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WHAT GAGE SAID.

In 1891 Foretold the Treasury Predicament of 1893.

His Often Quoted Address of 1894-Importance of Credits-Summary of Defects of Our Currency System.

The new secretary of the treasury, Lyman J. Gage, is not a novice either in the theory or practice of financial affairs. Long before most bankers and business men were greatly concerned about our national finances he saw danger ahead and prophesied what wouldand what did-happen, unless certain changes were made in our unscientific and unsound financial system.

On February 19, 1894, Mr. Gage read a paper before the Sunset club in Chicago. After explaining how silver and gold money had been evolved "by the free play of human choice, ending in consensus of action, and never by conventional agreements made in advance," he discussed our own monetary conditions. He pointed out how the United States, by accepting both metals and by allowing its creditors to choose either, kept together the two metals, whose values were diverging rapidly. To the question: Cannot the government continue this policy indefinitely and thus "forever preserve a higher value to the silver coin than its equivalent in silver bullion?" he replied that it could not. "The proportion of silver payments to the government," he said, "will steadily increase until the treasury department will be obliged to either pay in silver or buy gold in exchange for it. With free coinage of silver," he added, "this result will be the sooner reached." Nothing could be clearer or sounder than this. It is precisely what happened.

In the autumn of 1894 he took part in an elaborate discussion of the money question at the Commercial club of Chicago. His address at this meeting is often referred to and is now of much interest, since it contains what he says are still substantially his ideas in regard to currency reform. We quote below the greater part of this address:

"In speaking upon the subject of our

their nature and essence one-viz., they are forms of credit. Their value, each and all alike, lies in the ability of the owner to convert them at last into the only real form of money now existent -metallic coin. And to push the question a little farther, the only value of

the metallic coin lies, not in the coin as the coin contains to exchange for other things.

"It should here be noted that while our silver dollar is real money its power , officiency and operate to destroy its to exchange for other things is more | elasticity. 5. The silver certificate enthan doubled by another and artificial | courages the use of silver to a larger exvalue imparted to it through the law, | tent than consists with the safe preserwhich gives it power equal to the dollar in gold to pay customs dues. Hav- gold. ing an equal value in this direction, the quantity being limited, it has equal to promote reform? There is reason to value in all directions, but the difference between the metallic value of the s'lver dollar and this arbitrary value lies in the realm of credit. What I have so far said lies at the foundation of the subject and must be first understood.

"We have now current in the United States available in the purchase and sale of commodities and for the payment of labor services the following agencies:

"First, gold coin, silver coin - real money.

"Next, greenbacks, treasury notes, national bank notes and bank checks. The last four to be classified together as forms of credit.

"Their respective legal relationships to real money, however, are not alike. The national bank note and the bank check may both be satisfied by the tender of greenbacks or treasury notes, while the last two are redeemed only in coin or in payment of public dues.

"In passing it may be well to note the relative use of these various agencies in the practical operations of commerce and trade. No better place to determine this can be found than the counter, of a bank, and the following statement of the amount of each received by a bank in this city on a recent day will indicate their relative importance in that direction:

Gold coin.....\$ Silver com 15,820 Gold certificates 4,045 Silver certificates 98,129 Legal tender notes and greenbacks.. 82,172

"Percentage of cash to total credits, five per cent.

"The lesson to be drawn from these figures is this:

"Much the larger part of all our commerical exchanges is carried on by bank checks or other instruments of private cerdit. These instruments all what this related thing-this money-

tional bank notes and, to use the pop-ular language, money in bank-are in that every note injected into the com- There is a Wrong Way mercial system should represent an existing commercial value. 3. The AND A RIGHT

treasury note is a standing evidence of a foolish operation, the creation of a debt for the purchase on a falling market of a commodity for which the purchaser has no use-it lies open to the just charge of being both idiotic and a coin, but in the power of the metal immoral. 4. The national bank note nearly conforms to the true principle of paper money, but the unreasonable requirements for security paralyze its vation of that metal on a parity with

"Would a national commission help hope that it would be of great service in that direction. Such a commission, if rightly selected, would throw a flood of way of treating the eyes. Some people

light upon these involved questions. The information it might gather would seem to think that if they only wear be of immense value to all our people' and would guide us to wise legislation.

