LIBRARY
OF THE
UNIVERSITY OF CALIFORNIA.
GIFT OF
Anonymous
Received OCT 5 1892, 189
Accessions No. 48781. Shelf No.

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/moneyanswerethal00stewrich

"Money answereth all things."

SPEECH

OF

HON. WM. M. STEWART,

OF NEVADA,

1827-1909

DELIVERED IN THE

SENATE OF THE UNITED STATES,

JANUARY 2, 1889.

WASHINGTON.
1889.

"Money answereth all things."

SPEECH

OF

HON. WM. M. STEWART,

OF NEVADA,

IN THE SENATE OF THE UNITED STATES,

January 2, 1889.

The Senate, as in Committee of the Whole, having under consideration the Senate substitute for House bill 9051, to reduce taxation and simplify the laws in relation to the collection of the revenue—

Mr. STEWART said:

Mr. PRESIDENT: I desire to discuss the tariff, but I find it so connected with the question of money that I am unable to separate them. Therefore I ask the indulgence of the Senate to consider them in connection with each other.

"A feast is made for laughter, and wine maketh merry: but money answereth all things." It is now more than three thousand years since this truth was declared by the great lawgiver in Israel. Napoleon was once asked, "What are the three most essential requisites in war?" and replied, "The first is money; the second is money; and the third is money." What is true of war is true of every undertaking or enterprise. The power of money is not confined to the acquisition of property and services, but it draws after it rank, station, and badges of nobility. All things are estimated in money. Countless millions toil for it; commodities are manufactured and produced to secure it; trade and commerce are conducted to obtain it; the hidden mysteries of nature are explored for inventions and discoveries to be rewarded in money. The acquisition of money is the ruling motive for industry and progress. Nothing is wealth that can not be exchanged for money. If money is not wealth, it is better than wealth; it commands all things.

BRIEF SKETCH OF EARLY HISTORY OF MONEY.

Some medium of exchange has always existed in every tribe, community, or nation of which we have any knowledge. Many things have been used at different times as money. It is impossible to determine what was first used. The American Indians used wampum, the ancient Greeks cattle, the Carthaginians stamped leather, the Abyssinians salt, the Icelanders codfish, the Anglo-Saxons used living money—slaves and oxen—in payment of debts; the Chinese the bark of the mulberry tree stamped by the sovereign.

Silver and gold have from a very early period been regarded as best adapted for use as money. For many centuries they have been designated "the precious metals" and employed as legal tenders and measures of value. During all the period recorded in the Bible silver is constantly referred to as money. Abraham, two thousand years before the Christian era, "was very rich in cattle, in silver, and in gold." On the death of his wife he purchased a burying-place with "four hundred shekels of silver, current money with the merchant." Joseph, his grandson, was sold by his brethren into Egyptian slavery for twenty pieces of silver, and when he became minister of the king his brothers brought silver in their sacks' mouths to purchase corn. When making himself known to his brethren Joseph presented to his younger brother three hundred pieces of silver. After the Israelites returned to the promised land they used silver as money, which practice has continued in that country until the present day.

There is no record in the Bible of the use of gold as money, although it was extensively mined. The gold fields of Havilah are referred to in the second chapter of Genesis, and it is declared that "the gold of that land is good." Gold was used as ornaments of the person, like onyx, sapphires, crystals, pearls, rubies, and other jewels, and also for the decoration of altars, temples, and palaces. King Solomon acquired it in great quantities from the land of Ophir and used it with magnificent liberality in the construction of his temple in Jerusalem.

Silver for many centuries passed current by weight before the practice of coining was adopted. Herodotus tells us that the Lydians coined gold and silver nine hundred years before the commencement of the Christian era, and that Greece proper commenced coining some time in the eighth century before Christ. The Romans first coined silver 281 B. C., and gold 207 B. C.

Since that time both gold and silver coin have passed as legal-tender money in all the civilized countries until a very recent period, but barbarous and semi-civilized people have from time to time used other material for money, and some of them do so at the present day. England ceased to coin silver as legal-tender money in 1815. Holland during most of her history used the single silver standard. Belgium adopted the silver standard in 1857 and restored the double standard in 1861. Austria and Germany suspended the coinage of gold in 1857, and Germany restored it in 1871, and at the same time demonetized silver by excluding it from her mints. The United States omitted the silver dollar from its list of coins in 1873. The demonetization of silver by Germany and the United States induced France, Italy, Belgium, Holland, Switzerland, Spain, and other European countries to first limit the coinage of that metal and afterwards to cease to coin legal-tender silver.

