

## THE VALUE OF MONEY

Mr. De Hart Continues—How "Free" Coinage Works and Why

### CHAPTER II.

Editor Independent: That great work modestly entitled, "An Inquiry Into the Nature and Causes of the Wealth of Nations," and Ricardo's great work entitled, "Principles of Political Economy and Taxation," constitute the political economy of Great Britain, which does not differ much from French political economy. For this reason I shall continue to quote from Smith and Ricardo—especially the latter, whose work was really a supplement to that of Dr. Smith.

Both Smith and Ricardo seem to be ignorant of the fact that prior to the year 1666, there was no such thing as "free" coinage in England. One may occasionally read that coinage is "free," but it is not spoken of as anything unusual, or as anything that had recently come into practice.

"Free" coinage commenced in England very quietly. No historian, other than Mr. Del Mar, mentions the fact; and when I read it in Del Mar fifteen years ago, I could not believe it, till I had consulted the English statutes and found, that there was no law authorizing free coinage till the fifth year of Charles II. (A. D. 1666). I must therefore believe that this law was passed as quietly in England as "free" coinage of silver dollars was discontinued, by statute, in the United States in 1873.

To me the opening of the mint of England in 1666 looks like a regular Jew trick. At that time the goldsmiths were the bankers. People took their jewelry and other precious goods to them for safe-keeping, the bankers giving receipts. The receipts circulated like so much gold and silver, very much as bank notes do now. These men, Jews, having all the gold, silver, precious stones, etc., in their possession, thought it would be a good thing, for them, if they could get the mint opened to "free" coinage. This would enable them to be the manufacturers of money and to control the volume of money of the kingdom, and thereby, in a short time, control the finances of the nation, a power which the sovereign had previously exercised.

Charles II. not being as smart in money matters as the Jews, readily consented to the arrangement, and free coinage became the law as quietly as free coinage of silver dollars ceased in the United States in 1873.

Ricardo was a born Jew. He made a fortune, for himself, in a short time on the London stock exchange, and then commenced to write about money, currency and banking. Then he constructed his "Principles of Political Economy and Taxation."

Soon after the mint of England was opened for free coinage, financiers be-

### SUPERIOR MERIT

#### Remarkable Curative Properties of a Remedy for Indigestion and Stomach Weakness.

Stuart's Dyspepsia Tablets, a preparation for the cure of dyspepsia and the various forms of indigestion and stomach trouble, owes its great success as a cure for these troubles to the fact that it is prepared for disease and weakness of the stomach and digestive organs only, and is not recommended or advised for any other disease.

It is not a cure-all, but for any stomach trouble it is undoubtedly the safest, most sensible remedy that can be advised with the prospect of a permanent cure. It is prepared in tablet form, pleasant to taste, composed of vegetable and fruit essences, pure pepsin and Golden Seal, every one of which act effectively in digesting the food eaten, thereby resting and invigorating the weak stomach; rest is nature's cure for any disease, but you cannot rest the stomach unless you put into it something that will do its work or assist in the digestion of food.

That is exactly what Stuart's Dyspepsia Tablets do, one grain of the digestive principle contained in them will digest 3,000 grains of meat, eggs or similar wholesome foods, they will digest the food whether the stomach is in working order or not, thereby nourishing the body and resting the stomach at the same time, and rest and nourishment is nature's cure for any weakness.

In persons run down in flesh and appetite these tablets build up the strength and increase flesh, because they digest flesh-forming food which the weak stomach cannot do, they increase the flow of gastric juice and prevent fermentation, acidity and sour watery risings.

Stuart's Dyspepsia Tablets can be found at all drug stores at 50 cents per package.

gan to talk about a "double standard." This was the consequence of free coinage of gold and silver. If the mint had not been opened to free coinage there could not have been any double standard, or any standard at all, except the total amount of money it had been previous to 1666, when the sovereign coined as much money as he or she pleased. Elizabeth did as she pleased with the currency. So did all the kings and queens previous to and after her till the year 1666.

It is a matter of history that free coinage produced a double standard of value in England, which meant that when gold was cheaper than silver (at a ratio of about one of gold to fifteen of silver) then gold circulated in preference to silver; and when silver was cheaper than silver circulated, or had a tendency to do so.

Now, if we take the statistics of the production of gold and silver, we can say which metal circulated and which does not circulate—as money.

From 1660 to 1680 (during which time the mint was opened for free coinage) about thirty-six ounces of silver came from the mines to one of gold. This was a silver period, the normal amount being from fifteen to nineteen of silver for one of gold. The ratio of production can change either by an extraordinary supply of silver (gold remaining the same) or by an extraordinary supply of gold (silver remaining the same).

