

THE DEPRESSION.

(Continued from First Page.)

upward and prices another fall, desperately aggravating instead of alleviating the business depression. E. BENJ. ANDREWS, Providence.

From Isidor Straus, Banker, New York. Money has been difficult to obtain even at the exorbitant rates which have prevailed during the past six weeks.

A year ago it was a drug in the market at 3 per cent per annum; recently it commanded as high as 70 per cent per annum, and it was more readily procurable at the former than at the latter rate.

Confidence is shaken, people have become alarmed, and the vehicle which carries nine-tenths of the commerce—credit—in consequence has been weakened, curtailed.

What is the cause of the commotion? Many believe that the purchasing clause of the so-called Sherman act is the chief if not the only disturbing element.

I do not think I overstate it when I say that this belief is shared by three-fourths of the merchants of the country.

It should be proved that the trouble was diagnosed incorrectly, none will be so ready and anxious to recognize it and retract their steps as the present advocates of the measure, for they have but one aim in view, and that is not to demonstrate a theory, but to remove the cause that is driving banks and merchants into bankruptcy and clogging the wheels of industry.

If the fear of the silver advocates—that there is not gold enough to go around—be well founded, nothing will effect the re-orientation of silver so quickly as bringing the commerce of the world face to face with such a condition.

By theories we have twice failed to convert Europe to bimetallicism, as two international congresses, both initiated by the United States, the last one held only about a year ago, have been a complete disappointment to their projectors.

If we now take the step which will proclaim that we are ready to enter the fight for the possession of our share of the stock of gold, and there be any ground for the fear that there is not enough of the precious metal, it will not be long before the cry will go forth, "Enough of this," and that cry will not emanate from our side of the water either.

The advocates of free coinage of silver call themselves bimetallicists. At the present juncture, unless the axioms of finance and commerce—Gresham's law and the law of supply and demand—are a snare and delusion, free coinage of silver can only lead to silver monometallism.

I am a believer in bimetallicism, but do not consider it feasible, excepting through an international agreement, which can never be brought about while a compulsory silver purchase law is on the statute books.

Therefore, as a friend of silver, I favor the immediate and unconditional repeal of the purchasing clause of the act of July 14, 1890.

From William F. St. John, President of the Mercantile National Bank of New York. The present widespread scars from which the country suffers so acutely have been a matter of growth. It is not now important to discover its origin. I prefer not to express my opinion of its primary cause accordingly.

My views on the makeshift called the Sherman law are well known already. It has seemed to me the ablest compromise between extremes that could have been enacted. Under the present administration the notes which are automatically created by the operation of this law are redeemable invariably in gold.

Inasmuch, therefore, as the silver absorbed in the treasury in the form of legal tender coin, it practically cannot be emitted at all under the present administration.

Hence the public is not concerned at all as to the silver bullion taken monthly, but is concerned and concerned only with the legal tender notes which are thus created every month. At about the present price of silver, if the law were carried out, we should have a monthly issue of about \$3,000,000 of notes. They are receivable for all dues to the government, including receipts for customs. They are a legal tender between man and man. The faith of the United States is pledged to redeem them in coin.

The present administration has committed itself to redeem them invariably in gold. I have such confidence in the ability of the United States to redeem its notes in gold, when undertaking to do so, that I am not in the least degree concerned as to the quality of these legal tender notes. My concern is to get enough of them, day by day, for the conduct of my business.

My views of what would prove permanently acceptable in legislation are fairly well known already. A literal fulfillment of the Democratic platform's demands would seem to me eminently wise and timely.

A bill to fulfill the demands of that platform might possibly shape as follows: First—Our mints to receive without limit all deposits of gold bullion and silver bullion, not too base for minting, and issue therefor unlimited legal tender notes of the United States at coin value, these notes to be redeemable in gold or silver coin, at the option and convenience of the United States, and on request of the note holder, but at the like option and convenience, to be redeemed in gold bullion or silver bullion at not less than coin value.

