

GOV. ALTGELD ON FINANCE.

His Reply to Schurz and Cockran.

A REMARKABLE ADDRESS.

Single Standard Claims Knocked
to Smithereens.

THE ISSUE IS CLEARLY SHOWN.

Address of Governor John P. Altgeld at
Central Music Hall, Chicago—One of
the Ablest Arguments in Favor of the
Free Coinage of Silver Yet Made—An
Exhaustive Consideration of the Subject.

I hold in my hand a printed copy of the speech of Mr. Carl Schurz, delivered in this city two weeks ago, and a like copy of the speech of Mr. Cockran, delivered one week ago. The first fills 12 columns of closely printed matter in a newspaper, and both have been advertised as the ablest arguments in favor of the gold standard that have yet been made. The gold standard advocates speak of them as containing the wisdom of the prophets, the law and the gospel of the money question. From the manner in which these people speak of them, we are warranted in concluding that every argument and every fact that can be marshaled upon that side of the question is contained in these speeches. This being the case, we naturally examine them with the deepest interest, for if the gold standard is to be maintained we want to know what we may reasonably hope from it.

No Hope in Either.

It would have given great relief to the minds of thousands of patriotic men to have had presented some balm for the ills of our land, and as I love my country more than party or honors I am sorry to have to say to you that in these long speeches, containing, as we are told, the law and the gospel of the gold standard, there is not a line, not a sentence, not a syllable, that offers any hope to the American people. That we are in distress is not denied in either speech, but there is no suggestion of a remedy. The substance of the whole argument is that we will be better off and suffer less if we keep quiet and that the remedy proposed by the Chicago platform would only make matters worse instead of better, or, as Mr. Schurz puts it, the application of this remedy would be jumping out of the frying pan into the fire, and if he is correct in this, then the only question which is left for the consideration of those of our people who are dying in the frying pan is whether they would be any worse off in the fire.

McKinley Panacea.

The straight out adherents of McKinley have a panacea. They realize the unsatisfactory conditions in our land and propose to remedy them by an increase of the tariff. They feel that some hope must be offered to the American people, and, having nothing else to present, they ask us to again try the idea of increasing the tariff tax.

They ask the people to shut their eyes to the fact that the distress from which we suffer exists all over Europe as well as in this country; that it exists in the countries having a high tariff and in countries having a moderate tariff and countries having no tariff at all and is clearly due to some cause that has no connection with the tariff. They ask us to shut our eyes to the fact that we have already a very high tariff and that the decline in prices began many years ago under a still higher tariff and that it went right on under the highest tariff ever known in this country, called the McKinley tariff. They ask us to shut our eyes to the fact that in 1888 the conditions in our country were unsatisfactory and that the remedy that was then proposed as a cure was an increase of the tariff and that this immediately followed the election of Mr. Harrison, when the famous McKinley bill was enacted. They ask us to shut our eyes to the fact that under that law wages were not raised, prices kept steadily falling and that immediately after its enactment in 1890 there was a marked reduction in wages in several hundreds of the largest manufacturing establishments of this country. They ask us to shut our eyes to the fact that while the tariff shielded the manufacturer in some cases against competition it permitted him to fill his factories with the cheapest kind of pauper labor brought from the fields of Europe, and thus, instead of raising the wages of the American workmen, not only reduced their wages, but drove them out of employment. They ask us to shut our eyes to the fact that in the spring of 1892, while the McKinley law was in force and while Mr. Harrison was president, that the famous Homestead labor riots occurred, being among the most bloody that ever took place in this country; that at that time the conditions of the laborer were rapidly getting worse, and the prices of American products were steadily falling. They ask us to shut our eyes to the fact that the McKinley law for the fiscal year ending June 30, 1894, produced a deficit to the United States treasury of \$70,000,000.

They ask us to shut our eyes to the fact that neither the laboring man of this country nor of Europe has derived any substantial benefit from the tariff because the employer is always permitted to fill his shop with cheap labor. They ask us to shut our eyes to the fact that the tariff is no longer a matter of theory, but a matter of history. It has been tried, and it has been found wanting. Consequently with the adherents of McKinley it is a question in this campaign of seeing how often they can fool the people. Both Mr. Schurz and Mr. Cockran have been avowed enemies of this tariff. They cannot and they do not offer it as a remedy for any of the ills of the land, and having no other remedy to offer and seeing no prospect of a change for the better under existing policies they simply tell the patient that if he will only lie still he will suffer less than if he attempts to bestir himself. They have no remedy to suggest, but they strenuously object to permitting the people to do anything toward helping themselves.