The period of 1660 to 1680 is important, partially, because in this time the mint of England was first opened to free coinage of gold and silver. This date (1666) must be kept in mind, because it opened a controversy, that is not quite closed yet.

Previous to 1666 the value of a coin (or money) depended upon the numbers of coins (or money) put into circulation; afterwards upon the quantity of metal in each coin. We shall see this later on, in our story, more distinctly.

About the year 1810 gold began to be a very scarce article; and, yet, England, about this time, closed her mint to free coinage of silver. It was done at a wrong time, and dearly did England pay for the wrong. Much to the credit of Ricardo, I do not find that he ever favored the demonetization of silver. At this time he was rich and retired from business. He was looking only for fame and the good opinion of his countrymen. He renounced his old Jewish faith about this time.

There was great scarcity of both gold and silver from about 1810 to about 1830. Between 1830 and 1840 there began to be considerable increase. From 1840 to 1850 the two metals increased still more. Times began to be better. From 1810 to 1830 was a period of revolutions in Europe; a period of hard times, produced largely by a scanty supply of the precious metals. It was a period when paper money began to be more and more used, largely on account of the scarcity of the precious metals.

From 1850 to 1860 was the period of the greatest supply of gold, before, or afterwards, till 1890; a period when the supply of silver was also increasing, but nothing like as much as gold. It was, therefore, a golden period. Only about four ounces of silver came from the mines to one of gold. Yet it took 15 ounces of silver, or thereabouts, to equal one ounce of gold in value. Now, it takes 46 ounces of silver to equal one of gold in value. What has produced the change? Something has produced it since about 1876. At that time silver began to fall in price. This, they said, was a fall of silver in value, which was not true. In the old silver period they never spoke of silver as rising or falling in value. On the contrary, they always assumed that silver could not rise or fall.

Now in these days we hear much talk about silver rising and falling in price, whereas a hundred years ago they talked about gold as rising and falling in price. We now seldom hear anything about gold falling or rising in value or in price, just as, a hundred years ago, they never or seldom talked about silver rising or falling in value or price.

Why do they talk so differently? The truth is that when they take silver as a standard of value and assume that it never changes in value or price then they must talk about gold as rising and falling in price if not in value. On the other hand, when they take gold as the standard of value, and thereby assume that it never changes in value or price, they must of necessity talk about silver as falling and rising in price, if not in value.

Why is there a difference between value and price. Why this difference of language?

If the law puts a price on gold, as it did in England in 1666, when the mint was first opened to free coinage of gold, then, of course, the price of gold cannot rise or fall; because its

price is fixed by law. But, although the price of gold cannot rise or fall, nevertheless the value of gold can rise and fall. This was found to be the case in England soon after the mint was opened to free coinage of gold. The guinea, for instance, a gold coin, first struck in 1663, three years before the mint was opened to free coinage of gold, began to rise and fall in price after 1666, although it was a piece of money and was supposed to have no price, any more than our gold dollar is supposed to have a price. We expect our gold dollar to have value; but we do not expect it to have price. Our gold dollar being 25 8-10 grains of gold, standard fine, that is, nine-tenths fine, we call this our standard unit of value, and we expect it to be just one, no more, no less, without any premium or discount. If this dollar, or so-called unit of value, should begin to be called 101 cents, then we might begin to wonder, because we have been told that the gold dollar is exactly one hundred cents, no more, no less; and cannot be any more or less, without something being wrong.

Just so it was with regard to the guinea soon after 1666 in England. As previously stated, guineas had been ordered to be coined in 1663 by Charles II.; and were actually coined and in circulation by his order, because he alone could make the order. There was no free coinage in 1663. No private owners of gold could, in that year, take their gold to the mint and have it made into guineas; but Charles II. could take his gold to the mint and have it coined into guineas. He had the power to do it, because the law gave him the power. But, three years afterwards, the power was taken away from him and all subsequent monarchs and given to the private owners of gold; and thenceforth they alone could take the gold to the English mint and have it coined into money. In 1663, when guineas were first coined, they were each rated at 20 shillings, no more no less; that is, a pound sterling. It was supposed that each guinea had just enough gold in it to make it worth as much silver as there was in twenty silver shillings (about 4 ounces). Consequently the guineas commenced to pass, each as 20 shillings, until 1666, when the new law was made, allowing free coinage of guineas, at which time it began to be observed that, although the guineas were each made for 20 shillings, yet they passed for more than 20 shillings. This surprised the observers as much as we would be surprised, now, to see our gold dollars quoted in the market at 101 cents each. The guineas were quoted at 21s 6d, sometimes more, sometimes less. It was a new thing in the history of the world, in England especially; and the philosophers, financiers and all the great men of the kingdom were called upon to account for it. Finally they concluded that there was too much gold in the guinea, and so, under the advice of Sir Isaac Newton, they reduced the amount, just as we reduced the amount of gold in our gold dollar in 1834. But this did not make the guinea equal to 20 shillings, except in paying debts. As merchandise the guinea was worth more (or less) than 20 silver shillings, or 4 ounces of silver. It was the working of the double standard which had been produced by opening the great mint to free coinage of both gold and silver. The monetary unit of England was still, as it had been, the pound sterling. This corresponded and still corresponds to our dollar as a monetary unit, except that the English monetary unit was about five times as much as ours, from the standpoint of value.

