

kind of these bad kinds of money forced upon him.

In each country whatever is imported or exported is brought to the standard or measure of a fixed weight of pure gold under the name of pound sterling. Why? For the simple reason that in the progress of commerce by natural selection gold has proved to be the safest, surest and least variable of all the substances or things that have from age to age served the purposes of money or of the medium of an exchange. The gold standard exists *de facto*, not by means of statute law or by treaty but in spite of every effort of legislators to maintain a dual or bimetallic standard.

This marks the parting of the ways and also indicates the error in the methods of the advocates of fiat money whether they proposed to make stamped silver or stamped paper serve the purposes of money by the fiat of law. They are at fault in what they call their principles and consequently their policy is bad.

What is a principle? A principle is a rule of action governing human beings. That is the right definition to apply in this use of the word. It is a principle, an admitted fact, an admitted rule of action governing commerce among nations that in its conduct gold passing by weight has become the standard or unit of value. The so-called gold standard men of this country merely recognize this existing truth, principle or rule of action. Their purpose is simply to adjust the monetary legislation of this country to this admitted truth. The gold standard exists. It requires no act or treaty of legal-tender. Gold is not and cannot be forced into use because no force of law is required to secure the acceptance of gold by weight in liquidation of any contract for the sale of any kind of merchandise anywhere. All merchants in all the great commercial states are glad to get the gold and will sell all and any kind of goods for it. It is today the only kind of world's money. It meets Cernuschi's definition of good money which will hereafter be given and it meets President Walker's definition of money which will also be stated. It is the only kind of money that meets the conditions laid down by Cernuschi and Walker, the two most distinguished bimetallicists of modern times.

On the other hand, the advocates of fiat money or of money which may, as they allege, be created by law without regard to what is called intrinsic value, try to resist this natural law of selection of the best and safest unit of value by bringing into force acts of legal-tender. Every advocate of the unlimited coinage of silver either at fifteen and a half or sixteen to one—every so-called bi-metallicist and every greenbacker or promoter of paper money—holds that money is the creation of law and that no coin of any kind even if made of gold can do the work of money except by force of

acts of legal-tender. It is useless to attempt to analyze the confused and contradictory statements to which these advocates of fiat money are obliged to resort in the effort to sustain this untenable position. They have evidently never given any attention to the history of coinage or currency. They pay no regard to the fact that the vast volume of international commerce is now conducted in terms of money without any act or treaty of legal-tender.

I therefore submit as fundamental propositions, good money needs no act of legal-tender. Bad money only requires the force of a legal-tender act. Good money which is not of legal-tender drives bad money out of use except where such bad money is forced into use by legal-tender. Bad money which is of legal-tender drives good money out of use in the country to which such legal-tender acts apply.

In order to make these propositions plain we must define:

1. What is money?
2. What is good money?

President Francis A. Walker's definition of money is given in the following terms:

"That which passes freely from hand to hand throughout the community in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it and without the intention of the person who receives it to consume it or to enjoy it or apply it to any other use than in turn to tender it to others in discharge of debts or payment for commodities."

Henri Cernuschi defines good money in the following terms:

"That coin of which the bullion is worth as much after it is melted as it purported to be worth in the coin is good money. The coin of which the value of the bullion after it is melted is not the same is not good money."

It will be remarked that President Walker's definition of money leads conclusively to the single gold standard although he himself tried to evade the logic of his own definition. He says anything is money which is freely accepted. The only kind of money which is freely accepted in all countries and at all times is coin or money made of gold. The force of a legal-tender act is not required to assure the free acceptance of gold coin. It is required to force the acceptance of every other type of money whether made of silver or of paper.

Cernuschi's definition of good money leads directly to the single standard. Coin made of gold is the only coin in existence which is worth as much after it is melted as it purports to be worth in the coin. Neither of these writers accepted the absurd idea that value can be created or imparted by law to anything. Yet they were the two most

able and conspicuous of the recent advocates of bimetallicism; in fact, about the only ones who are entitled to any intellectual standing in this discussion.

Wherein were they misled? While they did not hold the false conception that men can be compelled to value or esteem a thing by act of law, they held that by making a silver coin a full legal-tender at a fixed ratio by weight with gold such a demand or use would be created for silver bullion to be converted into silver money as would cause silver bullion itself to be valued or esteemed at the ratio fixed by law without any regard to its relative cost of production. Both these writers and all other advocates of the substitution of silver for gold or for the joint use of silver with gold at a fixed ratio wholly ignore the relative cost of production, the relative use in the arts and all the other common factors by which the prices of all other things are governed.

In order to expose the fallacy and to develop the falsity of the proposal to open the mints of this country to the free coinage of silver at sixteen to one, it only needs an assent to that proposal. Coinage is the name of a process of manufacturing. It consists in converting bullion of a given quality into discs of metal of a given weight. Upon these discs the stamp of the government is put as a certificate of the weight and of the quality whether the coin be made of gold, silver, copper or nickel. That definition exhausts the word "coinage." I have offered to meet the proposal for free coinage many times to that extent, limiting the proposed act to coinage. This proposal is invariably refused. "No," is the reply, "these coins both of gold and silver must be named dollars and we demand an act of legal-tender or a force bill by which creditors shall be forced by law to take whichever coin the debtor may tender." Messrs. Bryan, Bartine, Warner, Weaver, and all their associates in fact, take the position that creditors possess no rights which debtors are bound to respect. They in fact propose to deprive both parties who desire to make a free contract of that right and without their force bill or act of legal-tender they admit that they cannot attain their true purpose. What has been the result? When there appeared to be a remote danger of such acts of force passing congress men who were in possession of capital rightly refused to become creditors. They rightly took the ground that the business men and the states by whom and in which such views were held were not fit to be trusted. Hence came an almost total collapse of credit, a disastrous and unnecessary fall in prices coupled with a complete paralysis of industry. That such would be the result had long been foreseen, predicted in print and in correspondence, while prudent men in every state and in every