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THOMAS JEFFERSON.

Original Demonetization of Silver Effected by Jefferson's Order.

He Was at All Times Opposed to Cheap Money and Repudiation of Debts—Believed That Coinage Ratio Should Stick Close to the Market Ratio—Favored Use of Both Metals, But Showed a Moderate Preference for Gold—Could Not Have Stood on the Chicago Platform.

Thomas Jefferson was a patriot and a statesman of the highest order. It is proper for all true democrats to celebrate his birthday April 13, and to commemorate his many excellent qualities; but why should those who voted in 1896 to repudiate debts and to cheapen our dollar by attempting to fix an artificial ratio between gold and silver widely different from the market ratio meet to honor, or dishonor, Jefferson's name? Is there anything in his writings or his conduct to indicate that he would have been a cheap money or repudiation democrat?

In 1783 Mr. Jefferson wrote:

"The proportion between the value of gold and silver is a mercantile problem altogether. * * * Just principles will lead us to disregard legal proportions altogether, to inquire into the market price of gold in the several countries with which we shall principally be connected in commerce and to take an average from them."

Does this sound like the silver plank in the Chicago platform?

In a letter to Mr. Hamilton in February, 1792, Mr. Jefferson expressed his opposition to cheapening the dollar or reducing the monetary unit. He said of the dollar:

"I very much doubt a right now to change the value, and especially to lessen it. It would lead to so easy a mode of paying off their debts. * * * Should it be thought, however, that congress may reduce the value of the dollar, I should be for adopting for our unit, instead of the dollar, either one ounce of pure silver or one ounce of standard silver, so as to keep the unit of money a part of the system of measures, weights and coins."

The original "demonetiztion of silver" was effected by the following order from Thomas Jefferson:

"Department of State, May 2, 1806.—Sir: In consequence of a representation from the directors of the Bank of the United States that considerable purchases have been made of dollars coined at the mint for the purpose of exporting them, and as it is probable further purchases and exportations will be made, the president (Thomas Jefferson) directs that all silver to be coined at the mint shall be of small denominations, so that the value of the largest piece shall not exceed half a dollar.

"JAMES MADISON.

"ROBERT PATTERSON, Esq., Director of the Mint."

Except 1,000 pieces, no more silver dollars were coined till after Andrew Jackson retired from the presidency.

It is clear from Jefferson's writings that he favored the use of both metals, but only at their natural ratio in the world's markets. He seems to have had an instinctive fear that people who wished an "easy mode of paying off their debts" would attempt to fix our coinage system independent of the world's markets. His policy at all times was to stick close to the natural ratio.

His desire to ascertain the market ratio between gold and silver and adopt that as the legal ratio is shown again in his supplemental notes, Works, edition of 1853, volume 1, page 170, written in 1783 or 1784, when he suggests that the committee of the states be instructed:

"To appoint also proper persons to inquire what are the proportions between the values of fine gold and fine silver at the markets of the several countries with which we are or may probably be connected in commerce, and what would be a proper proportion here, having regard to the average of their values at those markets and to other circumstances, and to report the same to the committee, by them to be laid before congress."

Jefferson framed and had passed by the Virginia assembly a law by which the value of the paper money of America was settled "in sterling money or the lawful money of England."