"Emotion and sentiment are not safe eyes. There would be just as much guides in matters of science. A clear

apprehension of true principles will sense in prescribing the same medicine lead to correct action." for every disease. Unless you place

Watson Accepts the Verdict. yourself in the care of a skillful oculist In a letter printed in the New York World of March 9 Thomas E. Watson, or optician it would be better to give

AUBURN, NEB.

ex-candidate for vice president, says: no thought to your eyes at all. We "If there was any clear meaning in

the verdict of last November, it was that make a specialty of fitting glasses. there should be no free and unlimited coinage of silver at the old ratio of six-AVEY&CO.

teen to one."

Two Coined Lies.

One of the Chinese coins is called a "li." Had the result of the election it the United States been different last November our largest silver coin would have been a "lie."

The Sound Money Propaganda.

The decision of the silver men to continue their fight for the 50-cent dollar, despite the emphatic verdict of the people in November, is appropriately followed by the organization in New York of a sound money league, which is to be national in its character and in the scope of its work. From this time on

ued.

The most efficient agency of the last mittee of the New York Reform club, to insure.

and its publications, each given to some one phase of the currency question, were invaluable to speakers and writers. A sound basis for currency reform was thus laid in the minds of thousands relate to a certain form of money, in who were groping after the truth. place of which they for the moment These publications, it is stated, are to stand. If uncertainty intervene as to continue. An effort is to be made to widen the field of operations by a class money system one must be aware that is, or is to be, distrust and confusion of writings of a more popular character. in whatever he may say he will excite enter in. The mighty agency of person- In the south and west particularly honthe hostile criticism and draw forth al credit is shaken. Commercial ex- est thinkers are to be supplied with material for progressive thought toward sound conclusions on the money question.



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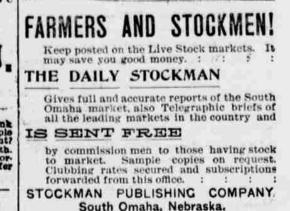
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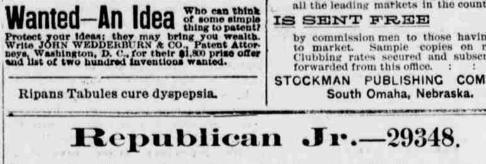
till the next presidential election the 15% hands high, weighs 1075 pounds now. Sure Trotter; could show 2:40 gait dissemination of money facts and cor- at 2 years old without any training. Sired by Republican 2:1914; half brother rect views as to money is to be contin- to Pat L. 2:00 14; dam Sadie Vera by Talavera, 2:30; second dam Betsy Trotwood, by McMabon, 2:21.

Repuplican Jr. will make the season of '97 at home, Maple Ridge Stock campaign was the sound currency com- Furm, 21/2 miles southeast of Howe, Nebraska, to a few approved mares, at \$15

'Invineible, Unsurpassable,

Without a Peer,"

Writes a regular subscriber, who has read it for many years, of the Twice-a-week issue of the



bitter invective from some one or more of the various factions who are seeking to establish on new and experimental foundations our much disturbed financial structure.

"Through our heterogeneous system the public mind has seemingly lost the power to discriminate between real things and the shadows or signs of things. It is necessary that disguises be pulled aside and that real facts appear.

"There is, in truth, only one real money-viz., metallic coin. It may be composed of gold or silver. It might be of something else, but it is not. Greenbacks, treasury notes and national bank notes are but promises to pay. In the nature of things they can be nothing more. They pass as money, perform the functions of money, often more conveniently than money itself. Because of this confusion comes, and we are led astray. Seeing that the greenback is uttered by the government; that it has, by the legal tender quality imparted to it, the power to pay debts, and that it circulates with all the power of money, discrimination ceases-we call it money-and the idea that government can create money by its sanction or fint becomes rooted in the mind. The distinctions just pointed out are, however, fundamental distinctions. They should be taught in the schools. They are simple, easy to be understood even by a child.

