

## MR. BRYAN ON BIMETALLISM

Mr. Bryan has written for the Encyclopedia Americana, now being issued by the Americana company of New York, an article on bimetallism. This article gives in condensed form the principles involved in the discussion of the subject, and will be reproduced in The Commoner by courtesy of the publishers. Papers quoting from this article will please give credit to the Encyclopedia Americana.

The second chapter is presented in this issue and other chapters will be reproduced until the entire article has been printed in The Commoner:

The advocates of bimetallism not only contend that the law of supply and demand regulates the value of the dollar—an increase in the demand, the supply remaining the same, raising the purchasing power of the dollar, and an increase in the supply, the demand remaining the same, decreasing the purchasing power of the dollar, but they also believe that supply and demand regulate the market price of the metals.

The contention of monometallists that it is impossible to fix a relation between two metals is met with the reply that the relation between two things of limited production, such as gold and silver, can be fixed by any nation or group of nations which can furnish a use for so much of both metals as is available for coinage. Gold and silver differ from agricultural products in that they must be found before they can be produced. If gold and silver could be raised from seed and cultivated practically without limit, as, for instance, corn and wheat can be, it would be very difficult if not impossible to fix a relation between them, but they are called precious metals because they are scarce.

The demand created by the government must be considered as added to the demand created by the arts. If the demand created by the government is sufficient to utilize the surplus over and above what the arts require, the commercial value can be kept up to the coinage value for the reason that each owner will seek the highest possible price, and so long as the government stands ready to convert a given amount of metal into a given amount of money, he will not have to dispose of the metal to any one else for less than the government price. If the government, in-

stead of standing ready to convert one metal into money, stands ready to convert two metals into money, it can make the commercial ratio and the coinage ratio identical, if there is a use for the money. The changes in relative production would not affect this condition so long as the government was able to utilize all of the surplus of both metals.

The influence exerted by the legal ratio on the commercial ratio is well described by the royal commission of England, which in its report of 1888 said: "Nor does it appear to us a priori unreasonable to suppose that the existence in the Latin union of a bimetallic system with a ratio of 15½ to 1 fixed between the two metals, should have been capable of keeping the market price of silver steady at approximately that rate. The view that it could only affect the market price to the extent to which there was a demand for it for currency purposes in the Latin union, or to which it was actually taken to the mints of those countries is, we think, fallacious. The fact that the owner of silver could, in the last resort, take it to those mints and have it converted into coin which would purchase commodities, at the ratio of 15½ of silver to 1 of gold, would, in our opinion, be likely to affect the price of silver in the market generally, whoever the purchaser and for whatever country it was destined. It would enable the holder of the silver to stand out for a price approximating to the legal ratio and would tend to keep the market steady at about that point."

Independent bimetallists and international bimetallists agree as to the theoretical and practical benefits of the double standard, but differ as to the ability of the United States to maintain the parity alone, the former believing, and the latter denying, that under conditions as they now exist our nation is able to utilize all the silver that could come to our mint.

If our government offered to coin into money at a fixed ratio every ounce of gold and silver presented at the mint, the supply brought to the mint would necessarily come from one of three sources—that is, from silver bullion already in existence, from silver coin of other countries, or from the annual product of the mines.

As there is no considerable quantity of silver

held in the form of bullion, there could be no material increase in our coinage from that source.

Whether silver coin would come to our mint from other countries would depend entirely upon the ratio. The fear that, under bimetallism, our country would be flooded with the coined silver of the world, is entirely without foundation, for the reason that our ratio, 16 to 1, is more favorable to gold than the ratio existing between gold and silver in the nations that have a large quantity of silver coin. France, for instance, is the largest European holder of silver, but as her silver now circulates on a parity with gold at a ratio of 15½ to 1, it could only come here at a loss equivalent to about three cents on the dollar.

Whether the mines would furnish an excessive amount of silver is a question about which no one could speak positively, because no one can foresee new discoveries or estimate the possible exhaustion of mines now being worked. There is, however, nothing in the past to justify a fear of overproduction.

Raising the government price of a precious metal does not necessarily increase the production of it, neither does the lowering of the price necessarily reduce the production. For instance, the law of 1834 reduced the government price of gold, and yet soon afterward there was a wonderful increase in the production of gold. The discoveries of silver following 1870 were not brought about by an increase in the price of silver, and for several years the production of silver increased, even with a falling market. The monetary use of gold and silver is the controlling use. If, by agreement among all the nations, the legal tender function was withdrawn from both gold and silver, and other money substituted for them, both would fall in value, just how much no one knows, because a fall in the price of either of the metals would develop new uses and thus increase the demand, which, in its turn, would act with the supply in determining the ultimate price. While it is probable that a higher price for silver bullion would cause the reopening of some mines which have been abandoned because of the low price of silver, the production of silver would not be likely to be increased to any such extent as has been imagined.