That bishop who told an anxious negro that there were only two ways open for him, and that one led directly down to hell while the other led away off to eternal damnation, was evidently the man who furnished the text for both of these speeches. The negro scratched his head and replied, "If dat's so, massa, den dis chile takes to de woods." And if Messrs. Schurz and Cockran are correct then the

American people will have to take to the woods.

Not a Local Question.

In considering the question as to whether the demonetization of silver in the world reduced prices they shrewdly leave Europe out of consideration, shut their eyes to the fact that the effects produced there are the same as those produced here, leave the whole question as though it were local to our country and then argue that, inasmuch as there had not been many silver dollars coined in our country, and those that were coined went abroad because of the fact that they commanded a premium of 2 per cent, therefore the demonetization of silver in the United States could not have affected prices because there was scarcely any silver here to drive out of circulation.

Silver in Europe Helped to Fix Prices.

Let us first look at this theory. The greatest markets for most American products were in Europe. Whatever affected prices of commodities which were shipped there in the end affected the prices of commodities at home. Let us suppose that there was no silver in circulation in the United States; that, as Mr. Schurz intimates, it was all in circulation in Europe. Then it was doing the work of money in Europe; it was doing a work there which would otherwise have had to be done by gold. It practically displaced that much gold over there and permitted the gold to flow elsewhere. It increased the volume of money in the world, and in that way affected prices for the world, not simply in any one country, but for the world. Under those conditions, so far as prices were concerned, it made little difference whether the owners of silver bullion brought it to our mints to be coined or took it to European mints to be coined. In either case it helped to swell the volume of money in the world, it helped to do the business of the world and helped to fix the standard of prices of property. Mr. Schurz knew this fact, and I therefore submit that when he at the outset tried to treat the question as a local one and to conceal from view the fact that if silver was circulating in Europe it was just as good as if it were circulating here, so far as prices were concerned, he was not making a fair presentation of the question. I do not care to use severer language, although I am aware that if a man speaking for the silver side was to pursue such a course he would be vehemently denounced as a pettifogger.

Coinage in This Country.

Now let us look at the facts in regard to the coinage of silver in this country. It is true that Jefferson for a time suspended the coinage of silver dollars. The reason was that half dollars were a full legal tender for any amount, just as much as dollars were, and, inasmuch as the country was new and poor, it was thought that half dollars would be more convenient in circulation than dollars, and, inasmuch as they could be used in payment of debts the same as dollars, it made no difference, but the coinage was on the same basis as that of gold, and any man having silver bullion could convert it into money just the same as though it were gold, and the treasury tables given out at Washington show that from 1806 down to 1873 there was \$154,818,071 of silver coined in this country. In 1871 there were 1,117,127 silver dollars coined—not subsidiary coins, but dollars—and in 1872 there were 1,118,000 silver dollars coined, being nearly twice the number ever before coined in one year. Bear this in mind—the two years before silver was stricken down there were nearly twice as many silver dollars coined as in any previous year. Mr. Schurz knew these facts, and yet he presents his figures in such a way as to make the impression that no silver had been coined in this country, and therefore we demonetized nothing.

His next claim is that we had more money per capita in circulation in 1895 than we had prior to the demonetization, and that, therefore, there was no reduction in the volume of money, and that consequently demonetization had nothing to do with the fall of prices. He says that in 1895 we had a total of \$2,317,000,000 in circulation, making \$32.96 per capita, while in 1873 we had only \$18.04 per capita in circulation.

Tables Wrong.

Now, this is based on the tables given out by one branch of the treasury department—that is, the director of the mint—and sometimes copied in the reports of other branches of the treasury, but they emanate originally from the office of the director of the mint, and they are not only wrong, but are well known to be wrong. In his report for the year 1892 the director of the mint explains the origin of these tables. They ascertained what specie there was in the country at the time of resumption, and they have added to it year by year the coinage and what the custom house receipts show to have been imported, and they have deducted only what the records show to have been used in the arts and what the records show to have been exported, and they assume that all the balance is still in circulation. They make no allowance for what was carried over our southern boundary in a quarter of a century unrecorded, nor for what was carried to China during that time unrecorded, nor for what was lost during that time, nor for what was used in the arts for a quarter of a century without a record having been made of it, and they make no allowance for what was carried to Europe in the pockets of American citizens traveling abroad and of which no record is made. Yet in one of his reports the director of the mint says that it was estimated that the American travelers in Europe during the year of the Paris exposition spent \$90,000,000. Of course the most of that we may presume was in the shape of letters of credit, and therefore a record was made of it, but no record was made of what they carried in their pockets. Thus you see that the tables become utterly worthless. Again, in regard to paper money, they assume that every dollar that was ever issued by the government and is not shown by the records at Washington to have been canceled is still in circulation, a proposition too absurd to be discussed.

