

THE MOVEMENT OF GOLD

It Goes Where Commercial Demand Is Strongest.

STUGGLE FOR IT TREMENDOUS.

This Demand Forces Debtor Nations to Pay More For It Than the Creditor States; Hence Prices of What They Have to Sell Fall, With a Final Result of Bankruptcy.

Some of the gold standard papers a few months ago exulted over the fact that no runs were being made upon the treasury, and they sagely inform us that when there is no danger of the money standard being tampered with the people don't care for the gold. They forget apparently that the heaviest runs upon the treasury took place in the very midst of Mr. Cleveland's administration, long before the Chicago platform declared for free silver, when there was no indication that it would do so and when, in fact, it looked as if the free silver cause had received its deathblow. They also forget that the runs in a great measure ceased in the summer and fall of 1896, when "Bryanism" was sweeping like wild fire over the country and seemed to stand at least an even chance of winning.

What do these facts prove? Simply this—that the great financiers can either loot the treasury or stop looting it, almost at will. Another bond issue in the fall of 1896 would have landed Mr. Bryan in the presidential chair, and the Morgan-Rothschild syndicate saw to it that there was none. Nor would it have done to have had another immediately after the election, for it would have belied every campaign promise that the gold men had made. Shortly thereafter the heavy exports of grain and breadstuffs began, turning the balance of trade this way and checking the outflow of gold. Hence there was no occasion for runs upon the treasury.

Nobody wants gold for internal use. Paper is almost universally preferred. It is the foreign demand that rakes the treasury. That foreign demand must be met whether we have the gold standard or any other. What that foreign demand may be will always depend upon commercial conditions, subject to the ability of the great money power of the two continents to interfere with the free flow of gold by manipulation of the exchange. But this is a thing which will not and cannot be continued indefinitely. The controlling factor is primarily the course of trade. But loans and other investments creating a condition of indebtedness separate and apart from that which arises from the mere buying and selling of goods will also have an important bearing.

If our exports of merchandise amount to \$100,000,000 more than our imports, then, with all other conditions equal, \$100,000,000 in specie would come to us in settlement of the balance. But if we had an interest charge of \$100,000,000 to pay, or if we paid a like sum in freights, or if American travelers used the same amount in meeting the expenses of their journeyings, in any of these cases the balance due us would be absorbed, and we would get no specie from other countries unless it were sent here simply for investment. Hence we see that in dealing with the movements of specie we cannot confine our observations to trade balances alone. If we had no foreign payments to make except for current purchases of goods, we would have no trouble about our reserves of either gold or silver, for the balances are almost universally our way. But we have heavy charges to meet entirely separate and apart from any matter connected with the mere exchange of goods.

Our foreign debt has been variously estimated at from \$5,000,000,000 to \$8,000,000,000. Very little of this vast sum has been actually sent here for investment. The great bulk of it is the result of reinvestment of profits, which profits themselves came from the labors of the American people. But the interest upon it has to be paid just the same. So do the freight charges and the expenses of American travelers. The aggregate amount of these can only be estimated, but it is certainly not less than \$250,000,000, and it is probably considerably in excess of that sum. During 1898 our sales of goods exceeded our purchases by something like \$27,000,000, and yet the exports and imports of gold very nearly balance each other. This startling circumstance can be accounted for in no other way than by reference to the demands which Europe holds against us in the shape of interest, freights and travelers' expenses. But commercial conditions during 1898 have been altogether abnormal. Our shipments of wheat and other food products have been extraordinary. With smaller exports and lower prices, as the London Financial News says, a drain of gold will begin again. Runs upon the treasury will be sure to follow unless the banks furnish the gold for export, which they probably will not do. They will prefer to draw it from the treasury, induce the administration to issue more bonds and then ascribe it to the "silver agitation."

As already stated, the great financiers can to a considerable extent control the movement of gold. They can guard the treasury against "runs" by furnishing from their own vaults the gold needed for export, as they did prior to 1893. They can for a time check the international movements of gold by manipulating the exchange or by not insisting upon the immediate payment of their dues. But in the long run gold is bound to go where the commercial demand for it is the strongest. A tremendous struggle for it is going

on all the time and, as the gold standard is extended, is growing more and more intense. In such a struggle the debtor states are at a dreadful disadvantage. They can only get gold by paying more for it than the creditor nations will—that is, they must put down the prices of the things which they sell. The lower the prices fall the more goods it takes to pay a given amount of debt, and the more goods are sold the lower the prices will go until a point is reached at which the debts cannot be paid at all, and then comes national bankruptcy. Of course with our immense resources such a condition may not be immediately at hand, but under the gold standard the tendencies are all that way.

