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COMETALLISM:

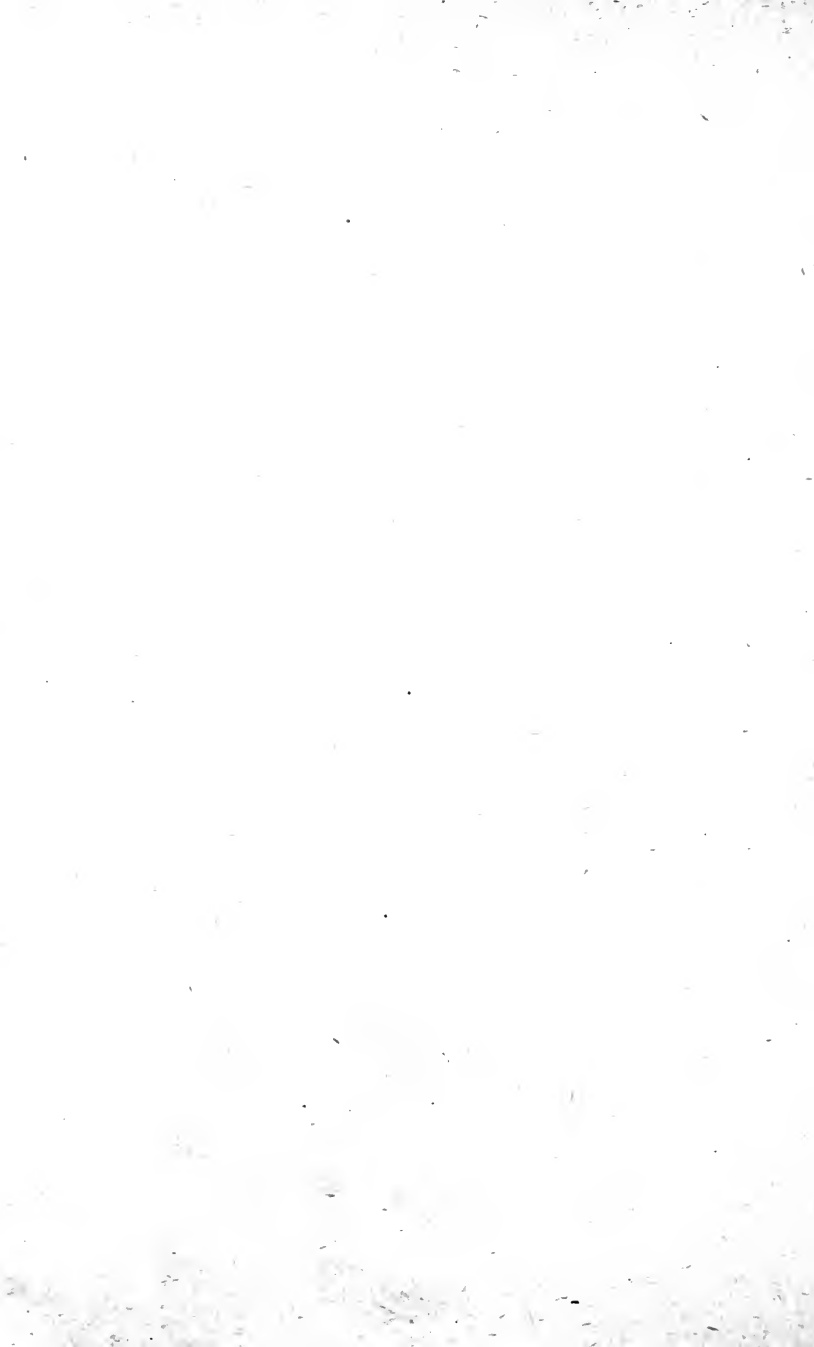


GOLD, SILVER

AND

PAPER MONEY.

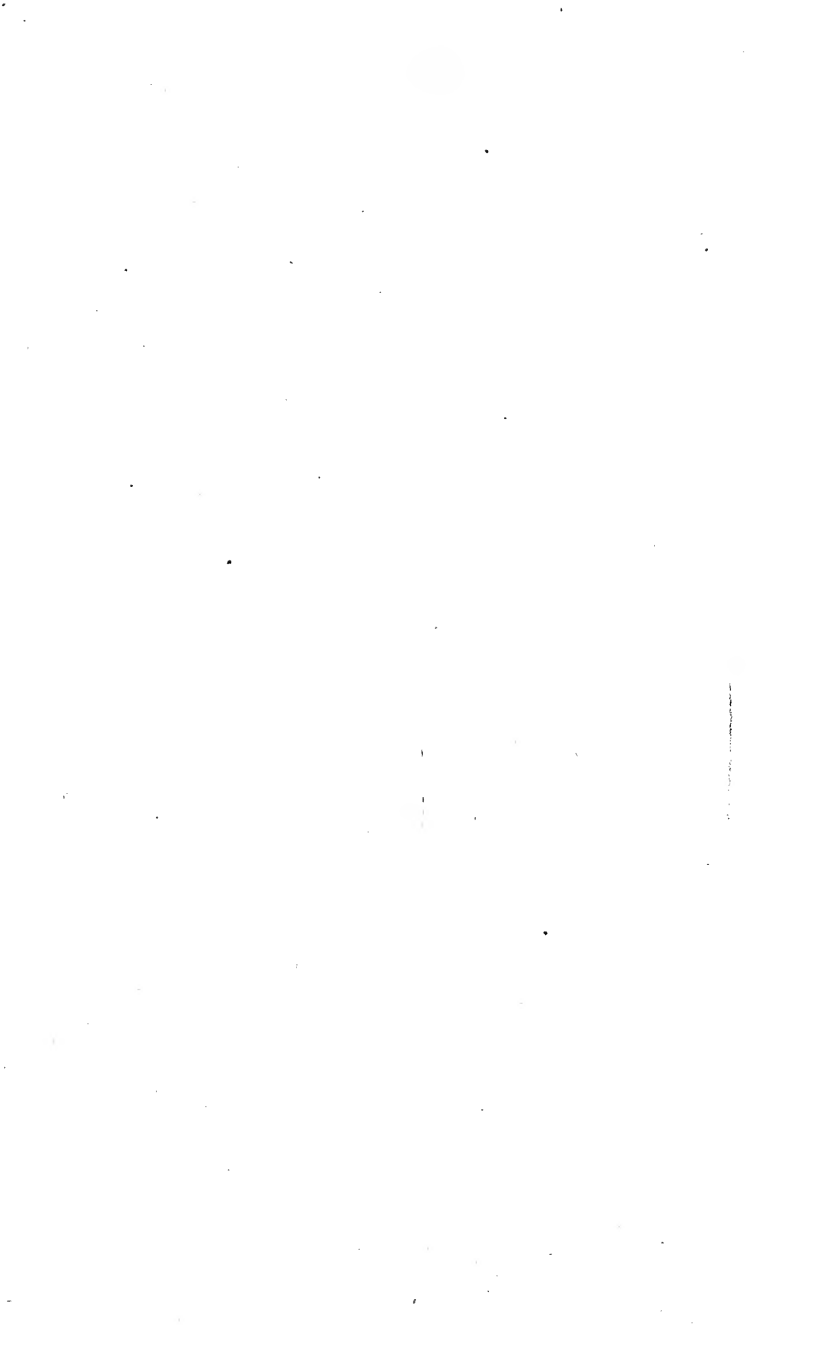




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COMETALLISM:

A PLAN FOR COMBINING

GOLD AND SILVER

IN

COINAGE,

FOR

Uniting and Blending their Values

IN

PAPER MONEY,

AND FOR

Establishing a Composite Single Standard

DOLLAR OF ACCOUNT.

BY

NICHOLAS VEEDER.



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TO
DR. C. G. HUSSEY,
OF PITTSBURGH,

WHO IN THE COURSE OF A LONG AND HONORABLE CAREER HAS ACHIEVED ENVIABLE SUCCESS AS A PIONEER IN COPPER MINING AND IN THE MANUFACTURE OF COPPER AND STEEL; WHOSE NAME IS NOT UNKNOWN AS A PROMOTER OF SCIENCE, ART AND EDUCATION; WHOSE HIGH STANDING IN BUSINESS CIRCLES AND GENERAL ESTEEM IS WELL KNOWN; WHO HAS TAKEN A DEEP INTEREST FOR MANY YEARS, IN ALL FINANCIAL QUESTIONS; WHO HAS GIVEN LARGE CONSIDERATION TO THE RELATIONS OF GOLD AND SILVER TO EACH OTHER, AND WHO HAS KINDLY EXPRESSED HIS CONFIDENCE IN THE VIEWS AND SUGGESTIONS HEREIN OFFERED, THIS ESSAY IS RESPECTFULLY DEDICATED.



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I.

THE PROBLEM.—POOLING.

ONE of the most important problems of the day, demanding early solution, is the permanent regulation of the relations of gold and silver to each other, with respect to their use as currency.

Whatever difficulty we may have in discovering their equitable relations, perhaps it will be found that there is some good and just, some best way for harmonizing the uses and functions of the two metals, and that way may prove to be a very simple one.