Reports of Banks.

But the treasury department gives out another report that is accurate, and it tells an entirely different story in regard to the amount of money we have in our country. This report is given out by the comptroller of the currency, who has supervision of the national banks. For several years past the comptroller has been sending a request to every bank in the United States, national, state and private, to report the amount of money they had on hand at the close of business on a particular day and to state what it consisted of. There are in the United States a little less than 4,000 national banks and about 5,000 state and private banks. Substantially all of these banks responded to the inquiry, and I have here the comptroller's report for the year 1895, and on page 15 he gives a summary of these reports.

I will give you this in the language of

the comptroller: "The cash held by national banks on July 11 and by other banks at about that date amounted to \$681,111,290, classified as follows: Gold, \$127,621,099; silver, \$15,594,087; specie not classified, \$19,298,363; paper currency, \$842,789,129; fractional currency, \$1,023,442; and cash not classified, \$124,885,230."

The reports for several prior years were practically the same. At about that time there was in the United States treasury all told \$329,517,713 available for circulation. Adding this sum to what there was then in all the banks of the United States it makes \$950,629,000. This constituted all of the money in sight in this country except what there was then in the pockets of the people. There is no way of ascertaining definitely just what this would amount to, but considering the fact that we had had several years of panic and idleness and distress, during which time most of the little savings had been used up, and considering the further facts that in recent years building associations have been formed in every village in the land, and the money that used to be saved or hoarded in a small way was drawn out and absorbed by these building associations, and that we have banks in almost every village in the land, and that all business men deposit every day so as not to run the risk of leaving much money in their stores overnight, it is apparent that the amount of money then in the pockets of the people was not large. Good judges have asserted that when you take into consideration all of the poor laboring classes of this country and of the colored people of the south, and the fact that farmers had very little money, an average of \$5 per household would be a full average, and as there were then about 14,000,000 families, that would make \$70,000,000. But in order to cover every contingency let us nearly double this, let us add another \$50,000,000. This would make \$120,000,000, being at that time, as we say, in the pockets of the people. Adding this sum to what there was then in the banks and in the treasury, it makes \$1,070,629,000 as the total money in the United States available for circulation, less than half of the sum named by Mr. Schurz.

Amount Per Capita.

Now, bear in mind that this is the result of an actual inventory made by all the moneyed institutions in this country, and therefore is the most reliable information which the treasury department has yet furnished us upon this question. If you say we have underestimated the amount in the pockets of the people, then add another \$5 for each household, and it will make \$70,000,000 more and still be only half the sum named by Mr. Schurz. If Mr. Schurz knew these facts and withheld them from his audience and his readers and used figures that were incorrect for the purpose of making a wrong impression, then you will admit that he is not a safe guide. If he did not know these facts, then it will be admitted he is not a safe counselor. But in either case it is apparent that so much of his argument as was based upon the alleged amount of money we have in this country must fall to the ground.

Money Scarce.

The fact is, there is not enough money in this country at present to do its business. In all of the agricultural states of the south, the Mississippi valley and the west there is the greatest scarcity of money. The banks are unable to furnish what is needed, and even in the money centers a very little disturbance renders the banks helpless. Recently we had what is known as the Diamond Match stock speculation, and a collapse followed, and so seriously did this single speculation strain the money market of this great city, with all of its large banks, that many of the banks had to refuse credits to their customers in legitimate business, and the banks, acting together, forced the Stock Exchange to close, so that there should be no market quotations on Diamond Match stock, for fear that otherwise a number of banks would be unable to meet their obligations and be ruined. A few years ago the banks of New York, that are notoriously active in this money agitation, actually refused to pay their obligations because they had forced the money with which to do it and forced the public to take clearing house certificates. Mr. Schurz says there are oceans of money lying idle, and then in another sentence he says that gold is now leaving our country and going to Europe because it finds profitable employment there. Naturally you ask if there are oceans of money lying idle in those money centers then how can money going there from here find profitable employment there. He is no doubt correct in this, that there is congestion in money centers, but it is because of the constant downward tendency in prices which prevents prudent men from embarking in enterprises and using money for legitimate purposes. The heart is congested and the extremities are cold, a condition which always follows when a large portion of the blood is taken from a patient.

