wonderful system of exchanges and enormous volume of business. It has all been a gradual and natural development of a system which he has worked out to meet the growing demands of trade and commerce.

“Beginning with paper money, he next introduces checks, every one of which effects an

exchange more safely and quickly than can any kind of money. Recently he has invented the clearing-house, which is another long step in the line of development.

“In New York City ninety-four banks are required to make the exchanges.

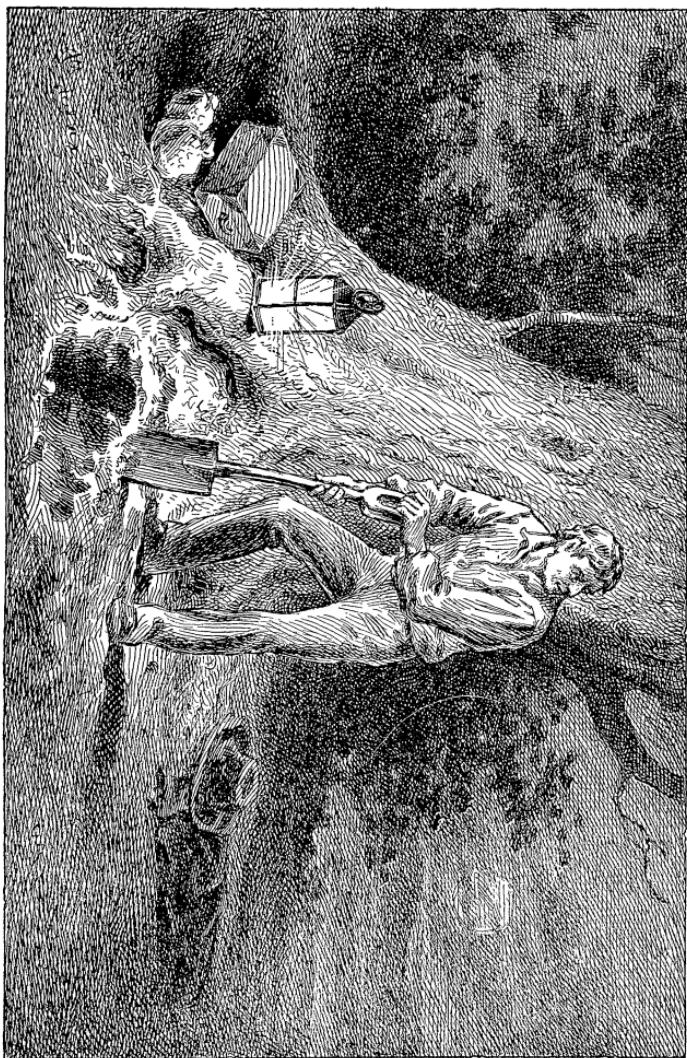
“On every business day these banks are represented at the clearing-house by their clerks, and 95 per cent of the business transactions of the previous day are settled entirely by the exchange of checks and balancing of accounts, no other medium being used.

“By this clearing a daily average of one hundred and twelve million dollars is settled in one hour’s time. The remaining 5 per cent is settled with money, but it is mainly paper money, coin being called for only on the exceptional occasions when it is needed.

“The industrial progress of the English-speaking people for the past two hundred years is largely owing to the banker’s methods of monetary refinement, and it is impossible to ignore his services.

“It may be safely said that the volume of business transactions throughout the world, now settled economically, securely, and speedily, through the agency of paper money, checks, bills of exchange, banks, and clearing-houses, infinitely exceeds any volume that could be settled with metallic money alone, even if the earth were emptied of its precious metals and

HIDING MONEY —Page 128.





every ounce converted into coin. It would be a physical impossibility to transact this enormous business with the metals alone.

“ In the regular order of banking, no paper money ever finds its way into circulation unless there is an equivalent value deposited *somewhere* with which to redeem it. The banker is the natural guardian of his paper money. He assumes all the responsibility for its quick redemption when payment is demanded, and both his property and his integrity are pledged to it. His interest lies in protecting his notes in circulation, and he is better qualified to judge of the character of securities than other people are.

“ This being the case, there can be no justification for any interference with the functions of banking upon the part of the Government, except merely to create safeguards. Let the Government pass laws which will make the people safe in the systems of credit and exchange as conducted by the banker, and nothing more.

“ It is a fundamental principle of our National Constitution that, as far as possible, *the people* shall manage their own concerns.

“ That which the town can just as well perform should not be delegated to the county; that which the county can do should not be left to the State, and that which the State can do should not be expected of the Federal Govern-

ment. The application of the principle to banking is entirely reasonable and just. Nothing which can be exercised by the individuals of any community should be delegated to the General Government.

“‘ The Government ought to go out of the banking business altogether. By so doing, and by simply stamping its certificate of weight and fineness upon the gold and silver coins, the questions of the ratios of their values and the possible volume of their circulation would thus be left to the working out of natural law; and this is the direction toward which the most enlightened governments are moving.

“‘ An excellent illustration of the defective working of our present currency system is furnished by a study of the conditions which prevailed in this country during the two panics of 1893.

“‘ The first, or May panic, was caused by the action of those of the people who foresaw that the withdrawal of European capital from the country and the forcing of gold out of circulation would result in the suspension of gold payments. Their action in withdrawing money from circulation was a fairly intelligent one.

“‘ But in the case of the July panic the action of those who hoarded paper money was the work of people entirely ignorant of monetary principles, their ignorance being proved by

the fact that the money which they hoarded was all likely to decline to a silver basis.

“Treasury notes are either payable in silver or gold, at the option of the Secretary of the Treasury; Greenbacks are payable in coin, which means just the same thing; National bank notes may be redeemed in either Greenbacks or Treasury notes; and Silver Certificates are payable in silver only. These four kinds of paper money, together with the silver coin in current use, constituted almost exclusively the circulating medium when the second hoarding began; and the Secretary of the Treasury could, at his discretion, have lawfully reduced it all to a silver basis.

“This entire volume of currency is substantially without elasticity. Aside from the four and one-half million monthly output which was required by the Sherman Act, the paper money could only be legally expanded by the issuance of notes to the full amount of the authorized limit by such of the National banks as had not already their full quota in circulation. But such an expanding of their circulation would require a preliminary outlay of capital by the banks in the purchase of Government bonds, and also a delay of from twenty to thirty days before the bank notes could be placed in circulation. In fact, those who did apply did not get their notes until after the need for them was virtually over.

“‘ Under such restrictions and harmful measures as these, the only other resource open to the people is to import gold, because for them to make paper money is a penal offense.’

“I had intended to give to-night a sketch of a system of money circulation which is in vogue in some other countries (notably in Canada and Scotland), certain features of which are now being agitated for adoption here, and which, with a comparatively small amount of gold as a basis of redemption and measure of value, furnishes a thoroughly safe and reliable system, and one which never fails to meet every demand of trade, no matter how sudden or violent it may be. But, to be treated adequately, it should be handled at sufficient length to necessitate a separate lecture, and the interest you have manifested in what I have said to-night encourages me in the determination to offer you such another lecture, which I shall be pleased to announce at an early date. I thank you, ladies and gentlemen, for your interest and appreciation.”

## APPENDIX.

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AFTER the foregoing had been placed in type the writer's attention was called to the following "Currency Catechism," written by Mr. R. W. Knott, for the *Louisville Post*.

As it is very apposite we have obtained Mr. Knott's permission to insert it herein, and we give it in full, as copied and reprinted in the *Chicago Tribune*, with the omission of a few matters which did not bear upon the subjects discussed in this book:

### A CURRENCY CATECHISM.

Q. What is the object of man's industry?

A. The necessaries, conveniences, and amusements of life.

Q. Can man by his own industry produce all that he desires?

A. By his own industry he satisfies a portion of his desires, and exchanges a portion of his product for the product of the labor of others.

Q. What is the basis of this exchange?

A. Labor is the real measure of the exchangeable value of all commodities.

Q. Is one man's labor the equal of another man's labor?

A. The value of men's labor varies. There may be more value produced in one hour's hard work than in two hours' easy business, more value in production in an hour's application to a trade which it has taken ten years to learn than in a week's industry in an ordinary occupation.

Q. By what means is one man's labor compared with the labor of another?

A. By a comparison of what each produces with some other commodity which serves as a common denominator.

Q. For the purpose of comparison, what commodities are generally used?

A. Gold and silver.

Q. What qualities make these metals desirable?

A. They are the least perishable, most portable, easily hidden, easily divided; when pure, always of the same quality, and of all commodities they are the most stable in value, though gold is forty times less bulky, and clumsy, and heavy to handle than silver per dollar's value.

Q. How long have these metals been used as common measures of value?

A. From the earliest periods of history.

Q. How is their value determined?

A. First, by weight—"And Abraham weighed Ephron the silver"—and by weight, to-day, in China.

Q. Upon what does their value depend?

A. The quantity of labor which any particular quantity of them can buy or command, or the quantity of other goods which it will exchange for, depends upon the fertility or barrenness of the mines which happen to be known about the time when such exchanges are made.—Adam Smith.