In view of the great uncertainties necessarily connected with the relative production of gold and silver, in proportion to the demands for their use in the arts, and for coinage, it is obvious that there must always be some fluctuation in their values relatively to each other. While silver may at present be the cheaper metal, it by no means follows that it always has been, or will always continue to be so, and it would seem best to settle upon some agreed method of adjustment, and to adhere to it under all varying circumstances. That this would probably not be injurious to any interest is shown by the history of the past, and this may also appear in the history of the future, inasmuch as gold has sometimes been relatively cheaper than silver, and silver has at certain periods been cheaper than gold. However much the welfare of individuals may be affected, one way or the

other, by such fluctuations at particular times, the average good result to the nations must be greatly enhanced by the element of certainty on which commercial transactions will be based, if once an unchangeable standard becomes thoroughly established.

At the present time the public mind in the United States is in a peculiarly unsettled state, in regard to the kind of money which is hereafter to form our national currency. If it be asked, "Why not have a coin of one metal—either gold or silver, if you please—made the standard?" we find an answer in the actual practical situation. We have two giants—two Titans—in the field and contending for the supremacy, and no one can foretell whether gold or silver, or neither, will be the victor if the contest be continued. The banking and bonded interests, and the creditor ask for gold; while the miner, the farmer, the manufacturer and producing classes generally, and the trader and debtor are more ready to adopt the view that silver is entitled to equal consideration.

I propose that the disagreements between those two mighty powers, like those of two giant railroad corporations, be compromised, with the expectation that the rivals will eventually find ways and methods to work in harmony for their mutual advantage and for the public welfare.

We cannot ignore our neighbors. Co-existence necessitates respect for the rights of others. The essential idea of our Republic is a careful regard for the individuality and possessions of one another. The mere fact of existence is, of itself, a certificate of the right to exist which must be treated as valid, if such existence is not inherently hostile

to the general welfare. People, corporations, institutions, governments and nations all exist by mutual sufferance, and should unite in promoting the interests of all. The rights of all should not only be respected, but should be mutually protected. We have a colossal system of railroads, and factories, mills, shops, banks, etc., without number, all of which are entitled to seek patronage so long as they do not interfere by unfair methods with the efforts of their rivals.

But in practical life, innumerable problems arise as to their proper relations to each other, the solution of which taxes our powers to the utmost. This is particularly the case at present with the railroads of our country. The questions demanding answer as to the respective rights of trunk lines, the adjustment of through freights and passage between competing points, local traffic, equitable distribution of patronage, &c., are difficult in the extreme; they involve the relations of railroads to all other commercial and financial interests, and are everywhere producing mighty struggles to-day. But, however difficult, these questions must and will be answered sooner or later, and when answered, it will be seen that the way out of trouble has been revealed only by the light of mutual justice—as the principles of equity are more and more brought into practice, the right and easy path will become more and more plain. The railroads have made some progress towards attaining the desired end, by being forced into a practical recognition, to some extent, of the principles of mutuality; they are learning how to harmonize their antagonistic interests, by dividing business in the proportions indicated by experience as naturally belonging to each, under a system to which has been given the sig-

nificant and comparatively new term "*pooling.*" Under this system, if one of the co-operating roads should get more than its share of business as regulated by the agreed basis, the extra profits are distributed pro rata among the rest. In this way, if the agreements are honestly carried out, ruinous competition is avoided, and all are benefited where all would otherwise run only at a loss.

The continued observance and development of such principles of mutual justice will gradually lead them on to a complete and satisfactory solution of all their difficulties. Then there will be no injuriously "competing lines," for all will work together for the general good. They will co-operate upon republican principles, and ultimately establish a *republic of railroads*. As with railroads, so it should be with the rival precious metals; they should cease their warfare with each other, and work hand in hand. In a manner analogous to the equitable pooling of service by railroads, *gold and silver should "pool" their functions.*

II.

MONOMETALLISM, BIMETALLISM, AND
RE-COINAGE.

In the New York *Independent* of October 1st, 1885, I find the following remarks upon Monometallism and Bimetallism, and also a statement under the head of Re-coinage of some of the difficulties in the way, under the present system, of maintaining a perfectly uniform standard:

MONOMETALLISM.

“We adopt the mono-metallic theory, which makes gold the one exclusive standard of value, and coins it in unlimited quantities and with full legal tender power, and also remits silver to the position of a subsidiary currency for the smaller transactions of trade. Silver is well suited to this subsidiary position, and may be used in large quantities for this purpose; but it is not, in modern times especially, suited to be a standard of value on an equal basis with gold. Gold, in this respect, by reason of its greater value in proportion to quantity, has acquired an ascendancy over silver which we believe it will maintain, just as railroads and rail-cars have acquired an ascendancy over turnpikes and old-fashioned post-coaches. Silver as a standard of value has had its day, and must give place to another metal—namely, gold—which, in modern times, is better suited to serve this purpose. The silver men, whether in Europe or the United States, may resist this tendency; but in the end they will be defeated. The tendency, by the force of circumstances, will

be stronger than their resistance. The governments of the earth will do, on this subject, what they find it for their interest to do, no matter what the speculative *doctrinaires* say about it. This is the reason why so many of the governments of Europe have become mono-metallic on the gold basis, and others will do so in due season. The tide of events is strongly in this direction.

The Government of the United States, by the silver law of 1878, attempted to make water run up hill; and the attempt so far has been a failure, as might have been expected. The fact is, that water has continued to run down hill. The silver dollar was not what the law declared it to be at the time of the enactment, and is to-day of less value than it was then. We think it high time that this farcical legislation came to an end. We have already, at an enormous expense, coined too many of these depreciated and dishonest dollars; and every dollar added to the amount is simply making the matter worse. We believe in facing the silver men with an absolute and uncompromising demand for the repeal of the silver law as the thing imperatively required by the best interests of the country."

BIMETALLISM.

"The fundamental idea of bimetallism is the coinage of gold and silver as full legal tender money, in unlimited quantities, at a ratio of value relatively to each other that will make the two classes of coins, having the same legal tender value, the commercial equivalents of each other in actual use. And inasmuch as these metals, if of the same fineness, have not the same value by weight, bimetallism proposes to make up for this difference of value by putting a larger amount of metal in one class of coins than is used in the other class, and such an amount as will

just compensate for the difference in the value of the metals, and thus secure a commercial equivalency between the two standards of value. The theory would be simple enough, provided that the relative market value of gold and silver remained uniformly at a fixed ratio of value. This, however, is not the fact, especially in modern times, and never has been the fact; and the non-existence of any such fact always has been, and always will be, the great difficulty in putting the double standard theory into practice. It may be written in the statute book of a nation; but, in practice, one or the other of the metals, according to their varying relative value, will be the standard in use. This will not give a double standard in fact, but simply an *alternative* standard, which will sometimes be silver, and at other times gold, according to circumstances; and there is not wit or power enough in man so to regulate and control these circumstances as to avoid this result under the theory of a double standard."

RE-COINAGE.

"It is suggested that all the silver dollars coined under the law should be melted up, and then re-coined 'into dollars having an equal value with gold in the markets and governments of the world, and in concert with them by treaty.' This suggestion proposes to coin an *honest* silver dollar, and not a fraud, and is so far good. The difficulty with it consists in three things. First, the new dollar thus coined would be so bulky and heavy as to be inconvenient, and for this reason substantially impracticable for popular use. Secondly, the 'governments of the world' show no disposition to enter into any such 'concert' with the United States as the suggestion assumes, and are not likely to change their attitude on this subject. Thirdly,

the constant fluctuations in the bullion or commercial value of silver would be as constantly changing the relative value of the two kinds of dollars, making one of them more or less valuable than the other, thus requiring repeated re-coinages of one or the other of these dollars in order to keep them, considered relatively to each other, at the point of commercial equivalency. We do not, for these reasons, think that this suggestion about re-coinage of the whole mass of our silver dollars furnishes a practical remedy for the existing difficulties, or a practical solution of the silver problem as it exists to-day in the United States and also in Europe. Senator Sherman has several times broached the same thought; and we have previously expressed similar views in regard to it."

These remarks, although by a monometallist, give good expression to the differing views on these topics, held by the great majority of those who give attention to such matters.

III.

DIFFICULTIES.

It is obviously impossible to make two coins of different metals of such relative sizes as always to have the same commercial values as bullion, and the great mistake of the day—leading as it does to most of the confusion of ideas that prevails—is, that it is necessary that the two coins should be so related; most assuredly an impossibility cannot be a necessity. In view of such impossibility, much of the current talk about “the dishonest 80 cent silver dollar,” that “a silver dollar should be of as much value as the gold dollar,” that “the dollar should be worth a hundred cents in weight,” etc., etc., seems illy considered or biased.

As experience teaches, powerful governments, with unlimited credit like our own, can impart by law and by national usage, an equality of legal tender and commercial value which may be maintained for a great length of time, until new laws are made, or some political change takes place. A silver dollar, if need be, may partake of the nature of a paper dollar sufficiently to amply cover all temporary depreciation as compared with gold. It may even be called “a token” to the extent of such depreciation, but it would be a very good sort of a token with a great government behind it, to maintain its current value. Besides, as long as silver continues to buy as much as usual—as has been the case in 1885—it cannot be justly said to be depreciated.