At the end of the year 1876 every mint in Europe was closed against silver and most disastrous results followed, as I shall hereafter show. In 1878 Congress provided by law for the purchase and coinage of not less than two nor more than four million dollars' worth of silver bullion per month, and although the Secretary of the Treasury has never purchased in excess of the minimum, about $300,000,000 of silver and silver certificates are now in circulation, without which this would be an era of universal bankruptcy. But the United States does not, as heretofore, recognize silver bullion as a money metal interchangeable for coin at its mints at a fixed ratio, but treats it as a commodity to be purchased at the lowest market price.

THE EXTENT TO WHICH GOLD AND SILVER ARE NOW USED AS MONEY.

Gold is the standard measure of legal-tender money in Europe, the United States, Australia, and Canada, with an aggregate population of about 400,000,000.

Asia, the islands of the Pacific, Mexico, and South America, with an aggregate population of not less than 800,000,000, adhere to silver, and from the habits of the people and the state of civilization in those countries they must continue to do so for an indefinite period. Africa, with an estimated population of 268,000,000, still uses in many sections a variety of trinkets as money; in other places silver, but very little gold coin is in circulation. In the progress of civilization in that country silver must be the principal money in use. Gold is too valuable to be used by the barbarous and semi-barbarous people of the dark continent. If the United States, with Europe, adheres to the gold standard less than one-third of the inhabitants of the earth will recognize gold as the measure of value, while two-thirds will use only silver.

No inconvenience resulted from the use of gold in some countries and silver in others as long as the double standard was maintained in the United States and Europe. The fixed ratio between the two metals prevented material fluctuation in their relative value and preserved uniformity of exchange throughout the world. The value of each metal was easily estimated in the other. Great obstructions to commerce now exist between Europe and America and the balance of the world by reason of the constant fluctuations in the relative value of the two metals. In all commercial contracts between countries having the gold standard and those the silver standard this fluctuation is taken into consideration, and one party or the other must necessarily suffer a loss.

If the United States ever secures a valuable foreign market for its manufactured commodities it must be in Mexico, South America, Asia, or the islands of the Pacific, where the silver standard prevails. When the United States withdraws from the gold-standard combination and unites with the silver-standard countries, less than one-fourth of the inhabitants of the world will have the gold standard. Europe must then remonetize silver or the United States will have superior advantages in her commercial intercourse with those countries having the silver standard.

One of the principal objections to the use of paper money is that it has no fixed commercial value in foreign countries and can not in any sense be a money of universal use. The same is true to a certain extent of gold. It never can be universal money. It may have a commodity value in every part of the world, but two-thirds of the inhabitants of the globe will continue to use the white metal as money.

The only practicable way to again attain a common measure of value throughout the world is to return to the double standard. By such action the relative value of the two metals would be fixed, and by the use of silver as well as gold the volume of the circulating medium would be largely increased. Recent discoveries of gold and silver mines and improved methods of mining give reasonable assurance of a sufficient supply, if both metals are used as money, to increase the volume of currency to correspond with the increase of population and the necessity for the use of money. No such prospect was ever before presented to man. In all previous ages the want of means of travel and transportation and the crude methods of mining limited, with few exceptions, the supply of the precious metals to less than the necessities of the people required. Every country which has had the good fortune to be an exception to the general money famine of the world has exhibited wonderful progress in civilization and a marvelous increase in the enjoyment of the comforts and luxuries of life.

HOW MONEY AFFECTS CIVILIZATION.

The researches of Jacob and other historians into the production of the precious metals disclose the fact that the Israelites, at the zenith of their glory, were abundantly supplied with gold and silver; that their prosperous neighbors, the Phœnicians, gathered the precious metals from India, Africa, Arabia, Spain, and the islands of the Mediterranean; that Egypt, at the time of the Pharaohs, possessed large accumulations of gold and silver from the mines of Nubia. At this time the inhabitants of Greece and Rome were semi-barbarians, but in the eighth century before Christ the Greeks commenced to accumulate and coin money.

From that time forward the circulating medium increased with the development of civilization. When architecture, sculpture, painting, and literature reached their greatest perfection in that country Greece was abundantly supplied with gold and silver coin. The history of the rise of the Roman Empire is a history of conquest and accumulation of gold and silver. All the mines of these metals then known to exist were gradually turned over to the dominion of Rome by the conquest of Carthage, Spain, Germany, Greece, Western Asia, and Egypt, and all accumulations of the precious metals which could be found in those countries were taken and appropriated by the Romans.

At the time of Augustus the mineral wealth of the world was concentrated in his dominion. The nations of ancient times decayed and their civilization was destroyed when their gold and silver disappeared. The decay and ruin of the Roman Empire followed or kept pace with the loss of her stores of precious metals. Jacob estimates the coined money of the empire at the time of Augustus at about eighteen hundred millions. The value of the accumulations of gold and silver used as ornaments or uncoined can not be ascertained, but it was probably several hundred millions.