H. F. BARTINE.

A SIGNIFICANT REBUKE.

Prominent Gold Standard Man Shown to Be Inconsistent.

Henry Clews in a recent circular says that nothing will help good investment and active speculative stocks more than for large amounts of gold to pour into London or New York from outside sections of the world. He predicts that when peace is restored in the Transvaal the world's output of the precious metal will be \$300,000,000 a year and says that this is the strongest, safest and most legitimate basis for the inflation of values that is possible.

The Springfield Republican, which has the merit of consistency in this matter and which seems to be sincere in desiring to see the money supply kept at the level of low prices, makes the following comments on the foregoing:

"The writer of the above circular was an especially savage critic of the Democratic scheme of silver remonetization, inflation and repudiation in 1896, and he is just as savage about it now as ever. But he welcomes inflation and repudiation through a greatly increased and cheapened gold circulation as something most desirable and legitimate. It must, of course, be a matter of supreme indifference to the holder of the dollar, whether he be wage earner, fixed salary man or money lender, or one who lives on income from investments, whether the dollar is cheapened to a particular extent through a rise in prices from large additions of gold or large additions of silver to the monetary circulation. The essential fact in either case is that his income, dollar by dollar, has been reduced in purchasing power, his real wages have been cut down, the debt owing to him has been 'repudiated' to a like extent.

"Prices in the United States have within two or three years advanced some 33 per cent, which means that the gold dollar has been cheapened proportionately, and debts have been repudiated to the same extent. But even this is not enough for Henry Clews, of honest money fame in Wall street. He wants more repudiation. He wants a further inpour of new gold, which would further inflate prices and cut down real wages, salaries and fixed incomes and which would further scale down debts. Bryan demands no more than this, and his way of bringing it about differs in no essential particular from this Wall street way."

The position of The Republican is that of all the intelligent and sincere advocates of the gold standard. If they are opposed to the remonetization of silver because it would increase the money supply and thus depreciate the purchasing power of the dollar, they must, to be consistent, be opposed to every contingency and development which would produce that effect. Whatever raises prices causes the depreciation of the purchasing power of the dollar. As The Republican sadly says, prices have risen 33 per cent in the past two years. The result is business activity, industrial progress, a measure of prosperity and also the depreciation of the dollar. As compared with 1893, we have a 67 cent dollar.

Well, the whole contention was that higher prices—the reduction of the purchasing power of the dollar—would result in business activity and prosperity, including higher wages. These phenomena have been occurring before our very eyes. But The Republican has had enough of these proofs of Democratic arguments, and it now turns upon Clews and rebukes him for wanting more repudiation in the shape of a large money supply, higher prices and commercial activity.—Atlanta Constitution.

How Cheerful!

Mr. McKinley tells the workmen that his heart is cheered at the sight of them "as they come out of the mills and wave their shining buckets, now full when once they were empty."

It is enough to cheer any patriot's heart to see men coming out of the mills with full buckets and going in with them empty. It is a little mixed, but strictly in line with the usual McKinley platitudes. It is a pleasure, however, to know that the presidential candidate for a second term will permit anything but the flag to get a chance to wave. We don't know exactly what Mr. McKinley had to do with filling the empty buckets. Perhaps he means they are loaded with the tariff on tin.

Theoretical Fighters.

Lord Wolsey urges radical reforms in the English army. We should think he would. The English army reminds us of our own while it is rendezvoused in southern camps. The officers and the men are all right, but they are directed by an incompetent set of bureaucrats as ever come into power. It is a question whether the cable and the telegraph are distinct advantages in war, according, as they do, theoretical fighters an opportunity to boss a job 3,000 or 4,000 miles away.—New York News.

A FRENCH PANEGYRIC.

Eloquent Tribute to Washington in the Temple of Mars.

ORDERED BY THE FIRST CONSUL.

Oration of Marquis Louis de Fontanes, Pronounced to the French Army and Nation in Paris—Washington Held Up as a Military Genius, a Leader and a Counselor.

On learning of Washington's death Napoleon ordered a public demonstration of respect and selected Marquis de Fontanes, whose finished style won him the title of "Racine's Last Descendant," to pronounce an eulogy upon the great American. The scene was the Temple of Mars, now the Hotel des Invalides.