Gold, from various causes, has simply grown relatively scarcer, and therefore higher in value and price; in other words, silver has not depreciated, but gold has appreciated. The creditor may seek to collect in gold what he has loaned in silver, because the one has risen and the other has fallen in value with reference to each other, and therefore the doctrine of gold monometallism would, at this time, be very convenient for him, but, in the same ratio, it would work injustice to the debtor. We cannot, however, apply the counterpart of this argument to silver. Gold has also appreciated relatively to everything else as well as to silver, and to the same extent as with reference to silver, while the relations of silver to general property remain comparatively unchanged, and it would not be unjust to the creditor to pay him in silver, because he can buy as much general property with it as when he made his loans, and as long as he can do this, he cannot properly demand more. We may further consider, that it is not at all impossible or improbable that some great and rapid development of new gold fields may bring about a change not remote, in the present comparative values of the two metals, and if so, the creditor might then prefer silver. It is not yet time to forget that gold was cheap and silver dear directly after the great discoveries of gold in California and Australia.

Thus far, the financial strength and credit of our Government have been sufficient to keep the gold and silver dollar at equal commercial values, within the country, and some good authorities are of the opinion that the silver coinage may go on at the same rate for four or five years, or even longer, before there would be much, if any, premium on

gold; but eventually, if the coinage be continued at an undiminished rate and no new elements enter into the course of events, the silver dollar will become the standard, and gold will be hoarded and exported, and the real dollar will be the silver dollar only.

While I think that the "Bland dollar" is an honest coin under the existing guarantees of the Government, I would recommend that new measures be considered with the view of eliminating it to such partial extent as may seem desirable by the introduction of a satisfactory substitute.

I wish to offer a plan for counteracting the natural tendency of the more abundant to drive the scarcer money out of circulation, and, at the same time, so unifying the gold and silver coinage as to do away with the fluctuations in their relative values, and render the use of two metals more practicable, and which will prove a good way out of our present coinage dilemma, and I believe, if adopted, that the plan suggested will give the country a circulation of paper money based on gold and silver, of the same value, and much more convenient for commercial uses.

IV.

REMEDIES PROPOSED.

Of the 65 to 70 elementary substances known in chemistry, gold and silver are the only ones which have the qualities and properties best adapted to make them the measures of values great and small, in the business contracts, transactions and exchanges of the world, and by virtue of these qualities and properties, both must and always will be used as money, as they have been used from time immemorial. They should run in harmonic parallelism, and continue to act together as the common servants of mankind, each supplying the deficiencies of the other, but neither ignored by or dominating the other.

Among civilized nations, the demand for the precious metals for use as money is the first that must be satisfied, their other uses being secondary; and the use, either of gold or silver, as an exclusive money standard, would rob the arts to a dangerous and hurtful extent; and by greatly enhancing the value of the favored metal, and thus immensely disturbing all other values, would produce much greater general losses and distress than could, by any possibility, be atoned for and compensated by the benefits that would accrue to only a favored few. We need both metals, for the wider the metallic basis is for our money system, the more securely it will stand.

The essential idea of the monometallist is, that there shall

be but one standard; while that of the bimetallist is, that two metals shall be used, and in these ideas, I agree with both. There should be only *one standard*, but that one standard should be a *composite* one, and should be made up of two metals instead of one only. Thus by one composite standard harmony may be established between the monometallist and the bimetallist, and the special wish of each will be completely satisfied.

My first idea, as with many other persons, was to combine the two metals as an alloy for coinage, but, owing to certain difficulties which will be hereinafter presented, this idea was soon considered impracticable and abandoned. My next idea was, to combine the two metals *mechanically*, and I have devised a coin in which the two metals are so combined, and have adopted the new word "*cometallism*?" (co-metallism) to express their united and inseparable functions when so combined. I have further presented a proposition to issue coin certificates representing equal parts of gold and silver, which, so far as I know, is entirely novel, and which certificates, I think, would be a great improvement upon any plan which, in order to correct instability in the value of certificates, would require daily calculations based on the market price of silver and gold. A new proposition is also advanced for the adoption of a "Dollar of Account."

V.

PRESENT CHAOS.

As to paper money, we have the favorite greenback and national bank notes; also, what are better than either of them, gold and silver certificates, which are really of the nature of storage receipts. Many persons have a feeling of prejudice against the silver certificates, which is justifiable in so far as they represent dollars of inferior intrinsic value; but yet they are at least equal in value to greenbacks and bank notes, which may legally be redeemed in silver dollars, by the Government and the banks.

Perhaps it may hereafter appear that the issue of specie certificates is a step forward in the evolution of the best kind of currency or money. Such storage receipts are not merely promises to pay certain amounts of coin, but the kind of coin is also specified in each receipt. In them the word "dollar" has a definite meaning. As ordinarily used, the word "dollar" has a very ambiguous meaning. Thus, for example, if you are to receive one hundred dollars, you don't know what you are to get. The payor has the right to give you twenty-five cents worth each of copper cents, three-cent and five-cent pieces; five dollars worth each of silver dimes, quarters and halves; some gold and some silver dollars, and the balance in greenbacks (bank notes and coin certificates not being legal tenders).

Under this want of system a contract to pay or deliver money is very much like a contract to deliver oil without specifying whether it shall be petroleum, lard oil, or a part of each, or whether it shall be some other kind or kinds of oil. If objections to this existing option of the debtor to pay his debt either all in gold or all in silver, or all in paper money, or in a part of each, are valid, a limit to such option would certainly be a step forward, and would constitute a nearer approach to making the contract to deliver money a definite one.

Much of this ambiguousness in regard to the meaning of the word "dollar" comes from the uncertainty in the relations of gold and silver to each other. In the gold dollar there are one hundred gold cents, and in the silver dollar there are one hundred silver cents. The bullion value of the standard silver dollar has fluctuated in 1885 between 80 and 85 gold cents; while the bullion value of the gold dollar has fluctuated, per contra, between 125 and 118 silver cents. Many persons think there should be "more silver" in the silver dollar in order to make it "honest;" but it is already too heavy for convenience, and only a few, perhaps, appreciate fully how liberal the allowance of silver is in proportion to gold.

VI.

WEIGHT AND BULK OF GOLD AND SILVER.

The silver dollar weighs very nearly sixteen (16) times as much as the gold dollar ($412\frac{5}{10}$ as against $25\frac{8}{10}$ grains), and the impression therefore prevails that they maintain the same ratio of size or solid contents; but this is a great mistake arising from the difference in specific gravity of the two metals, which is about as 29 for gold to 16 for silver. (Atomic weights are, gold 197, and silver 108.) That is, any article of a given size made of gold will weigh $\frac{29}{16}$ ($=\frac{197}{108}$) of the same article made in silver, or nearly twice as much. A gold spoon of the same size, shape and thickness will be nearly twice as heavy to handle as a silver spoon. In actual use in the arts, bulk is more valuable than weight, and as silver is more plentiful than gold, it is a very good thing that it is also the lighter metal of the two.

To show further why ratio of weight must not be confounded with ratio of bulk, let a case be imagined which, though impossible of realization, will serve the purpose well, and will, at the same time, develop some curious and interesting points. In order to make the differences between the two metals *the same, both as to weight and bulk*, it would be necessary to make their specific gravities alike, which, for the sake of illustration, we will suppose can be done. We should then increase the bulk of the gold dollar from its present proportion ($\frac{1}{29}$) to $\frac{1}{16}$ of the silver dollar, by reducing its

specific gravity to that of silver. Or, we should diminish the bulk of the silver dollar from its present 29 times that of the gold dollar to 16 times, by raising the specific gravity of silver to that of gold. Or, if the specific gravity of either metal were changed as indicated, without changing the present size of either dollar, their relations to each other in regard to *weight* as well as existing bulk would be as 29 to 1. In any such case, a diagram of only two parts, whether such parts were in the proportions to each other of 16 to 1 or 29 to 1, would exhibit to the eye the differences between gold and silver dollars, both as to weight and solid contents, and would assist in illustrating why, in view of actual conditions, the ratios of weight and bulk must be separately considered. The true relations of our present gold and silver dollars to each other will be seen in the following diagram of three parts:

In the comparison as to bulk, the silver coin is shown as if reduced to the same thinness as the gold, and no account is taken of the alloy in either coin.

The difference of preciousness is shown, in regard to weight, in the proportion of 16 to 1, and in regard to bulk, in the proportion of 29 to 1. If we duly heed the fact that the cubic contents of the silver in the silver dollar are twenty-nine times as much as the cubic contents of the gold in the gold dollar, it will be seen that a liberal allowance of silver has already been made in the standard silver dollar in consideration of the difference in quality and value of material.

DIAGRAM SHOWING COMPARATIVE WEIGHT AND BULK, RESPECTIVELY,
OF GOLD AND SILVER DOLLARS.

Gold
Dollar.

WEIGHT
OF
SILVER DOLLAR,

16 to 1.

BULK
OF
SILVER DOLLAR,

29 to 1.