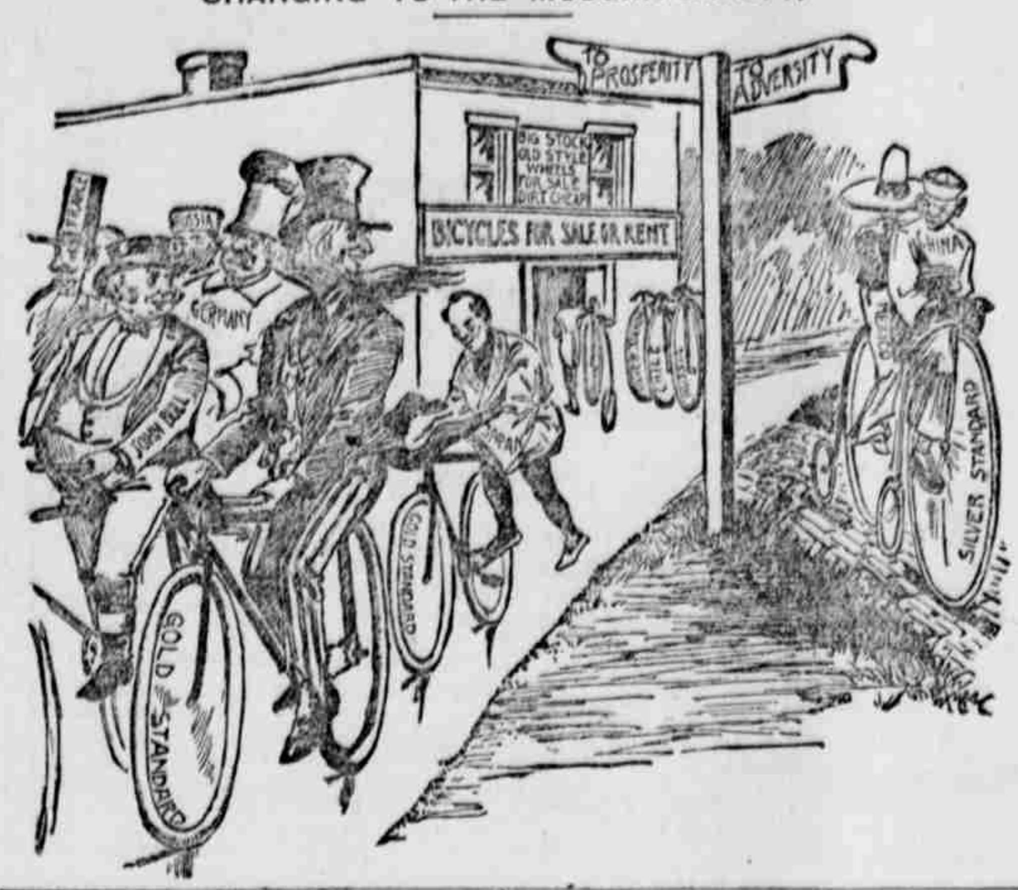
If Jefferson had been compelled to choose between the two metals, he would undoubtedly have taken gold. In his "Notes" he complained that the high price which Spain paid for gold had a tendency to draw away gold and to leave us only silver. He thought, therefore, that "we might with safety lean to a proportion somewhat above par for gold."

Free silver democrats are not Jefferson democrats. They should either abandon their false doctrines or worship at another shrine.

Volume Regulated Automatically.

That it was the function of the government to furnish a country with its supply of money was never supposed by anyone until it had undertaken to do that as a measure of war financiering. If the government coins the bullion brought to its mints and regulates, not the volume of, but the conditions under which, bank currency may be issued, it discharges its duties in full, and the business world will, as it invariably has, provide the currency and regulate the volume in accordance with the varying needs of trade.—Iron Age.

CHANGING TO THE MODERN SAFETY.



"MORE MONEY" CRY.

It Comes from Farmers, Who Have a Real Monetary Grievance.

They May Be Mistaken as to the Cause and Remedy, But Not as to the Existence of Their Trouble—Why Interest Is High in the West and South—Statistics of Banking Power in Different Sections.

Upon tracing the movement for a larger volume of circulation back for a score of years it will be found that it has invariably manifested greatest strength in the agricultural sections of the country. Obviously, then, we must seek for the underlying causes in these communities.

When the subject is analyzed it will be observed that the ground for discontent at existing conditions lies in the fact that notwithstanding greatly improved means of production, notwithstanding greater facilities and materially reduced rates for the transportation and distribution of products, the agriculturist, upon whom so large a part of our economic system is dependent, finds himself, generally speaking, after a twelvemonth of hard work no farther ahead than at the beginning of the year, and in many instances his status is worse. Through the failure to make a proportionate income he has not been able to reduce, but has, in fact, increased his money obligations.

It is not maintained that such is the case throughout the land, nor are all agriculturists entitled to equal credit for care and economy. Many cases there are, doubtless, where sympathy is not deserved, but in most of the communities where discontent prevails the reason here given is the true one, the dissertations of self-satisfied theorists to the contrary notwithstanding.

Numerous explanations made by painstaking investigators warrant the statement that the unequal distribution of capital and of money and the consequent gross inequality in interest rates are the chief cause of the inability to carry on the important business of agriculture profitably.

The sections of the country polling the largest silver vote in 1896 have, generally speaking, insufficient credit facilities. The small farmer who, advancing from the condition of farm laborer, seeks a larger measure of independence and greater comforts for his family, is not only compelled to mortgage his realty, frequently at rates as high as 15 per cent., but is under the necessity of borrowing upon his prospective crop. Having no banking office to call upon, he turns to the storekeeper, who extends credit for the needed supplies and taxes the borrower first for interest upon the loan, second in the way of increased prices for staples furnished and finally in the way of discounts or commissions upon the product of the farm turned in as payment. These items not infrequently aggregate 30 per cent. upon the actual credit extended, and in a very large number of cases the total exceeds 20 per cent.

