ARBITRATION THE ONLY SOLUTION OF THE FINANCIAL PROBLEM.

THE Presidential campaign of 1896 did not result in the decisive settlement—so essential to an era of substantial prosperity—of the question, *What shall be the coinage, currency, and banking system of the United States?* Twenty years of political agitation of this problem have failed to bring its solution. All that has been gained is time in which to consider and bring the question to a direct issue before the people, during which time existing conditions should stand unchanged. Is it therefore necessary that the welfare of the people should suffer from a confidence-destroying agitation of the currency question for two or four years more? I answer—No. In the light of experience it is just and right for the people to demand that the disputants shall now submit their cause to some tribunal competent to decide it in the interests of the general welfare.

The Greenback-Silver coinage and currency demands originated in the Greenback agitation of 1874–6, which resulted in the prohibition of any further cancellation of United States treasury notes. Agitation was resumed in 1878 by the Greenback-Silver demand for a larger use of silver; their opponents contending simply for the maintenance of existing conditions. This agitation resulted in the enactment of the Bland Law, under authority of which 378,166,793 silver dollars were coined.

The coinage and currency question again became acute in 1890. Greenback-Silver advocates demanded the free coinage of silver. Their opponents contested that demand, and finally agreed, as a compromise, to the purchase of 4,500,000 ounces of silver per month and a monthly issue of treasury notes to the amount of the silver purchase. Under authority of the Silver Purchase Act of 1890, $155,931,002 in greenbacks (treasury notes) were issued.

The legislation of 1874–6, 1878, and 1890 terminated in the monetary panic of 1893, at which time a general demand was made for the repeal of the mandatory purchase of silver contained in the act of 1890. The repeal measure became a law November 1, 1893, since which time no coinage or currency legislation has been enacted.

In 1896, the agitation for currency reform again became acute. Greenback-Silver advocates demanded the free and unlimited coinage of silver at the ratio of 16 to 1. Their opponents, although conscious that some measure of currency reform was a vital necessity, formulated no proposal looking to that end; again contenting themselves with contending for the maintenance of existing conditions. The 7,100,000 voters who supported the successful ticket were in agreement in desiring the maintenance of the existing gold standard. For this cause alone persons differing widely on questions of tariff or currency reform voted the same ticket. A clear-cut, well-defined scheme of currency reform was not before them. The 6,500,000 voters who supported the unsuccessful ticket, which demanded the free and unlimited coinage of silver at the ratio of 16 to 1, and the prohibition of all banks of issue under State or national charters, included those who believed in the policy advocated, and those who believed in party regularity regardless of the principles affirmed in the national platform. It cannot be said that a ruling majority was in agreement regarding a single measure requiring legislative action necessary to establish such conditions.

In October, 1893, I read a paper before the American Bankers' Association, under the title of "A Plea for a Sound Currency and Banking System," * for the purpose of creating which I urged the appointment of a non-political national commission. This demand was immediately repeated by influential newspapers, boards of trade, and chambers of commerce throughout the country, and was recommended by the Comptroller of the Currency in his Annual Report for 1894.

In his remarks addressed to the Association, immediately following the reading of my paper, Mr. George S. Coe said:—

> "Is there not in the natural exchanges of property passing through the hands of producers and consumers the real and fundamental currency most required for all sound banking?
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> Aside from the great subject of coined money, which will doubtless be deemed of prime importance, the question of currency, by which the exchanges of the whole community are chiefly made, must demand the most serious consideration. . . . The attempt must now be most diligently made to create a system that will take the place of all others, and, if possible, one that will eminently deserve the national preference."

In a paper read before the New York Board of Trade and Transportation, December, 1893,* I said:—

* Published in full in "A Sound Currency and Banking System; How it may be Secured." G. P. Putnam's Sons, New York.

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"The mistakes of 1874–6, 1878, 1890 must not be repeated. Those who favor sound money are fully as responsible for these mistakes as are those charged with advocating monetary fallacies. When the demand first came from the South and West for still further issues of United States legal-tender notes, and, this failing, for the suspension of the redemption and cancellation of such notes, it should have been treated as a signal of distress. Sound-money advocates from every section of the country should have met this call by examining promptly the needs of the sections from which it emanated, and, after sufficient investigation, they should have proposed sound-money measures which would have brought the desired relief. Had this been done then, the monetary fallacies from which we are now (1893) suffering would be powerless for evil."