From the differences thus shown in weight and in bulk or size, arise insuperable difficulties in the way of combining the gold and silver dollar by alloying the two metals with each other. An alloy containing in value 50 per cent. of gold and 50 per cent. in silver could scarcely be distinguished by its specific gravity or color from silver alone, and thus we could not secure a sufficiently marked distinction in size and appearance between coins greatly differing in values.



VII.

THE NEW COMETALLIC DOLLAR.

While the bimetallic use of gold and silver in an alloy, thus encounters what seems to be an insurmountable obstacle, perhaps another coinage may be found available, that is bimetallic in a new sense. Suppose that the law-making powers of the United States should declare that hereafter, from a certain given date, and with due and equitable provisions in regard to all contracts existing at that date, every holder of greenbacks and bank notes should have the right to demand that in their redemption he should receive 50 per cent. of each kind of coin; that is to say, 50 per cent. in value of gold and 50 per cent. of silver, and that only by mutual consent such proportion could be deviated from. Such an enactment, if carried into effect, would soon give rise to a new idea of the dollar.

In pursuance of such new idea, I propose a new *cometallic* dollar, the essential nature of which is that it shall contain one-half in value in gold, and one-half in silver. The present standard gold and silver dollars exist in large amounts, and, all things considered, will remain as permanently equitable in their relations to each other as any other probable standards, and I suggest them as a basis for the new dollar in order to avoid needless trouble and expense, and to secure easy and harmonious transition from the old to the new.

The present gold dollar weighs $25\frac{8}{10}$ grains, and the silver dollar weighs $412\frac{1}{2}$ grains. The proposed new ideal dollar would be composed of $12\frac{9}{10}$ grains of standard gold and $206\frac{1}{4}$ grains of standard silver—it would be a silver-gold dollar, and would contain one hundred silver-gold cents.

The new coin which I have invented, and the adoption of which I propose, consists of an outer disk of silver of the value of 50c., resembling a coin with a hole cut through its centre.

In this hole or centre is fitted a disk of gold, also of the value of 50c. The gold is held in place by the millings of the silver lapping over the gold and the compression



incident to coinage. There is a double depression where the gold is, and the latter is too thin to admit of alteration. The form of this coin appears in the engraving herewith. It may also be said for this coin, that the abrasion comes on the cheaper metal, the gold being protected by being in a recess. In size it would be only a trifle thicker than the present half dollar, and would be easily distinguished in the pocket by the central depression, and when brought to view the eye would readily catch the central color as well as the special legends and devices. The union of the two colors in one coin will also give it an attractive appearance and gratify an artistic taste.

The cometallic half dollar would be about the size of a silver quarter, and the cometallic quarter would somewhat exceed the size of the silver dime, but the senses of feeling and sight would warrant the unrestricted mingling in the

pocket of all denominations of silver and cometal coins. For the highest convenience, and to the satisfaction of all needs, I would commend only the cometallic dollar, half dollar and quarter, because a two dollar coin—which would be a trifle thicker than our present silver dollar—would not be needed, and a coin of higher value than two dollars would be too large and cumbersome for general use, while a coin smaller than the silver dime would be too small for convenience.

The three cometallic coins—dollars, halves and quarters—being only about one-half in size of the corresponding silver coins, we would be enabled to carry in the pocket twice as much value in cometallic specie as in the latter coins, and the pocket use of specie could be greatly increased without becoming burdensome. The following diagrams will exhibit to the eye the relative sizes of the old coins, and of the new.

I have been informed by experts who are accustomed to the manufacture of medals, &c., and who work up much of the precious metals in fine art, and who have made several models of the proposed coins, that there would be no practical difficulty in making a safe cometallic coin. The Government, with its unlimited facilities of suitable fine machinery, special contrivances and great skill, will be abundantly equipped for the perfect mechanical execution of all sizes and denominations of coins in which the union of the two metals shall be perfectly secured, and the devices and legends on which shall so unite them and extend from one metal to the other as to render them inseparable except by destructive violence. If the parts were separated for purposes of substitution, the mutilation of the joint would be too great for replacement, and the separated metals would



25c.



50c.



\$1.00



RELATIVE SIZES OF THE

COINS OF OUR FATHERS AND OF COMETALLIC COINS.

then serve only for bullion. The thinness of the gold, the fine work at the joint, and its inevitable mutilation upon separation of parts, and the composite structure would constitute as perfect a preventive of counterfeiting as can be devised for any coin.

VIII.

UNCHANGEABLE IN VALUE.—MUTUAL
COMPENSATIONS.

The cometallic dollar, although composed of two metals, is a unit always containing 100 cents. Its purchasing power of general property might change somewhat on the average according to the times, and during a period of hard or cheap times it would buy more, while during times of inflated prices it would buy less. But, as a whole, it would be an unvarying standard for the commercial values as bullion, of its component parts, because the parts would always be worth, taken together, just 100 cents. Such a relation between gold and silver in money would be somewhat analogous to the relation of the metals in the compensating pendulum of a clock, which is made of two metals, and in which as the one expands upwardly the other expands in the opposite direction, and the length of the pendulum remains unchanged.

The gridiron pendulum is made of steel and brass wires. Another style carries a column of mercury at the bottom of the pendulum rod which rises and falls with changes of temperature, as in a thermometer. In both ways the distance of the centre of gravity from the centre of motion is kept uniform, and the pendulum swings in uniform periods of time. The balance wheels of watches and chronometers are made of steel and brass in like manner, and for a like purpose,

that is—to overcome the effects of varying temperatures, by mutual counter expansions of the two metals. Thus, by such instruments the fleeting second of time can be measured with precision, and it may be that the gold and silver composing the proposed new coin may be made to mutually regulate each other in value with a similar degree of precision.

The gold half as bullion may be worth 40, 50 or 60 cents, but at the same time the silver half will be worth 60, 50 or 40 cents, and their sum total will never vary from 100 cents. The relative values of the two metals, separately considered, may change indefinitely, but their combined values in this coin must always remain the same. Such a coin would literally obey the Constitution of the United States, which calls not for gold *or* silver, but for gold *and* silver. The fundamental idea is too simple to require much argument—its fallacy or its merit may be easily understood. Here, then, we have a genuine and fixed standard of value, founded on justice to all, and therefore permanent and beneficent.

IX.

THE ESSENTIAL PRINCIPLE.—REDEMPTION.

The cometallic dollar need not be produced to any great extent. It will represent the unit of value, and will embody and illustrate the principles intended to underlie the entire currency. It will not be necessary to redeem paper money solely in actual coin, nor will it even be necessary that the coin demanded for purposes of redemption shall be all or in part cometallic, *the essential principle being that all paper money shall be redeemable one-half in standard gold, and one-half in standard silver*, which principle will be satisfied by redemption, one-half in separate gold coin, and one-half in separate silver coin.

The two metals may be provided in separate *bars* (an old device) as well as in separate coins, such bars and coins being of all useful sizes and denominations, while the cometallic dollar may be furnished for pocket use and for general transactions and requirements, including redemption to such extent as the public convenience may demand. Thus the proposed system will harmonize perfectly, as to bars, with the ideas of Mr. I. W. Sylvester, Government assayer in the City of New York, who I think is, perhaps, at this time the most prominent advocate of their use.

Metallic money, in the form of bars, ingots, rings, and pieces of various shapes, and different kinds, was, in very ancient times, found a more convenient medium of ex-

change than any other article of barter. Eventually governments assayed these various pieces of metal, stamped them with their weight and quality, and reduced them to a uniform size, shape, quality, value and denomination. Thus a legalized currency of coined money, including bars, was evolved, to the great convenience of the world at large.

The holder of a bimetallic or cometallic greenback or bank note could rest secure in the consideration, that if silver should become cheaper, the gold which it would call for would be relatively enhanced in value in the same proportion; while if the gold dollar should again become of less value than the silver dollar, as has been the case in certain periods in the past, he would be compensated in the enhanced value of the silver.

The same principle could be applied in the issue of coin certificates, which could be made payable in cometallic coin, or in separate gold and silver coins or bars, constituting an equal number of dollars of each metal, and it might be found by experience that the kind of currency thus evolved would be preferable to any other.

X.

COIN CERTIFICATES.

Coin certificates being of the nature of storage receipts, are issued mainly for a similar purpose: that is, to save the necessity for and risk incident to the transportation of weighty and bulky as well as valuable articles. The title to the property represented by a storage receipt, whether it be gold or silver, or wheat, is vested in the owner of the receipt, which is easily carried or sent to any other place, while the property it represents remains in one place until removed to or towards the place where finally consumed, or used in the arts, or in any other way. Such coin certificates would be the most perfect money possible for use as general currency, as they would be issued only against a specific deposit always held in readiness for specific redemption, and would, therefore, in all probability be redeemed, even if, for some now unforeseen reason, the payment of specie for greenbacks and bank notes should be suspended.

XI.

MONEY OF ACCOUNT.

In Dye's Coin Encyclopædia * — a large and valuable work—we find an article on “The Primitive Forms of Money,” from which we extract a few remarks on “Money of Account.”