It is perhaps unnecessary to add that business of any kind under such conditions would be unprofitable.

Is it, then, surprising when the agriculturist, who knows little relatively of the principles of sound finance, imagines that an increase in the volume of money would benefit him? Is it to be wondered at, when he hears or reads of money going begging at two per cent. in the metropolis, he fancies that, by some hocus pocus, Wall street is constantly striving to grind him down?

It is our business to teach him otherwise; to teach him that the prosperity of the commercial centers is closely interwoven with his—is, in fact, largely dependent upon his welfare—but the lesson can only be brought home to him by the introduction of means through which his own prosperity shall be assured. For, even as it is impossible to interest a starving man in the plan of salvation, so the debt-ridden farmer can only acquire faith in our views of sound finance when relieved of his present onerous burdens. To him a system which operates so unequally as the existing one does not appear not only unsound, but absolutely tyrannical. Any change, he feels, would be for the better. Consequently the southern farmer demanded the reinstatement of the state bank note system four years ago, and last year the free coinage of silver appeared to him the best solution of the difficulty.

The remedy is manifestly not to be found in any form of inflation of our circulation, but in providing by legislation or otherwise increased credit facilities, both for long term loans upon mortgages and short term credits upon crops, and a better distribution of the circulation which we have.

In this, as in many other matters, we must refer for guidance to human experience elsewhere. In no country has the system of advancing short time credits to agriculturists reached the high state of development which is found in Scotland. The Scotch banker has learned that the farmer is, under a well-guarded system, as fairly entitled to credits to float his venture as the merchant or the manufacturer.

Scotland has one banking firm for each 4,000 of population and a ratio of banking capital to total resources of banks of one to twelve. By this economy in the use of capital the banks are able to declare dividends averaging fully ten per cent, while giving credits ordinarily at rates rarely exceeding four per cent., and every hamlet in the kingdom has a banking office within its limits or in its immediate vicinity. * * *

Taking the states of Alabama, Mississippi and Arkansas as an example, it will be found that these have about 4,000,000 population and 171 banking institutions, including private bankers, with a total capital of $17,000,000; total resources, $40,000,000, or a ratio of capital to resources about one to two and one-third, and one banking office to 23,000 of population.

The reason for exorbitant interest rates in the last mentioned section is obvious. And it will continue to exist unless some means of economizing capital, as is done in Scotland, is provided and the storekeeper is compelled by competition to reduce rates. The comptroller of the currency, in his annual report for 1896, presents a table showing the banking power of the several states and territories, from which the following abstract is compiled, to illustrate this point more forcibly:

AVERAGE BANKING POWER PER CAPITA, UNITED STATES, 1896.

	National, state and private banks.	Loan and trust companies.	Savings banks.	All.
United States..	$52 83	$10 95	$29 91	$93 69
Maximum, R. I.	121 85	64 02	185 75	371 62
Minimum, Ark.	4 86	....	....	4 86
6 New England states	78 90	20 60	152 50	252 00
6 middle states.	69 74	22 73	34 53	127 00
13 south'n states	17 98	04	69	18 70
8 central states.	48 14	2 41	6 34	56 89
13 west'n states	24 89	....	11 68	36 57
4 Pacific states.	46 88	....	26 69	73 57

The great disparity between the banking facilities is seen at a glance. The six New England states, with an estimated population (1896) of 5,200,000, possess nearly $79 per capita; the 13 southern states, with 20,000,000 population, show barely $18 per capita, or 222 per cent. of the former. Including savings banks and loan and trust companies the ratio is materially reduced, the south showing only seven per cent. of the amount given for New England. Analyzing the items given in the last column, as stated in the comptroller's table, it is found that the states and territories representing 70 per cent. of the population have less than 33 per cent. of the entire banking power, estimated at $6,700,000,000.—Maurice L. Muhleman, in N. Y. Herald.

Gold and Silver Nuggets.

First.—There is not a free coinage country in the world to-day that is not on a silver (or paper) basis.

Second.—There is not a gold standard country that does not use silver as money along with gold.

Third.—There is not a silver standard country that uses gold along with silver.

Fourth.—There is not a silver standard country that has more than one third as much money in circulation per capita as the United States.

Fifth.—There is not a silver standard country in which the laboring man receives fair pay for his day's labor.