Q. What has been done to obviate the necessity of weighing and assaying as Abraham did?

A. First, commercial guilds, silversmiths, and others began to stamp on the metals certain marks testifying to the quantity and quality. After that the sovereigns, and then the governments of the nations most civilized, began to mint or coin the metals most in use.

Q. What is meant by coining a metal?

A. Putting a mark upon it which is a guarantee that it contains a given quantity of specified fineness.

Q. Does coinage add to the value of either metal?

A. It adds nothing to its value. It simply makes it more convenient to use and thus facilitates exchange.

Q. Then gold and silver are mere commodities after coinage as before?

A. The same as before.

Q. Can you give any illustration to sustain this assertion?

A. When the coinage is free the coins are

only of the value of the bullion each contains. Their legal-tender quality adds nothing to their intrinsic worth. Melt up a gold eagle and it is still \$10. Melt up a silver dollar in any free coinage country and it is still worth 50 cents, same as the silver dollar was.

Q. What is the origin of the word "dollar"?

A. In 1518, in Joachim's Valley, Bohemia, Count Schlick began to coin silver pieces of an ounce weight. They were uniform in weight and fineness, and soon became numerous. Traders in want of some international standard, fixed by common honesty as a measure of value for other coins, gradually adopted these coins, and they were in good repute all over Europe, and under the name of Schlickten thalers, or Joachim's thalers, became synonyms for honest coins of full weight and value. After a time the name was abbreviated to thaler—literally "valleyer"—thence to Low German dhaler, Swedish dalers, Italian tollero, and finally dollar. It was no government stamp, but the mere trade-mark of an honest man.

Q. Why, then, does society go to the expense of establishing mints and forming intricate codes of laws relating to coinage if no additional value is given to the metals?

A. It is done simply for the purpose of facilitating exchange. Barter is the first crude form of commerce, but it is costly, subject to delay, to loss in the search for customers, and pre-

vents that complete division of labor which is essential to the highest production.

Q. How does a common measure of value lead to a better division of labor?

A. By enlarging the markets. When the market is narrow no one is encouraged to devote himself to the production of one article, for he may have most of his product on his hands or be able to exchange it only for something he does not need. By enlarging his market he has more possible and actual customers. They may have nothing he wants, but they pay him in coin and he exchanges that for what he needs. Thus money encourages commerce by facilitating exchange, and this extension of commerce leads to a more economical division of labor, leaving all men free to do all the time what they could best do.

Q. What is the function of money?

A. Money has a twofold function; it is a measure of value and a medium of exchange.

Q. How should the quantity of money be regulated?

A. By the demands of commerce.

Q. How does commerce regulate the supply of money?

A. As it regulates the supply of other commodities. When money is scarce in one country money rushes from other countries to supply the vacuum, just as when food or clothing is scarce supplies come from all quarters.

Q. What then is the province of legislation?

A. To maintain the standards, to punish fraud, to prevent counterfeiting, to insure peace and tranquility and justice, and to remove all artificial barriers to exchange.

Q. What do people mean who cry for more money?

A. Sir Dudley North answered this in 1891, when he said: "Money is not their want, but a price for their corn and cattle which they would sell but can not."

Q. Would not more money enable them to sell them?

A. Not unless other people had something they were willing to exchange for corn and cattle.

Q. Does not the introduction of coined money change the character of commercial transactions?

A. The reasons which make the temporary or market value of things depend on the demand and supply, and the average and permanent value upon their cost of production, are as applicable to a monetary system as to a system of barter.

Q. Is the value of money metal dependent on legislation?

A. The value of money metal is dependent on the cost of production and on the rapidity of its circulation.

Q. What is the first requisite of good money?

A. Stability.

Q. Is there a general disposition among nations to use gold as the chief money metal, subordinating silver?

A. This tendency, noticeable in the early part of the century, has become very marked since the Franco-Prussian war, twenty-five years ago, in all civilized nations.

Q. What is bimetallism?

A. Bimetallism is the legalized use of two metals in the currency of a country at a fixed relative value.

Q. Is it possible to maintain these metals in circulation at a fixed ratio with free coinage?

A. Experience proves it to be impossible unless the bullion in each coin at some fixed ratio is equal in commercial value. The market ratio varies from time to time. The result is that the metal undervalued at the mint leaves the country. This causes general fluctuation of values. This fact was noticed by John Stuart Mill, who says that when both metals are legal tender at a fixed valuation money is less stable than when the exclusive standard of the currency is either gold or silver. Instead of being affected only by the variations in the cost of production of one metal it is subject to derangement from two.

Q. Has any nation succeeded in maintaining a bimetallic currency with free coinage of both metals?

A. The United States tried it for eighty years, first in 1793 to 1873, and utterly failed. The effort results in the practical adoption of one standard and of one metal. In the Senate of the United States, in a speech delivered September 28, 1837, on the currency, Mr. Webster said: "There is but one money standard for the country, and the standard of value to be established by Congress is to be a currency and not bullion merely; because we find it is to be coined, that is, it is to be one or the other of the precious metals bearing an authentic stamp of value and passing therefore by tale. That is to be the standard of value."

Q. What has been the result where nations have sought to fix a legal ratio between silver and gold different from the market ratio?

A. They have lost the undervalued metal.

Q. What nations have attempted to maintain a bimetallic standard?

A. Mexico, the nations of South America, China, Japan.

Q. What has been the result?

A. These nations have in effect adopted the silver as their single standard.

Q. What nations have adopted the single gold standard of value?

A. England, Germany, United States, and the Latin Union, by the suspension of the coinage of silver, Sweden, Norway, Holland, Switzerland; in short, all Europe.

Q. In these cases has the result been to expel silver?

A. In the nations where gold is the standard a large quantity of silver is maintained in circulation. In nations where silver is the standard no gold circulates.

Q. What effect has the gold standard upon wages?

A. It has only the effect it has upon commerce—it gives stability to all values and increased facilities for exchange. It is worthy of note that the nations having gold as their standard of value and using both metals in their currency have the largest commerce and the highest scale of wages.

Q. When did Germany adopt the single gold standard?

A. After her war with France. The payment of the indemnity by France gave Germany control of a large stock of gold, and her rulers determined to take advantage of the opportunity to reform the currency system of the empire. The various States then brought together as one nation had seventeen varieties of gold money, and sixty-six different coins of silver having full legal-tender value. The silver constituted 65 per cent of the circulation. The new system established gold as the sole monetary system, with silver limited to \$2.50 per capita and its legal-tender value limited to \$5.

Q. What effect had this action of Germany on other nations?

A. The "Latin Union," comprising the five countries using the franc system — France, Belgium, Italy, Switzerland, and Greece — fearing Germany's silver would flood their mints to the exclusion of gold, in 1874 restricted, and in 1878 entirely suspended, the coinage of silver five francs.

Q. When did the decline of silver become marked?

A. In 1873 the price of bar silver in London was \$1.30 per ounce. In 1888 it had fallen to 94 cents. In 1894 it had fallen to 63½ cents; or in twenty years it had declined one-half.

Q. What effect had this decline in value upon the world's production of silver?

A. It has steadily increased. In 1873 the world's production of silver was 63,267,000 ounces. In 1892 it was 152,061,800 ounces. In other words, while the value has decreased one-half, the production has increased two and one-half.

Q. What has been the effect upon the world's progress of these economic changes?

A. Never before in any corresponding period of time, according to David A. Wells, "has labor been so productive; never has the volume of trade and commerce been greater; never has wealth been more rapidly accumulated; never has there been so much abundance for

distributing on so favorable terms to the masses; never, finally, would an ounce of silver exchange for so much of sugar, wheat, wool, iron, copper, and coal," as in the period from 1873 to 1890.

Q. Can any of the recent disturbances be attributed to the suspension of the free coinage of silver?

A. The suspension of the free coinage of silver was followed by seventeen years of unprecedented and universal prosperity. The more recent disturbances are traceable to other causes.

Q. To what causes are the disturbances in the United States traceable?

A. The rational explanation of the hard times and financial stringency since is the attempt of the silver monometallists to establish free coinage and the expulsion of gold; to the withdrawal of foreign capital from America because of these free silver coinage threats; and to ill-considered legislation concerning capital, which generally marks an era of low prices.

Q. Would the free coinage of silver by the United States restore its market value?

A. It would not. Admitting, merely for the sake of argument, that the decline has been due to the closing of the mints to silver by many nations, free coinage by one could not restore the former equilibrium.