"We admit that on many occasions paper money, whether greenbacks. treasury notes or national bank notes, is more to be desired than gold. Yet more to be desired than either, as proved by the daily conduct of men, is a credit balance in a solvent bank. For, to secure this better form of good. people voluntarily give to the banker these promises to pay-yea, even gold itself-for a credit to an equal sum upon his books. With an entry upon their passbook as evidence of the transaction they claim to have "money in the bank." In popular language, the claim is well enough, but, correctly speaking, it is positively untrue. They have parted with their money, if money they had. It belongs to the banker; it is no longer theirs.

"The consideration they have received is an agreement from the banker to meet their requisitions upon him from time to time. If the banker is faithful to his obligations they have made no bad bargains, for all these

changes fall off, trade languishes and industry declines.

"The greenback was issued to pay was received, such value was either consumed or converted into value not availsoldiers and government employes; it The existence of a greenback is the evidence of a debt not paid. It is a lien upon the future.

"A national bank note, on the contrary, is the evidence of some existing value which lies somewhere as collateral values is the only ordinary and proper occasion which calls for their issue. The

volume in which they will appear marks the rise in prices or an increasing quantity of existing things. Like the bank check, they will be in active service when trade and commerce are active. Thus they enjoy the principle of clasticity, wholly lacking in any pos. sible form of direct government issue. The method of their retirement is wholly different and subjects the trade and commerce of the country to less dangerous strain.

* * *

"There is no reason why the government should act as warehouseman for either gold or silver. Such a function is outside its proper limit of action. But we are faced by the condition, and it is the bete noire of the treasury. The enormous amount of \$500,000,000 of silver, represented by \$338,000,000 in silver certificates, added to the \$150,-000,000 purchased by the government under the Sherman act, constitutes a standing menace to every business inberest.

"Our whole monetary system is the resultant of makeshift legislation and unscientific compromises. It is time that reform began. I do not assume to offer more final remedies. In my own opinion the greenbacks should be permanently retired. The silver purchased under theSherman act should be gradually sold and the treasury notes redeemed and canceled. Some well guarded system of bank note oircluation, broader and more elastic than the present national bank act provides, should be inaugurated. Such bank notes should be redeemable at a central place and be redeemable in gold only.

"To sum up, the defects of our present currency system are: 1. A confusthings-greenbacks, treasury notes, na- ing heterogeneity which needs simplification. 2. The greenback contro-

Much was done in six months of 1895 debts, not to acqure value, or, if value to uproot the erroncous ideas planted in five years of populist agitation. Errors had flourished simply because they able in the market. The greenback paid had not been confronted with fact. Now monetary truth is to be as sysbought powder and munitions of war. | tematically inculcated as failacy was, and the result cannot but be most wholesome.-Baltimore Sun.

Mr. Bryan on Equality.

In his speech at New York on February 26 Mr. Bryan said: "If any person for its redemption. To transfer such believes a government should single out a few people and give them advantages over others, he does not understand equality under the law."

This is very true. But, in demanding that silver mine owners be permitted to take 50 cents' worth of bullion to the treasury and have it stamped as one dollar is not Mr. Bryan advocating the very inequality under the law which he One Dollar for One Year. rebukes?... Would not free coinage of silver at a fictitious ratio be to "single out a few people and give them advantages over others?" The owners of silver bullion in this country are very few indeed.

Again Mr. Bryan says: "No just government ought to enable or permit one citizen to injure another citizen."

True. But would not the government do this if it enabled one class of citizens, the debtors, to discharge their obligations to another class, the creditors, in dollars worth only half as much as were the dollars loaned? If the government were to make wampum or conch shells legal tender for the payment of debt, would it not enable one class of citizens to injure another class? And would it not do the same in depreciating the currency of the country to a 50-cent basis?

The people so decided last November.

Afraid of Sixteen to One Fire. The democrats of Rhode Island will, it is said, ignore the currency question in their coming state convention. They will ignore it for the same reason that a burnt child stops playing with fire. It is to be hoped that the democrats will profit by past mistakes. It would be a pity not to have the two great old parties in the field in 1900.

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St. Louis Globe-Democrat

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