Following the reign of Augustus internal dissensions, domestic and foreign wars, abandonment of mining, and wear and loss of gold and silver occasioned a rapid decrease of the stock of precious metals, and during eight hundred years after his reign Jacob estimates that the gold and silver money of the countries composing the Roman Empire was reduced to about one hundred and sixty millions. In the seven centuries between 800 and 1500 very little mining was prosecuted. Jacob tells us that—

> The art of separating the precious metals from the ores and from the inferior metals with which they were mingled had been lost since the time of the Roman operations and were recovered by the same slow and gradual steps by which the ancients had proceeded.

This was a period of extreme poverty, feudal slavery, and barbarism. There was no power in the people to resist oppression, for they had no money.

The want of money extracts the courage and ambition from both individuals and nations. The constant efforts of nations to acquire money by conquest and the devices to provide money for defense show that the necessity for money to national existence has been universally recognized. When a supply of the precious metals has been exhausted it has been customary, especially in times of war, to substitute paper or some other device for money. These experiments have been more or less successful, depending upon the stability of the government resorting to them and the safeguards limiting the amount of the improvised money.

Many times in the history of each of the great powers of Europe the issue of paper money was necessary to maintain national existence. By this means, it is claimed by many, the independence of the United States was achieved in the war of the Revolution and the union of the States preserved in the war of the Rebellion. However that may be, it must be conceded that a nation without money and without credit is destitute of the means of securing the comforts and luxuries of peace and is defenseless in war. We witness in daily life the marvelous effects of money upon the character of individuals. The haughty capitalist becomes a cringing and cowardly suppliant by the loss of his money, while the beggar who inherits a fortune is transformed into an aggressive and domineering aristocrat. Two hundred dollars in the pocket of a tramp will make him walk erect and assert his manhood.

Fifteen hundred years of contraction by the wear and loss of the precious metals between the reign of Augustus and the discovery of America nearly extinguished the civilization of the ancients and reduced the people of Europe to feudal slavery.

The discovery of gold and silver in Mexico and South America revived mining for the precious metals in the Old World as well as the New. The despairing serfs and slaves of poverty-stricken Europe were inspired with courage, enterprise, manhood, and independence by the gold and silver produced by the revival of mining. A new civilization was created which soon rivaled, and now surpasses, the glory of antiquity.

For more than three hundred and fifty years the flow of the precious metals from the New World has been added to the product of the mines of the Old, and gradually, but constantly, distributed among the people. Fluctuations in production have at times occasioned scarcity of money; but the want of money and the distress caused thereby, since the discovery of America, have mainly resulted from unwise legislation and combinations and conspiracies among the rich to deprive the people of their just share of the rewards of labor and enterprise.

Sir Archibald Alison, in his old age, after having contributed eight large volumes to the discussion of the new civilization in Europe which resulted from the discovery of gold in America, significantly remarked that—

> This history has been written with little purpose if it is not apparent that in an ancient, opulent, and commercial nation—

Meaning England—

> the monetary measures which the holders of realized wealth, for their own sake, are prompted to pursue, is the source of such unbounded industrial distress and frequent recurrence of monetary and commercial crises as perhaps more than any other cause impels the industrious part of the nation into distant lands.

We would not complain of the monetary measures of Europe which banished millions of its best population to America if the holders of realized wealth in money, bonds, and securities in Europe and America were not now engaged in a conspiracy to impoverish and oppress the people of this country by robbing them of the glorious opportunity afforded for wealth and prosperity by the discovery and development of the gold and silver mines of our own favored land.

Money famines, occasioned by failure in the production of the precious metals, have been rare since the discovery of gold and silver in the New World. The most disastrous and prolonged interruption in mining which has occurred in the last three hundred and fifty years happened in the present century. In speaking of the reduced production of gold and silver from the beginning of the year 1810 to the end of the year 1829, occasioned by the Spanish-American wars, Jacob says:

> We are now arrived at a period when a great and sudden change took place in the production of the mines of gold and silver. After a space of more than three centuries, during the whole of which there had been a constant increase of the quantities obtained, and each succeeding decennial period yielding a larger portion than the similar number of years that preceded it, the whole of the mines in every part of the Western Continent declined greatly in their produce; and though they have in some measure been restored, it has been by slow degrees, and they are yet very far from having the copious produce which they yielded before their general abruption from European government.

Jacob estimates the average annual production of gold and silver in the world during the period above referred to as not exceeding $25,000,000. There was some increase of production of the precious metals between 1830 and 1850 from the mines of Russia. This did not raise the average annual production from 1809 to 1850, exclusive of the gold produced in California, above $40,000,000. It has been contended that this supply did not exceed wear, loss, and consumption in the arts. At all events the addition to the stock of coin on hand during the forty years preceding 1850 was wholly inadequate to meet the demands of an increasing population. Prices declined until they reached a lower point in 1850 than at any time within the previous century.