All outstanding gold certificates, silver certificates and treasury notes of 1890 to be canceled whenever received and the proposed notes substituted therefor at face value, this act repealing the so-called Sherman law entire.

Second—If a new coinage ratio for gold and silver is provided in the bill, provide also that the existing legal tender silver and gold coins shall be available for redemptions of the proposed new notes until the new coinage is ample therefor, say for one or two years after the date of the enactment, and thereafter let the present silver dollars be held for a later determination by congress as to the permanence of this new valuation, that determination to abide events.

The bill proposed would fulfill two requirements of the platform referred to: 1. It offers equal access to the mints of the United States for gold and silver. 2. It "safeguards" the "established parity" by anchoring it into our already vast and prodigiously enlarging domestic trade demand for money. Soon there would be no other notes.

Our silver certificates afford a slight indication of results—mere paper titles to legal tender silver dollars deliverable on surrender of the certificate. Three hundred and thirty million dollars of these silver certificates are now afloat and in banks as money, in parity with gold.

WILLIAM P. ST. JOHN.

From D. W. Minshall of Indiana. In a country like ours, where we have a continent of land to subdue, towns and cities to build, roads to make, streams to bridge, millions of acres of new land to bring under cultivation and factories of all kinds to erect, is it any wonder that, amid the thousands of opportunities surrounding us to make money rapidly, we should occasionally be caught going too fast?

Troubles like the present are more likely to occur in a new and rapidly developing country than in an old one, and they would probably occur under any system of finance, although I think both our ridiculous tariff and silver legislation have aided in producing this one.

Temporarily by promises of large returns, we have gone on multiplying roads and factories until now our capacity to produce from a clothespin to a locomotive is nearly twice as great as the consumptive demand.

We have thus converted too large a share of our active, operating capital into fixed capital not available for debt paying purposes, and we are not going to rebound as soon as congress repeals the Sherman law, but several years will have to be devoted to a readjustment of credits and values and a new start made on a new basis of valuation—a reappraisal of our property and a cutting down to an actual productive basis.

We must also pass through an educational period, and the asses in Kansas must be taught that the government can't make us rich by laws and that the best dollar for the farmer and laborer is the dollar that will buy the most and be current everywhere in the world.

A single standard gold dollar and the right to spend it wherever your interests require—which means free trade—will, in my judgment, be the ultimate outcome, but as we will probably have to go through a period of tinkering to reach this I do not look for the end of pinching times for several years to come, or until we learn to recognize a few fundamental truths which we have to too large an extent ignored. Very truly,

D. W. MINSHALL.

From Governor LeWelling of Kansas. CAUSE. The present financial trouble is the ripened fruit of a series of legislative enactments and financial policy extending over 30 years: The exception clause upon the greenback currency in February, 1862; the calling in of the currency that paid the expenses of the war of the rebellion, and making a vast debt of it to be paid, both interest and principal in gold, by the people of full legal tender currency and sending it back to the people.

The issuing of currency based upon the debt the nation owes, instead of the wealth the nation owns, and putting into the hands of corporations the control of the amount of such issue and the machinery through which it must reach the people.

The demonetization of silver in 1873, thereby depreciating the value of gold, and depreciating the price of silver and all other products of labor, except gold, until the ability to pay debts was destroyed.

The refusal to supply sufficient money to do business upon a cash basis, thereby making the American people borrowers for a large part of their capital.

A rate of interest twice greater than the percent of the annual increase of the wealth of the nation, thereby transferring not only the earnings of the people annually, but part of their past holdings, to pay such interest.

Corporate control of labor and the products of labor, depriving the producer and toiler of his fair share in the distribution of the wealth by him created.

Together these causes have operated in producing the most deplorable financial condition that can exist—concentrating the wealth of the nation in the hands of a few of its citizens and leaving the many without just reward for their labor.