Small Amount of Gold Here.

In passing I call your attention again to the fact that on the 11th day of July, 1895, all of the banks in the United States of America together held only \$197,889,099 of gold, and that sum, added to the \$100,000,000 of gold that is supposed to be constantly in the treasury, constituted all the gold there was in sight in the United States. No sensible man now claims the poor people are hoarding gold. The fact is that even rich people rarely get to see it. In depicting the horrors which will come upon our country in the event of the election of Mr. Bryan, Mr. Schurz points out in a thrilling manner how \$600,000,000 of gold would instantly take wings and fly. Other gold standard orators have dwelt long and long upon the vanishing of \$600,000,000 of gold. It is one of the stock arguments met everywhere, and it is iterated and reiterated by the bankers themselves. Now, in view of the facts published by the treasury department itself, and which will not be challenged by gold standard people, I am warranted in asserting that these bankers know that there is scarcely \$200,000,000 of gold in the entire country, including what there is in the United States treasury. They know that if every dollar of gold were withdrawn from all the banks in this country it would make only a little over \$127,000,000. When they therefore try to make the impression that there would be a contraction of \$600,000,000, their conduct is in keeping with the whole history of this gold standard movement—that is, it is one of misrepresentation, deception and fraud. These bankers further know, and Mr. Schurz knows, that no matter who is elected president, so long as they want to run their banks they will of necessity keep some gold, and it will perform the function of money for legitimate purposes. The fact is they could not well reduce the amount of gold they now have, and whoever is elected president there will be little or no movement of gold from the banks of this country, but if it were all to go, and if that which is in the United States treasury were also to go, it would amount

to only about \$327,000,000 of gold. Therefore, so much of the awful catastrophe that is to befall this land by the removal of \$600,000,000 of gold in the event of the election of Mr. Bryan will not come to pass. It is one of those predicted storms that it is not necessary to insure against.

No Overproduction.

But the main fabric of the whole speech of Mr. Schurz is based upon the theory of overproduction. He insists that there is a fall in the price of silver and that this is due to overproduction; that there was so much more silver produced than formerly that it had to fall in price. You will readily see that if there was the same increase in the production of both metals then there was no reason why the relations which they bore to each other, or the market ratio which they bore to each other, should change. Mr. Schurz knew this. Why didn't he state it that way? Because he knew the facts were against him. He wanted to make an impression which he could not make without a suppression of part of the case. Fortunately this is not a matter that we need to speculate about. We have history, experience and accurate data upon this subject. According to the tables issued by the treasury department Aug. 16, 1895, showing the total production of gold and silver in the world at coinage value, it appears that from the year 1873, when our monetary system was founded, to the year 1892, the time of the great gold discoveries—being a period of 19 years—the total production of silver in the world, rating it at coinage value, was \$1,769,197,000 and the total production of gold in the world during that time was \$960,236,000—that is, on the average there was just about twice as much silver produced as gold during that time. The production of each metal varied of course during the different years, and yet the market ratio between the two metals remained practically the same during all that time. The tables giving the market prices show that during those 19 years there was a variance of only seven-tenths of one point, just about the cost of exchange. The same tables show that from 1873 to 1878 the total gold production of the world was \$2,516,575,000, while the total silver production was only \$989,235,000—that is, there was 2½ times as much gold produced as silver, yet the market ratio remained unchanged during those 21 years, just as it had during the period of 60 years when there was twice as much silver as gold produced. Again, the same tables show that from 1873 to 1892, inclusive, the total gold production of the world was \$2,176,505,000, while the total silver production was \$2,347,087,000—that is, the production of gold was nearly equal to that of silver. During the first two periods silver was more metal. During the last period it was not. Inasmuch as silver did not fall in value, as measured in gold, during the 60 years in which there was twice as much silver produced as there was gold, it is clear that had silver not been demonetized it would not have fallen when the gold production was nearly equal to that of silver after 1873.

Silver Has Not Fallen.