In 1810, when the effects of a failing supply of gold and silver were first felt, the tide of prosperity was at full flow, but the power that impelled it was withdrawn. Reaction, stagnation, and depression followed the inadequate supply of money in every part of the civilized world. The rich and virgin lands of the United States mitigated but did not exempt the people from the evils of stagnation and depression.

The compromise tariff of 1833, which scaled down the duties on imports from year to year to reach a horizontal ad valorem duty of 20 per cent. in 1843, occasioned a glut of foreign commodities, arrested home manufactures, and sent the meager supply of coin in the United States to Europe in payment of foreign imports. Universal bankruptcy in 1837 was the necessary consequence of the decline in the production of the precious metals and the unwise legislation of Congress which forced the people to purchase the necessaries of life in the Old World, which ought to have been produced at home.

The protective tariff of 1842, by enabling the people to do their own work and supply themselves with the necessaries of life, checked the outflow of the precious metals and partially relieved the distress which resulted from the scarcity of money. Strange as it appears, in 1846 another reduction was made in the duty on imports in utter disregard of the lesson of the disaster of 1837. Two unanticipated events happened which counteracted for a time the injurious consequences of this legislation—famine in Ireland and short crops in England and other parts of Europe in 1847, and the discovery of gold in California in 1848. Imports of merchandise in 1847 increased $6,000,000 over 1846, but our exports increased over $48,000,000 during the same year. This increase of exports consisted chiefly of breadstuffs, the amount of breadstuffs exported in 1847 being $37,000,000 more than was exported in the previous year.

Famine reversed the trade relations between the United States and Europe from an adverse balance of $9,000,000 in 1846 to a balance in our favor of $34,000,000 in 1847. Our people were relieved from the necessity of sending the precious metals abroad to pay for manufactures, and Europe was compelled to send to this country in that year over $22,000,000 of gold and silver to buy food. The advocates of free trade attributed the beneficial results of this extraordinary market in Europe for our breadstuffs to the tariff of 1846 and ignored the fact that the increase of importations resulting from the reduction of duties would have required the export of our gold and silver if the failure of crops in Europe had not produced an extraordinary demand for food. The demand for breadstuffs in Europe in 1848 fell off by reason of better crops, and the legitimate consequences of the reduced tariff of 1846 were shown in an adverse balance of trade in merchandise of over $10,000,000.

Gold came from California at this critical juncture to rescue the United States from many of the evils which must have resulted from the purchase of foreign commodities with our current coin. This discovery, followed by a like discovery in Australia in 1852, not only furnished the United States with money to buy foreign products, but infused new life into industry, progress, and development throughout the world. It came at a time when civilization was at a standstill and the wheels of progress were clogged for want of money. A new era of mining was inaugurated. The aggregate product of gold and silver from the mines of the world gradually increased from 1850 until the present time, the average annual product being nearly $200,000,000, which was five times greater than the average annual production in the preceding forty years. The increase of wealth, civilization, and progress fully kept pace with the increase in the production of the precious metals. Since 1875 the annual production of the two metals has continued to increase.

WHY MONEY IS DEAR AND PROPERTY CHEAP.

But the financial legislation in Europe and the United States, secured by the holders of accumulated wealth in money and securities, has diminished the supply of money during the last fourteen years fully one-half by the demonetization of silver. The production of gold and silver since 1875 has been about equal, but silver has been excluded from the mints and treated as a commodity. The progress of the world is again checked. Stagnation and depression have returned. Industry and enterprise are languishing, not by reason of failure of the mines, but by the measures adopted by the holders of fixed capital to enhance the value of the money and securities they hold by contracting the circulating medium of the world.

The volume of money now in the United States is altogether inadequate to the necessities of the people. It is at least one-third less per capita than it was in 1865. I employed a learned accountant last spring to examine the reports of the Treasury Department for the purpose of determining whether the amount of money in the United States of all kinds had been increased or diminished since 1865, and after several months of careful examination he reported to me that the amount of circulation outside of the Treasury on June 30, 1865, was $1,112,044,114; and at the time of making the computation (May 1, 1888) there was in circulation among the people, exclusive of the amount locked up in the Treasury, only $1,071,653,057, a decrease of $40,391,057, and a decrease per capita from $46.37 in 1865 to $17.29 in 1888. Other accountants might arrive at different results. There is nothing positive in the estimates of the Treasury Department; but it is immaterial whether Dr. Michels, who made the computation for me, was right or wrong. The condition of the money market corroborates his report so far as to establish the fact that money is scarce and dear. The price of commodities also furnishes abundant evidence tending to the same conclusion.