Provide for an increase of the currency by the free coinage of American gold and silver, together with an issue of currency based upon the faith of the nation, thus reducing the purchasing power of gold so that something may be left for the products of labor with which to pay debts. But no bonds should be issued, thus creating additional indebtedness for the people to pay.

A government depository should be established in each trade center to take the place of national banks. And these should be presided over by a directorate, or a salaried agent who should be under proper bonds and under government supervision. And these depositories should have power to make loans direct to the people.

This would insure an equitable distribution of the currency and absolute safety for the depositors. And it would also remove the incentive to vast accumulations in bank vaults, by which the money volume is contracted, business paralyzed and industry destroyed. L. D. LEWELLING, Topeka.

Chauncey M. Depew. [From Our New York Correspondent.] Chauncey M. Depew, in answer to an inquiry as to the cause of the present troubles and the remedy, was careful not to express any opinion as to the advantages or disadvantages of bimetallicism, regarding the consideration of that subject as a matter which may be well postponed until after congress shall have removed what he believes to be one of the chief reasons for the present distress. Mr. Depew said:

The causes which have been operating to bring about the panic of this summer are various. Some of them can be traced back for several years. Chief among them unquestionably is the revelation which we have now had that the purchase of silver bullion at market rates and the issue of treasury notes in payment therefor, which may be and in fact must be redeemed in gold if the credit of the country is to be maintained, have created a fear that the time may come, if it is not already at hand, when the government would be unable to meet its obligations in the most valuable money.

Whether it is going to be possible by international agreement or by any other method to secure a satisfactory relation between gold and silver as money metals is something which has yet to be determined. I suppose there would be no great objection to the use of anything upon which the government fixes its stamp, excepting the objections of inconvenience possibly, provided the people of this country and the nations of Europe as well had perfect confidence in the ability of the United States to redeem its issues in what is regarded the world over as the best money. There ought, in fact, to be no best money in the sense that any money bearing the stamp of the government is any better than any other.

There is no doubt at all about the relation of gold to the commercial and financial markets of the world, and that being so, and our trade and commercial relations with other countries being what they are, the United States must be prepared to enable its citizens who are engaged in commerce to pay their obligations with that money which is regarded the world over as best. That means, of course, that all people in the United States should receive for their services not depreciated but perfect money. Whether silver be employed as money or not, it is necessary in view of these relations that the money standard be that which is recognized the world over as the perfect one, and that is gold. It will be time, however, to consider the future financial policy of the government when the immediate necessity, the repeal of the silver purchasing clause, is met.

From P. E. Studebaker, Second Vice President and Treasurer Studebaker Manufacturing Company. You ask what is the cause of the present depression in business and the remedy. Permit me to say business depressions and reverses are sure to come periodically, no matter what the basis or volume of our money is, nor does it matter what party is in power, as the true cause is overtrading and overextension of credit. For an illustration, no man was ever financially panic stricken if he were out of debt. But they are less disastrous when they do come when we are doing business on a sound financial basis and when the government is in control of those in whom we have the greatest confidence.

Our present condition, I think, has been precipitated by a lack of confidence on the part of the world in the ability of our government to maintain its silver certificates at a parity with gold and the fear that we would eventually do business on a silver basis. Then it has been aggravated and intensified by the fear of sudden and radical changes being made in our tariff system by the present administration.

The first remedy is the repeal of the clause in the law known as the Sherman act compelling the government to purchase a certain amount of silver monthly. Then let President Cleveland assure the people that he will not encourage sudden and extreme changes in our tariff system. Our people seem to be very widely in regard to the proper basis of our money system, and especially in regard to the relative value of gold and silver. To me it seems to be utterly impossible and impracticable for us to have more than one basis by which we measure our values, nor do I think it to the interest of our people to have more than one, and that should be gold. Yet I think we could use a great deal of silver in trading between ourselves. History proves that never have the two metals remained at a permanent relative value for any great length of time and that they always vary, but that they have varied more since 1860 to the present time than they ever did before.

