

figures are very valuable data, from which it is possible to deduce important and substantially reliable conclusions.

Let us be more concrete. Between January 1, 1897, and November 1, 1906, the course of Dun's index figures has been as follows:

Date—	Index Number.
January 1, 1897.....	72.5
January 1, 1898.....	79.9
January 1, 1899.....	80.4
January 1, 1900.....	95.3
January 1, 1901.....	95.7
January 1, 1902.....	101.6
January 1, 1903.....	100.4
January 1, 1904.....	100.1
January 1, 1905.....	100.3
January 1, 1906.....	104.5
November 1, 1906.....	106.7

Mr. Conant, of course, would probably object to attaching much importance to these on the ground that a pronounced advance in some one or two commodities, as for example wheat or cotton, would be sufficient to raise the index figures, even though the prices of the other commodities that entered into the index figures remained unchanged. Admitting the validity of such an objection, however, the fact remains that prices have unquestionably advanced during the past ten years, and we think it will be admitted on all sides that the extent of the advance has not been exaggerated by the index figures printed above.

Given, then, a material increase in prices over a period of ten years, to what extent has the gold output increased during the same period? The question is best answered by the following table, which shows the world's output of gold from 1896 to 1905, together with the average annual output for the ten year period from 1886 to 1895 inclusive:

Average 1886 to	Ounces.	Value
1895.....	6,591,469	\$136,257,528
1896.....	9,820,075	202,998,626
1897.....	11,483,712	237,388,998
1898.....	14,016,374	289,743,680
1899.....	15,220,263	314,630,233
1900.....	12,684,958	262,220,915
1901.....	12,894,856	266,559,884
1902.....	14,437,669	298,452,606
1903.....	15,778,016	326,159,991
1904.....	16,739,448	346,034,521
1905.....	18,290,567	378,098,942
1906 (est).....	19,372,887	400,472,445

The increase in the output of gold during the past ten years has simply been unparalleled in the history of the world. The value of the product for the decade 1896-1905 was almost one billion, six hundred millions of dollars in excess of that for the decade 1886-1895; that is, the output increased more than 100 per cent. Assuming that the figures for 1906 are substantially correct, last year's output was scores of millions larger than that of the largest preceding year, and veritably hundreds of millions in excess of that of any year previous to 1896.

What is more natural, therefore, than to ascribe the advance in commodity prices since 1896 to the heavy gold inflation? Indeed, in what other way could the effects of such an inflation manifest themselves, for surely such a tremendous addition to the world's stock of the yellow metal could not have been without some effect. To quibble over the question is idle. There are the facts, and it still remains for those who have no patience with the quantitative theory even in its most qualified form, to explain them away.

Equally ridiculous is it to contend that the gold inflation has had no effect on interest rates. By pursuing a method similar to that employed in the case of prices it will be found that interest rates have also advanced. It is a matter of common knowledge, indeed, that the gilt edged railroad, municipal and industrial bonds are selling at the lowest prices in years, which, of course, means that they are yielding a much larger net income. But how could it be otherwise? Rising prices multiply the opportunities for profitable investment. Heavy borrowing thus ensues, with the result that interest rates advance, although it is probable that the first effect of the gold inflation is a temporary decline in interest rates. Hardly anyone needs to be told how seriously the mercantile interests of the country have been hampered during the past year by the high interest rates. We anticipate that the reply that might be made to this is that the demand for money has been so much larger than the supply that higher interest rates have been inevitable. But what brought about the increased demand for money if it was not the steady advance in prices caused by the heavier production of gold? As gold de-

preciated in value it required a larger amount to complete a given transaction, which is tantamount to saying that the demand for it increased.

### Letters From the People

George H. Owen, McIntosh, N. M.—What the people of the United States want is not government ownership of the now existing railroad lines, but more roads. What good will it do for the government to buy the now existing lines when they are not able to handle the freight business of the country as it is. Let the government build a four track exclusively freight and express road from New York City to Kansas City and then two double track routes from there to San Francisco, Cal. One by way of Denver with a branch to Portland, Ore., and one by way of El Paso and Los Angeles, with a branch to Galveston. Then let all of the cities north and south of the government line build a double track road to connect with the government road and we have the situation grabbed. Then in addition we need the deep waterway from New York City by way of Chicago to New Orleans. A high protective tariff always produces a boom, but when the boom busts—and it is about time—then will be the opportune time to do these works. The rate of the government roads will become the common rate of all of the roads of the country. The past history of the tariff shows a busted boom about every ten years.

Hiram A. Pettey, Stewartsville, Minn.—When President Roosevelt came into office it was said by a great many democrats that something would be doing, but I could not share in that belief. With all fairness to him, could anything be expected of him? He was born of the privileged class, in the house of special privilege was he reared and educated, and he owes to the money power all that he is politically; naturally his sympathies lie there; plutocratic as Judge Parker was he was extremely democratic in comparison to Roosevelt whom the trust magnates elected by pouring millions into one great corruption fund, while Judge Parker who bid for their support got not even a corporal's guard. And has he not been true to their bidding? He has been president five years and not a trust magnate lies in jail, although they have robbed the producer right and left in direct violation of the laws. He is just the man they want; he has fallen in line with them at every turn, but how the plain people can want him again is more than I can understand, unless it is like the fellow's frogs told about in The Commoner sometime ago—they were fooled by his noise.