MONEY (from the Latin or Italian word *moneta*) is practically the name of anything received by common consent, at a stated value, in general exchange.

MONEY OF ACCOUNT is an ideal unit of value.

The primitive forms of money were articles of barter, some of which, by use as the means and measure of trade, in time acquired a special “value in exchange,” in excess of that “value in use” originally belonging to them. Thus was established an artificial standard of valuation, continually growing more and more abstract, until there was conceived an ideal money of account, in which the familiar name of some common article, once made the standard of traffic (though perhaps long superseded), became the denominational unit of arithmetical monetary calculation.

Without a full comprehension of moneys of account, an understanding of the true nature of money, in all its forms, is impossible. Money of account may, or may not, have a material representative. The unit of value, however derived or expressed, becomes fixed in the mind, is “committed to the memories of a whole nation,” and comes to be, in relation to valuation, that which leagues, miles, feet and inches are to distance; which degrees, minutes and seconds are to angles; what a scale of proportion is to a geographical map, an architectural or other plan. Money of account is, in fact, an ideal and “arbitrary scale of equal parts, invented for measuring the respective value of things vendible.”

The use of money of account cannot be mechanical, but is mental only; a matter of arithmetic. The money of account of the Bank of Venice,

* Dye's Coin Encyclopædia: A complete, illustrated history of the coins of the world. By John S. Dye. Published by Bradley & Company, No. 66 North Fourth street, Philadelphia. 1883. Price, \$4.50.

which remained the same for five hundred years, had no coins to correspond with it; it was merely an idea, and yet, the value of all coins and commodities was expressed in and by it. A money of account is a language in which all values or prices may be expressed, and by means of which the relative value of commodities may be stated. It is something every one carries in his mind, as he does his knowledge of words or of arithmetic, and in so doing he is quite independent of thoughts of coinage or circulating notes.

Montesquieu noted among the natives of the coast of Africa, in the 18th century, an ideal money, which is described as a "sign of value without money." The unit of this money of account was denominated *macoute*, which was subdivided into *tenths* (decimals!), designated by a word which signified prices. *Macoute* was a kind of cloth which had been used as an article of barter.

According to Dr. Heinrich Barth, an enterprising German explorer, a native of the city of Hamburg, who traveled in Northern Africa in 1845, and in Central Africa alone from 1851 to 1856, the ancient standard of the commerce of Barnoo, Central Africa, was the pound of copper, which the people of that country called *rott*. The use of the pound of copper as a medium of exchange was abandoned in Barnoo long ago, but the name *rott* still remained, as the unit of a money of account, in which the cost of commodities was reckoned. Although cotton cloth, shirts, cowry shells and other goods, with Spanish and Austrian dollars in silver, were used as money, the value of them all was expressed in *rotts*. The history of every country or tribe which has independently made its progress from barbarism to even partial civilization, could be made to furnish some illustration of this method.

The "Money of Account" may be defined as the kind of money generally recognized in any country as the money standard of reckoning, according to which the relations of debtors and creditors are indicated in business, in money transactions, and in obligations for the immediate or future payment of money. Whatever kind it may be that is in use by a people, the coins and circulating notes of that people should, for the sake of simplicity and convenience, coincide with it in names and denominations. If they do not, then the values of such coin and notes must be computed in the same manner as alien coins and notes. The actual issue

of coins to correspond with the money of account could be dispensed with, as the standard unit of calculation would refer only to the kind and quantity of material that should be considered as constituting it, whether issued as a coin or not. At present the United States gold dollar contains $25\frac{8}{16}$ grains, and the silver dollar contains $412\frac{1}{2}$ grains; if neither of them were ever actually issued, it would not hinder in the least the computations and valuations based on those given metals and quantities.

The definition given above—"an ideal unit of value"—perhaps illustrates the thought involved as clearly as it may be in any other way, and the use of such ideal unit by the Bank of Venice for 500 years is a remarkable case. The Federal Money of Account and decimal system were first established by the Act of April 2, 1792, as per

SECTION 20. *And be it further enacted,* That the Money of Account of the United States shall be expressed in dollars or units, dismes or tenths, cents or hundredths, and milles or thousandths, a disme being the tenth part of a dollar, a cent the hundredth part of a dollar, a mille the thousandth part of a dollar, and that all accounts in public offices and all proceedings in the courts of the United States shall be kept and had in conformity to this regulation.

— This remains the law of to-day, being almost identically rehearsed (except that the old spelling is modernized) in Section 3563 of the Revised Statutes, and its provisions are embodied in the arithmetical table of Federal or United States money as follows :

10 mills make 1 cent,
 10 cents make 1 dime,
 10 dimes make 1 dollar,
 10 dollars make 1 eagle.

It is to this tabular dollar that we refer in our minds, in all computations or reckonings of national money ; it is the real measuring unit, the Dollar of Account, whether paper or metallic, having authority only as it conforms to the ideal law.



XII.

THE DOLLAR OF ACCOUNT.

The Dollar of Account is that material money unit which has been constituted the measure of value for all kinds of property, and according to which all forms of Federal paper money are redeemable.

It may be made of any material to which the Government shall impart the required measuring and redemptive qualities.

We have now three kinds of the Dollar of Account—the greenback, the gold dollar, and the silver dollar, between all of which there is mutual equality of value; they are all at par with each other, and all are payable and receivable for public and private dues. The greenback is mere paper, and it only promises to pay dollars without specifying any time for such payment, but inasmuch as it possesses the required measuring and legal tender qualities, it is as truly a Dollar of Account as the gold dollar or the silver dollar.

It became our real and only national Dollar of Account immediately on its first issue in 1862, and the gold and silver dollar at once became different from it in commercial value. This difference was shown by premiums, larger and smaller, which the coin money commanded until the resumption of specie payments January 1, 1879. For ¹⁷eighteen years it was the only Dollar of Account, and being now regularly redeemed in gold or silver dollars, the

commercial values of the three kinds of dollars are equal. It is now proposed that the redemption shall be cometallic. Should such a change be adopted by our Government, there would then have been a historical evolution from greenbacks to be redeemed in the remote and uncertain future to greenbacks redeemed in gold *or* silver, and then in gold *and* silver in equal proportions, thus becoming what may be found to be the true "American money—better and more stable than either gold or silver." The greenback may be said to exhibit the Dollar of Account in an ideal form, inasmuch as its substance possesses no value, while the gold and silver dollars, having intrinsic value, present it in concrete or solid forms. The United States have no Dollar of Account that has been legalized as such in due form; although having a legally prescribed Money of Account, and having coinage laws which prescribe how money shall be coined in order to conform to and truly represent it, it may be said that a legalized Dollar of Account really and virtually exists. Still, it exists only by inference, and if we ever discover the true, perfect and permanent dollar, it might be well to recognize and establish it as such by a formal declaration. In future efforts to improve financial methods and facilities, the past omission to do something of the kind, should be remedied by adequate legislation, for in this way only can the true and full meaning of the word "dollar" become fixed and limited. Such meaning may be settled by establishing the kinds and quantities of materials which shall constitute one dollar.

I propose that the standard dollar shall be composed of $12\frac{9}{10}$ grains of gold in mechanical combination with $206\frac{1}{4}$

grains of silver, and that the dollar so composed shall be declared the Dollar of Account. The term "dollar" would then legally mean just so much gold and so much silver taken together—no more and no less. This can be illustrated by a few examples in the form of equations, thus :

$$\$1.00 = 12\frac{9}{10} \text{ grains of gold} + 206\frac{1}{4} \text{ grains of silver.}$$

$$\$2.00 = \begin{cases} 1 \text{ gold dollar} + 1 \text{ silver dollar.} \\ 25\frac{8}{10} \text{ grains of gold} + 412\frac{1}{2} \text{ grains of silver.} \end{cases}$$

$$\$10 = \begin{cases} 5 \text{ gold dollars and } 5 \text{ silver dollars.} \\ 129 \text{ grains of gold} + 2,062\frac{1}{2} \text{ grains of silver.} \end{cases}$$

$$\$100 = \begin{cases} 5 \text{ gold eagles and } 50 \text{ silver dollars.} \\ 1,290 \text{ grains of gold} + 20,625 \text{ grains of silver.} \end{cases}$$

A \$30 coupon payable A. D. 1900, when due, would call for the 387 grains of gold and 6,187 $\frac{1}{2}$ grains of silver to be found in three gold half eagles and 15 silver dollars. If a cometallic bond were now issued, the holder would doubtless be well pleased to know exactly what the coupons attached and the bond would command as they fell due—such knowledge would be preferable to the existing uncertainty. Every contract naming "dollars" would be understood and treated as calling for settlement, not in cometallic coins in particular, but one-half in standard gold and one-half in standard silver, at their nominal coined values.

The actual composition of our standard gold and silver coins is only $\frac{9}{10}$ fine, the rest being, in the gold, mostly copper, with a varying small per cent. of silver, while in the silver coins the alloy is all copper. Thus the silver dollar contains 371 $\frac{1}{4}$ grains of pure silver and 41 $\frac{1}{4}$ grains of pure copper, which amount of the latter, at the present wholesale

market price of ingots of 11 cents per pound, avoirdupois, is worth $\frac{1}{8}$ of one cent.

