

## HORR AND HARVEY.

## SIXTH SESSION OF THE GREAT SILVER DEBATE.

The Question of Ratio Still Under Discussion—A Representative Gathering of Distinguished Men Listens to the Heated Words of the Contestants.

(Copyrighted, 1895, by Azel F. Hatch.) Chicago, July 23.—The Horr-Harvey silver debate was continued to-day before a representative audience, including merchants, bankers and wage-earners, not only of Chicago, but from throughout the country as well. Today's discussion was continued on the question of ratios between gold and silver. In the following report the most essential parts of the controversy are fully covered.

## Mr. Harvey Summarizes.

Mr. Harvey—The debate at the last session is of value in this:

1. That during the 30 or 40 years prior to 1873 silver was seeking the mints to be coined into silver dollars, and that any contrary statement is not true; that the \$2,000,000 and more that thus were coined at the mints in the two years immediately preceding demonetization were for circulation in Nevada and California, where they had refused to use the paper money in their circulation, and were using gold and silver.

2. That by the table copied from the official reports from Washington, for about 200 years prior to 1873 the commercial ratio between gold and silver was at the legal ratio of 15½ to 1 fixed by France during the period that ratio existed, and with the legal ratio that was fixed prior to that, and that there was no difference between the legal ratio and the commercial ratio in that 200 years except the cost of exchange, and that for the 22 years since 1873 the legal ratio and the commercial ratio, as we claim, by reason of demonetization, have separated rapidly and gone from practically 15½ to 1 to 32 to 1.

3. That by the table represented in kilograms taken from the same official reports from Washington, the quantity ratio in the world in the 328 years prior to 1873 between silver and gold ranged from 56 of silver to 1 of gold to 4 of silver to 1 of gold, and that during all that time and during those fluctuations the commercial ratio hung tenaciously to the legal ratio, the quantity ratio seemingly in no way affecting the legal ratio or commercial ratio.

4. That by the table of prices of silver as measured in gold in London from 1833 to 1894 we see that the price of silver there, as measured in gold, up to 1873 was practically steady, cost of exchange being sufficient to account for the slight fluctuation. But that since 1873 silver in the London market, as measured in gold, has rapidly declined from 60 pence per ounce to 28½ pence per ounce.

5. That this violent fluctuation and depression of silver has only come since 1873.

Why the London market of silver in gold is taken in quoting the price of silver is this: England went to the gold standard in 1816, and since then London has become the market of the world. In 1844 the Peel act of England required the Bank of England to pay a certain stipulated price for every ounce of gold; there free coinage to gold was fixed in that way, so that growing out of their gold standard and the Peel act of 1844, exchanges being drawn on London from all portions of the world, gradually a custom grew up of meaning gold when you spoke of exchange, until it finally became a habit among our bankers in the United States to say things are worth so much in gold. It was the dominating influence of London and England on the financial world that caused the custom to arise of speaking of gold prices.

## Alleged Errors in "Coin."

Mr. Horr—Gentlemen: On yesterday Mr. Harvey stated that I had found but one error in the statements in his book, and he defied me to call attention to any other mistake that he had made. The mistakes that are made in Mr. Harvey's book are, many of them, not mistakes as to the words he uses, but misleading inferences from positions which he takes, and which he, giving him credit for the ordinary sense of an ordinary man, must have known when he printed and published such statements. I will now, in my opening remarks, call some attention to what I mean. In your book, Mr. Harvey, you say:

"It is estimated by all men of judgment who have given practical attention to mining, that the silver now in existence has cost not less than \$2 per ounce, and many put it much higher."

You will find that in "Coin's" book, page 74, I deny that men of judgment and experience claim any such thing. I assert that every man of any common sense, who has studied this question, knows instantly that that statement is not true; knows instantly that silver has not cost that much for production, because silver has been constantly increasing in production at a low price, running from \$1.20 an ounce down to 57 cents an ounce. According to this statement the silver-miners and men engaged in producing silver lost in the year 1894 \$34,000,000. They increased their production in 1893 so that they would have lost that year \$73,000,000. Again, in '94, the increase was so large that they lost \$109,000,000, a total loss in three years of \$263,000,000. Now, there is an old rule somewhere that "a burnt child dreads the fire."