Again, silver has not fallen in comparison with other property. By taking the average price of all commodities known to the market it is found that a pound of silver will buy as great an amount of commodities as ever. Silver occupies the same relation to the products of the earth and to labor today that it did before. It is gold that has gone up. The law, by striking down the competition, has given gold a monopoly. It protects gold against competition. Practically the gold dollar is a 200 cent dollar. Nominally it still has only 100 cents in it, but it takes 200 cents' worth of commodities to get one when measured by bimetallic prices. Consequently we find, first, that there has been no increase in the production of silver when compared with the increase in the production of gold, and, secondly, we find that silver has not fallen when compared with property and the products of labor. Therefore the entire fabric of Mr. Schurz's argument must fall to the ground.

Fall of Wages.

Mr. Schurz next tried to convey the impression that wages have not fallen and were therefore not affected by the demonetization of silver, and he says that wages have risen more than 60 per cent since 1860. See the ingenuity of this and ask yourselves whether this is a fair way of representing that question. All the world knows that wages have nearly doubled since 1860. The question is, How have wages been affected by the fact that this country and Europe demonetized silver and reduced the volume of money in the world between 1873 and 1879? Had he been candid he would have compared the wages for, say, 12 years prior to the general demonetization with wages for 12 years after that general demonetization was accomplished.

This subject of wages was carefully inquired into in the year 1891 by a committee appointed by the United States senate. This committee made a thorough investigation. John G. Carlisle, the present secretary of the treasury, was a member of that committee. It made a long and full report, and it showed that between 1840 and 1873 wages had just about doubled, and then the report says, "After 1873 there was a marked falling off." The report goes on and shows that toward 1880 there was a slight rise in wages above the point they had recently fallen to, but they never reached the point they had occupied before, and soon thereafter a decline set in which continued.

Mr. Schurz was once a member of the United States senate, and the investigation by this committee on the subject of wages must have attracted his attention. If he was thorough in his investigation, he must have seen this report. Had he been thoroughly candid he would not have tried to make the impression that because wages had risen between 1860 and 1873 therefore they were still as high as they ever were. The fact is that there was a great fall in wages between 1873 and 1880. There was a slight rally in 1880 due to causes which I will explain presently. This lasted for a comparatively short time, and since that time there has been a steady decline in wages. Wages and prices must on the average go hand in hand. Labor creates property. If property must be sold for low prices, then labor cannot be paid high wages for creating it. This is axiomatic.

Prices Would Not Fall at Once.

Mr. Schurz tells us that if the demonetization of silver had anything to do with the fall in prices then the fall should have come instantly. I ask you to consider that statement a moment and then tell me whether it is not contrary to the universal experience of mankind. Owners of property do not accept lower prices until they are obliged to. No matter what cause may be operating to reduce prices, owners of property hold it up as long as they can. They hold it up until the debts press too hard and the strain gets too severe, when they are obliged to let it go. So that the decline is never instant, and in the very

nature of things comes gradually, the weaker holders giving way first and the stronger holding out till the last. Further, silver was not demonetized by all of the countries at once. Germany set her face toward demonetization in 1871, but did not enact her law until 1873. Our government acted in 1873. The other nations followed later. Holland acted in 1875, Russia in 1876, and Austria did not adopt a gold standard until 1879. It is true that owing to the fact that Germany, Italy and some other countries drew heavily upon the principal gold market of the world, which is London, there were serious monetary disturbances in London and some portions of Europe almost every year after 1873, and prices, and consequently business, were seriously affected in Europe during this year. All of the leading financial writers of England refer to this fact, and, although they insist on maintaining the gold standard for England because she is a creditor nation, they attribute this fall in prices, this disturbance in business, to the acts of the governments of Europe in striking down silver by law and establishing a gold standard because these acts of government affect the supply and demand.

Supply and Demand.

By destroying silver they reduced the supply of money in the world. By adopting a gold standard they increased the demand for gold. In our country there were a number of reasons why the demonetization of silver was not immediately felt. First, the government had between 1866 and 1869 reduced the volume of paper money we had in this country, which was all the money we had, from \$1,640,000,000 odd down to less than \$800,000,000 and had issued bonds instead. This reduction in the volume of money then in circulation in our country was followed by a corresponding fall in prices which had been based on the former volume of paper money.

Panic of 1873.

The fall was so great that debtors were unable to meet the debts which had been contracted on the basis of prices formerly prevailing, and the panic of 1873 followed as a necessary result of that. By issuing more bonds the government got coin, and we resumed what were called specie payments.