The reason for this is that the rich desires of silver in this country were made at a time when we had suspended specie payment and were not using any silver in our own country except what was used for manufacturing, and even that was limited, for then we were comparatively poor. The result was our silver was thrown upon foreign markets and frightened Germany to such an extent that they demonetized silver. Since then the whole world has been engaged in discussing the silver question, and the best minds seem to be puzzled and bewildered to know what is best to do. The international congress met, but failed to agree.

To me it seems plain that a change in the ratio of values between the two metals need not seem to us as our foreign friends intimating that we should take the initiative why not take the bull by the horns and do so? I have always believed in the principle of free coinage of silver with a limited legal tender power. Therefore I would suggest that the government in addition to repealing the purchase clause of the Sherman act afterward pass a law to lock up all the silver they have on hand for five years and to call in all the old coins and pass a free coinage bill based upon \$1 an ounce and limit its legal tender power to \$5 or \$10. By doing this it would increase the quantity of silver in the dollar about 25 per cent, hence requiring 25 per cent more silver bullion to perform the function of money and increasing its demand and use to that extent. Yours very truly, P. E. STUDEBAKER, Chicago.

From J. F. Colgate, Banker, New York. I am distinctly opposed to the purchase of silver by the government and in favor of repealing what is generally known as the Sherman act, but in place of this I am in favor of the free coinage of both silver and gold. I am a bimetallicist, but if we are to have either gold or silver I prefer silver to gold. Silver is the normal currency of the world. It is used by every inhabitant, man, woman and child. It is therefore the universal currency. It is also an absolute necessity for life into all the small transactions of commerce.

These small transactions in the aggregate are the basis of commerce. It is therefore the people's currency, while, on the other hand, gold is only local; it is not universal; it is but a higher expression of value than silver, convenient, but not a necessity. It is the most convenient for the settling of balances, and it is truly the banker's currency, not the currency of the people. Both are useful. The one is an aid to the other.

Since the demonetization of silver in 1873 the value of gold has been advanced to such an extent as to produce almost a panic, the debtor classes severely suffering. One of the questions which confront us at the present time is, has gold advanced or has silver fallen? is a pertinent question. "What makes the value of gold?" is not simply law? By the force of law, greenbacks, not worth the paper on which they are written, become a lawful tender for the payment of debts. It is difficult to ascertain the bullion value of gold, when it is arbitrarily fixed by law, and one becomes weary of the slang term which is universally used, "Make a dollar's worth of silver equal to a dollar of gold."

While the Sherman act has in it much good as well as evil, the export of our gold at the present time should not be wholly chargeable to it. Australia, which is said to have gold currency, and South America, a paper currency, are both in a worse financial condition than we are, and yet neither has a Sherman act to repeal. Are we largely indebted for the export of gold to the fact that we are spending more money than we earn? A householder who earns \$10 and spends \$12 soon comes to poverty, and what is true of the individual is true of us as a nation.

Our excessive imports, the great amounts we are paying for interest on our securities sold and held in foreign countries, the fabulous amounts spent by tourists, the amounts spent for support of a large American colony in almost every city in Europe and the exportation of rich American heiresses to be married to impetuous husbands, with worthless titles in the judgment of many, are the truthful causes of our excessive exports of gold. A more rigid economy would correct this.

It is urged that the alteration of the ratio between gold and silver can only be effected by congress with the true principles which should govern it.

A further doubt of the future has been created by the collapse of "combinations." We need not enter into details, but the tendency to huge consolidations has had a most beneficial effect—capitalization in millions, when hundreds of thousands more correctly represented value; these stocks placed through syndicates and shrewd brokers, the result of which has been generally that about one-half of the entire sums have been floated by loans from banks and trust companies, thus withdrawing huge sums from legitimate trade and commerce and adding a fearful load to a time of stringency.

