

cause by the repeal of the Missouri Compromise and detailed obedience to the demands of the slave-owners. The indebtedness of the country is not confined to the West and South. A large part of the fifteen thousand millions of debt is owed, as well as owned, in the East, and President Cleveland's silver policy has forced every thinking man to consider the evil and the wrong by which the burdens upon debtors in every rank in life have been so inhumanly increased.

II.—A Supporter's View

By Richmond Mayo-Smith¹

In commenting upon the above arraignment of President Cleveland's silver policy I do not think it worth while to discuss the question whether he has fulfilled his party's pledges. Neither is it necessary to consider whether the Democratic party has been false to its pledge to inflate the currency or not. The Democrats of the South who preferred to take their chances on the Democratic platform rather than with the Populists probably knew what they were about. It was commonly understood that both the Republican and Democratic candidates for the Presidency were opposed to "free coinage," while the authors of both platforms "winked" towards silver as far as they dared, in order to catch votes. Probably many gold-money men voted for the ticket because Cleveland stood on the platform, and many inflationists voted for Cleveland because of the platform. However this may be, the real question is whether the policy of repealing the Sherman Act and vetoing the Seigniorage Bill, of maintaining the gold reserve and delaying free coinage of silver until after international agreement—which seems to be the line on which President Cleveland is conducting his Administration—is a wise one.

The panic of 1893 does not seem to me attributable simply to the demand for gold on the part of Austria and Russia. In order to obtain that gold from us it was necessary to sell here our securities, and if it had been simply a question of retaining gold, we could have bid as high to retain it as Austria or Russia to get it. The real reason why our securities sank so rapidly in value was that Europe believed us to be approaching dangerously near to silver monometallism. Our silver certificates were redeemable in silver dollars, our greenbacks and Treasury notes might be redeemed in silver dollars, and must be so as soon as our gold supply was exhausted. The Sherman Act compelled the issuing of new notes every month, which, if presented for redemption in gold, exhausted the reserve, and which, if redeemed in silver, brought us to the silver basis. To attribute the events of the summer of 1893 to simple contraction of the currency owing to European demand for gold seems to me to assign a very inadequate cause for a very great effect.

Mr. Spahr says, still further, that in such times of panic the Bank Act is suspended in England, the German Bank overissues, etc., while all we did was to contract the currency by repealing the Sherman Act. It is true that there was a great scarcity of currency in the summer. But the Sherman Act was not repealed until November 1, so that could hardly have been the cause. Relief came to some extent by the expansion of the National bank circulation, by the use of Clearing-House certificates, and by the importation of gold borrowed on the best securities. The scarcity of currency in midsummer was caused, not by the demand for gold by Austria, but by the hoarding in this country—hoarding due to lack of confidence.

The adequate and only adequate explanation of the panic of 1893 that I have seen adduced is that upon which the repeal of the silver-purchasing clause of the Sherman Act was recommended by President Cleveland—viz., lack of confidence. That is a more potent cause of falling values than the contraction of the currency, for it makes men unwilling to buy at any price. But what connection had the Sherman Act with the lack of confidence? Simply that men believed it to be forcing us to a pure silver currency, and that values would soon be regulated by the silver dollar, worth sixty cents or less. Is it any wonder

that the European holders of American securities hastened to get rid of them! There *was* a "scramble for gold," but it was caused by the Sherman Act, not by its repeal. Distrust contracted the currency with a violence and malignity compared with which the power of the Administration, with all its distribution of spoils to base politicians, seems petty indeed.

President Cleveland is condemned for interpreting the declaratory clause of the Sherman Act, "it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law," as meaning that he should redeem the Treasury notes of 1890, at the option of the holder, in gold or silver. Just before, Mr. Spahr says each Sherman note represented a gold dollar's worth of silver in the markets of the world, so that there was no need of restricting their issue. If so, where was the danger of giving the holder the option of receiving gold or silver? What sense has the declaratory clause if it is not that "coin" means gold or silver at the option of the holder of a United States note payable in coin? It certainly was not necessary to inform the world that it meant an option on the part of the United States to pay gold or silver.