Again, Mr. Harvey says on page 39 of his book: "There is in the world now, according to the report of the director of our mint, \$3,727,018,869 in gold and \$3,820,571,346 in silver."

The mint director didn't give that as the amount of silver and gold in the world at all. The director of the mint

gave simply the amount of coin supposed to be then in existence. Mulhall, whom you refer to as good authority, gives the stock of gold coin and bullion in 1890 six thousand million dollars, and the amount of silver at about six thousand million dollars. (Mulhall's "Dictionary of Statistics," page 309.)

"Coin" tells us on page 53: "We have in the United States in round figures \$1,600,000,000 of all kinds of money." The statistical abstract of the United States, page 30, says: "The total amount is \$2,420,000,000." That gives one amount, you give another. You tell us, page 53, "We are paying England \$200,000,000 annually in gold in the payment of interest on our bonds, national and private bonds, national and private bonds owned by her people." Who says that, Harvey? I deny it and defy any proof that will show that we owe all the countries of Europe combined that much; that is, the bonds that would require that much of interest to be sent abroad. I defy him to prove anything of the kind. You state that the indebtedness of the United States is forty thousand million dollars; that is, that the people of this country, if that be true, owe nearly two-thirds as much as all the property in the United States is worth. I brand such statement simply as false. I don't say that Mr. Harvey doesn't believe it, because it is impossible for me to tell what a man in his state of mind may believe (laughter), but I say the fact is contrary to his statement.

## Cost of Production.

Mr. Harvey—When we reach the cost of production of silver I think I will make Mr. Horr feel like the ordinary eastern man who has spent \$100,000 in western silver mining and taken about \$250 out, and will satisfy him about the cost of production. (Laughter.) When he refers to the amount of gold and silver in the world he omits to say that my statistics gave the amount of gold and silver available for use as money. Its quantity for use as money is the subject we are interested in. It will do him no good to jump around in "Coin's Financial School" from one to the other of it, before we get through. He is not going to distract me from the regular line of the debate. (Applause.)

I now distribute among you a table showing the world's production of silver and gold from 1792 to 1892, taken from page 103 of the book last referred to, the "Official Coinage Laws and Statistics," issued by the treasury department at Washington, and I pass the book to Mr. Horr. I now make the table a part of my remarks.

Mr. Horr—My friend Harvey insists in conducting this debate without permitting me to refer to anything he has said in the previous part of the debate unless it comes in order according to his idea of order in his book. It is easy to see why he does that. He has a portfolio filled with written essays, worked out by him or somebody, I don't know who (laughter), which he proposes to read in his order. I came to the city of Chicago without a syllable having been written and supposing that this was to be a sort of stand-up fight, and every word I read is called out by the statements that he makes here on the discussion. It may be annoying to him, I am sorry if it is (laughter), but I am running this business to please myself. (Laughter.)

page 116 of "Coin's School." Now, the corn crop of Illinois in that year was 217,000,000 bushels; the corn crop of the United States was 1,092,000,000 bushels that same year. In 1893 you state that the corn crop of Illinois was 160,000,000 bushels, which you teach to the people governed the price of corn in the United States that year, whereas the product of corn that year in the United States was 1,619,000,000 bushels. Now, what I want is, Brother Harvey, that you should tell us how that little tail in Illinois corn crop wagged the whole dog in the United States. (Applause.) In another portion of your book you state, at least by implication, that the farmers' products will not buy as much of all kinds of commodities, except labor, as in 1873. You do this on pages 121 and 122 of "Coin's School." That statement is misleading and untrue.

## Objects to Ridicule.

Mr. Harvey—Mr. Horr will make nothing by abusing or ridiculing me; the intelligence of the American people demands something higher than that. (Applause.) When he called your attention to the illustration in the "School" of the government entering the market for horses—which speaks for itself in the book and needs no defense—Mr. Horr should have thought of how the government fixes the price on gold. You take a certain quantity of gold to the United States mint and it is coined and given back to you in so much money. The price of gold as money is fixed. Now, we ask the same thing for silver, that's all (applause), and we believe this government can become more prosperous and more easily keep out of the hands of pawnbrokers of the world with two metals for money than it can with one. \* \* \* Unlimited free coinage at the mints guarantees a substantial parity. But if by reason of supply or a corner on one of the metals, or from any other reason, one of the metals is enhanced in value, the debtor exercises his option to pay in the other metal, and this transfers the demand from the dearer metal to the cheaper metal. A break in the commercial parity causes the cheaper metal to be used. This increases the demand for the cheaper metal. This increased demand restores the value of the metal that has thus fallen below a parity and brings it back to parity.

