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FREE COINAGE, THE BLIGHT OF OUR COMMERCE.

MORE attention is given now than was given a few weeks ago to the effects of the free coinage of silver upon the masses of the people. The paradox that free coinage will decrease the supply of money and at the same time decrease its value is becoming generally understood by those who at first objected to the statement as impossible. The very natural explanation is that the silver dollar has both a legal value and a market value, and the market value is absolutely beyond the control of American congressional action; so that along with a decreased supply of money we must contemplate seeing its real value (not its nominal or legal-tender value) reduced from one hundred cents to seventy cents, or even less. The consequences to the pensioner, to the depositor in savings banks, to the holder of life insurance, to those employed upon salaries or in receipt of fixed incomes, cannot but be disastrous.

The serious, in fact the blasting, effect of any free-coinage measure upon the wage-earning or working classes has not as yet received proper attention. To them free coinage would come with more evils than lined Pandora's box. The fundamental points from which collateral injuries without number may be traced are distinctly as follows:

1. By causing the withdrawal of gold from general circulation, "free coinage" would contract the currency about 33⅓ per cent, and be followed, of course, by the cessation of many kinds of business employing labor and curtailing all industrial enterprises, through which very many men and women would lose their customary employment.

2. The result of the increased competition for work would reduce the wages paid to those who were fortunate enough to retain employment.

3. The reduced wages would be paid in money worth (market value) but seventy cents, instead of, as now, one hundred cents.

4. The accumulated savings of the working people, usually invested in savings banks, building associations, life-insurance policies, and in small loans, would be cut down nearly one-third. These evils open up a long vista of injustice and of suffering for the worthy and comparatively helpless masses which may well stagger the honest and enthusiastic, but mistaken, advocate of free coinage.

Now, who would be the real sufferers?

1. The 4,258,893 who own the $1,524,844,506 of deposits in savings banks. Free coinage would cost them $457,453,351.

2. The principal creditors next, and of the Government too, are the 800,000 pensioners, whose $157,000,000 of pensions would be cut down $47,000,000 in one year, or $470,000,000 in ten years.

3. Then come the great army of 5,000,000 policy-holders in life-insurance companies, whose $7,500,000,000 in policies would be cut down $2,250,000,000.

4. After these, the 500,000 men and women who have invested in building and loan associations.

5. Then come the millions of clergymen, clerks, men in the army and navy and civil service, and others who work for salaries or fixed incomes, all of whom, while nominally getting one hundred cents, would actually get but seventy cents. Free coinage would cost these classes $175,000,000 a year.

6. Last, but certainly not least, the vast army of 10,085,956 working men, women, and children (in 1880), all of whom would, to start with, suffer a large reduction in wages, due to the increased competition for the reduced amount of employment to be had, and then after getting lower nominal wages would find their dollar purchase but 70 cents' worth of goods, causing them a loss amounting to the stupendous annual sum of $1,210,614,720. Every time the money of a country is debased, these are the classes which suffer most.

Still another question is coming forward with much force and demanding consideration; that is, whether or not we have not now far too much money locked up in the shape of unproductive silver. The hundreds of millions of dollars of silver at Washington are absolutely producing nothing, and their accumulation is "bearing" the market price of silver and promises in the comparatively near future to put it down to eighty-five or eighty-seven cents per ounce. Already sensible people feel that if this silver had been allowed to seek its natural market, as wheat and cotton do, we should have had in its place articles of value which would now be producing wealth and enlarging in a thousand ways our profitable productions. There is a large class of thinkers who are disposed to condemn in the strongest terms the continuous piling up in an unproductive and mischievous manner actual wealth which, if made available, would employ thousands and tens of thousands of workingmen in profitable enterprises at remunerative wages. Our exports for the past twelve months have exceeded our imports about $160,000,000, and gold ought to be pouring in on that account. On the contrary, it is rushing out every week to Europe. European confidence is so shaken that not only have European capitalists stopped making their customary investments here, but are also rapidly realizing on past investments, fearing that if they defer they will soon be obliged to accept for a dollar that which will bring them but seventy cents.