From 1850 to 1875, while the world enjoyed the benefits of the product of both gold and silver, yielding annually nearly $200,000,000, prices rose about 33⅓ per cent. Since one-half of the world's product of gold and silver has been cut off by the demonetization of silver, prices have fallen in the brief period of fourteen years to a lower point than they reached in 1850. Volumes of testimony have been recently taken by the royal commission on gold and silver in England to determine the cause of this alarming decline in the general range of prices of commodities, and although the gold standard contractionists, representing the bond-holding interest of the principal creditor nation of the world, labored hard to find other reasons than the demonetization of silver for the decline of prices, the whole testimony establishes beyond controversy that the action of Germany, theLatin Union, and the United States, in excluding silver from their mints was the principal cause of the decline. There was no difference of opinion among the commission in summing up the testimony as to the cause of the fall in the gold price of silver. On page 76 of their final report they say:

> We have all of us come to the conclusion that the dissolution of the tie between silver and gold created by the bimetallic system of France and the Latin Union distinguishes the period subsequent to 1873 from former times, and has left other causes of demand for and supply of gold and silver free to act.
>
> So long as the ratio between gold and silver remained approximately stable the two metals might practically be considered one; and the relations of exchange between a country with a gold standard, such as England, and a country with a silver standard, such as India, did not differ in any essential particular from the relations of exchange between two countries with a gold standard, such as England and the United States, or England and Australia. A quasi par of exchange was established between the sovereign and the rupee, which, though not absolute, as in the case of coins of the same metal, fluctuated within narrow limits. * * *
>
> Now, on the assumption that we are right in our view of the operation of the bimetallic tie, the relations of England and India in regard to exchange were, during the operation of that tie, substantially the same as those of England and the United States, or of England and Australia.

LOW RATE OF INTEREST MEANS DEAR MONEY.

The fact that United States 4 per cent. bonds, having eighteen years to run, are selling in market at 28½ per cent. premium establishes beyond controversy that money is scarce and dear. The Secretary of the Treasury reports the purchase of $101,705,500 of bonds since April last at prices which saved to the Government less than 2 per cent. annually between the date of purchase and the maturity of the bonds. The Secretary bought these bonds at the market price, which proves that the rate of interest in the United States for a long term on perfect security is less than 2 per cent. Superficial thinkers have suggested that a low rate of interest indicated abundance of money, but a moment's reflection will satisfy any man of sense that a low rate of interest indicates depression of business, want of security, and few responsible borrowers. To borrow money and go in debt is analogous to a "short" sale of stock. It is an agreement to deliver at a future day what the promisor does not possess at the date of the contract. A wise operator will never sell stock "short" unless he is confident it will decline in price at the date of delivery. In like manner a prudent business man will decline to borrow money to invest in property when money is growing dearer and property cheaper.

Enterprising business men who use money in the development of the resources of the country are cautious and will not borrow money at any rate of interest to invest in property while prices are declining, as they have been for the last fourteen years. The Royal Commission of England investigated this question of interest and came to the conclusion that a low rate of interest indicated a scarcity of money. They said (page 19):

The rate of interest on permanent investments is also declining for reasons, it is urged, similar to those which have been described above as affecting the rate of discount. When gold is scarce and commercial activity is checked by the resulting fall of prices, the demand for permanent investments increases and the price of such securities rises. Owing either to the actual or the apprehended scarcity of gold there is a tendency to invest in securities bearing a fixed interest payable in gold, which raises their price and reduces the net return obtainable from them.

Occasional fluctuations in prices resulting from an increased production of a particular article have very little significance as indicating the supply of money, but a general decline of prices for a period of fourteen years was never known to occur when there was an inadequate supply of money. When business is active and the price of commodities is advancing, furnishing a reasonable prospect of profitable investments, men of enterprise borrow money and pay a fair rate of interest with firm confidence that they can return the money with interest and make a profit for themselves. But in times of stagnation and depression safe borrowers are few. Money lenders are then forced to seek investments in Government bonds or let their money lie idle. The obscure, tangled, and uncertain reports as to an increasing volume of the circulating medium have no tendency to satisfy the public that money is plenty when prices are falling, business stagnant, and prudent men preparing for a crisis.

COIN TOO SCARCE TO BUY FOREIGN GOODS.

A proposition to reduce the tariff at this time, of all others, is most unreasonable. The balance of trade is now against the United States. The immediate effect of a reduction of duties would be more importations and more money sent abroad to pay for them. It would be the bitter experiences of 1837 and 1857 over again on a larger scale. It is unsafe to anticipate an immediate famine in Europe, as in 1847, to increase our exports, and an increase of our exports without famine, war, or some other great calamity in the Old World is improbable. England will only buy of us such breadstuffs as she can not produce at home or obtain from India with cheap silver. Her vast manufacturing establishments, which have a permanent market for their products among more than two hundred and fifty millions of people, from which all other nations are practically excluded, will supply her people at home at a price which will exclude us and all other nations.