"France," said Fontanes, "unbiased by those narrow prejudices which exist between nations and admiring virtue wherever it is found, decrees this tribute of respect to the manes of Washington. At this moment she contributes to the discharge of a debt due by two nations. No government, whatever form it bears or whatever opinions it holds, can refuse its respect to this great father of liberty. The people who so lately stigmatized Washington as a rebel regard even the enfranchisement of America as one of those events consecrated by history and by past ages. Such is the veneration excited by great characters. The American Revolution, the contemporary of our own, is fixed forever. Washington began it with energy and finished it with moderation. He knew how to maintain it, pursuing always the prosperity of his country, and his aim alone will justify at the tribunal of the Most High enterprises so extraordinary.

"To pronounce the eulogy of the hero of America requires the sublimest eloquence of the first of orators. I reflect with sentiments of admiration that this temple, ornamented with the trophies of valor, was raised up in an age of genius, an age which produced as many great writers as illustrious commanders. Then the memory of heroes was intrusted to orators whose

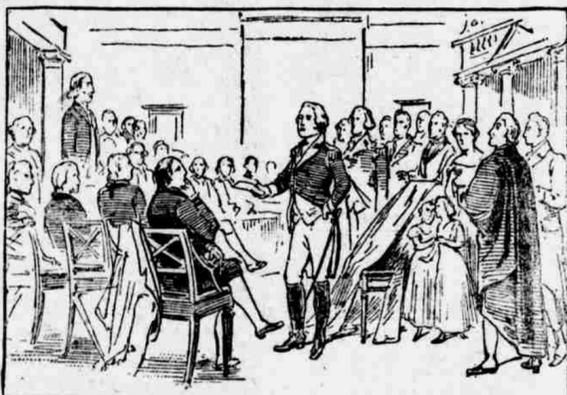
all their thoughts. An irresistible movement is given to all their enterprises. The multitude still seek them among themselves and find them not. They raise their eyes and see in a sphere dazzling with light and glory those whom their ignorance and envy would call rash.

"Washington had not those high and commanding traits which strike every mind. He displayed more order and justice than force and elevation in his ideas. He possessed, above all, in an eminent degree, that quality which some call vulgar, but which very few possess—that quality not less useful to



BUST—RODDON'S STATUE.

the government of states than to the conduct of life and which gives more tranquility than emotion to the soul and more happiness than glory to those who possess it. It is of good sense that I speak. Audacity destroys, genius elevates, good sense preserves and perfects. Genius is charged with the glory of empires, but good sense alone assures their safety and repose. His end portrayed all the domestic virtues, as his life had been an illustrious example in war and politics. America regarded with respect the mansion which contained her defender. From that retreat, where so much glory dwelt, sage counsels issued, which had no less weight than in the days of his power. But death has swept all away. He died in the midst of those occupa-



WASHINGTON'S RETIREMENT FROM THE ARMY.

genius gave immortality. Now military glory shines with luster, and in every country the glory of the fine arts is shrouded in darkness. My voice is too feeble to be heard on an occasion so solemn and momentous and so new to me. But as that voice is pure—as it has never flattered any species of tyranny—it has never been rendered unworthy of celebrating heroism and virtue.

"Nevertheless, these funeral and military honors will speak to all hearts. It needs not the aid of speech to raise strong and indelible emotions. The mourning which the first consul orders for Washington declares to France that Washington's example is not lost. It is less for the illustrious general than for the benefactor and friend of a great people that the craze of mourning now covers our banners and the uniform of our warriors. Neither do we prepare that unmeaning pomp, so contrary to policy and humanity, in which insult is offered to misfortune, contempt to venerable ruins and calumny to the tomb. Every exalted idea, every useful truth, is seen in this assembly. I speak before warriors the honorable praise of a warrior firm in adversity, modest in victory and magnanimous in every stage of fortune.

"Before the ministers of the French republic I speak the praises of a man whose ambition never swayed and whose every care tended to the welfare of his country; a man who, unlike others that have changed empires, lived in peace in his native land and in that land which he had freed and in which he had held the highest rank died as a simple individual.

"General Washington offers examples not less worthy of imitation. Amid all the disorders of camps, amid all the excesses inseparable from a civil war, humanity took refuge in his tent and was never repulsed. In triumph and in defeat he was always as tranquil as wisdom, as simple as virtue. The finer feelings of the heart never abandoned him, even in those moments when his own interest would seem to justify a recurrence to the laws of vengeance.

"It is these extraordinary men who appear at intervals on this vast scene with characters commanding and illustrious. An unknown and superior cause sends them when it is fit to lay the foundations of new or to build up the ruins of old empires. It is in vain that these men step aside or mingle with the crowd. Destiny leads them on. They are carried from obstacle to obstacle, from triumph to triumph, until they arrive at the summit of power. Something supernatural animates

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