As I recently said on the floor of the House of Representatives, we ought to pass a bill stopping the monthly purchases of silver and instructing the Director of the Mint, under the direction of the Secretary of the Treasury, with the approval of the President, to sell the silver bullion for gold, and place the gold in the Treasury, until the amount of our gold bullion shall be equal to the value of our silver bullion. This course alone will save the country from ultimate panic, general financial distress, and the single silver standard; for if the monthly purchase of $4,500,000 of silver bullion is not stopped, sooner or later more evil will result than any words of mine can picture.

I showed then that we were in a peculiar position and in a most fortunate one too. Great crops here and small ones abroad give us Heaven's opportunity to correct our mistakes of the past. If we stop silver purchases and restore the confidence of Europe in us, gold will flow back here in a stream. We should, but for this Bland-bill discussion, be getting in from Europe fifteen or twenty millions of gold a month; whereas now Europe, alarmed and excited, is sending back our stocks, bonds, and securities by the ream. Her purchases of a quarter of a century past are coming back by every steamer, and instead of gold reaching our shores, it pours out and away from us through every channel. If we continue this wild craze for free silver, fair crops in Europe next year will bankrupt the United States.

Credit makes currency much more rapidly than the mints, and without waste. When the standard of value is kept steady and unchangeable as a measure, confidence expands and credit enlarges. The nation which keeps its money on a parity with the best in the world never has too little. It can in its need draw, and does command for its use, all its needs from the store of the world. It is like a solvent merchant who can go to bank and get what money he needs, because the banker knows he will be repaid in full.

England, in 1819, established her money upon a firm basis (gold), and has never departed from it, altered her standard, or tampered with it, and as a result the world does its business with the pound sterling as its universal measure, its unit of value, and London has become the capital of the commercial world. And yet to-day, when we need foreign markets, when we must expand our commerce, there are those who would, by the passage of such a measure as the Bland bill, cause distrust of American money and of our commercial stability in every part of the world. We never needed a policy of stability more than now. I will repeat here a prediction that I recently made in Congress: If we keep the standard of our money the gold dollar, we shall draw the commerce of the hemispheres to our shores, and after a while the trade of the world will be measured by and all commercial transactions be based upon our dollar, which because of its decimal character is more convenient than the English pound. If we maintain our standard, we can never have too much or too little money. The ebb and flow of the world's commerce will take care of that, and higher interest will attract it here when needed, while low rates will expel it when we need commodities more and money less.

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THE THREAT OF THE PRESENT COINAGE LAW.

In a short article on the evils and the menace of free silver coinage the argument must be summary, and only those will be addressed who grant those principles of finance that are discerned and are supposed to be established by men whom the world has regarded as well-informed and trustworthy. Those who refuse to see causes before they come to feel effects must, as usual, treat all *à priori* reasoning as mere theory and deny any proof in advance of suffering acute enough to be unmistakable.

The people of the Northwestern States do not expect to escape the financial laws which govern all, and they must abide, no less than others, the consequences they entail. Such differences in effect as they encounter, if in some particulars possibly more severe than elsewhere, spring only from conditions which render their affairs acutely sensitive to the abuse of those laws whose penalties none can avoid.

The currency of civilized communities may be natural or artificial; that is to say, it may rest on the basis of some commodity which by reason of its natural characteristics is best adapted to give a steady and uniform standard for reference and measurement of value of other commodities, or it may be merely decreed by municipal law, and so far as possible by that means be forced into the hands of men as their medium of exchange and a fictitious gauge of values. But if anything be accepted from experience, the truth surely must be that although by an artificial currency apparent prices may be fixed to labor and property in its various forms, real values will depend on the relations of things among themselves, and so far as the apparent prices cause persons to govern their dealings they simply mislead and cheat them. Necessarily it follows that such fraudulent effects are mainly visited on those whose dealings are comparatively small, the many who labor to produce each his little share of the general sum; although, in the disordering fluctuations for such a currency, always dependent on the caprices of legislation, all interests of property and business, large and small, sustain unnecessary and exasperating losses. Those concerned in the larger affairs of business must sustain at the