

## "The Fall in the Value of Gold"

The Outlook, London, for July 14, prints from Moreton Frewen the following letter:

In your issue of June 30 there is an admirable article on "The Empire and its Trade." You pointed out that the exports of the United Kingdom had increased from the sum of £240,000,000 in 1874 to £301,000,000 in 1904, an increase of 25 per cent. You went on to show that the growth of the exports in the case of Germany and the United States has been on a much more splendid scale. May I venture to point out that in dealing with the period under review any figures based on the value of trade must be very far from reliable? From 1874 to 1896 average prices fell in the ratio of 100 to 61, so that on the scale of prices obtaining in 1874 the volume of our exports must have more than doubled to have attained the aggregate of £301,000,000 in 1896.

Mr. Sauerbeck's "index-numbers," which are published in the Times' city column during the first week of each month, are becoming of unusual interest. Since 1896 the depreciation of gold (in other words the rise of prices) is just what we should expect in consequence of the enormous yield of the world's gold mines. It is not too much to say that never before has there been such a continuous and rapid rise of prices—a rise of prices which could only have originated in a metallic inflation of the world's currencies. The late Prof. Jevons wrote (Investigations in Currency and Finance, p. 101), of the much less rapid fall in the value of gold which was caused by the gold discoveries in California and Australia, "The country may be said to be calmly looking on while every contract, including that of the national debt, is being violated against the intention of the contracting parties."

Mr. Sauerbeck's index-number, obtained by striking the average price of forty-five leading commodities, gives for the average of the years 1867-1877, 100; 1896, 61; May 1906, 77. In other words, the amount of products which in 1896 would have purchased sixty-one sovereigns would in 1906 purchase seventy-seven sovereigns. So that, had the volume of our exports for the past ten years failed to expand at all, yet the sterling value of these exports would have shown an increase of over 25 per cent. I have not a statistical abstract at hand, but if I could supplement my letter with a footnote showing what the exports of 1905 would be compared with 1896, at the prices obtaining in 1896 the statement would be very illuminating.

There is every reason to anticipate that prices during the next fifteen years will rise enormously—will revert to the price-level (equals 100) of the decade 1867-1877. This rise of prices will be unfairly ascribed to the operations of trusts and to the advance which should equitably take place in railway and steamship rates. The real reason, however, will be in the depreciation of gold by reason of its abundance. So recently as 1883 the yield of the mines was only 4,614,588 ounces, while for 1905 it was 18,211,419 ounces.

One word more. In your editorial notes of this week you forecast that Mr. Bryan is likely to reach the White House if, as you conjecture, he has "recanted" of his "free silver heresies." If Mr. Bryan in 1896 and bimetallicists the world over merely desired "inflation," they have since got inflation with a vengeance, and inevitably a far vaster inflation awaits us. If, however, we wanted steadier prices and fixity of exchange between yellow men with white money and white men with yellow money, then we have not got it, and we leave that interesting issue—namely, a scientific

standard of value and exchange—to reward the labors of a wiser generation. In the meantime we must be content, as Jevons expressed it, to "calmly look on while every contract, including that of the national debt, is being violated."

But to the "silver men" of 1896 let me only point out that, in Wolowski's phrase, silver (the legal tender silver money of Europe) was after the great gold discoveries of 1849, "the parachute which broke the fall of gold." What Wolowski meant was this: Three hundred million pounds sterling of gold pouring into Europe inflated our currencies and raised European prices, and thus all the exports from Asia were magnetised by those higher prices which awaited them here. So that the trade balances immediately turned in favor of Asia, thus correcting currency inflation here by melting up and drawing Europe's legal tender silver into the east. But today in Europe there is no longer any silver "parachute" to break the fall of gold, because there is no longer any legal tender silver to be taken away at "melting pot prices." Throughout Europe and America, therefore, the metallic inflation of the next quarter of a century is likely to raise a prodigious clamor on the part of the creditor classes. It is probable that the legislatures of the great creditor communities may be importuned to demonetize gold, and that the supreme virtue of comparative stability may be ascribed to silver monometallism. And if this remarkable Nemesis awaits the aforesaid "gold bugs" it may well be that Mr. Bryan, the tone and temper of whose mind is conservative, or at least anti-empirical to a fault, may in the evening of his career find himself ranged on the side of those who seek palliatives for inflation. "No question," said the late Mr. James G. Blaine, "is settled until it is settled aright;" a currency system which was contingent first on the modesty of nature, and which is today threatening to revolutionize prices because a chemist discovered the efficiency of a weak solution of cyanide, is today "settled," not because it is a right settlement, but only because the advocates of currency contraction in 1896 burned their boats. The conundrum of the late Prof. Bonamy Price, "what is a pound," is likely only a little later to again perplex men's minds. I am, Sir, yours, etc.,

MORETON FREWEN.