Q. Is there any natural, unchangeable ratio between the value of gold and silver?

A. No more than there is between corn and wheat, cotton and wool, iron and steel, or the Democratic and Republican vote.

Q. Is there a constitutional ratio between the value of gold and silver?

A. None; the Constitution leaves the matter to the control of Congress.

Q. Has Congress ever changed the legal ratio?

A. In 1793 Congress adopted the ratio of 15 to 1, but at that ratio few silver dollars were coined. And in 1805 President Jefferson, by an executive order, closed the mints to the coinage of the silver dollar. In 1834 Congress changed the ratio to 16 to 1 with the avowed purpose of securing a gold currency.

Q. What was the effect of this slight overvaluation of gold?

A. We secured gold and lost our silver.

Q. What would be the effect should we now overvalue silver 100 per cent?

A. We would get all of the silver we could pay for and lose all our gold.

Q. What rule did Mr. Jefferson lay down for establishing a ratio between gold and silver?

A. Mr. Jefferson said, "Just principles will lead us to disregard legal proportions altogether; to inquire into the market price of gold in the several countries with which we shall

principally be connected in commerce and to take an average from them. The proportion between the values of gold and silver is a mercantile problem altogether."

Q. Does the free coinage of any metal fix finally its relation to any other metal or commodity?

A. The free coinage of a metal at a given ratio is simply the legal recognition of a fact already existing. When the market ratio changes it is the part of wisdom to change the legal ratio. When the fluctuation becomes rapid and frequent it is the part of wisdom to abandon the metal that has shown the least stability. The object of all coinage is simply to furnish commerce with the best possible instrumentalities of exchange. When any of these instruments become impaired, there is no more reason for retaining them than there would be for retaining the stage-coach as a means of transportation, or preferring the ship of 1792 to the steam vessel of 1895.

Q. Do we not destroy half the money of the world by closing the mint to silver?

A. The quantity of money in the world is of less importance than the quality. Money that is unstable is a nuisance; but as a matter of fact, the silver money to-day, upheld to parity with gold, equals in quantity of gold money, and the quantity of each exceeds anything known in the past. As a medium of exchange, coined

silver, sustained by the credit of the various governments, is performing this function as well as it ever did. Gold is the standard of value as well as the medium of exchange in all civilized countries. It thus gives stability to all money systems and enables commercial nations to make their calculations concerning the future.

Q. What proportion of commercial transactions are settled in either gold or silver?

A. Not 10 per cent. Commerce has certain instruments of its own, which, to a large extent, displace the metals, and to a large extent give to those metals more rapid circulation. The result is that only the balances in all transactions are settled in money, as at the clearing house, and as with merchants who keep accounts with one another.

Q. How much money is in circulation in the United States?

A. About \$1,750,000,000; \$624,000,000 silver, \$661,000,000 gold, and \$469,000,000 paper.

Q. What are the imports of the United States?

A. Under normal conditions the United States buys of foreign nations \$800,000,000 annually.

Q. To pay this debt, then, requires nearly all the money metal in the United States?

A. The great bulk of these goods are not paid for in money metal. They are paid for in

other products which we export, the balances alone being paid either by the export or import of gold and silver. But their values are all estimated by the gold standard.

Q. Are the debts between individuals settled in the same way?

A. They are. If a man buys a house and lot he pays for it by a draft on his banker, with whom he has deposited his crop of tobacco, or cotton, or wheat, corn, oats, hogs, cattle, or the proceeds of some of these crops. The seller takes the draft and deposits it with his banker, and no actual money is known in the transaction.

Q. Has not the decline in prices of all of the products been due to the diminishing supply of gold?

A. The supply of gold has not diminished. On the contrary, it has greatly increased. In 1873 the gold product was \$96,200,000; in 1894 it was \$182,000,000.

Q. Has not the decline, then, been due to the fact that silver has been demonetized?

A. If by demonetization is meant that silver has ceased to be used as money, there has been no demonetization, for, as I have stated, there is more silver money in the world to-day than ever before.

Q. To what is the decline in prices attributed?

A. Overproduction of many leading com-

modities. Too great a supply for the actual demand. Edward Atkinson and David A. Wells agree that the decline has been due to the vast improvements in the various processes of production. Edward Atkinson, in an article in the *Forum* for April, 1895, analyzes the decline in prices of various products, and declares that this decline has not been as great as the improvement in the processes of production would justify, and that the decline has been checked by that natural law which increases the consumption as the prices fall.

Q. Is there any scarcity of money in the United States?

A. On the contrary, the amount of money in circulation in the United States is greater to-day than it ever was before. And there are hundreds of millions lying idle in the banks waiting a demand for profitable investment.

Q. What is the amount of money in circulation or in bank now?

A. \$1,754,000,000. By money in circulation I mean money subject upon call to the uses of commerce. Money in banks is thus subject to call. It is deposited there to be used on demand by the man who puts it there. Money in bank is far more effective—that is, far more active, more actually “in circulation”—than money in a man’s pocket. It is loaned, taken out and used to pay wages, and comes back again through other channels, and is thus kept in

constant circulation, like water in the well; whereas, the money that a man hides in his stocking or keeps in his pocket serves one purpose and one only—it gives assurance to that one man that he is not dead broke. There it is like water in the pond.

Q. Does the establishment of a bank in a community increase or decrease the supply of money?

A. It probably does neither, but it gathers from various nooks and corners small sums that in the aggregate are powerful, and at once this amount of money, which before was ineffective, almost useless, becomes the basis of various commercial enterprises. The establishment of a bank, therefore, while it does not increase the amount of money in a community, makes that money circulate more rapidly. In other words, it makes it more effective. Sinking a well does not increase the water in the earth, but it makes it more easily obtainable.

Q. Is it true, as Coin asserts, that only what he calls "the redemption money," that is, the money of the standard metal, has any influence on prices?

A. It is not true. Metal or paper performing the function of money, and thus facilitating exchange, has the same influence upon prices that the so-called redemption money has. This is shown by the history of paper money in England, as recorded in the bullion report. It

is shown in the history of the Continental currency of the United States. It is shown by the assignats in France. It is shown by the history of greenbacks in the United States from 1862 to 1866. It is shown by the history of the Southern States during the Confederacy.

Q. Who are the depositors in a bank?

A. Merchants, manufacturers, farmers, and laboring men and women, a multitude of people everywhere who have saved much or little for investment, or have stored it up to be used for the education of their children, or for some other comfort or pleasure.

Q. Who are the stockholders?

A. Largely men and women of small means, who have no business connection, but who have put their money into bank stocks, in order that they may have some income from it, and this money is loaned by the banks to the active men of business.

Q. What is the average holding of a stockholder in the National banks?

A. It is \$2,337. There are 287,842 stockholders, and the total amount of National bank stock is \$672,671,361.

Q. What is a savings bank?

A. The savings banks of Massachusetts are the typical institutions of this kind and probably the best organized. They have no stock. The money is deposited in the banks, carefully

invested, and the interest returned to the depositors.

Q. How much money is deposited in the savings banks of the United States?

A. In round numbers, \$1,739,000,000.

Q. But you said that the entire amount of currency in the United States was only \$1,754,000,000. How can the savings banks have the amount you state? Have they all the money of the United States?

A. A savings bank receives a deposit of, say, \$500. It loans this money on a real estate mortgage. The borrower uses the money to build a house. He pays it out to contractors; the contractors pay the money to the laborers, and the laborer in turn deposits a portion of it in the savings bank to his credit, and so the process goes on year by year. The deposits in the savings bank are mainly represented by the things which men exchange money for—houses and lots, stocks and bonds, and thousands of other things which constitute wealth, of which money is a very small portion.

Q. Who are the depositors in a savings bank?

A. Men and women and children, of small means, who have small deposits put by for a rainy day, drawing a small rate of interest and gradually accumulating.

Q. Then the savings banks are not owned by the bloated capitalists?

A. They are owned, on the contrary, by the hard-working people of the United States.

Q. And the National banks are not owned by Wall Street?

A. On the contrary, they are owned by people most of whom have never seen Wall Street.

Q. What would be the effect of the free coinage upon the savings of these millions of American men and women?

A. Free coinage would change at once the standard of all values. It would depreciate one-half the value of all savings deposited in the National banks, State banks, or savings banks. It would lower one-half the value of all life insurance, it would decrease the purchasing power of pensions one-half, and of all fixed incomes; it would make borrowing by the poor difficult and expensive, if not impossible; it would advance the rate of interest just in proportion as the prices advance; it would check all of those influences which under the name of civilization are making the good things of life abundant and the common things of life beautiful.

Q. What was the world's production of gold and silver for the last one hundred years?

A. Of gold, \$5,633,908,000; of silver, \$5,104,961,000; total from 1792 to 1892, \$10,738,869,000.

Q. What was the estimated amount of gold

and silver money in circulation in the world at the close of that period?

A. \$7,500,000,000.

Q. What was the combined production of gold and silver in 1873, the beginning of the period of demonetization of silver, so-called?

A. According to the estimate of the mint the world's production of gold in 1873 was \$96,200,000; of silver, \$81,800,000; of both metals, \$178,000,000.

