

OPEN LETTER TO REED.

The Writer of This Letter is an Old Soldier—a Life-Long Republican and an Old Friend of the Editor of this Paper.

CHICAGO, ILL. Sept. 8th, 1896
HON. THOMAS B. REED:

Dear Sir:—At an assembly of American Mechanics at Wm. J. Busses shop, No. 84 Market St. I had the pleasure of listening to the reading of the two speeches that you delivered at Alfred and Portland, Maine. It is difficult presumption on my part to address one possessing the marked ability and high reputation you enjoy, especially as my only claim to consideration rests on the fact that I am an American, and in response to the solicitation of those assembled I have consented to address you, trusting you will excuse the liberty I take.

I take the ground that you labor under a misapprehension of the facts which show, notwithstanding the fact that during the period of time from 1792 to 1834, before this nation had grown in influence and power, the official record, page 59, from U. S. statistical abstract of 1892 shows that for a period of forty-two years in succession gold and silver did not part company in value to the extent of two per cent, and this difference is accounted for by the different ratios fixed by the different governments and the cost of exchange.

The United States constitution gave the power to congress to coin money and regulate the value thereof. Congress adopted silver and gold as money; that is it fixed what should constitute a dollar. Congress fixed the unit to consist of 371 $\frac{1}{2}$ grains of pure silver; gold was made money, but its value was calculated from the unit which was a dollar. The ratio between silver and gold was fixed at 15 to 1, then changed 16 to 1: the gold coin of 23 2-10 grains of gold was by law made equal to the unit, but is not a unit itself, but the value of a unit. The name "dollar" on the gold coin in law signifies that the coin was equal in value to a dollar. The gold coin by law was made a dollar in value, but not the dollar itself. The silver dollar by law was made a dollar, the unit of U. S. money; it was the yardstick that measured or by which the values of the other coins were regulated, and whenever any changes were made in the ratios between the silver dollar and the gold coin the change was made in the gold coin; the unit of value, the silver dollar, remained unchanged until the year 1873.

Our dollar was silver with gold as a companion metal of equal value, possessing the same money value. But both were primary and redemption money, and full legal tender for all debts whatsoever; both possessed the privilege of free and unlimited coinage, and entered the mint side by side with equal legal power and importance. Those equal conditions up to 1873 constituted our American system of bimetallism and the official record shows that as long as this system was permitted to operate silver was the favorite money, and averaged a higher price than gold and was constantly at a premium over gold for twenty years in succession prior to and ending 1873. This bimetallic system was the expression of law and worked to perfection until Congress passed an act purporting to be a revision of the coinage laws covering 15 pages of our statutes and woven in this mass of detail matter, was the necessary provisions to destroy the right of silver to free coinage and legal tender in the payments of debts (except to the amount of five dollars) and as a unit of value of U. S. money. With a stroke of a pen its use and importance was destroyed, and one half of the redemption money of the U. S. was wiped out of existence, thus impairing the security of pledges resting on the redemption power of both silver and gold coin. In disposing of the use of silver its value shrunk, in the proportion that its importance shrunk. When you increase the importance of an article you increase its price, in taking away the use of silver and thereby making gold the only redemption money you magnify its importance and thereby increase its value.

There are those who fail to see that law effects values, but to illustrate—suppose there is a warehouse in which there are a

million of rifles and to-day by law they are adopted by the U. S. for use in the army, that law gives them use and increases their importance, and thereby their value is increased; we have warehouses in nature possessing silver and if the law decrees it shall be again adopted as redemption money, its former use and importance will be restored to it, and with these, its former price.

England has a law, and enforces it, that one ounce of gold shall never be worth less than three pounds, seventeen shillings and nine pence sterling, and compels the Bank of England to pay that price for all the gold that may be offered.