Third—Are there other fears yet undescribed? Yes, indeed. With the vision of millions of unemployed working people now fast becoming a reality, what will be done to again set the wheels in motion and relieve the agony of a struggle for life and daily bread? Is the reply to be, "Repeal the Sherman bill and have no further legislation of any kind at this time?" So say a number of our daily solons. Others repeat the cry, adding, "I leave the remedial measures to the future," etc.

Can any sane man entertain the belief that such a course will at once afford any positive relief? For one I do not believe it at all. There must be provision, immediate provision, whereby money can at once and promptly be provided to meet the necessities of the people of the United States. Once before we were faced with the same dire necessity. Europe was deaf to our cries, and the United States promptly devised the greenback currency. We existed, carried on an awful war and really prospered with it. The necessities of the people of the United States are worse today than they were when greenbacks were devised. We did not consult the financiers of Europe then.

I see in all this present distress the exact realization of what was prophesied as certain to follow if the world persisted in their attempt to establish a single gold standard and an content to profit by my present experience without inviting further aggravation of the existing distress by additional steps in that direction. The bare repeal of the Sherman bill is distinctly nothing else than such a step. It is a contraction of the issue of money to a very large extent—money needed sorely at this time—although the sapient gentleman whose duty and privilege it is to administer this relief has lost sight entirely of the necessities and distress of the nation in his solicitude to save a few hundreds of dollars in the price paid for silver.

So far as his administration of the law is concerned, it might better be repealed. But that it could and should be made a source of gracious relief no one can doubt. Surely we all have but one motive in view—the real good of our country and people. It is silly to cry out on the one side against the "silver miners" and on the other against the "goldbugs." The miners are but a few of the nation, and the capitalists are in a similar minority. It is the working people, the borrowers, those who really carry on the nation's life and activities, we must consider. The "we" must not be willing to see a continuance of this pressure which is slowly squeezing the lifeblood out of the nation, and such it will be to advocate the repeal of the Sherman bill without any legislation to take its place. Far better would it be to adopt Mr. Windom's expedient of bonds interchangeable at will for currency or enter boldly into the struggle with free coinage of silver and maintenance of the parity at all costs, that the alternative of supine submission to the dictates of European bankers.

A. FOSTER HIGGINS. [From Our New York Correspondent.] Samuel Barton, Esq., has represented the Vanderbilts upon the exchanges for many years, although perhaps his larger responsibilities were those which were committed to him by the late Commodore Vanderbilt, who was his uncle. Mr. Barton has given a good deal of attention to the currency question, and when he was asked what his view at present is he said:

I must confess that I have been surprised at the utter failure of the Sherman law to keep up the price of silver. That it has failed completely of its object is confessed, even by the most ardent and unreserved partisans of silver. It should therefore be repealed as soon as possible and should in fact have been repealed the moment it became apparent that the international bimetallic conference would adjourn without accomplishing anything in the direction of international bimetallicism.

I am and always have been a believer in bimetallicism. But in view of the enormous increase in the production of silver and its consequent depreciation in price as compared with gold, and in view of the recent action of India and the probable early dismemberment of the Latin union, this country would be simply committing financial suicide to undertake alone and unaided to maintain the parity of gold and silver, even at the ratio of 20 or 25 to 1. International action, therefore, in my judgment, is the first essential to any movement in the direction of bimetallicism unless we wish to isolate ourselves commercially and financially from the rest of the world.

Such international action can only be reached by demonstrating practically to the nations of Europe that the oft repeated assertion of bimetallicists—which, by the way, I have often made myself and still believe—that there is not gold enough in the world to transact the world's business is well founded, and this can be demonstrated only by this country putting itself firmly and rigidly on a gold basis and compelling the importation of sufficient gold to strengthen the treasury reserve to such an extent as to put its ability to maintain gold payments beyond all question.

