

## IR AND HARVEY.

## EIGHTH DAY OF THE GREAT FINANCIAL DEBATE.

The Money Purchasing Power of the Products of Labor Since the Civil War Opened—Water Power Used as an Illustration.

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Chicago, July 27.—The Horr-Harvey debate was continued to-day before the usual demonstrative audience. The most essential points under discussion are covered by the following stenographic report:

## Good Times After '73.

Mr. Horr—Now, what occurred after the passage of the law of 1873? Those occurrences have a direct bearing on the question we are discussing. We resumed specie payments in 1879, and, as Mr. Harvey himself stated, you cannot get at the real changes occasioned by the law until after we resumed specie payment. By that time the high prices had fallen off—that is, the nominal prices—because the measure in which they had been valued had been advancing all the while, not on account of any change in the value of gold, but on account of the paper money which we were using as the measure constantly appreciating in value until it finally reached par with gold. At that time prices as compared with 1860 were as 106.9 to 100 and wages were as 141.5 to 100, showing that the wage earners were receiving much better pay—nearly 50 per cent—than they received in 1860. But the purchasing power of wages was 132.3 instead of 100, while the average amount had increased from 100 in 1860 to 141.5. Now, labor was better paid and men enjoyed the necessities and comforts of life to an enormously greater degree, notwithstanding silver had at that time declined from 100 to 84.7. Thus it will appear that in 1890 all wages had risen from 100 to 158.9, and the purchasing power of wages had increased more than 72 per cent.

In 1870 the average of all prices was 142.3; wages 162.2, and the purchasing power in greenbacks was 114.1.

In 1890 prices were 92.3, wages 158.9, and their purchasing power in gold was 172.1, showing that the wage earner for his day's work got one and nearly three-fourths as much of the things he needed in 1890 as he could have got in 1870.

Now what I ask you as I close my first talk is this: Why did you select your data from England and undertake to base your argument upon English prices when you could have found the prices all tabulated and shown accurately by a committee of your own country, about articles which we are using here in the United States?

## Hard Times After '73.

Mr. Harvey—The London price of wheat affects the price of our wheat on the Chicago market. In the official book we have been using here from Washington, entitled "Coinage Laws, Appendix and Statistics," there are three tables. One is the Sauerbeck table, one the Sauerbeck table, and the other the Aldrich table. The Aldrich table is the one he refers to as containing 249 articles. It was made by a senate committee of which Senator Aldrich was chairman. He called to his aid principally gold assistants. Unlike Sauerbeck, they were not free from a desire to make as good a showing as they possibly could for prices in the United States. When it is known that Edward Atkinson was one of the men who assisted in making it (the report so assisted) one can judge of the bias that enters into it.

This man Atkinson has recently said in an article published over his signature in a Chicago newspaper that the proper way to deal with a silver man is to hit him over the head with a club. This Aldrich report was made in 1891, when the men making it supposed prices had reached the lowest point they would possibly go to. And yet it shows a decline in prices of 30 per cent below 1872 and 8 per cent below the prices of 1860. Mr. Horr has repeatedly called you attention in this debate to a new system of measuring property. It is a system that he calls the human toil unit. It is a deceptive argument. It is ridiculous to an intelligent man to have this financial argument confused with a confusing proposition of the human toil unit. Human toil sells its services for a medium of exchange which it can exchange for the substance and necessities of life. And I can only reply to Mr. Horr's argument on that question in the language he used to Mr. Brown himself—that it is so absurd as not to be considered soberly.

## Wants Fair Exchange Value in Money.

The gold standard men are constantly pointing to the gold dollar as being worth 100 cents as measured in itself—of course it is. It is a self-evident proposition, as measured in itself it is worth 100 cents. What we want to consider is the exchangeable value of money with property and the exchangeable value of property with money. And from these combined tables that are now a part of this debate you learn that lesson and you learn it in a way that no confused argument that can be put into the controversy can affect you.