Law gives to each, gold and silver, their importance and use as money, and creates for them a demand which lifts them above the level of a commodity. There are two standards of values that govern the price of commodities; the first is based on labor or the cost of production; the second is based on the supply and demand which changes with temporary conditions, consequently the market price is often above or below the real value of a commodity, but its average price corresponds to its costs of production, but not so with gold and silver, when by the authority of law they constitute money and enter the mints, a given number of grains of either constitute a given value as fixed by law. This price remains unchanged sometimes for centuries, regardless of the cost of production; in fact eminent statisticians declare that gold and silver has cost much more than the dollars they represent, and where mining has proved a success to one, it has proved a loss to a hundred, but the incentive created by the fixed value and unlimited demand has stimulated mining in every age.

There has been great effort made to produce the impression that there was a vast over-production of silver, which is false. There is an over production of debts to foreign capitalists. This is proved by the fact that we have to borrow vast sums, and you state that when we get to work again we shall want to borrow thousands of millions more. The official figures show that the amount of gold exceeds the amount of silver, and that had we ten times the gold we have, it would not be equal to the amount necessary to cancel the obligations already made, that are supposed by many to be payable in gold.

The official mint report of the year 1894, by R. W. Ramond, commissioner and afterwards director of the mint, shows that the total production of gold in U. S. from the year 1792 to the year 1894 exceeds the production of silver to the amount of 716,487,769 dollars worth. It shows that the total production of gold and silver in the world up to 1894, when reduced to dollars will not vary in their amounts to exceed five per cent; it also shows that the production of gold in the U. S. during thirty-two years, ending 1894, to be \$1,243,100,000. During the same period of time the production of silver was \$1,346,399,000.

Thus it is shown by the official mint report that the production of silver and gold in the U. S. for a period of thirty-two years ending 1894, though vast in their amounts, do not vary to the amount of one per cent. The total amount of gold produced in the whole world from 1792 to 1892 is \$5,633,908,000; for the same period of time the production of silver was \$5,104,961,000. (Reference Report of Treasury Department Bureau of the Mint, Aug. 16, 1893.)

Great effort has been made to create the false impression that we had practically no silver industry prior to 1873, and that only eight millions of dollars had been coined. Official figures show that there had been \$8,031,238 full sized silver dollars coined; \$97,000,000 in half dollars, quarters and dimes. No more was coined because silver bullion brought a premium and it was sold for gold, up to 1873 the production had been in bullion and coin \$144,200,000 worth. The output of 1872 was \$28,750,000 worth, and the market price per ounce was \$1.32; the production in the year 1873 was \$35,000,000, making the total production up to Dec. 31st, 1873, \$179,000,000 instead of \$8,000,000 worth, and this is about as near as many of the leading papers get to the facts on the silver question.

Sir Henry Hucks Gibbs, for forty years a director of the Bank of England, and part of the time its Governor, and who

was a delegate to the International Monetary Convention of 1878, declared that statistics showed that from 1803 to 1873, notwithstanding the fact that the law did not require it, there was not a day when any person could not go to the Bank of France and get either gold or silver for the other at the mint ratio, and that he could testify from his own personal experience to this fact for upwards of forty years.

England has a law, and enforces it, that one ounce of gold shall never be worth less than three pounds, seventeen shillings and nine pence sterling, and a portion of the time its Governor, and as a delegate to the Monetary Conference held in 1878, he more than confirms the official record issued from the Bureau of the Mint, which shows that the difference in the fluctuations of the two metals are practically the same as if they were one metal, when they were on an equal footing legally and the ratio then adopted.

The real trouble does not lie in the parting of the values of the two coins, as they were made, when each is legally recognized the equal of the other. It is only after you have by law prohibited one to be legal tender, that their values part. By demonetizing one you destroy its importance and thereby increase the importance of the other, and this change has affected their market price.