Brede, July 8.

### THE BRYAN AMENDMENT

Mr. Bryan has done a remarkable piece of work in the inter-parliamentary council. He has secured the adoption of an article that, if accepted by the nations that have signed The Hague arbitration convention, will work potentially for the cause of international peace. The new article brings the work of securing arbitration down out of the clouds and makes a business proposition out of it. It places belligerently inclined nations in a most embarrassing position if they do not incline to reason.

The amendment provides that if a disagreement between nations arises upon other grounds than those covered by the present articles of arbitration, they shall not commence hostilities till they have talked it over with some friendly power. Either party, or the two jointly, shall ask investigation of the question by one or more friendly nations, and they shall keep their hands off each other till the matter has been properly gone into. Though the adjudication would not have the binding force of a decision of The Hague tribunal the moral effect would be such that the likeli-

hood of any nation persisting in hostilities contrary to its recommendations would be remote.

The point at which this is particularly aimed is the oft recurring and ever threatening source of trouble, national honor. This is one of the questions which The Hague convention does not attempt to settle. The merits of a case where national honor is concerned are not easy of decision by the parties concerned. A review of the case by a mutually friendly power may often smooth over the difficulties and avoid necessity for resort to arms. A nation would hardly rush into war in the name of honor when a friendly power had already decided that honor was not at stake. Honor should be best conserved in yielding to the cause of peace and abiding by the terms suggested by the mediator.

The new article will be submitted for approval at the next meeting of The Hague peace conference and if adopted there may be regarded as one of the most practical in the compact and one of the most far reaching. It vitalizes the whole and puts it on a working basis where it can accomplish the ends sought as it has never been able to do before.—Sioux City (Iowa) Journal (Rep).

### QUEER ARCHITECTURAL JOKES

A good deal of indignation, real or simulated, is worked up in the higher circles of Pennsylvania politics over a collection of portrait busts displayed upon the bronze doors of the new State House at Harrisburg. Architectural jokes of this sort are of frequent occurrence. A good deal of chiselling had to be done upon the facade of our Public Library a few years after the completion of the building to obliterate the acrostic spelling of the names of its architects up and down the catalogue of great men of all ages there inscribed. And today, deftly worked in among the decorative carvings on one of the fine business blocks in Boston, may be discovered the emblem of the pawnbroker, the triple balls, a sly reference by the artist designer to the source of the fortune of the owner.

Yale men whose class numbers run back anywhere in the sixties will recall the fine square church tower on Chapple street, in whose irregular ashler were figured plainly and neatly, at regular spaces, every ace in the pack—save one. Tradition had it that the architect perpetrating this irrelevant joke fell from the scaffolding when on a visit of inspection, and the trefoil never was set. The other aces were broken out with some difficulty a number of years ago.—Boston Post.

### NOT "ONTO HIS JOB"

A brakeman retired to a farm and started to lead the simple life. Having a piece of new land to break, he hitched up a team of mules, wrapped the lines around his waist in farmer fashion and started to work. He had gone but a short distance when he saw a stump ahead and immediately began giving the railroad "stop" signal with both hands. The plow struck the stump and the brakeman went head first over the plow. Picking himself up, he ran angrily to the mules and roared. "You flop-eared scoundrels, don't you ever look back for a signal?"—Atchison Globe.

### TELLING TIME BY FLOWERS

The professor of botany paused under an oak and the young girls in white grouped themselves prettily about him.

"To tell time by the flowers," he said—"you should all be able to do

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that. Think how convenient it would be at this season.

"It is 5 a. m. when the sow thistle opens. It is 5:30 when the dandelion opens. It is seven when the white lily opens. It is 8 when the hawkweed opens.

"At 11:12 a. m. the sow thistle closes. At noon precisely the yellow goat's beard closes. At 2 p. m. the hawkweed closes. At 5 the white lily closes. The dandelion closes at 8 sharp.

"Since Pliny's time forty-six flowers have been known to open and shut with great punctuality at certain hours of the day and night. It would be possible, with a little labor, to construct a garden whose flowers, folding and unfolding, would make a first-rate clock."—Philadelphia Bulletin.