The policy of Great Britain of breaking up the manufacturing establishments of other countries by the surplus of her vast establishments has forced every nation of continental Europe to establish high protective tariffs to enable them to manufacture at home. Those tariffs exclude our products as well as those of Great Britain. I have examined with care and diligence the tariffs of other nations in connection with their efforts to force foreign trade by low prices, financial accommodations, and subsidized steam-ships, and it is impossible for me to indicate a country to which any considerable increase of our exports can be sent.

There is no doubt that free and reciprocal intercourse between the United States, Mexico, and South America would be advantageous to all the countries concerned, but the tariffs of those countries are such as practically to exclude our products, and until those tariffs are modified by legislation or treaty it would be folly, and worse than folly, to reduce our tariff, destroy the market for the manufactures already established, prevent the investment in new establishments, and waste our circulating medium in the purchase of foreign commodities.

The Government of the United States has no right to grant privileges or bounties to foreigners at the expense of our people without securing equal benefits in return. To surrender our home market to all the world without reciprocity anywhere will not be tolerated by the people. Trade with foreign countries is business to be engaged in to make money, and the question to be determined in prescribing the terms and conditions upon which such business shall be conducted is whether the people of the United States will make or lose money by the venture. If any country will exchange commodities with us on equal and fair terms and pay us as much cash as we pay it the question of reciprocal free trade with such country is then worthy of consideration. But no such case is presented. No foreign country is proposing to enter into any trade arrangement with us unless it can obtain an undue advantage.

England, which is most clamorous for free access to our markets, does not propose to pay us cash, but to send us her surplus manufactures, which overflow from her vast establishments, maintained by a permanent market among more than two hundred and fifty million people in countries where our products are denied access. In free trade with England the contest would be for our markets and none other, and we would be similarly situated to an infant telegraph company attempting to compete with the Western Union. The former would struggle against bankruptcy while the latter would do business at a loss on competing lines and continue to make dividends from its lines where no competition existed. We will not enter into such an arrangement with England and sacrifice our manufactures and allow her to rob us of our coin.

The argument that free trade will make the necessaries of life cheaper would be sound if such necessaries would remain cheaper and the people would have plenty of money to pay for them. Such would not be the case. England would follow the example of the Western Union, and when she had destroyed our manufactures and removed competition she would put up prices, as she always does where she has a monopoly. What benefit could our people derive from cheap foreign products without money to buy them, which would soon be the case if we should send our money abroad to pay foreign workmen and leave our people without employment? Any citizen of the United States, or any person who has declared his intention to become such, is at liberty to leave and go where commodities produced by slave labor are cheaper than the free labor of this country can provide them, and he should do so at once if he is unwilling to pay the necessary cost of production by free labor in the United States.

It seems to me that it is the part of wisdom and statesmanship to remonetize silver and increase our stock of the precious metals, do our own work and keep our money at home by protecting our manufacturing industries.

WHY SILVER SHOULD BE REMONETIZED.

What objection can there be to the remonetization of silver? Why was silver demonetized? It had been used as money for more than four thousand years and was universally considered previous to 1873 better suited for that purpose than gold, and more than two-thirds of mankind are still of the same opinion. If the supply of gold and silver had been exhausted and a necessity had arisen to substitute some other material for money, a good reason for doing so would have existed.

If in the ninth century, when society was practically dissolved for want of money, it had been possible to have substituted some other medium of exchange for gold and silver, civilization might have been revived before the discovery of the mines of the New World; or if, in 1830, when progress was paralyzed by a money famine, the world could have agreed upon a universal currency, there might have been some reason for discarding metallic money altogether. But who could have anticipated that in 1873, when the world was in the full tide of prosperity from an abundant supply of gold and silver, and all civilized nations were realizing more of the comforts and luxuries of life than the fondest dreams of philanthropists had ever contemplated, that any combination of men would conspire with a view of enhancing their own fortunes to rob the world of the only agency by which that prosperity could be continued? Strange as it may appear, so it was.

As soon as prosperity became universal by the flow of gold from California and Australia, Chevalier and others advocated the demonetization of that metal for the purpose of limiting the supply to silver alone, and thereby enhance the value of bonds and other obligations for the payment of money. Germany, Austria, Belgium, and other countries engaged in that conspiracy and demonetized gold.

Failing in that, in 1871 Germany led the scheme to demonetize silver, for the avowed purpose of enhancing the value of securities. The United States and the countries of the Latin Union followed blindfold the lead of the bondholding conspirators. Before the world knew what was proposed the work was accomplished. The yield of the mines for the purposes of money was reduced one-half, and the glorious prospect of an adequate supply of money for many future generations was cut off. The United States was the most stupid victim lured into the conspiracy. She was at the time most emphatically a debtor nation. She owed more than $2,000,000,000, and produced more silver than all the rest of the world combined.