Selling interest bearing bonds to do this would be absurd as long as we have \$200,000,000 or \$300,000,000 worth of silver bullion piled up in our treasury vaults. As the law now stands, this bullion must be kept on hand as long as the currency issued against it is outstanding. Unless the law is changed, therefore, this bullion could not be sold without occasioning a disastrous contraction of our currency. But the law could be changed and should be. We have several different kinds of government paper money, some of which are secured by deposits of gold, some by deposits of silver and some by the so-called \$100,000,000 reserve fund. In point of fact, the credit of the government is what makes them all good. Now, why not unify all these different issues, turning the gold held as a special security against the gold notes into the treasury as a part of the reserve fund and selling silver bullion for gold in London or elsewhere and adding the gold thus obtained to the same fund? This ought to give the treasury a total gold reserve of about \$400,000,000 and would be ample to maintain our present outstanding government paper circulation at par in gold. Moreover, the accumulation of such an amount of gold here would probably induce some international action in favor of bimetallicism. If it did not have that effect, we might as well consider bimetallicism doomed forever.

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As an American citizen I repudiate such a suggestion. We have been snubbed too often in international councils, and it is not now high time that we should declare our financial independence of other nations, as we did our civil independence in 1776? England, without consulting us, has just altered the ratio of the silver rupee of India as 1 to 21½, and that while an international council is pending, of which she is a member.

Are we not bound to look after our own interests? And may it not be well for us to inquire, What have other nations done for us that we should do so much for them? If as a country we should come to a silver basis and gold be quoted at a premium, this, though deemed by some as a calamity, might prove a great benefit. In 1873 England and Germany, followed by other countries, to subserve their ends, changed the unit of value from silver to gold, thereby demonetizing one-half of the metallic currency of the world. Have we not had enough in 30 years of this destructive experiment, and may we not wisely return to silver as a unit of value? This would not be an experiment, for it has served the test of thousands of years without bringing financial calamity upon any nation.

It is argued that a silver basis would destroy our credit abroad and foreigners would not purchase our securities. Have we as a nation come to this? Must we destroy one of our largest and most productive industries merely to sustain our credit abroad? Moses said over 3,000 years since (see Deuteronomy xxviii, 48, 49) that among the calamities which would fall upon the Jews: "The stranger which is within thee, he shall lend to thee, and thou shalt not lend to him. He shall be the head, and thou shalt be the tail." Happy deliverance awaits our country when we shall cease to be "the under dog."

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Hon. William R. Grace. [From Our New York Correspondent.] Ex-Major William R. Grace of New York, who has very important business relations with South America and Europe, said of bimetallicism: "Nobody objects, I suppose, to the employment of silver as money so long as there is certainty that a dollar's worth of silver represents a dollar's worth of gold not only in name, but in fact. If the problem can be solved by which this relation can be brought about and be maintained not only in the United States, but by the commercial nations of the world on a common understanding, then there can be no objection to bimetallicism. Until this is done the only safe policy is the honest one, and that is in the United States the maintenance of the purpose to redeem all the obligations of the government in the best money, which is gold. For this country to attempt to maintain without mutual arrangement with other nations with which our trade relations are so great silver and gold at a parity would certainly result in financial distress in comparison with which the present trouble is but as a summer breeze to a winter hurricane."

From Major O. J. Smith of New York. Our business troubles are due to a collapse of credit. The collapse of credit is due to the unsoundness of the credit system. Credit is a boiler which explodes once in 10 years. Our financial system is an inverted pyramid. Upon its apex, which serves as its foundation, is a lump of gold; next above comes a larger mass, consisting of silver, greenbacks, national bank notes, etc.; then a heavy volume of bank deposits, upon which drafts are made for exchanges; and, finally, at the top a great mass of debts all payable in actual money. It is not strange that business suffers occasionally from a lack of confidence. A pyramid upside down does not inspire confidence. So long as business is done on credit we shall have commercial panics. O. J. SMITH.