Q. What was the world's production of gold in 1894?

A. It is estimated at \$182,000,000, or more than the combined production of gold and silver in 1873.

Q. Then with gold alone we are adding as much money metal to the world's supply in 1894 as we were adding in 1873, before the demonetization of silver?

A. We are adding just as much as then, with the difference that the quality is better and the facilities for circulating are greatly improved.

Q. From 1792 to 1873 what was the world's production of silver?

A. Two billion eight hundred and fifty million two hundred and forty-two thousand dollars.

Q. Since that period how much gold has been added to the world's stock?

A. Two billion three hundred and eighty-

two million eight hundred and ninety-seven thousand dollars.

Q. If all the silver produced since 1792 had been "wiped out" in 1873, and no more had been discovered, the production of gold would have made good the loss?

A. Eighty-three per cent of the loss has been made good, and now the production of gold fully equals the production of gold and silver in 1873.

Q. But was all the silver destroyed as money?

A. Every dollar of silver then existing is to-day, if existing, a legal tender for its face value.

Q. Has an addition been made to the silver money of the world since 1873?

A. The United States alone has added \$500,000,000 to the silver money since 1878.

Q. You have seen Coin's illustration of all the gold of the world in the form of a cube placed in the Chicago wheat pit. Is it accurate?

A. Reasonably accurate.

Q. Had the illustration been used in 1873 what proportion would the cube of 1873 bear to the cube of 1895?

A. The cube of 1873 would have been less than half the size of the cube of 1895.

Q. How is this conclusion reached?

A. Coin states the world's stock of gold in 1895 to be \$3,900,000,000. Of this sum \$2,382,000,000 has been produced since 1873. Allow-

ing for the losses by attrition and other causes during these twenty-two years, we see that in that period the world's stock of gold has doubled, and that the cube of gold alone in 1895 would be as potential as the two cubes of gold and silver in 1873.

Q. Has the disproportion between the gold in the world and the debts of the world any bearing on the question of coinage?

A. It has none at all, for the debts of the world are to be paid in the goods of the world, and not in gold, it being used to settle balances and for ultimate redemption of currency notes; the debts are paid by the crops of the future, by the cattle yet unborn, by iron and coal, and other minerals still in the earth.

Q. But when a coal company bonds the property, it agrees to pay the principal and interest in gold, does it not?

A. It does, but in gold as a measure of value. As a matter of fact the principal and interest will be paid in coal, and will be dug out of the ground.

Q. Is it the comparative weight or the comparative value which should fix the ratio between gold and silver?

A. As no one would fix a ratio between wool and cotton by weight, or between coal and wood, or between wheat and corn by weight, so no intelligent man would attempt

to discover the proper ratio between gold and silver by weight.

Q. But Coin undertakes to show by a comparison between the weight of gold and of silver that because the silver in the world "weighs" fifteen and one-half times as much as the gold in the world the proper and natural ratio is fifteen and one-half. What is the error in this reasoning?

A. There are several errors. Formerly it was contended that the weight of a man's brain was the measure of his intellectual power; now it is admitted that it is the convolutions of the brain, its quality and not its quantity which determines a man's intellectual status. So is it with the products of man's labor. There is no subtle relation between gold and silver; no umbilical cord connects them. Silver is not gold mixed with alloy to make it heavier. It is different metal, found under different circumstances, produced by different methods, and requiring different forms of labor. It is the labor expended, plus the demand, which fixes the value of each metal in the market, and that value is the only natural ratio, as Jefferson asserted a hundred years ago.

Q. Is it true that at the present time the silver of the world weighs fifteen and one-half times as much as the gold?

A. Coin states it as a fact in his appendix. But the ratio of weight is not fixed by any law,

and it varies constantly. There is no means of knowing the relative weight of the two metals in the arts and ornaments. It is found by experience that the men of civilized nations refuse to carry about with them more than \$2 or \$3 per capita, because it is some twenty-five times as bulky and sixteen times less valuable per weight than gold, while in free silver coinage countries it takes thirty-two ounces of silver to equal one ounce of gold.

Q. What evidence is there that the ratio of weight varies or has varied?

A. Mulhall, the great statistician, so often quoted by Coin, gives an estimate of the production of gold and silver for 500 years, or from 1380 to 1880. The product of gold in tons is 10,355; of silver 193,000 tons. This a ratio of 18.6. As it covers a long period it is more trustworthy than an estimate made at any given time, for statistics, to have any value, must be comprehensive.

*From Edward Atkinson, in Forum, April, 1895.*

Compiled from Aug. Sauerbeck's table of prices—on the unit of 100 in 1860, by Prof. Roland P. Falconer, of Johns Hopkins University.

PRICES, WAGES, PURCHASING POWER.

	1845	1850	1855	1860	1865	1870	1875	1880	1885	1890
Meat	79.4	86.6	104.7	100	197	174.3	140.4	103.6	107.6	99.6
Other food	82.8	80.7	114.5	100	240.3	146.3	135	116.9	97.2	103.5
Cloths and clothing	97.1	91.3	94.7	100	299.2	139.4	120.1	104.5	84.8	82.4
Fuel and lighting	102.6	121.1	100	237.8	196.5	156.5	100.2	89.6	92.5	
Metals and implements	110.8	114.8	117.8	100	191.4	127.8	117.5	96.3	77.4	73.2
Lumber and building materials	106.7	102.2	103.4	100	182.1	148.3	143.7	130.9	126.6	123.7
Drugs and chemicals	121	123.6	129.2	100	271.6	149.6	144.2	113.1	86.9	87.9
House furnishing	102.3	125.6	121.1	100	181.1	121.6	95	85.2	70.1	69.5
Miscellaneous	114.8	107.7	115.2	100	202.8	148.7	122.9	109.8	97.5	89.7
Average of all prices	102.8	102.3	113.1	100	216.8	142.3	127.6	106.9	93	92.3
Average of all wages	86.8	92.7	98	100	143.1	162.2	158.4	141.5	150.7	158.9
Average wages by importance	85.7	90.9	97.5	100	148.6	167.1	158	143	155.9	168.2
Salaries of city teachers	74.8	83.8	91.4	100	134.7	186.3	188.1	182.8	186.3	186.3
Paper money	100	100	100	100	49.5	81.1	88.8	100	100	100
Gold price of silver bullion in London	95.3	97.3	100	100	99	98.2	92.2	84.7	78.7	77.4
Purchasing power of wages	84.4	90.6	86.6	100	66	114.1	124.1	132.3	162	172.1

*Taken from Article by L. A. Garnett, in Forum  
for February, 1895.*

ANNUAL AVERAGE OF THE WORLD'S PRODUCTION OF GOLD  
SINCE 1800.

World's Annual Average Output.	Gold.	Silver.
1801 to 1850 (50 years) -----	\$ 15,750,164	\$ 27,205,424
1851 to 1865 (15 " ) -----	130,428,400	40,086,400
1866 to 1880 (15 " ) -----	118,217,310	79,887,606
1866 to 1893 (28 " ) -----	117,002,855	109,391,682
1886 to 1893 ( 8 " ) -----	124,039,162	163,944,250
1890 to 1893 ( 3 " ) -----	142,667,766	197,190,666

*Taken from T. A. Rickard, in Engineering Magazine,  
November, 1894.*

WORLD'S PRODUCTION OF GOLD SINCE 1891.

1891—World's production of gold -----	\$130,650,000
1892—" " " " -----	146,297,600
1893—" " " " -----	155,521,700

CAREFUL ESTIMATES FROM OTHER SOURCES.

1894—World's production of gold-----	\$185,000,000
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AVERAGE GOLD EQUIVALENT OF THE SILVER DOLLAR OF  $412\frac{1}{2}$  GRAINS, ACCORDING TO OUR RATIO OF 1:16, BY YEARS, FROM 1859 TO 1894.

*Arranged from Report of Director of U. S. Mint.*

Year.	Gold Equivalent of a Dollar of Silver of $412\frac{1}{2}$ Grains.	Year.	Gold Equivalent of a Dollar of Silver of $412\frac{1}{2}$ Grains.
1859	105.22	1877	88.85
1860	104.58	1878	88.64
1861	103.10	1879	88.41
1862	104.16	1880	88.50
1863	104.06	1881	88.05
1864	104.06	1882	87.88
1865	103.52	1883	86.49
1866	103.63	1884	86.11
1867	102.67	1885	84.51
1868	102.57	1886	79.75
1869	102.47	1887	76.03
1870	102.67	1888	74.01
1871	102.57	1889	72.06
1872	102.25	1890	74.93
1873	100.46	1891	80.58
1874	98.86	1892	72.43
1875	96.43	1893	65.06
1876	89.22	1894	52.72

AVERAGE YEARLY PRICE OF STANDARD SILVER PER OUNCE  
IN LONDON, 1859 TO 1894.