Nearly all the States and municipal corporations in the Union were also large borrowers of money. Enterprising citizens had borrowed vast sums of money to build railroads and develop the resources of the country. All these debts were payable by the terms of the contracts by which they were created in either gold or silver. The right to pay them in silver was surrendered without consideration. Many hundred millions were extorted from the people to pay obligations in gold which, of right, should have been paid in silver. This manipulation of currency has done more to make the rich richer and the poor poorer than all other causes combined. The end is not yet. The prices of wheat, cotton, and all the products of labor in this country are fast being reduced below the cost of production. Still the holders of accumulated capital resist every measure of relief and demand the last pound of flesh.

We are coolly informed by the representatives of the gold-standard contractionists that the United States is powerless to mitigate or redress the great wrong without the consent of the conspirators who demonetized silver, and who are constantly devising measures to transfer the wealth of the many to the few and monopolize the fruits of labor and enterprise. They assert with the arrogance of wealth that an agreement with the leading powers of Europe must be obtained before the United States can resume the free use of silver as money and provide the people of this country with a constant and sufficient supply of that circulating medium which has been regarded as best suited for use as money through all ages since man emerged from barbarism. They know full well that Europe is controlled by an aristocracy of accumulated capital, and that the people have no voice in determining what financial schemes shall be devised and carried into execution for their oppression, and assume from the success of their financial measures in this country for the last twenty years that the people of the United States have no more knowledge of their rights or capacity to protect them than the people of the Old World.

Subsidized newspapers and hired political economists have done much to keep the people ignorant of the wrongs they suffer, but outside of the money centers in this country, where free speech does not impair financial standing and endanger success in business, the people are fast being educated on the money question, and will soon assert their rights in the most effective manner.

The great mass of the people view with alarm and indignation the power exercised by the money-changers of New York over the Treasury Department. The number of clerks, servants, and agents of the gold-standard contractionists and money manipulators of New York who have held and now hold high places in that Department and the brazen effrontery with which they use the funds of the Government for their favorites without interest has shocked the moral sense of the nation and tame submission to Wall street rule is at an end. The people of the United States will be represented in the great financial department of the Government or they will know the reason why. President Cleveland has already received some slight intimation of the views of the people with regard to the management of the Treasury Department.

An examination of the evidence taken before the English royal commission on gold and silver and the report of that commission will furnish much valuable information for consideration in this country. Although the commission was equally divided as to the advisability of inviting the United States, Germany, and the countries forming the Latin Union to join in consultation with Great Britain and her colonies to discuss the expediency of fixing a ratio at which the coins of either metal shall be available for the payment of all debts at the option of the debtor, it is morally certain that England will take no action in that direction. The hesitation with which six of the twelve commissioners suggest such a consultation and the many reasons they assign against it show that they are overawed by the holders of accumulated capital and have no courage to pursue the right as they seem to see it, "through a glass darkly." The following extract from their report indicates the power of the influences which will compel the people of England to submit to the single standard and continued contraction:

> We need hardly dwell upon the fact that the financial position which this country occupies is a matter of immense importance; that the risk even of interfering with it, or of taking any course which could reasonably be expected to affect it, is not to be lightly encountered; and even those who do not entertain grave apprehensions of a disturbance of existing financial conditions, if we were to depart from monometallism and accept the bimetallic standard, can not dispute the fact that the existence of such apprehensions is not to be treated as a trivial circumstance or one to be lightly regarded.
>
> The danger may be enhanced by the circumstance that the mere fact of one change having been made would lead to the apprehension that others might follow. (Page 87.)

The following, from this timid report of those commissioners, who longingly but doubtfully look towards bimetallism, is the key-note of the situation in Great Britain:

> It must be remembered, too, that this country is largely a creditor country of debts payable in gold, and any change which entailed a rise in the price of commodities generally, that is to say, a diminution of the purchasing power of gold, would be to our disadvantage. (Page 90.)

It was impossible for the witnesses before the commission to conceal their contempt for the stupidity of the people of the United States in submitting to the gold standard. The following is an illustration of English opinion with regard to the action of the United States in demonetizing silver. Mr. Daniel Watney, while under examination as a witness, used the following significant language:

> I can not suppose that everybody is wise. Just think of the folly of the United States when they were a debtor nation in adopting a gold coinage. They knew nothing about currency matters; they did not know that it was going to increase their debt enormously. (Second report, page 210.)

Justice and self-respect require the United States to ignore the action of Europe with regard to silver and join with the rest of mankind in the establishment of a common ratio between the two metals. The power of the United States to remonetize silver independent of Europe can not be questioned. If she identifies herself with the silver-standard countries three-fourths of the human race will be in accord, and it will be easy to establish between them a uniform medium of exchange, to which Europe must conform or be subjected to great inconvenience in her commercial intercourse with Asia and the western hemisphere. Free coinage of silver, or, what is better, the acceptance by the United States of all gold and silver offered in exchange for coin, or coin certificates redeemable in the coin of either metal is the legislation required.