The proposed single standard cometallic dollar will be of a composite nature, being made up of gold and silver for value, and of copper for hardness. It will be a combination of the three metals which, from the earliest times, have been most used as materials out of which money has been made—it will consist of the old materials put together in a new way. This dollar, being declared the Dollar of Account, would, by virtue of its qualities as such, become the sole measure and arbiter of values and standard of redemption.

As said before, there are now three kinds of the Dollar of Account—the gold dollar, the silver dollar and the greenback. I propose that this function be taken from them and assigned exclusively to the cometallic dollar, the same to be the only Dollar of Account. Nevertheless all will be needed, and in order to secure simplicity, and avoid confusion of ideas and terms, each should have a distinct name. The simple name “dollar” will naturally be assigned to the cometallic coin. The name “greenback” calls for no change; but for the gold and silver dollars new names will be required. A good name for the gold dollar may be derived from the Greek and Latin languages, and some of the derived forms of the latter among modern languages. One Greek word for gold is *auron*; in patrician or classic Latin the word *aurum* means gold, and its ancient rustic form was *orum*; in Italian and Spanish the word meaning gold is *oro*, and in French it is *or*, and all three were probably taken from the rustic form *orum*. The term “*orum*,” then, would seem to furnish all requisites of suitability as to

derivation, significance, convenience and euphony. For the silver dollar, the term "*argent*" would seem equally appropriate—Greek, *arguros* (from *arges*, white or brilliant); Latin, *argentum*; Italian, *argento*; French, *argent*. Upon the adoption of the cometallic dollar and the above names, the money of the United States would have four kinds of dollars:

The cometallic coin, named	DOLLAR.
The gold coin, named	ORUM.
The silver coin, named	ARGENT.
And the paper dollar, named	GREENBACK.

The use of such special and distinctive names would doubtless promote clearness of ideas, and facilitate daily financial transactions.

When the meaning of the word "dollar" has once become fixed and limited by law, the expression "payable one-half in gold and one-half in silver," and all of its equivalents, could be generally omitted in defining the style of payments. The full meaning of the word would be easily understood, and it would pass current in language as now, without a special analysis, in the mind, of the nature of the thing itself, which would be thought of simply as a unit.

XIII.

SOME LESSONS FROM COIN STATEMENTS.

The United States Treasury Statement, concerning gold and silver, for October 31, 1885, shows the condition of the Treasury on that date.

The gross amount of gold was:

Coin in Treasury.....	\$178,941,459
Bullion in Treasury.....	72,417,890
	<u>\$251,359,349</u>
Less outstanding certificates.....	109,020,760
Net gold held.....	<u>\$142,338,589</u>

The gross amount of silver was:

Standard dollars in Treasury	\$163,817,342
Bullion in Treasury.....	3,840,536
	<u>\$167,657,878</u>
Less outstanding certificates.....	93,146,772
Net silver held.....	<u>\$74,511,106</u>
Being standard dollars...\$70,670,570	
Bullion.....	<u>3,840,536</u>
	<u>\$74,511,106</u>

In the Coinage Statements of the Director of the Mint, it is shown that the total coinage of standard silver dollars, for

the seven years and four months, beginning March 1, 1878, and ending with the fiscal year June 30,

1885, was.....	\$203,884,381
And for four months, July 1—Oct. 31,	<u>9,347,050</u>
Total to Oct. 31, 1885.....	\$213,231,431

From these statements I gather a few facts. Standard dollars are distributed as follows:

Reserve to meet outstanding certificates	\$93,146,772
Payments of Government dues.....	<u>49,414,089</u>
Amount in public use.....	\$142,560,861
Net reserve held in Treasury.....	<u>70,670,570</u>
Total as above.....	\$213,231,431

From this it is seen that more than two-thirds of the silver dollar coinage under the Act of 1878—\$142,560,861—is in active circulation in coin and representative paper. Of this the Government is custodian for \$93,146,772, and has issued its representative obligations to that extent at the request of the people, and to promote their convenience.

It may be further seen in regard to coin certificates that the outstanding amounts are for:

Gold.....	\$109,020,760
Silver.....	<u>93,146,772</u>
Difference	\$15,873,988

That is, the Government is custodian for nearly sixteen millions more in value of the people's gold than of their silver; but when we consider differences of weight and bulk, the relief from risk and trouble in handling, and the consequent accommodation to the people, are found to be much

the greater in regard to silver. The amount of silver represented by above coin certificates is greater than the amount of gold similarly represented, in regard to weight, as $13\frac{2}{3}$ is to 1, and in regard to bulk as 25 is to 1. (In this estimate no reference is had to small variations resulting from the one-tenth alloy.) Or, in other words, in comparing the amounts stored with the Government, the silver is $13\frac{2}{3}$ times as heavy and 25 times as bulky as the gold.

The people already control with paper the gross holdings of the Government to the extent of nearly one-half ($\frac{1\ 0\ 9}{2\ 5\ 1}$) of the gold, and more than one-half ($\frac{9\ 3}{1\ 6\ 7}$) of the silver, the latter being also nearly one-half ($\frac{9\ 3}{2\ 1\ 3}$) of the entire coinage to October 31, 1885, of standard dollars. There is no good reason why they should not decide for themselves what proportions of gold, silver and paper money would best suit their convenience, and the laws of trade alone should regulate issues.

XIV.

MUTUAL REGULATION OF GOLD AND SILVER.

In his report of October last, for the fiscal year ending June 30, 1885, the Director of the Mint says: "It would appear that the amount of coin in the country on 1st of July, 1885, was some \$820,000,000, of which \$542,000,000 consisted of gold coin, and \$278,000,000 of silver coin."

Under cometalism the quantities of gold and silver available as money would be mutually regulated by each other. Thus, if there were only \$278,000,000 of gold metallic money in the country, and if, at the same time, there were \$542,000,000 of silver metallic money, only \$278,000,000 of the latter would be available for financial purposes, the use of each silver dollar being co-ordinate with the use of one gold dollar. This would tend to prevent a too rapid increase or change in the sum total of specie, while, at the same time, all objections to unlimited coinage of both metals would be obviated. Any surplus of either metal beyond a demand for equal coinage, being cheapened by its greater abundance, would have a tendency to become absorbed in the arts, and such absorption would, of course, in its turn, assist in maintaining the desired equilibrium. It must not be forgotten that while the use of the precious metals as money for thousands of years indicates their prime importance for that purpose, their other uses in manufactures and the arts, in ways too numerous to mention, are also

exceedingly important. Under the present "double standard at any moment, the standard of value is doubtless one metal or the other, and not both; yet the fact that there is an alternation, tends to make each vary much less than it would otherwise do."—(*Jevons.*) Under cometalism the tendency to variation would be still less, and the compensatory or equilibratory action would be more than now.

In seeking to promote equilibrium, the Government should regard only its own net holdings—not gross amounts kept on deposit. "Equal amounts" would refer to the net reserves against which no obligations had been issued. Other reserves—of which the Government is only the custodian—should, of course, equal the amounts of the coin certificates issued against them.

The net reserves of gold and silver in the Treasury, as reported in the official coin statement for October 31st, 1885, are :

Gold.....	\$ 142,338,589
Silver.....	74,511,106
	<hr/>
Gold more than silver.....	\$ 67,827,483

From this it would seem that there is no great danger yet from an overstock or overcoinage of silver, and it may be that several years will elapse before the net reserve of silver can overtake that of gold. The usual coinage of gold should be continued without change or special limit, while the purchase and coinage of silver should continue at a more rapid speed than that of gold, until the respective net reserves of the two metals have been made approximately equal. This equality should be steadily maintained by suitably regulat-

ing the respective purchases, and should be the rule. Of course, if deemed advisable, such equalization could be effected at once, simply by exchanging one-half of their difference. When once such equalization has been effected, the further production of gold and silver coins, would, of necessity, proceed *pari passu*, and would need no further regulation. A single standard, whether gold or silver, which must be supplemented with subsidiary coinage that is partially token in its character, and the ordinary bimetallic standard must be artificially maintained. Cometallism being natural, will not need artificial support; it will maintain and regulate itself by its own natural inherent qualities. If the relations to each other of the gold and silver dollars of our fathers are once cometallized, it is probable that they would not be again disturbed.

XV.

HOW COMETALLISM ASSERTS ITSELF NOW.

It may be possible to show that the Nation is already reaping some of the benefits of practical cometallism, in a manner that may hitherto have been generally overlooked; its principles assert themselves in all cases in which stores of gold and silver are held by one party, much after the manner of averaging losses on one kind of property with gains on another.

There are some cases in which there will be no loss or gain in the holding or manipulation of such stores, and other cases in which loss or gain will occur.

There will be no loss or gain :

1. In changing the relative proportions of the holdings (which may be equal or unequal), by buying a portion of one metal with a portion of the other, at market prices, if the market remains stationary.

2. When gold is above par, at par, or below par with silver, if there is a change in the market while the holdings are equal in value at bullion cost. This stability of value will always be maintained under all changes of market, so long as the holdings are kept substantially equal. The diminished value of the cheaper metal is offset by the enhanced value of the dearer, and the difference is gradually neutralized, and disappears as par of both is approached.