That the silver certificates stand at par with gold certificates and gold coin is not due to the fact that they represent forty-seven cents' worth of silver, but to the fact that the Administration redeems greenbacks and Treasury notes in gold. It is no new fact in economics that a debased currency, if limited in amount and enjoying the confidence of the people, may stand at par. That is precisely the position of the silver certificates. The policy of all Administrations since 1879—and the country has apparently acquiesced in this policy—in keeping United States notes redeemable in gold and treating silver certificates as on the same plane, together with the limited amount of the latter, has kept them at par. It seems to me inconsequent to blame President Cleveland for doing by the Treasury notes of 1890, payable in coin, what had been done by the greenbacks ever since 1879. If Congress intended the Sherman notes to be treated as silver certificates, why did it not make them silver certificates at once?

The selling of bonds to replenish the gold reserve and the veto of the Seigniorage Bill were, of course, in the same line of policy—viz., the redeemability of United States notes in either gold or silver, which keeps our whole currency system on the gold basis. The alternative would have been, not to have repealed the Sherman Act, to have signed the Seigniorage Bill, to have allowed the gold reserve to escape, to have paid United States notes in silver. For not choosing this alternative the President is denounced, not only as a tool of the moneyed classes, but as an enemy of bimetallism and of the debtor class.

It seems to me that we have right here the key to President Cleveland's silver policy, and at the same time its justification. What he has been fighting against in the above measures is not bimetallism, but the sudden jumping from gold values to silver values represented now by 47 on a scale of 100. If that should happen, there would be a dislocation of monetary and fiduciary relations compared with which the evils caused by contraction would seem as trifling as a spring zephyr compared with a Western blizzard.

On this point we have the testimony of one of the most distinguished bimetallists of the world, Professor Walras, of Lausanne, Switzerland. He writes ("Gazette de Lausanne," February 27, 1894):

The monetary system of the world is placed between two chasms. . . . The first is the continuous and persistent lowering of prices due to the scarcity of money in a gold-monometallic system, to the detriment of the active men in agriculture, manufacturing, and commerce. . . . The other is the elevation, at first surely sudden, afterwards perhaps also continued and persistent, of these same prices, due to the superabundance of money which would follow immediate bimetallism, to the detriment of landed proprietors, workingmen, and capitalists.

Professor Walras believes that the second danger is more threatening than the first, because England and the other monometallic nations are already alarmed by the

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scarcity of gold, while the manufacturers and debtor class all over the world are tempted by the prospect of plunder which bimetallism opens to them. He therefore advocates the gradual introduction of bimetallism, adopting successive ratios which would not ruin the creditor while relieving the debtor.

This is the problem to which true bimetallists should address themselves: viz., the establishment of a monetary system which shall benefit both debtor and creditor, the former by enabling him to liquidate his debts with a sacrifice fairly proportioned to the benefit he received, the latter by making his debtor solvent. It is not the capitalist class that will stand in the way of fair adjustment of obligation to real liability. Modern capital is not a Shylock demanding a pound of flesh in order to exact the letter of the bond. It is not often disposed to kill the goose that lays the golden egg; neither is it often so greedy that it is unwilling to accept, or so powerful that it is able to refuse, a compromise—as witness the frequent reorganizations of railroads and “readjustments” of public debts.

This is the problem which I believe is lying in President Cleveland's mind: viz., justice to all classes—to manufacturers and farmers on the one side, to capitalists, salaried men, and laborers on the other. Bimetallism is said to offer a solution. But to be practical it must be by international agreement, and we must know something about the future of silver. If international agreement is impracticable, or if silver is to become cheaper and cheaper, then the prospect for bimetallism is a gloomy one. Obviously, the prudent way is to seek international agreement and to experiment, by the larger use of silver in the currency of the world, to see if we can steady its value. The trouble with the so-called bimetallists of the West and South is that they are silver monometallists. President Cleveland has undoubtedly blocked their plans. If he is to be denounced for that reason, the above arraignment is none too severe. If not, then it is simply incendiary from the standpoint of either scientific bimetallism or gold monometallism.



Forest Preservation

By Charles L. Hogeboom, M.D.