From A. Foster Higgins of the New York Chamber of Commerce. It would be difficult to specify the various causes which have combined to produce the present unprecedented financial condition. The richest country on the globe, having a bulk of actual money representing one-tenth of the population, and a grand total of nearly \$1,600,000,000, is so "short" of its supply that buyers of the best investment stocks and bonds cannot be obtained at all at any fair value and only to a limited extent at enormous sacrifices. Savings banks are unable to pay their depositors because of this impossibility of realizing on securities by peremptory sale. Banks are failing in every direction. Industries are discharging their workmen and closing their works because of no sale of product or further accommodation from capitalists or banks cannot be obtained.

Such are the evils. Why do they exist? Principally because of the widespread loss of confidence and fears which have taken possession of every one who is even in a small degree a capitalist, and each is—every man, woman and child that has a saving. Loss of confidence in whom? Fear of what? Let us try to analyze and see if we can discover the answers.

First—The government has declared in the most positive and unmistakable manner that it will at all times maintain an actual parity between gold and silver at its established ratio of 16 to 1 and will at all times redeem its currency of every kind in either silver or gold at the option of the holder.

The public does not believe it evidently, for they have heard repeated so many times, by the hearing press, that we are drifting, driving toward silver payment, and silver alone—that the government is utterly unable to carry out its pledges and will soon be forced to abandon all payment in gold—that at last it has seized hold of the entire public mind, and the loss of confidence in the government is evinced by the senseless behavior we now witness of hoarding money, withdrawing of deposits, etc.

Who is to blame for this effect but those who raised this clamor—those who, regardless of the awful ruin they thereby have wrought, persistently day and night have declared that the Sherman bill was sweeping us all to ruin, totally regardless of the government's pledges or of the plain, palpable relief to a strained money market the issue of over \$3,000,000 per month of tangible, debt-paying money was having? I date the positive evidence of loss of confidence with the beginning of this fashionable clamor, which was and is such a reflection on the power, ability and even good faith of the government that it is a disgrace to the nation and should be a source of remorse to every one participating in it and contributing to the results now experienced.

Second—Is it fear of the future of trade and commerce? Here again we must say yes. Overproduction in everything has been the singular characteristic of the past few years, to which of course our protective tariff has largely contributed. I am a professed believer in a protective system, but the more one studies it the more it is seen that such a system needs guards and the utmost vigilance to prevent its utter pro-

stitution to selfish and individual ends, utterly foreign to the true principles which should govern it.

As an American citizen I repudiate such a suggestion. We have been snubbed too often in international councils, and it is not now high time that we should declare our financial independence of other nations, as we did our civil independence in 1776? England, without consulting us, has just altered the ratio of the silver rupee of India as 1 to 21½, and that while an international council is pending, of which she is a member.

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Hon. William R. Grace. [From Our New York Correspondent.] Ex-Major William R. Grace of New York, who has very important business relations with South America and Europe, said of bimetallicism: "Nobody objects, I suppose, to the employment of silver as money so long as there is certainty that a dollar's worth of silver represents a dollar's worth of gold not only in name, but in fact. If the problem can be solved by which this relation can be brought about and be maintained not only in the United States, but by the commercial nations of the world on a common understanding, then there can be no objection to bimetallicism. Until this is done the only safe policy is the honest one, and that is in the United States the maintenance of the purpose to redeem all the obligations of the government in the best money, which is gold. For this country to attempt to maintain without mutual arrangement with other nations with which our trade relations are so great silver and gold at a parity would certainly result in financial distress in comparison with which the present trouble is but as a summer breeze to a winter hurricane."

From Major O. J. Smith of New York. Our business troubles are due to a collapse of credit. The collapse of credit is due to the unsoundness of the credit system. Credit is a boiler which explodes once in 10 years. Our financial system is an inverted pyramid. Upon its apex, which serves as its foundation, is a lump of gold; next above comes a larger mass, consisting of silver, greenbacks, national bank notes, etc.; then a heavy volume of bank deposits, upon which drafts are made for exchanges; and, finally, at the top a great mass of debts all payable in actual money. It is not strange that business suffers occasionally from a lack of confidence. A pyramid upside down does not inspire confidence. So long as business is done on credit we shall have commercial panics. O. J. SMITH.