## Calls Free Coinage Socialism.

Mr. Horr—I was writing in reply to a man who thought we ought not to have either gold or silver, a man who believed as my friend Harvey used to teach only a little while ago, that every kind of money should be a piece of paper stamped by the government, and anybody that will read the article will see that he was only a greenbacker of the old sort, but his theories were ab-

solutely so ridiculous that they were contemptible. (Harvey here entered a denial and referred to stenographer's notes.) What I said in reference to his theories being ridiculous was not in reference to his measure of value at all. It was his whole attempt to substitute a paper dollar based upon nothing with which to do the business of the country. That is where Harvey will land yet. The disease he has never dies out. He hasn't reached the last stages of it. That is the trouble. What he wants and what these people are after is to destroy all values and to destroy all property and to put this nation on a socialistic and anarchistic basis. (Cries of "No! No!") Now as to banks. Why is it that Mr. Harvey feels called upon to enter into a tirade against banks, and to indulge in such a torrent of abuse against bankers? Men may occasionally invest their money in bonds and mortgages and not become scoundrels by so doing. A man may even be an honest believer in monometallism and not be either a thief or a robber. Indeed, a man may even believe that silver has had its day and should never again be used as standard money; he may believe that honestly, though Mr. Harvey may differ from him. Though I may not agree with him, he may be just as clear-headed, just as good a friend of humanity as either of us, "with charity for all, with malice toward none." We should strive to convince those who differ with us of the error of their ways, but never lose sight of the fact that we may be in the wrong and they may be in the right.

Banks are a natural outgrowth of civilization. They have been continually improved to meet the growing business of the world. No nation can economically do its business without the aid of banks. When well managed they bless the people in any and every community where they are located. They add business and power to every dollar of the standard money in existence. They make a dollar in gold do more than twenty dollars used to do.

## Failures Followed Demonetization.

Mr. Harvey—Notice the failures prior to 1862, when bank credit was supplying the people with money. Look at its terrible ravages in the last ten years; 115,000 business concerns have gone into bankruptcy. How is it now? At least that many more are hanging on by their eyebrows. This is the reward of human energy and thrift. I do not mean to say that all these failures are to be attributed to this cause, but I do mean to say that the credit system of money, with its tax of \$200,000,000 annually, will account for every dollar involved in these failures. If we had more real money instead of bank credit money there would be comparatively few debts and few failures.

The first lesson to learn is the necessity for money. Civilization is so constructed as to make it a necessity. Our social fabric, by which our vocations are classified, makes of it a medium of exchange and necessity. To relieve the demand make money no more desirable than any other property; to take that one great strain from the human mind and turn it in a higher and nobler direction is the true study of economy and statesmanship. It is not a craze for money that civilization needs, but a craze for building up nice homes, for building up character, for studying the universe in which we find ourselves, and in advancing the destiny of the human race. This we will do if we will but break the influence of this money power. The monopoly of it has encouraged all forms of monopoly, and when we have destroyed this influence we shall be more competent to judge other questions that are sustained by the cultivation of a selfish principle.

## The Masses Are Restless.

The masses become restless. Why? Because they have become poor; because they have been deprived of the necessities of life. They become restless, then comes crime, as I am giving you from the statistics in this debate. Then comes poverty and suicide and insanity. The country goes morally and politically crazy. Then comes the necessity for martial law; then comes the necessity for gatling guns and repeating rifles, for an increase of the police force, and for a standing army. In the last three weeks, and for the first time in the history of the United States, a general order has gone from the president of the United States to the commander of the army, laying down rules for governing the United States army in the control of mobs and riots. We are trending to monarchy, and it is wrong for Mr. Horr or any other man to shut his eyes to this defect in our civilization that I am now pointing out.

If you would save liberty in this land, if you would preserve this, the United States, from the fate of Europe, it is your duty to do it, and it should become your pleasure to do it, and to do it you will act like intelligent men and you will act like free men.

## Per Capita Circulation.

Mr. Horr—I desire to say that before we complete the debate I will give my friend Harvey due notice that his table on debts will receive all the attention that he will like to have given to it, and I will then reconcile my statement entirely that I made here the other day with the facts in the case. I will show that it has no reference at all to the debts that he gives, and that they cannot be included in the \$40,000,000 that he made the people of the United States owe.