These appeals were not heeded. After the struggle to secure the repeal of the silver-purchase measure in 1893 the ruling majority of the people made no effort to follow up that result with a determined movement to secure an intelligent and comprehensive revision of coinage, currency, and banking laws, and thus to remove all cause of want of confidence in, or dissatisfaction with, our monetary system. As a result, the prosperity they fondly expected to see follow the repeal of the silver-purchase measure never came.

The compromises of 1874–6, 1878, 1890, resulted, as all settlements based on unsound economic principles must result, in retaining or injecting poison into our monetary system. So long as this poison remains, it will render a condition of perfect health impossible.

Having cast their votes in accordance with their judgment as to the best policy for the promotion of prosperity, the people now earnestly desire a cessation of confidence-destroying currency agitation, in order that they may again devote themselves with energy to money-making vocations, to produce the prosperity they had eagerly hoped to see follow the close of the Presidential campaign. It will be a sad day for the people of this country if they repeat in 1897 the mistakes of 1874–6, 1878, 1890, and 1893, cherish the delusive idea that prosperity will follow the results of this election, and fail at once to set themselves earnestly to provide for a complete revision of coinage, currency, and banking laws, with the view of permanently settling the question. If this is not done, and our monetary system is not brought into accord with the requirements of correct economic principles, the evils resulting from the errors of the past will be perpetuated. Twenty years' experience should be sufficient to teach the people that this conclusion is true. Every intelligent observer who has closely studied the course of events since 1873 is now ready to admit that, if a season of satisfying prosperity is not realized before the Congressional campaign of 1898 and the Presidential campaign of 1900, the Greenback-Silver advocates may be victorious at the first, and will surely be successful at the later, election.

One evil resulting from the political agitation of the past lies in the fact that much has been taught to the uninformed that is not true, and much that is true has been rejected by the people because it was urged upon their attention by professional political orators and in the publications of campaign committees. The lesson that should have been taught to those who cried out for "more money," in the years from 1873 to 1897, must now be taught to the people of all sections of the country. It is this: An intelligent use of the resources possessed by any community will supply all the currency that can be required to promptly effect the legitimate exchanges of its industry and commerce. Prosperity is dependent upon an intelligent use of resources and opportunities, regulated by correct laws, and should not be the victim of changeable State or Congressional legislation. Assisted by a correct coinage, currency, and banking system, the people of every section can so use their own resources as to secure all the monetary relief for which they have ever asked. They will then realize the truth, that self-help is the countersign of economic freedom. Then prosperity will come.

It may be well at this point to examine briefly some fundamental economic conditions.

Natural economic laws are true standards. By complying with their requirements man may govern natural forces; but he cannot by his edicts suspend their action. They are unaffected by his ignorance, unchanged by his importunity, uninfluenced by his necessities. If, by understanding and conforming to the requirements of natural laws, man cannot satisfy all the needs of his being, some of his needs must remain unsatisfied. There is no source of supply except the resources of nature, prepared and distributed by human industry for the use of man. If legislation which controls production and distribution is not properly aligned in every detail with correct economic principles, it cannot operate with equal justice for all men: it will make the labor of production unnecessarily burdensome for some; and it will create a deficiency in some places, a surplus in others.

Applying these observations to the subject under consideration, as an answer to those who demand "more money," the following, from a recently published book,[1] is pertinent:—

[1] "The Natural Law of Money," by WILLIAM BROUGH. G. P. Putnam's Sons, New York.

"Money is a product of man's labor—a commodity. It is not any one specific thing, but may be almost anything, and is money only by reason of its fitness, at the time, for the service to be performed. In any given community there is a limit to the number of articles produced, and, in earlier times, this limit was very much narrower than now; but, however limited the number of commodities may be, there are always one or two that supply the money-want more efficiently than others. Now, as almost any commodity may be used as money, such a thing as a lack of it is not possible so long as man continues to be a producer of commodities; although he may, by false legislation, corrupt his money or throw restrictions around it, and thus lessen its efficiency. All over the world there have been examples of such false legislation wherever governments conceived it to be their function to regulate the value of money."