What is the practical problem presented to the American people in regard to this most vital of all political economy questions? A bad tariff law or an unwise financial policy may be repealed or reversed, and in a little while affairs may return to their natural conditions; but the giant forests once destroyed are destroyed, perhaps, forever, certainly for more than a century to come. The former relations, which were less disastrous, between forest and climate, can never be recovered, but the evil may be arrested and confined to its present dimensions, if there is enough patriotism left among the people, and perhaps an improvement may be effected; but it must be remembered that all does not depend upon the action of our Government. British America is a large factor in climatic influence. Her area is as large as ours; the effects of Canadian wood-chopping were felt many years ago in our Middle and Eastern States, and are now seen in the annually increasing storms on the European coast, assisted by our own lamentable folly of devastation. Will the warning be heeded and care taken of the forests on this continent as in Europe, so that we may have what supply is still possible to use in connection with all the substituted material which can possibly be invented? What is the great obstacle to forest preservation? The individual States are not doing their duty. The land is already in private hands, and the owners are selling off their forests to timber speculators. The State Governments should step in and try in some way to arrest such disastrous destruction, either by necessary laws, by purchase, or by the payment of bounty to the owners. As for what is left of the National domain, that is really better provided for than the general public is aware of. Congress early in 1891 passed a law enabling the Executive to withdraw from the National forests and place in reserva-

tions all that might be thought necessary for climate and watershed protection; but an area equal only to one third that of the State of New York, and distributed in fifteen different parcels, is all that can be pointed to in response to the power conferred by Congress. These reservations will have a local use in protecting the watershed where they lie, and will be of great value to the water companies who own exclusive privileges for irrigation; but for more comprehensive climatic functions they will have far less importance. There are areas of timber-land, however, remaining in the States owned by the general Government, and in these States general land offices are distributing with great rapidity valuable forests to timber speculators. An intelligent Alabamian told me a few days ago that the office at Huntsville in his State is kept very busy; and, of course, the Land Office at Washington is being searched by those whose means and opportunities enable them to know where the remaining choice tracts of timber lie, and these are bought at Government prices and sold to timber speculators or lumbermen at greatly advanced prices.

In regard to tree-planting or forest reproduction let us not be too sanguine; there is much delusion wrapped up in that idea. One hundred thousand men planting trees in the deforested Adirondacks could easily lose themselves in the shadows of the vast mountain ranges, and the work which they might accomplish be hardly noticeable for a long time. Much of the growth would be retarded by the torrents of water poured down the mountain-sides, sweeping through the valleys, and carrying away the loose earth made by planting; on level sections more may be hoped for. Primeval forests are the production of long epochs, but the time required for a second growth of any importance is a problem of difficult solution, and of no second growth can it be said that it will ever attain anywhere near a height to make it an important factor in climate conditions. It may form cover for the watershed, but for the power of equalizing electrical quantities between the earth and sky it must be far inferior. The present rate of forest devastation makes it impossible for tree cultivation to keep pace with it. In a report made a few years ago, the present Chief of the Forestry Division of Agriculture informed us that the rate of tree-planting or culture to that of timber-cutting was infinitesimal. The fact that violent storms and tornadoes are increasing with the progress of forest devastation makes it probable that forest-culture will be seriously retarded in the future. It would take at least fifty years to grow trees of even moderate size, notwithstanding the assertions and special pleadings of men who are pecuniarily interested; but in less than that time our population will be over one hundred and fifty millions, and the area required for agriculture will greatly limit the area of forest-planting. The young forests, unless protected by law, will give way to the demands of agriculture, as the timber-lands of the Gulf States “have yielded to the demands of commerce,” an expression used in a letter to me two years ago by a prominent official of a Southern State; and as a consequence of this “yielding to the demands of commerce” the State of Mississippi has a large portion of her rich alluvial lands covered with the gravel-washings of the awful floods which have often recently covered miles of country bordering on her rivers. The other Gulf States are following her example, and unless the “yielding to the demands of commerce” is stayed, and men relax their avaricious grasp, those States will be added to the melancholy catalogue. A doubt about the degree of success of forest-culture from planting may seem to some minds not to have sufficient foundation, but we have only to look at the condition of portions of Asia for examples where it is certain that any attempt on the part of man to restore former conditions of forest cover would fail.

But are we moving in the right direction of either forest preservation or restoration by such action as we are threatened with by the State Legislature and indorsed by the National Congress of Forestry Associations recently held at Albany, where it was decided not to recommend the re-enactment of the beneficent forestry law of 1885, which so wisely prohibited the cutting of timber on State lands, and which created much dissatisfaction in the ranks of