*Arranged from Pixley & Abell's Tables, and the Report  
of Director of U. S. Mint.*

Year.	Price in Pence.	Year.	Price in Pence.
1859	62 <sup>1</sup> <sub>6</sub>	1877	54 <sup>13</sup> <sub>8</sub>
1860	61 <sup>11</sup> <sub>16</sub>	1878	52 <sup>9</sup> <sub>16</sub>
1861	60 <sup>13</sup> <sub>8</sub>	1879	51 <sup>4</sup> <sub>1</sub>
1862	61 <sup>7</sup> <sub>16</sub>	1880	52 <sup>1</sup> <sub>1</sub>
1863	61 <sup>3</sup> <sub>8</sub>	1881	51 <sup>11</sup> <sub>16</sub>
1864	61 <sup>2</sup> <sub>8</sub>	1882	51 <sup>8</sup> <sub>8</sub>
1865	61 <sup>1</sup> <sub>8</sub>	1883	50 <sup>9</sup> <sub>16</sub>
1866	61 <sup>1</sup> <sub>8</sub>	1884	50 <sup>5</sup> <sub>8</sub>
1867	60 <sup>9</sup> <sub>16</sub>	1885	49 <sup>4</sup> <sub>8</sub>
1868	60 <sup>2</sup> <sub>1</sub>	1886	47
1869	60 <sup>7</sup> <sub>16</sub>	1887	44 <sup>4</sup> <sub>8</sub>
1870	60 <sup>9</sup> <sub>16</sub>	1888	43 <sup>8</sup> <sub>1</sub>
1871	60 <sup>2</sup> <sub>1</sub>	1889	42 <sup>1</sup> <sub>1</sub>
1872	60 <sup>5</sup> <sub>16</sub>	1890	44 <sup>10</sup> <sub>16</sub>
1873	59 <sup>4</sup> <sub>1</sub>	1891	47 <sup>10</sup> <sub>16</sub>
1874	58 <sup>6</sup> <sub>16</sub>	1892	42 <sup>8</sup> <sub>1</sub>
1875	56 <sup>8</sup> <sub>8</sub>	1893	38 <sup>8</sup> <sub>1</sub>
1876	52 <sup>3</sup> <sub>4</sub>	1894	31 <sup>1</sup> <sub>4</sub>

## ACT OF 1873.

The following table shows the various stages through which the bill passed.

(*Taken from J. L. Laughlin's History of Bimetallism in the United States.*)

Proceedings.	Senate.	House.
Submitted by Sec. of Treasury	Apr. 25, 1870	-----
Referred to Senate Finance Committee	" 28, 1870	-----
Five hundred copies printed	May 2, 1870	-----
Submitted to House	-----	June 25, 1870
Reported, amended, and ordered printed	Dec. 19, 1870	-----
Debated	Jan. 9, 1871	-----
Passed by vote of 36—14	" 10, 1871	-----
Senate bill ordered printed	-----	Jan. 13, 1871
Bill reported with substitute and recommitted	-----	Feb. 25, 1871
Original bill re-introduced and printed	-----	Mar. 9, 1871
Reported and debated	-----	Jan. 9, 1872
Recommitted	-----	" 10, 1872
Reported back, amended, and printed	-----	Feb. 13, 1872
Debated	-----	April 9, 1872
Amended and passed by vote of 110—13	-----	May 27, 1872
Printed in Senate	May 29, 1872	-----
Reported, amended, and printed	Dec. 16, 1872	-----
Reported, amended, and printed	Jan. 7, 1873	-----
Passed Senate	" 17, 1873	-----
Printed with amendments	-----	Jan. 21, 1873
Conference Committee appointed	-----	-----
Became a law February 12, 1873	-----	-----

## EDWARD ATKINSON'S TABLES,

*From "Battle of Standards and Fall of Prices,"  
Forum, April, 1895.*

Taking the wages of 1860 as 100, Mr. Atkinson gives the following table to show the average wages in 1890 of persons engaged in principal employments:

Books and newspapers.....	148.6
Building trades.....	172.5
Carriages and wagons.....	202.4
Cotton fabrics.....	165.1
Illuminating gas.....	167.7
Lumber.....	177.9
Metals and metal goods.....	148.6
Railway service .....	148.4
Stone workers.....	165.2
Woolen fabrics .....	167.8
All industries .....	160.7
Salaries city teachers .....	186.3
Prices of all goods .....	92.3
Purchasing power of all wages .....	172.1

TABLE OF MONEY CIRCULATION IN THE UNITED STATES,  
*November 1, 1894.*

Gold coin.....	\$500,000,000
Standard silver dollars.....	56,000,000
Subsidiary silver.....	60,000,000
Gold certificates.....	64,000,000
Silver.....	330,000,000
Treasury notes (Act July 14, 1890).....	125,000,000
United States notes.....	280,000,000
Currency certificates.....	55,000,000
National bank notes.....	202,000,000
	<hr/>
	\$1,672,000,000

Dividing above total by 68,000,000 of population gives  
 \$24.50 circulation per capita.

UNITED STATES DEBT.

At the close of the War, August 31, 1865, the Government Indebtedness was \$2,756,431,571, at 6.34 per cent interest.

November 1, 1868, it was.....	\$2,484,935,552
November 1, 1884, it was.....	1,408,482,948
	<hr/>
Am't of reduction in sixteen years ...	\$1,076,452,604
November 1, 1884, the net debt...	\$1,408,482,948.69
Annual interest, at 3.92 per cent....	47,323,831.70

## PRODUCTION OF GOLD AND SILVER IN THE WORLD SINCE THE DISCOVERY OF AMERICA.

From 1493 to 1885 is from a table of averages for certain periods, compiled by Dr. Adolph Stettheim.  
For the years 1886 to 1894 the production is the annual estimate of the Bureau of the Mint.

PERIODS.	GOLD.			SILVER.		
	Annual Average for the Period.		Total for the Period.	Annual Average for the Period.		Total for the Period.
	Fine Ounces.	Value.	Fine Ounces.	Value.	Fine Ounces.	
1493-1520--	186,470	\$3,855,000	5,221,160	\$107,931,000	1,511,050	\$1,954,000
1521-1544--	230,194	4,759,000	5,524,656	114,205,000	2,899,930	42,309,400
1545-1560--	273,590	5,656,000	4,377,544	90,492,000	10,017,940	69,598,320
1561-1580--	219,906	4,546,000	4,398,120	90,917,000	12,952,000	89,986,000
1581-1600--	237,267	4,905,000	4,745,340	98,095,000	12,450,000	207,240,000
1601-1620--	273,918	5,662,000	5,478,360	113,248,000	13,596,235	192,578,500
1621-1640--	266,845	5,516,000	5,336,900	110,324,000	12,654,240	12,450,000
1641-1660--	281,955	5,828,000	5,639,110	116,571,000	11,776,545	269,352,700
1661-1680--	297,709	6,154,000	5,954,180	123,084,000	10,834,350	348,254,000
1681-1700--	346,095	7,154,000	6,921,895	143,088,000	10,992,085	17,143,000
1701-1720--	412,163	8,520,000	8,245,260	170,403,000	11,432,540	14,781,000
1721-1740--	613,422	12,681,000	12,268,440	253,611,000	13,863,080	17,924,000
1741-1760--	791,211	16,356,000	15,824,230	327,116,000	17,140,612	22,162,000
1761-1780--	665,666	13,761,000	13,313,315	275,211,000	20,985,591	27,135,000
1781-1800--	571,948	11,823,000	11,438,970	236,464,000	28,261,179	36,540,000
1801-1810--	571,563	11,815,000	5,715,627	118,152,000	28,746,922	37,168,000
1811-1820--	367,957	7,606,000	3,679,568	76,063,000	17,385,755	22,479,000

## PRODUCTION OF GOLD AND SILVER IN THE WORLD SINCE THE DISCOVERY OF AMERICA—Continued.

PERIODS.	GOLD.			SILVER.		
	Annual Average for the Period.		Total for the Period.	Annual Average for the Period.		Total for the Period.
	Fine Ounces.	Value.	Fine Ounces.	Value.	Fine Ounces.	Value.
1821-1830--	457,044	\$ 9,448,000	4,570,444	\$ 9,447,900	14,807,004	\$ 191,444,000
1831-1840--	652,291	13,484,000	6,522,913	134,841,000	19,175,867	191,758,675
1841-1850--	1,760,502	36,393,000	17,605,018	363,928,000	25,090,342	247,930,000
1851-1855--	6,410,324	132,513,000	32,051,621	662,566,000	32,440,000	234,400,000
1856-1860--	6,486,262	134,083,000	32,431,312	670,415,000	29,095,428	284,442,986
1861-1865--	5,949,582	122,989,000	29,747,913	614,944,000	35,401,972	184,169,000
1866-1870--	6,270,086	129,614,000	31,350,430	648,071,000	43,401,583	188,092,000
1871-1875--	5,591,014	115,577,000	27,955,968	577,883,000	55,663,000	228,801,000
1876-1880--	5,543,110	114,586,000	27,715,550	572,931,000	61,864,000	278,313,000
1881-1885--	4,794,755	99,116,000	23,973,773	495,582,000	63,317,014	316,585,069
1886-----	5,127,750	106,000,000	5,127,750	106,000,000	92,003,944	393,878,009
1887-----	5,116,865	105,775,000	5,116,865	105,775,000	101,851,000	509,256,000
1888-----	5,330,780	110,197,000	5,330,780	110,197,000	118,955,000	460,019,722
1889-----	5,973,780	123,489,000	5,973,780	123,489,000	120,955,000	594,773,000
1890-----	5,749,320	118,849,000	5,749,320	118,849,000	126,095,000	120,600,000
1891-----	6,320,195	130,650,000	6,320,195	130,650,000	137,171,000	137,171,000
1892-----	7,077,165	146,298,000	7,077,165	146,298,000	152,940,000	177,352,000
1893-----	7,605,904	157,228,000	7,605,904	157,228,000	161,776,000	197,741,000
Total-----	406,306,476	8,399,101,000			209,165,000	209,165,000
					161,776,000	161,776,000
					7,664,023,716	9,909,041,000

*From the Report of the Director of the Mint.*

GOLD COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION, BY CALENDAR YEARS.