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## Won't Follow Mr. Horr.

Mr. Harvey—The rules governing this debate are that we are to discuss "Coin's Financial School" in its order, and that is exactly what I am doing. That Mr. Horr does not find himself prepared to discuss in that way is no reason why I should follow him in all the somersaults that he makes.

I now proceed with the discussion as logically arranged by the rules. There are two kinds of money, in the general sense in which we use the word money. One is primary money—to use the expression "money" only would be more proper—the other is representative money. The latter is something that represents real money. For the purpose of the uses to which it is put. This use would quickly wear out paper money. Thus copper cents have always with us been token money, and nickel five-cent pieces also, since they came into use. No attempt is made to maintain the commercial parity of these metals at any ratio with the metal out of which primary money is made. They simply represent real money and are redeemable in real money.

Now, Mr. Horr wanted me to take up that subject when he was discussing that verse from the bible in the fly-leaves. I now reach it at the place where it is discussed in the book. Gold (our present primary money) is now the measure of values. Mr. Horr has told you that that is a fact. He and I agree. Silver and gold working together, as before explained, virtually as one metal, was formerly the measure of values. What is meant by measure of values is that the price you receive for a commodity you take to the market is governed by the supply and demand of the other commodity from which real money is made.

The quantity of gold now in the world available for money, as we shall see later when we reach the fifth chapter of "School" is in bulk the size of a cube 22 feet. Now, suppose a mountain of solid gold was suddenly discovered that was the cube of a mile—that is, a mile high, a mile wide and a mile long—and after this discovery you went into the market to exchange your tobacco for money (gold being the substance from which money is made), you would get in exchange for your tobacco a much larger quantity of money than you do now. The, say 3 cents a pound you get for it now represents its exchange value with gold, and the 6 cents a pound you once got for the same grade of tobacco represents its exchange value with

silver when silver and gold both were used as real money. (Applause.) \* \* \* Bear in mind one thing through this whole argument—that supply and demand regulate the value of money, the same as of all other property.

## The Reason Why.

Mr. Horr—I now proceed to take up the question as to why the people of the civilized world refuse to take up Mr. Harvey's plan. I admit it, that the nation that first demonetized silver did so because they considered the mineral unstable, variable in price, and that afterward the element of cheapness came in. \* \* \* Now, it matters not, as far as this debate is concerned, what all the nations of the world altogether might do with silver, Mr. Harvey. In your book and yesterday in every statement you made you used the term that if the "mints of the world" would give free and unlimited coinage to silver on a certain ratio it could be maintained. I have not denied that. That is not the question we are discussing. The question we are discussing is, After the entire civilized world has refused to use silver as money of final redemption and still refuses to use it, can the United States singlehanded and alone afford to put itself upon a silver basis and join Mexico, Chili and Tripoli on this subject?

I have always stated that I hoped some day the business men of the world would get together and agree upon some standard, taking into account the increasing production and necessary fall in price of silver, and fix upon some business plan whereby we could use both metals as the money of redemption. But for this nation to start out single-handed and attempt a thing of that kind would be financial ruin to the people of this country (applause), and it is against that which I protest. Now, I have a table taken right from "Coin's" book, which I purpose to publish, Mr. Harvey; taken from your book, the product of silver since 1874 as far as you go; I have added to it from the mint reports the product of 1893 and 1894. I shall put this table in my remarks and make it a part of my talk.