Gold and silver stand at par with each other when a given

number of the standard coined dollars of one metal will buy an equal number of the standard coined dollars of the other, at bullion value. For the purpose of measuring one metal by the other, either is adopted as the standard, and such standard is considered par at 100. The variations from par are reckoned on either of the standard coined dollars, and not on the gold dollar alone.

If we hold unequal amounts (in bullion values) of gold and silver, and there is a change in values, there will be a loss or gain in one of each of four different ways, viz.:

There will be a loss :

1. When the store of gold is the greater, and silver goes up.
2. When the store of gold is the lesser, and silver goes down.

There will be a gain :

1. When the store of gold is the greater, and silver goes down.
2. When the store of gold is the lesser, and silver goes up.

The loss or gain will be on the difference between the amounts held, and whoever holds gold and silver in differing amounts is a speculator in the rise or fall on such difference. Then, if it be desirable to avoid loss or gain, and to get out of the region of speculation, we should bring about approximate equalization, in bullion values, of the amounts held.

It must always be borne in mind that I am chiefly considering the variations in value and the relations of the two metals with reference to each other, for if we can secure

their scientific copartnership, and the blending of their values, their relations to other property of all kinds will be entirely satisfactory.

The result of changes in the respective market values of gold and silver may perhaps be illustrated more compactly and clearly by tabulation than in any other way. If silver should go down in value, a given amount of gold will buy an increased amount of silver, and *vice versa*. Thus, with $25\frac{8}{10}$ grains of gold in a gold dollar and $412\frac{1}{2}$ grains of silver in a silver dollar, the equations of gold and silver at different market prices for bullion will vary after this manner; say for \$10 each:

EQUATIONS OF GOLD AND SILVER.

TABLE 1.

Gold @ 100, and Silver @ 50,—258 gr. Gold=8250 gr. Silver, and 4125 gr. Silver=129 gr. Gold.
Gold @ 100, and Silver @ 80,—258 gr. Gold=5156½ gr. Silver, and 4125 gr. Silver=206½ gr. Gold.
Gold @ 100, and Silver @ 100,—258 gr. Gold=4125 gr. Silver, and 4125 gr. Silver=258 gr. Gold.
Gold @ 80, and Silver @ 100,—258 gr. Gold=3300 gr. Silver, and 4125 gr. Silver=322½ gr. Gold.
Gold @ 50, and Silver @ 100,—258 gr. Gold=2062½ gr. Silver, and 4125 gr. Silver=516 gr. Gold.

TABLE 2.

Or, to state it in another way, with \$10 in standard coin gold we can buy silver bullion as follows:

Gold @ 100, and Silver @ 50,—8250 gr. Silver, cost \$10 Gold=\$20.00 in Standard Silver Dollars.
Gold @ 100, and Silver @ 80,—5156½ gr. Silver, cost \$10 Gold=\$12.50 in Standard Silver Dollars.
Gold @ 100, and Silver @ 100,—4125 gr. Silver, cost \$10 Gold=\$10.00 in Standard Silver Dollars.
Gold @ 80, and Silver @ 100,—3300 gr. Silver, cost \$10 Gold=\$ 8.00 in Standard Silver Dollars.
Gold @ 50, and Silver @ 100,—2062½ gr. Silver, cost \$10 Gold=\$ 5.00 in Standard Silver Dollars.

EQUATIONS OF GOLD AND SILVER.—CONTINUED.

TABLE 3.

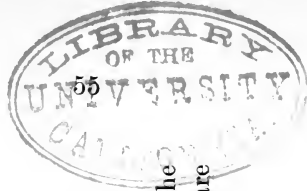
On the other hand, with \$10 in standard coin silver we can buy gold bullion as follows:

Gold @ 100, and Silver @ 50,—129 gr. Gold, cost \$10 Silver=\$ 5.00 in Gold Dollars.
Gold @ 100, and Silver @ 80,—206½ gr. Gold, cost \$10 Silver=\$ 8.00 in Gold Dollars.
Gold @ 100, and Silver @ 100,—258 gr. Gold, cost \$10 Silver=\$10.00 in Gold Dollars.
Gold @ 80, and Silver @ 100,—322½ gr. Gold, cost \$10 Silver=\$12.50 in Gold Dollars.
Gold @ 50, and Silver @ 100,—516 gr. Gold, cost \$10 Silver=\$20.00 in Gold Dollars.

TABLE 4.

Having \$10 gold and \$10 silver, if gold is bought with the silver, and silver with the gold—that is, if one is converted into the other at market prices, the following results are obtained:

Gold @ 100, and Silver @ 50,—\$10 Gold=\$20.00 Silver, and \$10 Silver=\$ 5.00 Gold,=Total, \$25.00.
Gold @ 100, and Silver @ 80,—\$10 Gold=\$12.50 Silver, and \$10 Silver=\$ 8.00 Gold,=Total, \$20.50.
Gold @ 100, and Silver @ 100,—\$10 Gold=\$10.00 Silver, and \$10 Silver=\$10.00 Gold,=Total, \$20.00.
Gold @ 80, and Silver @ 100,—\$10 Gold=\$ 8.00 Silver, and \$10 Silver=\$12.50 Gold,=Total, \$20.50.
Gold @ 50, and Silver @ 100,—\$10 Gold=\$ 5.00 Silver, and \$10 Silver=\$20.00 Gold,=Total, \$25.00.



Tables 1, 2 and 3 all show how much of one metal can be bought with the other. Table 4 shows that as mutual par is departed from, there is an apparent increase in the totals, but this increase is fallacious, being in the cheaper metal, while there is also a decrease in the dearer metal. Their genuine combined values are not altered, as will be seen by trading back and restoring the equal holdings—the principles of cometalism still assert themselves.

The net reserves of gold and silver are only bullion to the Government while the Government holds them, and only bullion price has been paid for them. At such price silver is as good property as gold itself, and the Government need not be afraid to hold a large amount of it, any more than to hold a large amount of any other good property at a fair cost. In fact, the more silver is got and held until net reserves become equalized, the better. When silver is paid out as coin, at an advance, say of 25 per cent. (being 80 in gold), the Government gets value for it, and can well afford to redeem it at all it has received for it, and is bound by every honorable consideration to do so, for not to do so would be of the nature of repudiation.

If by reason of new discoveries of gold the present tide is changed, and silver once more reaches or goes higher than par—as has been the case more than once before—our silver will buy a proportionate increase of gold, and thus the Government will have neither made nor lost by holding equal stores of each. This should be the case, for speculation on their rise and fall is not the legitimate province of any nation. The principles of cometalism are already protecting our national finances to some extent, and it would now perhaps be well to consider the feasibility of extending their practical application to all departments of finance.

XVI.

THE COMETALLIC PRINCIPLE ALREADY APPLICABLE TO PRIVATE TRANSACTIONS.

Two parties could use this principle in making a contract, without waiting for further legislation. For example, if one wished to borrow \$2,000, payable in five years, it could be agreed that \$1,000 should be paid in gold, and \$1,000 in silver, at maturity. In this way the lender would be saved from the apprehension that otherwise he might be obliged to take all in the kind of money which would be the cheaper when the obligation became due, and would know that he would be entitled to collect at least \$1,000 in the metal which had maintained or increased its value; on the other hand, the borrower would avoid the risk of having to pay all in a kind of money that had in the intervening time become more difficult to procure, and more valuable, and would know that he would have the right to pay not less than one-half of his debt in the more abundant and cheaper metal.

It would not be necessary that the money transferred at the time of a transaction be cometallic; it may be all gold or all silver, or all paper money—anything that is current, and satisfies the parties to the trade when first made, but it is to the equal interest both of debtor and creditor, to know what kind of money the obligation will require when due 5, 10, 20, or any other number of years ahead, and also that

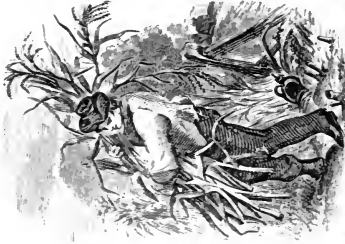
the funds to be paid at maturity will have the same value, as nearly as human wisdom can provide, as those passed at the date of the contract. In no other way can these purposes be accomplished with so much certainty, as by agreeing at the beginning, that the dollar to be used at maturity shall consist say of $12\frac{9}{16}$ grains of gold and $206\frac{1}{4}$ grains of silver—such certainty would be a great point gained. All settlements of accounts between merchants and others may be cometalized. Any public or private bank could discount and receive payment of notes, one-half in gold and one-half in silver, or do any other portions of its business on the principles of cometalism, and thus pave the way for its gradual and general adoption.

Immense quantities of railroad bonds have been made payable—coupons and bonds—exclusively in gold. Any borrowing States or corporations can at any time hereafter issue bonds, which, with their accompanying coupons, will be payable in gold and silver jointly. The cometallic principle is already applicable to all financial transactions not requiring special or further legislation.