Calendar Year.	Double Eagles.	Eagles.	Half Eagles.	Three-Dollars.	Quarter Eagles.	Dollars.
1793-1795	-----	\$ 27,950	\$ 43,535	-----	-----	\$ 165.00
1796	60,800	16,995	-----	-----	-----	4,390.00
1797	91,770	32,030	-----	-----	-----	1,535.00
1798	79,740	124,335	-----	-----	-----	1,200.00
1799	174,830	37,255	-----	-----	-----	-----
1800	259,650	58,110	-----	-----	-----	-----
1801	292,540	130,030	-----	-----	-----	6,530.00
1802	150,900	265,880	-----	-----	-----	1,057.50
1803	89,790	167,530	-----	-----	-----	8,317.50
1804	97,950	152,375	-----	-----	-----	4,452.50
1805	-----	165,915	-----	-----	-----	4,040.00
1806	-----	320,465	-----	-----	-----	17,030.00
1807	-----	420,465	-----	-----	-----	6,775.00
1808	-----	277,890	-----	-----	-----	-----
1809	-----	169,375	-----	-----	-----	-----
1810	-----	501,435	-----	-----	-----	-----
1811	-----	497,905	-----	-----	-----	-----
1812	-----	290,435	-----	-----	-----	-----
1813	-----	477,140	77,270	-----	-----	-----
1814	-----	-----	3,175	-----	-----	-----
1815	-----	-----	-----	-----	-----	-----

*From the Report of the Director of the Mint.*

**GOLD COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION—Continued.**

Calendar Year.	Double Eagles.	Eagles.	Half Eagles.	Three Dollars.	Quarter Dollars.	Dollars.
1816						
1817				\$ 242,940		
1818				258,615		
1819				1,319,030		
1820				173,205		\$ 16,120.00
1821				88,980		
1822				72,425		
1823				86,700		6,500.00
1824				145,300		11,085.00
1825				90,345		1,900.00
1826				124,565		7,000.00
1827				140,145		
1828				287,210		8,507.50
1829				631,755		11,350.00
1830				702,970		11,300.00
1831				787,435		11,000.00
1832				968,150		10,400.00
1833				3,660,845		293,425.00
1834				1,857,070		328,505.00
1835				2,765,735		1,369,965.00
1836						

*From the Report of the Director of the Mint.*  
 GOLD COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION—Continued.

Calendar Year.	Double Eagles.	Eagles.	Half Eagles.	Three Dollars.	Quarter Dollars.	Dollars.
1837						\$ 112,700.00
1838						137,345.00
1839						191,622.50
1840						153,572.50
1841						54,602.50
1842						85,007.50
1843						1,327,132.50
1844						89,345.00
1845						276,277.50
1846						279,272.50
1847						482,060.00
1848						98,612.50
1849						III,147.50
1850						\$ 936,789
1851						895,547.50
1852						511,301
1853						3,658,820
1854						3,283,827.50
1855						2,201,145
1856						3,519,615.00
1857						4,384,149
						1,557,016
						824,883
						1,213,117.50
						1,788,996
						801,002

*From the Report of the Director of the Mint.*

GOLD COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION—Continued.

Calendar Year.	Double Eagles.	Eagles.	Half Eagles.	Three Dollars.	Quarter Eagles.	Dollars.
1858-----	\$21,873,480	\$ 343,210	\$ 439,770	\$ 6,399	\$ 144,082.50	\$ 131,472
1859-----	13,782,840	253,930	361,235	46,914	142,220.00	193,431
1860-----	22,584,400	27,830	352,365	42,465	16,360.00	51,234
1861-----	74,989,060	1,287,330	3,332,130	18,216	3,241,295.00	527,499
1862-----	18,926,120	234,950	69,825	17,355	300,882.50	1,326,865
1863-----	22,187,200	112,480	97,360	15,117	27,075.00	6,250
1864-----	19,958,900	60,800	49,540	8,040	7,185.00	5,950
1865-----	27,874,000	207,050	144,535	3,495	62,302.50	3,725
1866-----	30,820,500	237,800	253,200	12,090	105,175.00	7,180
1867-----	23,426,300	121,400	179,600	7,950	78,125.00	5,250
1868-----	18,722,000	241,550	288,625	14,625	94,062.50	10,525
1869-----	17,238,100	82,850	163,925	7,575	84,612.50	5,925
1870-----	22,819,480	164,430	143,550	10,605	51,387.50	9,335
1871-----	20,456,740	254,650	245,000	3,990	68,375.00	3,930
1872-----	21,230,600	244,500	275,350	6,190	52,575.00	3,530
1873-----	55,456,700	173,680	754,605	75	512,562.50	125,125
1874-----	33,917,700	799,270	203,530	125,460	9,850.00	198,820
1875-----	32,737,820	78,350	105,240	60	30,050.00	4,20
1876-----	46,386,920	104,280	61,820	135	23,052.50	3,245
1877-----	43,504,700	211,490	182,660	4,464	92,630.00	3,920
1878-----	45,916,500	1,031,440	1,427,470	246,972	1,160,650.00	3,020

*From the Report of the Director of the Mint.*

**GOLD COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION—Continued.**

Calendar Year.	Double Eagles.	Eagles.	Half Eagles.	Three Dollars.	Quarter Eagles.	Dollars.
1879-----	\$28,889,260	\$ 6,120,320	\$ 3,727,155	\$ 9,090	\$331,225.00	\$ 3,030
1880-----	17,749,120	21,715,160	22,831,765	3,108	7,490.00	1,636
1881-----	14,585,200	48,796,250	33,458,430	1,650	1,700.00	7,660
1882-----	23,295,400	24,740,640	17,831,885	4,620	10,100.00	5,040
1883-----	24,980,040	2,595,400	1,647,990	2,820	4,900.00	10,840
1884-----	19,944,200	2,110,800	1,922,250	3,318	4,982.50	6,206
1885-----	13,875,560	4,815,270	9,065,030	2,730	2,217.50	12,205
1886-----	22,120	10,621,600	18,282,160	3,426	10,120.00	6,016
1887-----	5,602,240	8,706,800	9,560,435	18,480	15,705.00	8,543
1888-----	21,717,320	8,030,310	1,560,980	15,873	40,245.00	16,080
1889-----	16,995,120	4,298,850	37,825	7,287	44,120.00	30,729
1890-----	19,399,080	755,430	290,640	-	22,032.50	-
1891-----	25,895,340	1,956,000	1,347,065	-	27,600.00	-
1892-----	19,238,760	9,817,400	5,724,700	-	6,362.50	-
1893-----	27,178,320	20,132,450	9,610,985	-	75,265.00	-
Jan. 1 to June 30, '94	38,254,080	19,568,510	1,051,415	-	120.00	-
Total-----	\$1,200,606,980	\$252,662,960	\$208,820,815	\$1,619,376	\$28,670,820.00	\$19,499,337

*From the Report of the Director of the Mint.*

## SILVER COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION, BY CALENDAR YEARS.

Calendar Year.	Trade Dollars.	Dollars.	Half Dollars.	Quarter Dollars.	Twenty Cents.	Dimes.	Half Dimes.	Three Cents.
1793-1795-		\$ 204,791	\$161,572.00	\$ 1,473.50				
1796-		72,920	1,959.00	63.00			\$ 2,213.50	\$4,320.80
1797-		7,776					2,526.10	511.50
1798-		327,536					2,755.00	2,226.35
1799-		423,515						
1800-		220,920					2,176.00	1,200.00
1801-		54,454	15,144.50				3,464.00	1,695.50
1802-		41,650	14,945.00				1,097.50	650.50
1803-		66,064	15,857.50				3,304.00	1,892.50
1804-		19,570	78,259.50	1,684.50			826.50	
1805-	321	105,861.00	30,348.50				12,078.00	780.00
1806-		419,788.00	51,531.00					
1807-		525,788.00	55,160.75				16,500.00	
1808-		684,300.00						
1809-		702,905.00					4,471.00	
1810-		638,138.00					635.50	
1811-		601,822.00					6,518.00	
1812-								
1813-								
1814-							42,150.00	
1815-								
							17,308.00	