In England there has never been a coin by the name of pound sterling, while in this country, we have had a silver coin by the name of dollar and a gold coin by the name of dollar, although we have not actually coined many gold dollars. We have also had gold coins that were and are multiples of a dollar.

In England they represented a pound sterling by a gold coin called a guinea, until 1816, when they discontinued coinage of guineas and substituted sovereigns. They also represented a pound sterling by 20 shilling pieces, which contained about 4 ounces of silver. They tried to make the gold in the guinea equal to the silver in 20 shilling pieces, but they never could quite succeed. The guinea was worth a little more or less than the silver in 20 shillings, and so they had what they called a double standard of

## A VILLAGE WONDER

### THE HAMLET OF BIG SPRINGS, WIS., HAS A SENSATION

Agitation Over the Story of a Woman Who Wanted to Die—Her Condition Due to Serious Ill Health

Big Spring, Adams county, Wisconsin, is much the same as other country villages where every resident's affairs are pretty well known to everybody else. It was no secret, therefore, that Mrs. Jennette Wilber led an unhappy life and had wished for death as a relief from her suffering. "For twenty-five years I was tortured with indigestion," she says, "but now I am well, thanks to Dr. Williams' Pink Pills, and I have told all my friends of the almost miraculous way in which I was cured."

"Everyone in the village knows of my long sickness. After each meal, gas would form in my stomach and cause me great distress. So great was my suffering that I thought many times it would be a relief to die. Of course I was treated by the best doctors in our section, but the help they give me was only temporary. I was very careful of my diet but as I became worse I had difficulty in retaining the simplest food, in fact, the smell of food often nauseated me. One day I saw Dr. Williams' Pink Pills for Pale People mentioned in a newspaper and, although I had tried many medicines without being benefited, I decided to try them. I knew that my case, being of long standing, could not be cured in a day and I gave the pills a thorough trial. I began to improve slowly after taking the first box and in a few months I was entirely free from indigestion and could eat anything I wanted. Since that time I have been troubled but once when I became run down from overwork. I resorted to Dr. Williams' Pink Pills again and was soon entirely well."

Anyone having indigestion or dyspepsia can be cured if Dr. Williams' Pink Pills for Pale People are given a sufficient trial. These pills act, not on the symptoms, but on the cause of diseases arising from impoverished blood or shattered nerves. They cure partial paralysis, locomotor ataxia, St. Vitus' dance, sciatica, neuralgia, nervous headache, after-effects of the grip, palpitation of the heart, pale and sallow complexions and all forms of weakness. At all druggists, or direct from Dr. Williams Medicine Co., Schenectady, N. Y., fifty cents per box, six boxes for two dollars and a half.

value. It puzzled almost everybody, and nobody could explain it, until Ricardo came along and said, that there were two standards, because the debtor classes including the great Bank of England wanted to pay their debts with the cheaper money, while the creditor classes wanted the debts paid with the dearer money. There were really two kinds of money, because one kind had one value and the other kind another value, that is, a gold pound sterling was different from a silver pound sterling.

I have said, that, previous to 1666, the value of coins depended, not upon the quantity of metal in the coin, so much, as upon the number of coins put into circulation. In other words, the value of money depended upon the quantity of money, as it always should, and not upon the value of the material (gold or silver) in the money. This was shown by the circulation of the guinea, which always circulated as 20 shillings previous to 1666, but would not circulate as 20 shillings after 1666. Here is proof, that, where there is no free coinage, the value of money depends upon its numbers or quantity, but that, under free coinage, the value of money depends upon the value of the metal upon which the money is made, rather than upon the numbers of money. We have seen how, when gold money is cheaper than silver money (under free coinage) the former will drive the latter out of circulation or at least that there is a constant tendency in that direction; and when silver money is cheaper than gold money, then silver drives out gold.

I stated that, when, gold has a price fixed by law, as it always has, under free coinage of gold, the price cannot rise or fall. This is strictly true, if we keep in mind that we are talking about the "legal" price of gold, as contradistinguished from its market price.

This is well illustrated by the history of English currency since 1666. We must bear in mind that when the mint of England was opened to free coinage of gold it was opened to free coinage of silver at the same time. No new coins were created, but all the old coins, whether gold or silver, were