(To Be Continued.)

## THE PRESIDENT'S MESSAGE

The president's message to congress was delivered Monday, December 7. In the beginning, the president congratulated the country "on the amount of substantial achievement which has marked the past year as regards our foreign and as regards our domestic policy." He said that "the country is especially to be congratulated on what has been accomplished in the direction of providing for the exercise of supervision over the great corporations and combinations of corporations engaged in interstate commerce." He pointed to the creation of the department of commerce and labor, including the bureau of corporations; the enactment of a law providing for the expediting of suits for the enforcement of the federal anti-trust law, and the enactment of the law providing for equal treatment of all producers in the transportation of their goods, as showing marked progress in dealing with the trust problem. He said that the department of commerce is not designed to restrict the fullest liberty of legitimate business action, but to secure authentic information "which will aid the executive in enforcing existing laws and which will enable the congress to enact additional legislation if any should be found necessary in order to prevent the few from obtaining privileges in diminished opportunities for the many." He laid great stress upon the importance of publicity, and said that honest corporations have nothing to fear from supervision, and added that the purpose of the bureau of publicity is "to aid in bringing about a better industrial condition—a condition under which there shall be obedience to law and recognition of public obligations by all corporations, great or small." He said that congress, in enacting the laws enumerated, proceeded on "sane and conservative lines;" that nothing revolutionary was attempted, but "a common sense and successful effort was made in the direction of seeing that corporations are so handled as to subserve the public good." He referred to this legislation as being "moderate," and said it was "characterized throughout by the idea that we were not at-

tacking corporations, but endeavoring to provide for doing away with any evil in them; that we drew the line against misconduct, not against wealth; gladly recognizing the great good done by the capitalist who alone or in conjunction with his fellows, does his work along proper and legitimate lines." He said that the purpose of the legislation was "to favor such a man when he does well and to supervise his action only to prevent him from doing ill."

Referring to capital and labor, the president said: "The consistent policy of the national government so far as it has the power is to hold in check the unscrupulous man, whether employer or employe; but to refuse to weaken individual initiative or to hamper or cramp the industrial development of the country. We recognize that this is an era of federation and combination in which great capitalistic corporations and labor unions have become factors of tremendous importance in all industrial centers. Hearty recognition is given the far-reaching beneficent work which has been accomplished through both corporations and unions and the line as between different corporations, as between different unions, is drawn as it is between different individuals; that is, it is drawn on conduct, the effort being to treat both organized capital and organized labor alike asking only that the interests of each shall be brought into harmony with the interests of the general public, the conduct of each shall conform to the fundamental rules of obedience to law, of individual freedom and of justice and fair dealing towards all. Whenever either corporation, labor union or individual disregards the law or acts in a spirit of arbitrary and tyrannous interference with the rights of others, whether corporations or individuals, then, where the federal government has jurisdiction, it will see to it that the misconduct is stopped, paying not the slightest heed to the purpose or power of the corporation, the union or the individual, but only to the one vital fact—that is, the question whether or not the conduct of the individual or aggregate of individuals is in accordance with the law of the land. Every man must be guaranteed his liberty and the right to do as he likes with his

property or his labor so long as he does not infringe on the rights of others. No man is above the law and no man is below it; nor do we ask any man's permission when we require him to obey it. Obedience to the law is demanded as a right, not asked as a favor. We have cause as a nation to be thankful for the steps that have been so successfully taken to put these principles into effect. Progress has been by evolution, not by revolution. Nothing radical has been done; the action has been both moderate and resolute, therefore, the work will stand. There shall be no backward step. If, in the working of the laws, it proves desirable that they shall at any point be expanded or amplified, the amendment can be made if its desirability is shown. Meanwhile, they are being administered with judgment, but with insistence upon obedience to them; and which need has been emphasized in signal fashion by the events of the past year."

Referring to government receipts and expenditures, the president said that from all sources, exclusive of the postal service, the receipts of the government for the last fiscal year aggregate \$560,396,674. The expenditures for the same period were \$506,099,007, the surplus for the fiscal year being \$54,297,667. He added that "the indications are that the surplus for the present fiscal year will be very small, if indeed there be any surplus." He pointed out that from July to November, the customs receipts were approximately \$9,000,000 less than the receipts from the same source for a corresponding portion of last year, and he said that if this decrease should continue, at the same ratio, the surplus would be reduced by approximately \$30,000,000, and should the revenue from customs suffer much further decrease during the fiscal year, the surplus would vanish. He said that "a large surplus is certainly undesirable," and pointed out that two years ago the war taxes were taken off with the express intention of equalizing the governmental receipts and expenditures. He added "it now seems likely that a substantial equality of revenue and expenditures will be attained." At the same time he emphasized the importance of exer-

(Continued on Page 11.)