William A. Garretson, Lebanon, Mo.—That so many people in this country, including most of those reputed for high intelligence, have hailed an excess in value of exports over imports as a state of trade to be desired, and united in calling it a "Balance of trade in our favor," is one of the most remarkable cases the world has produced of an absurdity being made respectable. The national republican convention that nominated McKinley and Roosevelt, in the resolutions they adopted congratulated the people of the United States on the balance of trade being in our favor, because we had then for some years been sending out of the country more wealth than we had been receiving from other countries. And the fact that this absurdity was hardly criticised at all during the campaign may be fairly taken as proof that the people generally failed to perceive that it was an absurdity. If all stocks and bonds, or other forms of indebtedness, were held in the countries where they are payable; and all land titles were held by people residing in the countries where the lands are located, all countries would import, measured in terms of money, more than they would export. As a matter of fact, take the whole world's trade, and the aggregate of imports will be found to exceed the aggregate of exports by about twelve per cent. This is necessarily the case, and must always continue to be; for trade can not continue unless it affords a profit to those engaged in it. And the profit is shown in the return for goods sold. Some countries import more than they export, while others export more than they import. But in the grand aggregate imports exceed exports. And it would be so in the case of each country if natural conditions prevailed. In the case of England the imports are over forty per cent

larger than the exports. This is because English investors are very large owners of lands in other countries, on which they receive rent; and also large owners of foreign stocks and bonds, on which they receive dividends and interest. In the case of the United States we export much more than we import because millions of acres of lands in this country are owned by foreigners, and hundreds of millions of dollars in stocks and bonds, payable by Americans, are owned by foreigners. And to pay rents, dividends and interest to these foreign investors, more wealth must be sent out of the country than can be brought in. The creditor countries can, and do, import very largely more than they export. The debtor countries must export to pay their debts, and if they owe very much abroad, as we do, they must export largely more than they import. I notice Mr. G. F. McMurchy, of Vicksburg, Miss., asks in The Commoner of May 3, "What constitutes a true 'balance' of trade?" That there is no such thing, is the only answer to that question.

Seward Gwaltney, Somerville, Ind.—One of the important things for which all honest voters should now strenuously contend is "publicity of campaign contributions." It is important because it is one of the few ways by which cleaner elections can be obtained. Mr. Bryan spoke of this in his Madison Square Garden speech and offered forcible argument in its favor. Mr. Roosevelt in his message to congress also expressed himself as in favor of it. But the republican congress, which represents the position of that party in general, has utterly neglected to pass any legislation on the subject. I think we can all agree with the New York World when it says "that the failure of the republican majority in congress to provide for complete publicity of campaign funds and to prohibit corporations from contributing thereto, is inexcusable." Nevertheless this should not prevent democracy from doing its duty. The fact that the republican party has failed to put forth any effort to secure publicity does not constitute any reason why the democratic party should be negligent. The people are entitled to know from what sources the campaign funds of all political parties are derived. And whether or not the republican party make known its contributions, the democratic party should publish its list. And this, as The Commoner has repeatedly emphasized should be done before the election that the people may be guided in casting their ballot. Let democracy take the initiative and if the republican party does not follow the example it will throw upon them a suspicion which, to say the least, can not prove beneficial to their ticket.

#### SPECIAL OFFER

Everyone who approves the work The Commoner is doing is invited to co-operate along the lines of the special subscription offer. According to the terms of this offer cards each good for one year's subscription to The Commoner will be furnished in lots of five at the rate of \$3 per lot. This places the yearly subscription rate at 60 cents.

Any one ordering these cards may sell them for \$1 each, thus earning a commission of \$2 on each lot sold, or he may sell them at the cost price and find compensation in the fact that he has contributed to the educational campaign.

These cards may be paid for when ordered, or they may be ordered and remittance made after they have been sold. A coupon is printed below for the convenience of those who desire to participate in this effort to increase The Commoner's circulation:

**The Commoner's Special Offer**  
Application for Subscription Cards

5	Publisher COMMONER: I am interested in increasing THE COMMONER'S circulation, and desire you to send me a supply of subscription cards. I agree to use my utmost endeavor to sell the cards, and will remit for them at the rate of 60 cents each, when sold.
10	
15	
20	
25	
50	BOX OR STREET NO.....
75	P. O..... STATE.....
100	Indicate the number of cards wanted by marking X opposite one of the numbers printed on end of this blank.

If you believe the paper is doing a work that merits encouragement, fill out the above coupon and mail it to The Commoner Lincoln, Neb.