*From the Report of the Director of the Mint.*

SILVER COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION — *Continued.*

Calendar Year.	Trade Dollars.	Half Dollars.	Quarter Dollars.	Twenty Cents.	Dimes.	Half Dimes.	Three Cents.
1816		\$ 23,575.00	\$ 5,000.75				
1817		607,783.50					
1818		980,161.00	90,293.50				
1819		1,104,000.00	36,000.00				
1820		375,561.00	31,861.00				
1821		652,898.50	54,212.75				
1822		779,786.50	16,020.00				
1823		847,100.00	4,450.00				
1824		1,752,477.00					
1825		1,471,583.00	42,000.00				
1826		2,002,090.00					
1827		2,746,700.00	1,000.00				
1828		1,537,600.00	25,500.00				
1829		1,856,078.00					
1830		2,382,400.00					
1831		2,936,830.00	99,500.00				
1832		2,398,500.00	80,000.00				
1833		2,603,000.00	39,000.00				
1834		3,206,002.00	71,500.00				
1835		2,676,003.00	488,000.00				
1836		3,273,100.00	118,000.00				
		\$1,000					

*From the Report of the Director of the Mint.*

## SILVER COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION — *Continued.*

*From the Report of the Director of the Mint.*  
 SILVER COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION — *Continued.*

Calendar Year.	Trade Dollars.	Dollars.	Half Dollars.	Quarter Dollars.	Twenty Cents.	Dimes.	Half Dimes.	Three Cents.
1858	\$ 636,500	\$ 5,998,000.00	\$2,002,250.00	421,000.00	-----	\$ 189,000.00	\$ 238,000.00	\$ 48,120.00
1859	-----	2,074,000.00	-----	312,350.00	-----	97,000.00	45,000.00	10,950.00
1860	-----	733,930	1,032,850.00	-----	78,700.00	92,950.00	8,610.00	-----
1861	-----	78,500	2,078,950.00	1,237,650.00	209,650.00	164,050.00	14,940.00	-----
1862	-----	12,090	802,175.00	249,887.50	102,830.00	74,627.50	10,906.50	-----
1863	-----	27,660	700,830.00	48,015.00	-----	17,196.00	5,923.00	643.80
1864	-----	31,170	518,785.00	28,517.50	-----	26,907.00	4,523.50	14.10
1865	-----	47,000	593,450.00	25,075.00	-----	18,550.00	6,677.00	255.00
1866	-----	49,625	899,812.50	11,381.25	-----	14,372.50	6,536.25	681.75
1867	-----	60,325	810,162.50	17,156.25	-----	14,662.50	6,431.25	138.75
1868	-----	182,700	769,100.00	31,500.00	-----	72,625.00	18,295.00	123.00
1869	-----	424,300	725,950.00	23,150.00	-----	70,660.00	21,930.00	153.00
1870	-----	445,462	829,758.50	23,935.00	-----	52,150.00	26,830.00	120.00
1871	-----	1,117,136	1,741,655.00	53,255.50	-----	109,371.00	82,493.00	127.80
1872	-----	1,118,600	866,775.00	68,762.50	-----	261,045.00	189,247.50	58.50
1873	\$ 1,225,000	296,600	1,593,780.00	414,190.50	-----	443,329.10	51,830.00	18.00
1874	4,910,000	-----	1,406,650.00	215,975.00	-----	319,151.70	-----	-----
1875	6,279,600	-----	5,117,750.00	1,278,375.00	\$ 265,598	2,406,570.00	-----	-----
1876	6,192,150	-----	7,451,575.00	7,839,287.50	5,180	3,015,115.00	-----	-----
1877	13,002,710	4,259,900	7,540,255.00	6,024,027.50	102	1,735,051.00	-----	-----
1878	-----	22,495,550	726,200.00	849,200.00	120	187,880.00	-----	-----

*From the Report of the Director of the Mint.*SILVER COINAGE OF THE MINTS OF THE UNITED STATES, FROM THEIR ORGANIZATION — *Continued.*

Calendar Year.	Trade Dollars.	Dollars.	Half Dollars.	Quarter Dollars.	Twenty Cents.	Dimes.	Half Dimes.	Three Cents.
1879-----	\$1,541	\$27,560,100	\$ 2,950.00	\$ 3,675.00	-----	\$ 1,510.00	-----	-----
1880-----	1,987	27,397,355	4,877.50	3,738.75	-----	3,735.50	-----	-----
1881-----	900	27,927,975	5,487.50	3,243.75	-----	2,497.50	-----	-----
1882-----	1,097	27,574,100	2,750.00	4,075.00	-----	391,110.00	-----	-----
1883-----	979	28,470,039	4,519.50	3,859.75	-----	767,571.20	-----	-----
1884-----	-----	28,136,875	2,637.50	2,218.75	-----	393,134.90	-----	-----
1885-----	-----	28,697,767	3,065.00	3,632.50	-----	257,711.70	-----	-----
1886-----	-----	31,423,886	2,943.00	1,471.50	-----	658,409.40	-----	-----
1887-----	-----	33,611,710	2,855.00	2,677.50	-----	1,573,838.90	-----	-----
1888-----	-----	31,990,833	6,416.50	306,708.25	-----	721,648.70	-----	-----
1889-----	-----	34,651,811	6,355.50	3,177.75	-----	835,338.90	-----	-----
1890-----	-----	38,043,004	6,295.00	20,147.50	-----	1,133,461.70	-----	-----
1891-----	-----	23,562,735	100,300.00	1,551,150.00	-----	2,304,671.60	-----	-----
1892-----	-----	6,333,245	1,652,136.50	2,960,331.00	-----	1,695,365.50	-----	-----
1893-----	-----	1,455,792	4,003,948.50	2,583,837.50	-----	759,219.30	-----	-----
1894*-----	-----	431	1,921,163.50	1,248,313.00	-----	75,045.50	-----	-----
Total, 35,965,924	427,364,446	130,512,383.50	47,198,044.00	271,000	28,480,117.20	4,886,219.40	1,282,087.20	

\* January 1st to June 30th.

*From the Report of Director of the Mint.*COINAGE OF THE MINTS OF THE UNITED STATES FROM THEIR  
ORGANIZATION, 1792, TO THE FISCAL YEAR ENDED  
JUNE 30, 1894.

Denominations.	Pieces.	Value.
GOLD.		
Double eagles .....	60,030,349	\$1,200,606,980.00
Eagles .....	25,266,296	252,662,960.00
Half eagles .....	41,764,062	208,820,815.00
Three-dollar pieces (coinage discontinued under act of September 26, 1890) .....	539,792	1,619,376.00
Quarter eagles .....	11,462,280	28,670,820.00
Dollars (coinage discontinued under act of Sept. 26, 1890) .....	19,499,337	19,499,337.00
Total gold .....	158,562,116	\$1,711,880,288.00
SILVER.		
Dollars (coinage discontinued, act of Feb. 12, 1873, and resumed under act of Feb. 28, 1878) .....	427,364,446	*\$427,364,446.00
Trade dollars (coinage authorized Feb. 12, 1873, discontinued March 3, 1887) .....	35,965,924	35,965,924.00
Half dollars .....	261,024,767	†130,512,383.50
Quarter dollars .....	188,792,176	†47,198,044.00
Twenty-cent pieces (coinage discontinued, act of May 2, 1878) .....	1,355,000	271,000.00
Dimes .....	284,801,172	28,480,117.20
Half dimes (coinage discontinued, act Feb. 12, 1873) .....	97,604,388	4,880,219.40
Three-cent pieces (coinage discontinued, act Feb. 12, 1873) .....	42,736,240	1,282,087.20
Total silver .....	1,339,644,113	\$675,954,221.30

*From the Report of Director of the Mint.*COINAGE OF THE MINTS OF THE UNITED STATES FROM THEIR  
ORGANIZATION, 1792, TO THE FISCAL YEAR ENDED  
JUNE 30, 1894—*Continued.*

Denominations.	Pieces.	Value.
MINOR.		
Five-cent pieces, nickel	268,648,619	\$13,432,430.95
Three-cent pieces, nickel (coinage discontinued, act Sept. 26, 1890)-----	31,378,316	941,349.48
Two-cent pieces, bronze(coin- age discontinued, act Feb. 12, 1873)-----	45,601,000	912,020.00
One-cent pieces, copper(coin- age discontinued, act Feb. 21, 1857)-----	156,288,744	1,562,887.44
One-cent pieces, nickel(coin- age discontinued, act April 22, 1864)-----	200,772,000	2,007,720.00
One-cent pieces, bronze-----	735,178,335	7,351,783.35
Half-cent pieces, copper(coin- age discontinued, act Feb. 21, 1857)-----	7,985,222	39,926.11
Total minor-----	1,445,852,236	\$26,248,117.33
Total coinage-----	2,944,058,465	\$2,414,082,626.63
<hr/>		
* Coined prior to 1873-----		\$8,031,238
Coined under act of Feb. 28, 1878-----	\$378,166,793	
act of July 14, 1890-----	36,087,943	
act of Mar. 31, 1891-----	5,087,472	
		419,333,208
Total-----		\$427,364,446

† Includes \$2,501,052.50 in Columbian souvenir half dollars.