I have stated that up to the time silver was possessed with equal advantages and rights with gold that it demonstrated for years in succession its equality in practical application as a companion metal with gold, and even its superiority as the official record for a period of twenty years will show. I refer to page 50 Statistical Abstracts issued by the Treasury Department for 1892. It shows for a period of twenty years in succession, ending 1873, that silver bullion sold at the following average prices during the different periods of time mentioned, to-wit: In the years 1853, 1854, 1855 sold at \$1.34 per ounce; in 1856, 1857 sold at \$1.35 per oz.; in 1858 at \$1.34 per oz.; in 1859 at \$1.36 per oz.; in 1860 at \$1.35 per oz.; in 1861 at \$1.33 per oz.; in 1862, 1863, 1864 at \$1.34 per oz.; in 1865, 1866 at \$1.33 per oz.; in 1867, 1868, 1869, 1870, 1871, 1872 at \$1.32 per oz.; in 1873 at \$1.29 per oz.

Those were the prices paid for silver bullion (in gold) under free coinage, when silver was redemption money the same as gold is now, and as silver was up to 1873; there never was cheap redemption money. Jefferson wrote to Hamilton, Feb. 1792: "I return you the report on the mint. I concur with you that the mint must stand on both metals." We need both metals on the mint.

Believing in a higher power that governs in the affairs, that tend to establish upon a firmer basis the vital principles necessary to perpetuate true Americanism. I am.

1890, in the month of September, the passage of a bill to discontinue the coinage of the gold dollar. Even to-day our government does not coin its own standard of values by which other coins are regulated. Why not send and get a prince from Europe to run our affairs at Washington and let some of you real smart fellows take a vacation?

There was only one redeeming feature in regard to the coinage bill referred to, that is Congress as a body did not know the essence of that bill until long after it was signed by the President, Feb. 21st, 1878. When Senator John G. Carlisle caught on he expressed himself in the following language (in part): "I know the world's stock of precious metals is none too large. Mankind will be fortunate indeed if the annual product of gold and silver shall keep pace with the increase of population, commerce and industry. According to my views of the subject the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from 3-7 to 1-2 of the metallic money of the world, is the most gigantic crime of this or any other age."

Now in consideration of the illegal methods employed in putting the act to revise the coinage laws on the statutes, and in consideration of the fact that it was put there in defiance to the legally expressed will of the people, recorded on the Congressional Record, June 9th, 1868, and in consideration of the great injustice to all American interests we demand that this said bill shall be declared illegal, unconstitutional, revolutionary, null and void and a disgrace to the American people, and that any man or body of men who knowingly sustains this method of legislation are dangerous enemies to everything American, and we believe that it only requires that a full knowledge of the facts (as shown by the records) be made known to the masses to insure a re-establishment of that American bimetallism—the money of the Constitution, as it is termed, that has proved eminently practicable while permitted to remain in operation. We demand the re-establishment of this system regardless of any opposition from any quarter, and shall consider it fortunate if this issue is speedily settled by the ballot without resort to the bullet.

Believing in a higher power that governs in the affairs, that tend to establish upon a firmer basis the vital principles necessary to perpetuate true Americanism. I am.

Respectfully yours,

E. J. BLOOD.

In Defense of Mexico.

To THE EDITOR: I noticed in THE RECORD a letter from A. J. Borgmeier, describing the life of Mexicans. I am a Mexican lady, I love my country and therefore I am pained at the colors in which your correspondent has painted my blessed country. Although I am not well acquainted with the state of affairs in the state of Chiapas, I have been through Mexico, stopping at various places and spending considerable time in making myself thoroughly acquainted with conditions in general. In reference to Mr. Borgmeier's assertion that no beds are known in the state of Chiapas, I will say that Chiapas must be an exception or the statement is evidently wrong. I know people in my own country who are well to do and others in misery, and I never found a farm where they did not have their separate beds. Allowance must be made for the very poorest people, but nevertheless they have at least a mattress to sleep on, covering themselves with their blankets. Even they do not sleep on the floor.

As I have said, I do not know

much about the state of Chiapas, and therefore cannot successfully contradict your statements as to the wages paid to laborers in that section, but I know about my husband's mining and milling business in the state of Chiapas, and I positively know that no laborers there—except boys—were paid less than 37 cents.

The lowest wage paid to men was 50 cents, and from that the scale ran up to \$5 a day, according to the position. These wages certainly were paid in Mexican silver, which is just as good in Mexico as gold can be in the United States. Silver has proved more beneficial to Mexico than gold, but this does not mean that the Mexican government has called upon Mr. Borgmeier to make comparison for the sake of American politics. Oh, no! Every true Mexican would rather see him stay away instead of going to misrepresent the country.