## But just now, during this talk of mine, I want to call the attention of the country to the fact that Mr. Harvey, true to the doctrines generally taught by his school, is mystified because he takes it for granted that the business of a country entirely depends upon the amount per capita of the circulating medium. He insists that if you shrink that you ruin the business of the country.

We have in this country \$26.02 per capita. We have banks, too, scattered

all over the United States, and money is a plethora in this country to-day. There are hundreds of millions of dollars lying idle simply because there is nobody to use it. Did you know that? Why, my friend Harvey and all of you men who think that way, as usual, get the cart before the horse. It is not an abundance of money that makes business active; it is business that makes money active, in this world of ours. And until you can comprehend that point, Brother Harvey, you will never understand this financial question at all.

## Bankers Not Scamps.

Mr. Harvey carries the idea that the banks are constantly fleecing the people and that they have their harvest when the people are in distress. Why, there never was a greater fallacy taught to the American people. Bank is never make money when money is scarce, never make money in a panic, never make a great deal of money when interest is high. Bankers make their money when business is active, when interest is low, when their deposits are all the while increasing, when the people have confidence and there is something to loan. He upbraided the banks because they loaned part of their deposits and made interest on them.

Why, a bank—the first great effect it produces in a community is to set the money to being used a second time. The great bulk of the money of this country is used that could not be used at all under the old system or without banks. Men would have to have it in their drawers, in their pockets, in their till, have to keep it for emergencies. Now they deposit it in the banks.

He seems to think the bank does nothing but just gobble interest. The banks pay interest to depositors in most instances, in all savings bank instances, and they make the money of depositors earn an enormous sum, millions upon millions each year, that they never get a cent for but for the banks investing it and paying them interest on these deposits. They can't pay interest on deposits if they don't get some interest themselves.

## Consequences of Lateness.

Mr. Harvey—At the conclusion of this debate Mr. Horr and I have 2,500 words each at our disposal, to write at our leisure, within seven days after the debate, to sum up the debate, and anything in Mr. Horr's argument that I do not reply to to-day I will attend to in that summary, because there is only a short time left to us, and I want to answer some matters that have been introduced into this debate at the earlier stages.

I want to speak a few moments on the proposition that wages have increased. Laborers are of two classes. One class is the kind that produce something with their labor, and depend on selling what they produce to receive pay for their labor. Under this class come all our farmers. If one of them produces with his labor 100 bushels of wheat and gets \$50 for it, then \$50 is the price of his labor. But if he sells the 100 bushels of wheat for \$100, then he has received double the pay he did formerly. We have seen how the farmer loses; also those who must sell what they produce to get pay for their labor. This has discouraged those vocations and men and women have drifted to the cities. The cities have proportionately outgrown the country in population. With the unemployed comes underconsumption. The trend of population should be to the country. To secure this there must be an inducement; farming must be made profitable. You must advance prices so that the farmer can pay his taxes more easily, so he can sell his produce for more money. The rural population will thus increase. The farmer can live on what he raises. This makes him independent, and an independent citizen is a good citizen and is no man's slave. He is a patriot, and such men make a strong government.

## Make Wage Earners Happy.

Our national policy should cultivate the dignity of the country home. Prosperity and love of home among the producers of the soil build up individual and national character. This policy will draw away from the ranks of the wage-earners, give them happy homes, and leave the supply of wage-earners less than the demand. And this will raise the price of wage-earners' wages. The man who now has work or a situation and selfishly reasons that he benefits himself by maintaining a dear dollar is neither broad nor humane. He is assisting in wrecking his country, and it may be too late to remedy the error when he, too, is without employment.

Mr. Horr—I have already called the attention of the country to the fact that the little boy Cain is absolutely without knowledge of mathematics or correct information concerning wealth, property or money. In his book the boy says, and Mr. Harvey in his debate repeats the assertion, that foreigners own real estate, personal property, bonds, stocks and mortgages in the United States to the amount of ten thousand million dollars.