‡ Includes \$10,005.75 in Columbian souvenir quarter dollars.

*From Report of Director of United States Mint.*

VALUE OF GOLD COIN AND BULLION IMPORTED INTO AND  
EXPORTED FROM THE UNITED STATES,  
FISCAL YEARS 1864-1894.

Ending June 30—	Imports.	Exports.	Excess of imports over exports.	Excess of exports over imports.
1864-----	\$ 11,176,769	\$100,661,634	-----	\$89,484,865
1865-----	6,498,228	58,381,033	-----	51,882,805
1866-----	8,196,261	71,197,309	-----	63,001,048
1867-----	17,024,866	39,026,627	-----	22,001,761
1868-----	8,737,443	73,396,344	-----	64,658,901
1869-----	14,132,568	36,003,498	-----	21,870,930
1870-----	12,056,950	33,635,962	-----	21,579,012
1871-----	6,883,561	66,686,208	-----	59,802,647
1872-----	8,717,458	49,548,760	-----	40,831,302
1873-----	8,682,447	44,856,715	-----	36,174,268
1874-----	19,503,137	34,042,420	-----	14,539,283
1875-----	13,696,793	66,980,977	-----	53,284,184
1876-----	7,992,709	31,177,050	-----	23,184,341
1877-----	26,246,234	26,590,374	-----	344,140
1878-----	13,330,215	9,204,455	\$ 4,125,760	-----
1879-----	5,624,948	4,587,614	1,037,334	-----
1880-----	80,758,396	3,639,025	77,119,371	-----
1881-----	100,031,259	2,565,132	97,466,127	-----
1882-----	34,377,054	32,587,880	1,789,174	-----
1883-----	17,734,149	11,600,888	6,133,261	-----
1884-----	22,831,317	41,081,957	-----	18,250,640
1885-----	26,691,696	8,477,892	18,313,804	-----
1886-----	20,743,349	42,952,191	-----	22,208,842
1887-----	42,910,601	9,701,187	33,209,414	-----
1888-----	43,934,317	18,376,234	25,558,083	-----
1889-----	*10,372,145	160,033,246	-----	49,661,101
1890-----	*13,097,146	17,350,193	-----	4,253,047
1891-----	*18,516,112	186,462,880	-----	67,946,768
1892-----	*50,162,879	†50,305,533	-----	142,654
1893-----	*22,069,380	†108,966,655	-----	86,897,275
1894-----	*72,989,563	†77,162,228	-----	4,172,665
Total-----	\$765,719,950	\$1,317,240,101	-----	-----

\* Includes gold in ores.

† Includes gold in ores and copper matte.

*From Report of Director of United States Mint.*

VALUE OF SILVER COIN AND BULLION IMPORTED INTO AND  
EXPORTED FROM THE UNITED STATES,  
FISCAL YEARS, 1864-1894.

Ending June 30 —	Imports.	Exports.	Excess of imports over exports.	Excess of exports over imports.
1864-----	\$ 1,938,843	\$ 4,734,907	-----	\$ 2,796,064
1865-----	3,311,844	9,262,193	-----	5,950,349
1866-----	2,503,831	14,846,762	-----	12,342,931
1867-----	5,045,609	21,841,745	-----	16,796,136
1868-----	5,450,925	21,387,758	-----	15,936,833
1869-----	5,675,308	21,134,882	-----	15,459,574
1870-----	14,362,229	24,519,704	-----	10,157,475
1871-----	14,386,463	31,755,780	-----	17,369,317
1872-----	5,026,231	30,328,774	-----	25,302,543
1873-----	12,798,490	39,751,859	-----	26,953,369
1874-----	8,951,769	32,587,985	-----	23,636,216
1875-----	7,203,924	25,151,165	-----	17,947,241
1876-----	7,943,972	25,329,252	-----	17,385,280
1877-----	14,528,180	29,571,863	-----	15,043,683
1878-----	16,491,099	24,535,670	-----	8,044,571
1879-----	14,671,052	20,409,827	-----	5,738,775
1880-----	12,275,914	13,503,894	-----	1,227,980
1881-----	10,544,238	16,841,715	-----	6,297,477
1882-----	8,095,336	16,829,599	-----	8,734,263
1883-----	10,755,242	20,219,445	-----	9,464,203
1884-----	14,594,945	26,051,426	-----	11,456,481
1885-----	16,550,627	33,753,633	-----	17,203,006
1886-----	17,850,307	29,511,219	-----	11,660,912
1887-----	17,260,191	26,296,504	-----	9,036,313
1888-----	*20,514,232	128,146,510	-----	7,632,278
1889-----	*24,682,380	136,716,783	-----	12,034,403
1890-----	*27,524,147	136,069,602	-----	8,545,455
1891-----	*26,278,916	123,533,551	\$2,745,365	-----
1892-----	*28,764,734	133,800,562	-----	5,035,828
1893-----	*34,293,999	141,947,812	-----	7,653,813
1894-----	*19,965,713	151,007,072	-----	31,041,359
Total..	\$430,240,690	\$811,379,453	-----	-----

\* Includes silver in ores. † Includes silver in ores and copper matte.

*From "Canadian Bank Note Currency," by L. Carroll Root.*  
 COMPARISON OF THE CANADIAN AND UNITED STATES NATIONAL BANKING SYSTEMS, AS TO NOTE CIRCULATION  
 AND CAPITAL STOCK.

Year.	UNITED STATES NATIONAL BANKS.			CANADIAN BANKS.		
	Notes Outstanding July 1st in each year.	Capital at nearest date to July 1st.	Ratio of Notes to Capital. Per Cent.	Notes Outstanding July 1st in each year.	Capital Stock, July 1st.	Ratio of Notes to Capital. Per Cent.
1880-----	\$344,595,427	\$455,909,565	75	\$20,186,176	\$60,584,789	32
1881-----	355,042,675	460,227,835	77	26,102,368	59,384,987	44
1882-----	358,742,034	477,184,390	75	32,229,937	58,739,980	54
1883-----	356,815,510	500,298,312	71	32,211,945	61,404,554	52
1884-----	339,409,833	522,515,906	65	29,654,511	61,443,397	49
1885-----	319,069,932	526,273,602	60	29,692,803	61,821,158	48
1886-----	309,010,460	539,109,291	57	29,200,627	61,841,395	47
1887-----	279,217,788	571,648,811	50	30,438,152	60,815,356	49
1888-----	252,302,321	588,384,018	43	30,444,643	60,168,011	50
1889-----	211,378,963	605,851,040	35	31,209,972	60,236,451	52
1890-----	185,549,848	642,073,676	29	32,059,178	59,560,765	53
1891-----	167,927,574	672,903,599	25	31,379,886	60,742,366	51
1892-----	172,663,850	684,078,293	25	172,614,699	61,515,630	53
1893-----	177,164,255	685,786,718	36	33,483,413	61,954,314	54
1894-----	207,353,244	671,091,165	31	-----	62,112,883	49

The experience of Canada is coming to be of great interest to our own financiers. The following table shows the regular yearly expansion and contraction of Canadian Bank Currency in recent years.

*From L. Carroll Root's Sound Currency.*

EXPANSION AND CONTRACTION IN BANK CIRCULATION.

Year.	LOWEST POINT.		HIGHEST POINT.	Expansion during year.	Contraction from highest point to lowest point next summer.
	Month.	Amount.			
1882	August	\$31,458,000	October	\$37,940,000	\$6,482,000
	May	31,301,000	"	35,563,000	4,262,000
	July	28,063,000	"	33,999,000	5,935,000
1883	April	28,492,000	"	34,576,000	5,084,000
1884	July	28,883,000	"	35,322,000	6,439,000
1885	May	30,086,000	"	37,012,000	6,926,000
1886	"	29,278,000	"	36,244,000	6,966,000
1887	"	30,012,000	"	35,233,000	5,221,000
1888	April	30,672,000	"	36,480,000	5,808,000
1889	July	30,580,000	November	37,431,000	6,851,000
1890	May	31,383,000	October	38,688,000	7,305,000
1891	"	31,927,000	"	36,906,000	6,048,000
1892	"	28,467,000	"	34,516,000	6,761,000
1893					8,439,000
1894					

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