Coined money is a natural development from a primitive system of effecting exchanges by barter. It is itself a commodity, the product of man's labor, and is a refinement in the processes and instruments of distribution. As a means for effecting exchanges its services are of high value, but not of the highest.

With a growth of the knowledge of the science and art of commerce there came not only a knowledge of the utility of coined money, but also a knowledge of money arithmetic, which developed a new form of money known as "the money of account." Its service is to cause all commodities to lose their identity as commodities and to become factors of *value*. In making a bill of merchandise each commodity is listed by name: its quality, quantity, and value are given. Value is expressed in terms of the money of account. By this process all commodities are reduced to a common denominator, and are thereafter treated as items of value expressed as dollars. Being dollars, they can be dealt with by the rules of arithmetic, added, subtracted, multiplied, divided, or broken into fractions, as the case may require.

A bill of merchandise must represent commodities delivered at an agreed price, before it can become a legal claim. It is therefore a medium of exchange, as it is a means by which the ownership of commodities is shown to have passed from seller to buyer. Whoever sells a commodity, whether it be his labor or the product of his labor, by that act creates dollars. There must always be as many dollars in the money of account as are required to represent the full value of all exchanges of labor, or the products of labor. A lack of dollars cannot exist unless there is a lack of commodities, or where no buyer can be found who will purchase the commodities offered for sale. The dollar of the money of account is not created by the fiat of law, of the seller, or of the buyer alone. The seller expresses his idea of value in *price asked.* The buyer expresses his idea of value in *price offered.* When an agreement is effected, *value is determined by the agreed price.* At its value so determined, the commodity is represented as dollars in the money of account.

Following the development of the money of account, by means of which all commodities are transformed into dollars, the next and highest refinement in the monetary processes and instruments of exchange was made by devising written or printed instruments to represent the latent value and ownership of commodities. A promise to pay, expressed in dollars, is an order given by the maker upon himself for the delivery of commodities on demand, or at maturity if it has a time limit, to the value expressed in the order. The credit involved in such an order may be based on any exchangeable commodity. It may be predicated on but one commodity, as is the case with gold or silver certificates, or it may practically include the value of all commodities "passing through the hands of producers and consumers," as is the case with clearing-house certificates or bank-note currency secured by "quick assets."

An important and far-reaching step in facilitating exchanges was taken when bank-note currency was devised, by means of which any and every commodity, at its value in the money of account, can be made current in the channels of commerce. The cause of suffering experienced from lack of currency with which promptly to effect all desired exchanges of commodities at an *agreed price-value*, originates in legislation which deprives the people of the right to use the current value of their commodities as a basis for the currency they require. Instead of issuing currency on the broad foundation of the values of *all* commodities, the basis has been narrowed by false legislation to but two commodities—gold and silver—which are produced by a few people. In this way the people have been deprived of the facilities and benefits derivable from the free use of the most effective form of monetary instruments of exchange,—bank-note currency based on "quick assets."

When this evil has been remedied, and not until then, will sound currency conditions be created that will induce prosperity to the full extent to which it can be induced by a comprehensive and correct revision of coinage, currency, and banking laws. There will then be established a sound "American financial policy for the American people."

The first effort in every controversy should be to find all points of agreement and use them as a common basis upon which to construct the final and complete agreement sought. If this be not the object of a controversy, it is objectless, and should not be permitted to engage the thought and time of earnest men.

All advocates of currency reform, regardless of their party affiliations, claim that they desire "honest money," "sound currency," the faithful discharge of all public and private obligations in strict accord with the requirements of national and personal honor and integrity, and that the policy they advocate receives their endorsement solely because they believe it to be best for the welfare of the people and of the nation. No party has a monopoly of wisdom, practical common sense, or personal honor. Each can concede to opponents all they claim in these respects, and use this as a common basis of agreement. The present is an opportune time to call a halt on partisan discussion, and to raise the issue of currency reform to the higher level of patriotic emulation, where party advantage and party regularity will give way to a united endeavor to promote the general welfare.

All parties declare their earnest wish to see the people of the United States in the full enjoyment of a continuous era of satisfying prosperity. Every truly loyal citizen will be glad to see prosperity come, even though its coming is induced by a policy or methods differing, no matter how radically, from those he has advocated.