Balance of Trade and Increase of Money.

When we began to rally from the panic of 1873, Europe was feeling the effect of the demonetization of silver, but in our country we found that the balance of trade between us and Europe toward 1880 was greatly in our favor, so that according to the treasury tables there were added to the volume of money in our country from that source several hundred millions of dollars. Our gold mines were productive during that time, and there was a large addition to our circulating medium from that source. Then the Bland-Allison act, which partially restored silver, was enacted in 1878 and required the secretary of the treasury to coin not less than \$2,000,000 nor more than \$4,000,000 per month. The effect of this was to add anywhere from \$25,000,000 to \$45,000,000 per year to our currency, and thus helped to keep up prices. The increase in the volume of money in our country, according to the treasury tables, during these years was so great that prices and wages rose correspondingly from what they had been after the panic of 1873. But these causes were local and did not last, and in the course of a few years the general depression which had already spread over Europe, following the demonetization of silver, began to spread over our country, and from that time on has become more and more intense.

Effect of Falling Prices.

Both Mr. Schurz and Mr. Cockran treat the whole subject of falling prices as if it were simply a scramble between different citizens—between seller and buyer. If this were all, then the matter would not be of such transcendent and far-reaching importance and would not so directly affect the welfare of the whole people. Neither grasps the great principle that falling prices first disturb business in its entire circle and affect the property of both rich and poor, and that when prices go very low they destroy the purchasing power of the great producing and farming classes, and that this destroys what we call the home market and forces manufacturing establishments to shut down, because there are not sufficient buyers to take what they make, and thus forces labor into idleness and destroys the purchasing power of labor and produces a general paralysis in the land. No matter what may be the cause of falling prices, their effect upon the community is more than a mere scramble between buyer and seller, and here is where all advocates of the gold standard fail to rise to the occasion, fail to meet the requirements of the case. Their treatment of this question is almost flippant.

Production and Price of Wheat.

In attempting to account for the fall in price of property, Mr. Schurz selects wheat as an illustration, and he attempts to show that there has been a great increase in the annual production of wheat; that we have not only opened the whole northwest, which is producing wheat, but that our farmers have to compete with the wheat of India, Argentine Republic and of Russia, and he assumes that therefore the price of wheat had to fall. There are three things to be said in answer to this. First, increase in production does not produce a fall in price, provided there is an equal increase in consumption. This is self-evident, and Mr. Giffen, the statistician of the British board of trade, has, on different occasions, pointed out that for more than 15 years prior to 1873 the increase in the production of nearly all commodities in the world had been greater on the average, year by year, than the increase has been in any year since 1873, and yet, as he says, during all of those years prior to 1873 prices kept constantly rising, notwithstanding the enormously increased production, while since 1873 prices have been steadily falling, notwithstanding the fact that the increase was not as great as it formerly was.

The second observation is that wheat has not fallen in price any more than all other commodities. It has fallen no more than all property has fallen; has fallen no more than wages. It is not contended that Russia, India and the Argentine Republic have entered into competition in the production of all other products which our people put upon the market.

These two points show that Mr. Schurz is entirely wrong in his theories. The third observation is that he is entirely wrong in his facts.

The truth is that there has been scarcely any improvement in machinery for raising and harvesting wheat in the last 20 years, and the statistics show that there has been very little increase in the production of wheat in the United States in that time. More is raised in the northwest it is true, but very much less is raised in the central and eastern states. I have endeavored to get the most reliable data on this question from the reports of the various boards of trade and the government reports, which are recognized as the high-

est authority obtainable on this subject. The government reports show that the wheat crop for 1878 was more than 420,000,000 bushels, and that for the year 1896 the crop does not exceed 400,000,000 bushels. In fact, if the increase in population is considered, the wheat crop has constantly grown less in proportion to the consuming population ever since 1878. The wheat crop of this year is about 56,000,000 bushels short of what the average has been since 1878 and is 20,000,000 bushels less than it was that year. So that in spite of the opening of the new fields in the northwest there has been no greatly increased production of wheat in this country, and when compared with the consuming population there has been an actual falling off; yet 20 years ago the price of wheat was more than twice what it is now.