## Production of Gold and Silver in the World, 1873-1894.

Calendar	Silver (coins)	Gold.	ing value.)
1874 .....	\$ 90,750,000	\$ 71,500,000	
1875 .....	97,500,000	80,500,000	
1876 .....	103,700,000	87,600,000	
1877 .....	114,000,000	81,000,000	
1878 .....	119,000,000	95,000,000	
1879 .....	109,000,000	96,000,000	
1880 .....	106,500,000	95,700,000	
1881 .....	103,000,000	92,000,000	
1882 .....	102,000,000	111,600,000	
1883 .....	95,000,000	115,300,000	
1884 .....	101,700,000	105,500,000	
1885 .....	108,400,000	118,500,000	
1886 .....	106,000,000	120,600,000	
1887 .....	105,775,000	124,281,000	
1888 .....	110,197,000	140,706,000	
1889 .....	123,489,000	162,159,000	
1890 .....	113,150,000	172,235,000	
1891 .....	120,519,000	186,733,000	
1892 .....	130,817,000	196,605,000	
1893 .....	157,238,000	209,165,000	
1894 .....	181,510,000	214,381,000	

Now, this table shows—and the table that he exhibited to you and exhibited around shows the same as far as it goes—that since 1874 the production of silver has been constantly on the increase. Gold since 1875 has been constantly increasing in quantity, too—but gold has increased since 1873 from \$90,750,000 worth in one year to \$181,510,000—just about double. Silver, in those same years has increased from \$71,500,000 up to \$214,381,000; while gold increased just about three times.

## Harvey on Primary Money.

Mr. Harvey—I was discussing the relation of primary and credit money, and had called your attention to the fact that supply and demand regulated the value of gold, out of which our primary money is now made, the same as supply and demand regulates the value of all property, and you only needed to have your attention called to that.

The lesson for you to learn is that primary money, now gold, gives to its representative credit money the same purchasing power that it has itself. Mr. Horr has learned this lesson. \* \* \* So all our forms of money have their value fixed by gold, and on this Mr. Horr and I agree, if I understand Mr. Horr.

## Mr. Horr—That is right.

Mr. Harvey—He says that is right. \* \* \* There was no paper money in California between 1850 and 1875, and very little between 1873 and 1880. When visiting California as late as 1884 I found gold and silver to be at least two-thirds of the money in use. It is hard for one accustomed to paper money to understand this, unless he has been in a country where no paper money is used. In California, gold and silver were carried in the people's pockets. A \$20, a \$10, two \$5's in gold and \$5 in silver was not regarded as inconvenient, and the remainder of their money in gold and silver was deposited in banks. And yet between these years gold and silver prices were as high in California as they were with us. Paper money circulating with us did not take away from silver and gold prior to 1873, or from gold since then, any of its exchangeable value, nor did it add any to coin prices with us as compared with prices in California, where there was no paper money. Mexico has no paper money (see article, "Romero, Mexican Minister," in June number, North American Review), and yet wheat is worth there \$1.30 per bushel in silver, the equivalent of our gold price for wheat here, where we have paper money representing gold. And corn in Mexico is worth \$1.50 per bushel, more than its relative value here in gold, where we have credit money to reinforce gold, and Mexico has no credit money to reinforce its silver.

When the law makes a certain metal

the measure of values, as it now does gold, or two metals in concurrent coinage the measure of values, it is mistaken idea that paper or tokens issued to represent this money increase or decrease their exchangeable value, except in the sense that they may facilitate the exchange. Mr. Horr says in the Weekly New York Tribune of June 19th (the paper is here, Mr. Horr), "Paper money is worth only the value of the money in which it is redeemed." And Mr. Horr is right. I do not mean to say that paper money cannot be made primary money, as we may see later, but it does not become the measure of values when only representing primary money. To be a measure of value it must represent itself only. Any one who denies the proposition that primary or real money alone is the measure of values is asked to consider this: With relative production of silver to gold since 1873, not accounting for the decline in silver since that year, why is it that silver is worth only 50 cents now, as compared with 100 cents in 1873?

## Production Since 1873.

Mr. Horr—Any business man will only need to look at the table of production of silver and gold since 1873 to be able to ascertain that the law which I partially illustrated yesterday operates in reference to silver as well as in reference to every other commodity. Silver does not represent to-day the same amount of labor, of work, that it represented in 1873. It is cheaper because the demand and the supply are in such relations to each other that it makes it cheaper, just as wheat has been cheaper, and for the same reason. Mr. Harvey is mistaken. Prices are not governed or controlled by the amount of primary money in any country or in the whole world, so far as I know. No political writer of