Mr. Cleveland in his Annual Message to Congress, December 7, 1896, said:—

> "Our business interests and all good citizens long for rest from feverish agitation, and the inauguration by the Government of a reformed financial policy which shall encourage enterprise and make certain the rewards of industry."

Senator Teller, speaking in the United States Senate, December 16, 1896, remarked:—

> "I want prosperity in the United States. I believe it can be brought to the people by a decent financial system. I do not believe it can be brought in any other way. I am not so wedded to the silver question, however, as not to welcome prosperity from any source that it may come."

Twenty years of partisan discussion and strife is sufficient. All honest-minded, patriotic men can now afford to submit to arbitration for final settlement their differences of opinion on monetary questions.

Tariff- and currency-reform issues are issues wholly unrelated, and should be separated for consideration and action. Partisans favoring certain measures pertaining to one issue should be prevented from demanding concessions for their proposals as the price of their support of measures pertaining to the other issue. The vital importance of these issues is acknowledged by the prominence given them in the discussions and creeds of all political parties; but there is a wide difference in opinion as to which of the two is paramount. Upon this point opinions may be condensed into three groups:

1. That prosperity can be most effectually secured by a thorough revision of tariff laws to give adequate protection to all American interests, and to increase the revenues; existing currency conditions remaining substantially unchanged, and the agitation for currency reform to cease.

2. That tariff revision to give adequate protection to American interests and to increase the revenues is necessary; that such measures are not of themselves sufficient to induce an era of substantial prosperity; but a comprehensive reform of our monetary system must be effected and the agitation for changes in our currency system by this means be stopped.

3. Agitation for currency reform must result in a comprehensive revision of all coinage, currency, and banking laws; and, until this result is gained, efforts for its accomplishment must continue without abatement. Tariff reform cannot of itself improve conditions or stop currency agitation.

From this grouping the deduction may be made that the objective point of all parties is prosperity, and that a settled condition of the tariff, whether for protection or revenue only, and of the currency, whether under existing conditions or those proposed by the advocates of Greenback-Silver measures, or such other basis as may be agreed upon, is a fundamental prerequisite to prosperity. In this deduction one fact is prominent: For both the tariff and the currency systems stability of conditions must be established, so that those engaged in industrial and commercial vocations may be relieved from the uncertainty, the strain, and the disasters resulting from every Congressional or Presidential election.

By making the tariff the special issue for consideration by the Fifty-fifth Congress, and the currency the special issue for consideration by the Fifty-sixth Congress, the tariff and currency issues may be isolated for consideration and action. To facilitate the work for currency reform, without continuing the confidence-destroying effects of a feverish public agitation, and without permitting it to be interposed as an element of obstruction or compromise in the settlement of the tariff issue, a scientific, practical, non-partisan currency commission, to report in March, 1898, should at once be authorized and provided for.

The consideration of currency-reform measures having been provided for by the creation of a special commission for that purpose, and all proposals pertaining to that subject being referred to the commission, the Fifty-fifth Congress and the Administration will have a clear field for a comprehensive discussion and revision of tariff legislation, the improvement of the revenues, and for all other subjects pertaining to the domestic and foreign policies of the nation. If, by these efforts, prosperity for the whole people is induced, who will be so unjust, so unpatriotic, as to wish to overturn that result? On the other hand, if those who oppose such an adjustment of the tariff as may be made by the advocates of legislative protection for American industries are right, the failure of the effort so to induce prosperity will be a source of never-failing strength to them when the issue of currency reform is before the people for final settlement. By this arrangement the advocates of both issues will have an opportunity to assume the responsibility of their convictions and to formulate proposals for carrying them into effect, each without hindrance from the other in securing consideration or action; for both will obtain consideration simultaneously, the one before Congress, the other before the commission; and each will be brought to final action in a separate Congress,—the advocates of currency reform having the advantage of bringing their proposals for final action before a Congress elected with special reference to that issue.

Another reason for constituting a currency commission, as proposed, is found in the fact that the advocates of the gold standard, of bimetallism, and of Greenback-Silver measures have become so intensely earnest in their convictions that they can see nothing but dire calamity in store for the people, if their peculiar views are not expressed in practical legislation.