There say that the increased production of silver has caused its value to decline—its value now and always being its purchasing power. This would account for one end only of the natural law to which they refer. The supply has increased, but what about the abolition of the demand? Is this great natural law a one-sided affair? Do its results refer only to supply, or are they concerned also with demand?

It is a matter of history that the demand for silver as money of final payment in Europe and the United States was obliterated before there had been any increase in the output of silver bullion. Did the law of supply and demand suspend its operations until after the "supply" had begun to increase? Is it true in theory or fact that the cessation of "demand" has no effect on values? This is the position the gold organs and expounders take. They refer confidently to the law of supply and demand, and yet place themselves in the attitude of insisting that it is solely a law of supply. But if one-half the people who now eat beef should conclude to eat another kind of meat, would that have any effect on the price? The gold standard expounders would no doubt insist that there had been a sudden overproduction in beef.

But, silver being a money metal, its value relates exclusively to its purchasing power. It is capable of demonstration, and has been demonstrated time and again in these columns by means of official figures, that no gold standard expounder has ever undertaken to set aside, that the purchasing power of silver has not decreased by so much as half a cent in spite of the closing of the mints and the increased output of the mines. An ounce of it will buy just as much cotton, wheat, iron, calico and all other staple commodities as it ever would. It is only when we come to buy gold that there also are misery and hunger in Chicago which even black beans would mitigate.

FELICITAS G. V. DE STORCK.

SEPT. 28

They Cannot Buy Goods.

On a recent trip through northern Indiana our train met with an accident that delayed us for about an hour, and as it was right in the midst of a farming country there were several farmers from the adjoining fields who came over to see if any one was hurt. The passengers had nothing to do but talk; they put several questions to the farmers and found them to a man for free silver. We noticed one farmer who was very much interested. We asked why he was in favor of free silver; he said he thought we did not have a sufficient quantity of money and that the rate of interest was too high. This is the way he explained it: He said he owed \$3,000 on his farm, for which he was paying 10 per cent interest; he found this season, after selling everything he could spare, he just managed to scratch together enough to pay his interest, taxes, etc. "Now," he said, "my wife wants a new dress, my daughter is very much in need of a cloak, my son needs a new pair of boots and my overcoat is getting pretty shabby, but I guess I will have to make it do this winter. If I had been paying but 5 per cent on the \$3,000 loan I would have had \$150 to spend with our local merchant." I called on this local merchant. I found he did most of his trading in Chicago, but he said: "Money is so scarce with the farmers that I cannot give you an order. In fact I can buy no goods until I can sell some and collect some of the money that is owing me." I happen to be a commercial salesman and a republican, but I shall vote for more money and I think the surest way and the quickest way is to have our government make it, instead of depending on European bankers to loan it to us at a high rate of interest.

As I have said, I do not know much about the state of Chiapas, and therefore cannot successfully contradict your statements as to the wages paid to laborers in that section, but I know about my husband's mining and milling business in the state of Chiapas, and I positively know that no laborers there—except boys—were paid less than 37 cents.

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J. C. KOLLA.

Chicago, Sept. 29.

Call James A. Garfield.

James A. Garfield said, when in the house:

"Every man who is opposed to the use of silver coin as a part of the legal currency of the country I disagree with. Every man who is opposed to the actual legal use of both metals I disagree with. I would endow the two dollars with equality and make the coinage free."

That was the position of Abraham Lincoln and General Grant. That was the position of the Republican party from its first formation down until the St. Louis convention.

SUPPLY AND DEMAND.

The Law the Goldbugs Invoke, but Which, Aided by Intelligence, Is Their Ruin. It is queer how the gold standard advocates lay down a proposition and then seek to avoid the conclusions to which it points. In seeking to establish the assumption that silver has depreciated because of its increased production they refer their readers to what they call the inexorable "law of supply and demand."

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