The objection urged by the gold-standard contractionists to such legislation consists of a suggestion that the United States would be flooded with silver and its financial credit destroyed. There is no foundation for this suggestion. All the silver produced is now used in the arts or converted into money by the silver-standard countries. There is no surplus bullion in Europe or America or elsewhere. There is less than one thousand millions of legal-tender silver money in all Europe. This money is a necessary part of the circulation in the countries where it was coined, and is on a par with gold at the rate of 15½ to 1. If any part of it could be dispensed with without financial distress, which is denied, it could not be purchased and exported to this country without great loss.

It would require an ounce of gold to buy 15½ ounces of this legal-tender silver money, which in this country could not be sold at our mints at par, but would be at a discount of about 3½ per cent. The established ratio in the United States being 16 to 1, the importer of European silver would be required to add one-half an ounce of silver to the 15½ ounces which he bought with an ounce of gold in Europe to obtain in return an ounce of gold in the United States. There is no possible danger of acquiring under any circumstances too much of either gold or silver. No country has ever succeeded in procuring more of either gold or silver than was beneficial and useful.

If from any unknown source more silver should be offered than is necessary to relieve the present stringency of the money market and keep pace with our growing population, it is easy to make room for all that can possibly be produced by retiring a portion of our paper circulation. The paper money of the United States amounts to about $630,000,000, and consists of State bank notes, demand notes, one and two year notes, compound-interest notes, fractional currency, national-bank notes, United States notes, and certificates of deposit. All this paper rests upon the credit of the United States. Coin certificates representing bullion on deposit would at least be equally safe and satisfactory to the public. It would cost the Government nothing and save wear and loss of the precious metals. The Government would have the benefit of the certificates that were destroyed or lost, instead of the national banks, and would save the interest on bonds securing national bank currency, which is a gratuitous subsidy to the banks. The power of Wall street to expand and contract the currency for speculative purposes will cease. If a sufficient amount of silver could be obtained to retire all this paper except the greenbacks, our financial system would be simplified and strengthened and a large saving made for the people of the United States who now pay interest on bonds held for security for national-bank notes. Whether any of this money can be retired after a law is passed providing for the exchange of both gold and silver bullion for coin certificates the future will determine.

Now is the opportunity for the United States to accumulate sufficient of the precious metals to reach a metallic basis, dollar for dollar, without loss, and to be placed in accord with more than two thirds of the people of the world. Such a policy would make this country the clearing-house for all nations, with a currency that would circulate at par among all the people with whom it is profitable for us to trade. Our mines produce fully half of the precious metals annually turned into the channels of commerce, and are as yet comparatively untouched. Improved processes and cheaper transportation will continue this supply through many generations to come. There ought to be no hesitation in the enactment of a law requiring the receipt by the Treasury Department of all gold or silver offered in exchange for coin certificates redeemable in either gold or silver.

Immediately following such legislation an invitation should be extended to all silver standard countries to unite on a fixed ratio between the two metals. The money of the United States would then circulate at par among three-fourths of the inhabitants of the world, and whether the gold money contractionists of Europe conformed to our standard or not would be immaterial. It would, perhaps, be better for us if they would not. Negotiations with them should never have been entertained, and should now be abandoned. We must be independent of Europe financially as well as politically if the interests of our own people are to be regarded and our commercial standing as a nation to be respected.

I do not wish to be understood as contending that the mines will during all time to come furnish an adequate supply of money, or that it may not be necessary under some circumstances to increase our circulation beyond the amount of gold and silver it is possible for us to obtain. Civilization is advancing throughout the world. The number of people who require money is increasing beyond computation. When the United States has made use of all the gold and silver attainable, and a deficiency of money should still exist, it would be the duty of the Government to issue more greenbacks or some other non-interest-bearing paper to circulate as money, but it will be time enough to consider that question when silver is restored and the precious metals prove to be insufficient.

Our Government can hardly be preserved if it fails to perform its most important function—to provide the people with an adequate circulating medium, without which civilization must languish or decay.

RETURN TO: CIRCULATION DEPARTMENT
198 Main Stacks

LOAN PERIOD 1 Home Use	2	3
4	5	6

ALL BOOKS MAY BE RECALLED AFTER 7 DAYS.
Renewals and Recharges may be made 4 days prior to the due date.
Books may be renewed by calling 642-3405.

DUE AS STAMPED BELOW.

APR 16 2000		

FORM NO. DD6
50M

UNIVERSITY OF CALIFORNIA, BERKELEY
Berkeley, California 94720–6000

47781

UNIVERSITY OF CALIFORNIA LIBRARY