William J. Bryan, in his lecture at Atlanta, Georgia, December 23, 1896, said:—

"If I should tell you what system will establish that [least changeable unit] you might believe me wrong. If you told me what system you thought would give me the best dollar, the dollar most nearly honest, I might not agree with you. But when I tell you that the aim of both of us should be to come to the nearest approach to absolute stability and absolute justice between man and man, you must agree with me in the purpose, however you differ from me in the means of arriving at it."

This statement shows clearly that the period for general discussion should be closed, that the time for arbitration has come. When unyielding disputants holding opposing views of methods are in agreement as to their objective point,—and every intelligent, honest-minded person in this country can unreservedly agree with Mr. Bryan in his final proposal,—the only rational course the contestants can pursue is to submit their opposing views to the arbitration of a jury of their peers for adjustment, and agree to abide by the decision rendered.

It is assumed that the personnel of the commission will command the confidence and respect of the people; that it will be composed of men whose intelligence, honor, sagacity, ability, and judicial fairness, considered individually or collectively, will be questioned by no intelligent, honest-minded person. The people can accept the judgment of such a commission as being the opinion of capable men who have deliberately listened to all arguments, examined all evidence, considered the condition and requirements of every section and vocation, and made its recommendations solely for the highest good of the nation. Recommendations so made, and acted upon after having been submitted to the people for approval, will eliminate from future discussions all such base insinuations and derogatory charges as those which followed the revision of coinage laws in 1873, and the subsequent demands for the free coinage of silver. In devising an "American financial policy for the American people" it is not only necessary that the policy shall be right in itself: it is of equal importance that it is believed to be right by the ruling majority of the people.

The recommendations and report of the commission, if made during the month of March, 1898, would be before the people in sufficient time to become the paramount issue in the Congressional campaign of that year. This would bring the proposals of the majority and the minority to a direct issue before the people on their respective merits. The Congress then elected would have no doubt as to what course it should pursue in enacting measures for currency reform, and would not be retarded in its action by other issues of overshadowing importance. Every man who places national welfare and the prosperity of the whole people above party advantage will approve this course. Any man can afford to be proved wrong, if thereby prosperity comes.

An American financial policy formulated by a commission approved by a popular vote of the people, and then enacted into law by their representatives, can be made the soundest, most stable, and most helpful system ever devised for the welfare of any nation or people. It will be as unchanging a cause of prosperity, as beneficent and far-reaching in its power for good, as the Declaration of American Independence and the Constitution of the Republic.

ALLEN RIPLEY FOOTE.

THOREAU AND EMERSON.

EVERY year testifies more and more to the increasing fame of Henry Thoreau,—careless of popularity as he was, and much looked down upon by many of the critics who noticed him when he began to publish his original writings. The recent essays on him by various writers are quite unlike in tone much that passed for criticism thirty years ago,—notably the ill-disguised pique and prejudice of Lowell.

There is now a call for the completion of his diaries of the seasons—which still lack four months of filling out the round year—in the manner of editing chosen by his editor. After that has been done, still much of the journals will remain unprinted; something also of other manuscripts, and a few letters that have escaped the collectors.

One almost fancies Miss Amelia Watson's pretty colored sketches to illustrate Thoreau's "Cape Cod" are too dainty and bright for the sober hues of that cape, and the cool atmosphere of Thoreau's prose; but the varied mysteries and glittering beauties of that region are in this mode of illustration well brought out. The next book to be illustrated should be "Walden," and the lovely tameness of Concord scenery might be reproduced by engravings as it has never yet been. An English edition of poems selected from the "Dial" of 1840–44, containing some of Thoreau's verses, is announced by W. R. Nicoll, with short biographical sketches of the writers. Thoreau hardly needs a biographer; already six books of biography, besides a dozen sketches, have appeared since his death in 1862. The most original of these is Ellery Channing's; the most recent, the shorter "Life" by Henry Salt, Thoreau's English disciple.

Maria Mitchell, visiting Dr. Whewell at Cambridge, England, in 1857, reports him as complaining that Emerson wrote bad English, and imitated Carlyle,—a remark that showed how little the omniscient Master of Trinity knew about the style of either. Lowell could see the contrast between the dialect of these two friends, and pointed it out in a memorable passage in his "Fable for Critics"; but Lowell made the kindred mistake of thinking that Thoreau imitated Emerson. He said much the same about Ellery Channing, between whom and Emer-