The means already exist for the practice of cometalism in the use of paper money. One gold coin certificate and one silver coin certificate for \$50 each, may be used jointly for the payment of \$100. A new kind of certificate may be issued, in which the two would be reduced to one piece of paper for \$100, payable one-half in gold and one-half in silver, and thus would be evolved a perfect fusion or blending of the value of gold and silver in paper money. When the relations of the coins and coin certificates to each other are considered, it would almost seem as if the present situa-

tion had been brought about purposely—not to say provisionally—in order to provide an easy transition from existing practices, to proposed new methods.

A suitable form for a cometallic coin certificate is herewith presented, in order to convey the idea involved still more clearly than may have already been done :



This Certifies that

TEN DOLLARS

in coin have been deposited in the

Treasury of the United States,

which sum is payable in

TEN GOLD AND SILVER COIN

in an equal amount of each, on demand, on presentation hereof at the office of the U. S. Treasurer at Washington, D. C.

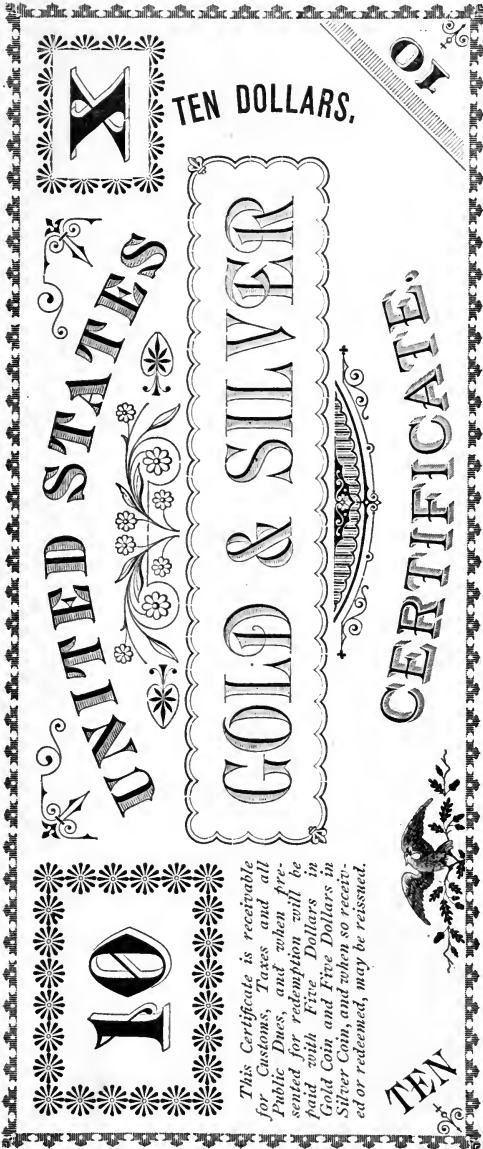
Washington, _____ 18

(SIGNATURE.)

(SIGNATURE.)



FORM OF PROPOSED COMETALLIC COIN CERTIFICATE.—FACE.



10

This Certificate is receivable for Customs, Taxes and all Public Dues, and when presented for redemption will be paid with Five Dollars in Gold Coin and Five Dollars in Silver Coin, and when so received or redeemed, may be reissued.

TEN

FORM OF PROPOSED COMETALLIC COIN CERTIFICATE.—BACK.

XVII.

INTERNATIONAL CURRENCY.

The distribution of gold and silver is world-wide, and all nations are more or less accustomed to look upon them both as money, and all need them both for money. The principles of cometalism would accord with these general conditions, and would harmonize the varied ideas of the nations, and for these reasons, they would constitute the only feasible basis for a world-wide *international currency*, the easy redemption of which would be almost automatically provided for. Although each country would probably have its own store of the precious metals sufficient for all needed local cometallic redemption, this would not be of vital importance in these days of telegraphs and railroads, provided the issues were chiefly confined, as they naturally would be, to the great and responsible civilized nations, and were regulated by international agreement. With such a currency—made uniform and circulating all over the world—the actual use, circulation and transportation of metallic money would be much less than now, and would be reduced to a minimum. Such a currency would have a great missionary value, and would be a powerful agency in the destruction of the arts, enginery, and infinite burdens of war, by mutualizing the interests of all nations—it would become a bond of brotherhood that would girdle the whole earth—the Gold King and Silver Queen would sway *one* sceptre over all mankind.

XVIII.

MEASURES TO BE ADOPTED.

In these remarks my effort has been to present principles without elaborate and lengthy illustration, and a chief aim is to suggest and promote the adoption of measures such as the following, that will embody these principles :

First. The authorization and coinage of a new dollar coin in which are mechanically combined one-half standard gold and one-half standard silver, which coin shall be the *norm* or standard of value for all other forms of the lawful money of the United States.

Second. The adoption of a “*Dollar of Account*,” which term shall have reference to the combination of gold and silver exhibited in the cometallic dollar, and which Dollar of Account shall constitute the measure of value for all kinds of property.

Third. The establishment and maintenance of equal amounts of gold and silver in the net reserves.

Fourth. The issue of coin certificates to represent gold and silver held by the Government, such certificates to be subject only to cometallic redemption, whether in cometallic coins, in separate coins, or in stamped bars.

Fifth. Coinage of separate gold and silver bars in large denominations for convenience, and for joint equal use in transactions of unusual magnitude.

As a transition measure, and in order to meet the present

emergency, only a few words of legislation would be needed. No debtor should be required to pay more than one-half of his debt in gold, nor should the creditor be compelled to take more than one-half of his claim in silver. A short amendment to the present law would accomplish this adjustment, would harmonize the uses and functions of the two metals, would pool all issues between contending interests, and would probably bring about a substantial settlement of the whole gold, silver and currency question.

I propose the following amendment to the Act of February 28, 1878:

Be it enacted, &c. That all debts and dues, public and private, except where otherwise expressly stipulated, and except debts contracted before this Act shall take effect, shall be payable, one-half in gold coin and one-half in silver coin, lawful money of the United States.

This Act shall take effect on and after the first day of July, Anno Domini eighteen hundred and eighty-six.

XIX.

PAPER MONEY.

Regarding the relations of gold and silver in the monetary systems of the world, much has been said, and truly said, about the bulkiness of silver, and its consequent unsuitableness for transportation, and in making large payments. In like manner the unsuitableness of gold coin for making small payments is generally recognized, and we find that nearly all money transactions of considerable amounts—perhaps 95 per cent. among civilized nations—are effected by the use of paper money.

Paper, whether in the form of greenbacks, National Bank notes, coin certificates, bills of exchange, drafts or checks, is the best vehicle for the exchange of values. A paper dollar issued by the United States Treasury, or by one of the National Banks, and guaranteed by the Government, though intrinsically quite worthless, represents the good faith, honor and financial strength of a great nation, and passes current, more popular than gold or silver, because far more convenient. Popular and good as is our American currency, may we not develop a new universal paper dollar, more stable than gold or silver, perfectly convenient, everywhere current, and superior to anything yet developed? Good paper money is what the people want and will have, if we may judge from experience and observation. The people who put money into actual use are the most likely to know what they require,

in order to facilitate business, and their demands constitute a reasonably safe guide, being simply the expression of their actual practical needs as developed in the daily and hourly transactions of business life. Whatever form of money is found convenient for any business, or for any purpose, whether in coin or paper, should be freely furnished of the kind and to any extent demanded.

The people are unwilling to encumber their pockets with much heavy material, which is better kept in cash drawers and other convenient places. Let the vast piles of gold and silver in coin and bullion remain and continue to accumulate in the Government vaults, and in the vaults of National banks, and let storage receipts be issued for them which will always represent coin money, and command it in due proportions as wanted. I have remarked that the greenback might be regarded as only "an ideal dollar"—though ideal, yet most real, having a solid basis for its value in the \$820,000,000 of coin legal tender gold and silver money already existing in the United States, and of which the Government can always command as much as may be required for its redemption.

Gold, silver and greenbacks are all needed, and the respective advocates of each have no occasion to contend with each other, since the functions of each kind of money may be usefully combined, and the true interests of their advocates will be best promoted by united effort. Each one has a share of truth in his claims, but is apt to err in giving too great a controlling force to his own interpretation of it.

My chief desire in this essay is to impart to the mind the idea of union—the fusion or blending—of the values of

gold and silver in paper money, and this is the most important point in my propositions, the cometallic dollar being only one of several ways of embodying the idea.

In the frontispiece are shown the proposed new coins, and I wish by this exhibit to impart, through the eye, the same principal idea—the *blending of the values of gold and silver in one unit of value.*

If such blending of values may be accomplished, it will best effect the union—the fusion or blending—of the respective interests and ideas of the advocates of gold, silver and greenbacks, and thus bring financial peace into our National household.

The adoption of the principles of cometallism in the redemption of paper money, would result in a solution of the great questions at issue. Monometallism and bimetallism both are hopelessly encumbered with great and confessed difficulties, which can be removed by the new cometallism, the advantages of which should ultimately lead to its universal adoption by civilized nations.

All true principles work out harmoniously in all their parts and ramifications. If cometallism be true in principle, it will exhibit its quality and efficiency in every connection and use.



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