Again, in referring to the foreign wheat he endeavors to make the impression that there has been a great increase in production, and artfully selects a recent year of the highest production and compares that with an earlier year having the lowest production. The fact is that the world's wheat crop has remained substantially the same for 16 years. In 1880 the world's production of wheat was 2,880,000,000 bushels. In 1885 it was 2,108,000,000 bushels, and that was the lowest crop of a number of years. In 1895 the crop was very large and amounted to 2,555,000,000 bushels. This year the world's production is 120,000,000 bushels less than last year, and the total production of the world is smaller than it has been for six years, yet wheat is lower than ever before. In addition to this the crop of rye, which, together with wheat, furnishes the bread of the world, is 170,000,000 bushels short, yet in spite of that fact the price of rye has fallen steadily with that of wheat. It may also be remarked that we have the smallest oat crop that we have had for a great many years, and yet oats are worth less than one-half what they were several years ago. Now, why is it that with the wheat crop of the world 120,000,000 bushels short, and the population increasing enormously, the rye reached 170,000,000 bushels short, the price crop has the lowest point that it has ever reached in the history of the country?

Purchasing Power of Money.

In order to get a more comprehensive view of the whole subject let us see what are the fundamental laws governing finance.

There are two theories at present advanced in regard to the purchasing power of money; one is what is called the cost of production theory, under which supply and demand have but little influence, and the other may be called the quantitative or volume of money theory. This theory is based upon the law of supply and demand.

Cost of Production Theory.

The cost of production theory has been seized upon by the gold standard advocates of this country and is used as the basis of their arguments. It simply means that it takes on the average a definite amount of labor to produce a gold dollar, and it is the cost of this labor, the average cost of producing the gold dollar, that fixes its purchasing power, and after the dollar is once in existence then its purchasing power undergoes comparatively little change. It will always buy an amount of property that is equal in value to the cost of producing the gold dollar, and the question of supply and demand has but little influence thereafter upon this dollar. It is practically unchangeable and always the same, so say the advocates of the gold standard. Under this theory it does not matter whether money is plentiful in the land or exceedingly scarce. The purchasing power of the dollar will always be about the same. It does not matter whether there are 1,000 men scrambling to get the dollar because they must have it or whether there are only 10 men scrambling to get it, the dollar will remain practically the same. It will buy no more property when 1,000 men are struggling to get it than it will when only 10 men are struggling to get it, and of course if this theory is correct then the demonetization of silver had no effect upon the world's prices of products and property. If it is correct, you can wipe out one-half of the money that now exists in the world, and it will not affect prices. The purchasing power of the dollar being determined by the cost of production it continues to be the same. I imagine I hear some man say, "Why, that theory is contrary to the experience of the whole commercial world." Well, my friend, that makes no difference. Gold standard advocates don't care about the experience of the commercial world. It is true that under this theory the gold dollar should have become very cheap in recent years because there is scarcely an industry, scarcely a field of production in which such tremendous improvements have been made as in that of gold mining. The labor saving machinery introduced in the last quarter of a century in this industry is equal to if not greater than that applied to farming. It is exactly the same as that applied to the mining of silver. It costs less of price to mine a gold dollar now than it ever did before, and yet a gold dollar will buy twice the product and twice the property that it did a quarter of a century ago. Let me say in regard to this theory that the great statesmen and great financiers of Europe never entertained it for a moment. They brush it aside with the wave of their hand and look upon it as being ridiculous.

Volume of Money Theory.

The other theory rests chiefly on the law of supply and demand. Under it the total amount of money in the world forms the standard and measure of prices. When there is a large amount of money in circulation among the people, prices are high; when money is exceedingly scarce among the people, prices are low. Under this doctrine, if you wipe out one-half of the world's money prices fall correspondingly on the average. If you double the volume of the world's money, prices will on the average double; that is, the general tendency will be that way. The price of any particular article or piece of property will again be affected by the law of supply and demand as relates to it. The volume of money forms what may be called the line for prices. It is horizontal if money is steady; it inclines upward if money is increasing in volume; it inclines downward if money is shrinking in volume, and the general tendency of prices will be to move along this line, but the supply and demand in case of different articles will cause the price of those articles to from time to time either come slightly above or drop slightly below this line. This theory or law, like the law of gravitation in the physical world, is in harmony with and explains nearly all financial phenomena. When carefully studied, it will be found running through all the centuries and producing the same results everywhere. Under this law the demonetization of silver had to affect general prices throughout the world—that is, it had to lower the general level of prices, and this was the view which nearly all of the great statesmen and financiers of Europe took of the matter at the time. But that is not all. Un-