From A. Foster Higgins of the New York Chamber of Commerce. It would be difficult to specify the various causes which have combined to produce the present unprecedented financial condition. The richest country on the globe, having a bulk of actual money representing one-tenth of the population, and a grand total of nearly \$1,600,000,000, is so "short" of its supply that buyers of the best investment stocks and bonds cannot be obtained at all at any fair value and only to a limited extent at enormous sacrifices. Savings banks are unable to pay their depositors because of this impossibility of realizing on securities by peremptory sale. Banks are failing in every direction. Industries are discharging their workmen and closing their works because of no sale of product or further accommodation from capitalists or banks cannot be obtained.

Such are the evils. Why do they exist? Principally because of the widespread loss of confidence and fears which have taken possession of every one who is even in a small degree a capitalist, and each is—every man, woman and child that has a saving. Loss of confidence in whom? Fear of what? Let us try to analyze and see if we can discover the answers.

First—The government has declared in the most positive and unmistakable manner that it will at all times maintain an actual parity between gold and silver at its established ratio of 16 to 1 and will at all times redeem its currency of every kind in either silver or gold at the option of the holder.

The public does not believe it evidently, for they have heard repeated so many times, by the hearing press, that we are drifting, driving toward silver payment, and silver alone—that the government is utterly unable to carry out its pledges and will soon be forced to abandon all payment in gold—that at last it has seized hold of the entire public mind, and the loss of confidence in the government is evinced by the senseless behavior we now witness of hoarding money, withdrawing of deposits, etc.

Who is to blame for this effect but those who raised this clamor—those who, regardless of the awful ruin they thereby have wrought, persistently day and night have declared that the Sherman bill was sweeping us all to ruin, totally regardless of the government's pledges or of the plain, palpable relief to a strained money market the issue of over \$3,000,000 per month of tangible, debt-paying money was having? I date the positive evidence of loss of confidence with the beginning of this fashionable clamor, which was and is such a reflection on the power, ability and even good faith of the government that it is a disgrace to the nation and should be a source of remorse to every one participating in it and contributing to the results now experienced.

Second—Is it fear of the future of trade and commerce? Here again we must say yes. Overproduction in everything has been the singular characteristic of the past few years, to which of course our protective tariff has largely contributed. I am a professed believer in a protective system, but the more one studies it the more it is seen that such a system needs guards and the utmost vigilance to prevent its utter pro-

stitution to selfish and individual ends, utterly foreign to the true principles which should govern it.

As an American citizen I repudiate such a suggestion. We have been snubbed too often in international councils, and it is not now high time that we should declare our financial independence of other nations, as we did our civil independence in 1776? England, without consulting us, has just altered the ratio of the silver rupee of India as 1 to 21½, and that while an international council is pending, of which she is a member.

Are we not bound to look after our own interests? And may it not be well for us to inquire, What have other nations done for us that we should do so much for them? If as a country we should come to a silver basis and gold be quoted at a premium, this, though deemed by some as a calamity, might prove a great benefit. In 1873 England and Germany, followed by other countries, to subserve their ends, changed the unit of value from silver to gold, thereby demonetizing one-half of the metallic currency of the world. Have we not had enough in 30 years of this destructive experiment, and may we not wisely return to silver as a unit of value? This would not be an experiment, for it has served the test of thousands of years without bringing financial calamity upon any nation.

It is argued that a silver basis would destroy our credit abroad and foreigners would not purchase our securities. Have we as a nation come to this? Must we destroy one of our largest and most productive industries merely to sustain our credit abroad? Moses said over 3,000 years since (see Deuteronomy xxviii, 48, 49) that among the calamities which would fall upon the Jews: "The stranger which is within thee, he shall lend to thee, and thou shalt not lend to him. He shall be the head, and thou shalt be the tail." Happy deliverance awaits our country when we shall cease to be "the under dog."

JAMES B. COLGATE.

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