I now state that there is no shadow of authority for such a statement, and when Mr. Harvey reads my statement as to the short time debts he don't get out of his trouble, because the debts I referred to were those that accumulate every day, and every man who does an hour's work, when the hour is completed, has a credit for the amount of that work, and that work every week amounts to a fabulous sum.

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Mr. Harvey—I was discussing at the last session the banking system and the short supply of money to supply the normal demand for business. I showed you the normal supply required, and to show you the difference between having the money in existence and having the banks supply it with their credit system I here hand the stenographer a table of failures as it appears in the January number, 1895, of Dun's Review, to be copied and inserted at this point of the debate:

## Failures for Thirty-Eight Years.

Year.	Failures.	Amount of Liabilities.
1857	4,932	\$291,750,000
1858	4,225	95,749,000
1859	3,913	64,394,000
1860	3,676	79,807,000
1861	6,993	207,210,000
1862	1,652	23,049,000
1863	495	7,893,000
1864	520	8,579,000
1865	530	17,625,000
1866	1,505	55,783,000
1867	2,780	96,666,000
1868	2,698	63,694,000
1869	2,799	75,054,054
1870	3,545	88,242,000
1871	2,915	85,252,000
1872	4,069	121,056,000
1873	5,183	228,495,000
1874	5,830	155,239,000
1875	7,740	201,900,000
1876	9,692	191,117,000
1877	8,872	190,669,936
1878	10,478	234,383,132
1879	6,658	93,149,053
1880	4,735	65,752,000
1881	5,582	81,155,932
1882	6,738	101,547,564
1883	9,184	172,874,172
1884	10,968	226,343,427
1885	10,637	124,220,321
1886	9,434	114,644,119
1887	9,634	167,560,944
1888	10,679	123,829,973
1889	10,882	148,784,337
1890	10,907	189,856,964
1891	12,273	189,863,638
1892	10,344	114,044,167
1893	15,242	346,779,889
1894	13,885	172,992,856

It shows that during the years of the war, when there was plenty of money, and the total volume was confined to what was known as the Union side of the controversy, making about \$40 per capita, the number of business failures was reduced to a minimum.

See, as you look at it, see how the contraction of the currency, beginning in 1866, increased the failures. Follow it now along down the years to 1894, and note its ravages as demonetization and bank credit, with its terrible tax on the people, were substituted for real money.

## Defending Banking System.

Mr. Horr—I must return to the question of banks. To a man accustomed to doing business at the present time the present methods of conducting commercial transactions are readily understood.

That the quantity of gold in the world has not increased as fast as the business of the world has increased I admit. But it does not take as much standard money to do the same amount of business to-day as it formerly did.

Human ingenuity has devised methods so that one hundred dollars in gold will do the same work that more than two thousand dollars used to do. Hence Mr. Harvey's contention that the quantity of the standard money alone determines its value is incorrect.

This increased power of gold which enables one dollar to do the work that twenty or more dollars used to do diminishes the actual demand for the metal itself, and hence prevents the burden he talks so much about being anything like in proportion to the amount of the business done in the world. Ninety-five per cent of the entire business of this country is done without the exchange of a dollar of currency. But it is all done on a gold basis, with a gold measure for value. While the gold is the measure of value the business is done by using all kinds of credit as a substitute for the money itself.

It would be correct to say that, all other things being equal, the quantity of water in a running stream would measure its value as a power to be used to aid man in the production of commodities. Yet the same quantity of water turning an old fashioned undershot wheel will not compare in its benefits with the power obtained from the same quantity of water when mills are located along the bank of the stream at successive falls, and the same water is used over and over again with turbine wheels, which take the place of the undershot, and thus increase the power in every mill, obtained from using the same water.

Thus it is that the work which can be done with the same amount of gold is enormously increased by our new methods of bookkeeping and banking. \* \* \* But I now come to the keynote of Brother Harvey's entire system. He bases his new philosophy entirely upon the theory that the people of the world are mostly in debt. You won't deny that (turning to Mr. Harvey.) It does not occur to him that the debtors and creditors, when you speak