Letter from Tom Watson

No Need for Two Populist Parties

Hon. T. H. Tibbles, Lincoln, Neb.—Fusion is dishonest and no such tree can bear good fruit. If either of the old parties is right there is no excuse for a third. If both are wrong, we should have no co-partnership with either. Fusion with one in the west becomes a temptation to fusion with the other in the south. Allied with democrats in the west and with republicans in the south, the people's party becomes a political prostitute, which no decent man should recognize. The only hope we have is to keep in the middle of the road and combat both the old parties.

In this campaign I have fought both, fusing with neither. Populists who are in the fight on principle can do nothing else. Populists who are in the movement for office only can endorse co-partnrship with the common foe.

Say to our comrades in the west that I am enlisted for another four years. Say to them that I sall personally canvass every western state, between this year and 1908. Say to them that I was never more certain that we can finally succeed if we so conduct our campaigns as to win the confidence of sincere reformers.

Mr. Bryan has no authority to bind the democratic party to his populist platform. He is simply one democrat among several millions. If he was bound to the national platform of his party on Tuesday, November 8, 1904, he is bound by it now. The St. Louis convention of 1904 settled the issues for four years. The law of the party is as declared at St. Louis, and as accepted by Mr. Bryan, remains the law of the party for four years. He can not change it. His support of Parker is an endorsement of what was done at that convention. He has now seized upon the populist platform and declares that he will have the democrats adopt it. If he is sincere why does he not join the party which for thirteen years has battled for that platform? If we are good enough to fuse with why are we not good enough to join?

If the democratic party should adopt his platform we should have two populist parties. The country does not need TWO POPULIST PARTIES. To divide the reform forces in this manner courts defeat.

If Mr. Bryan is sincere in his profession of populist faith it is his duty to unite with us. To declare himself a populist in principle and at the same time refuse to join forces with us, creates that division among the reformers which insures the permanence of the triumph of our common enemy.

In 1896 Mr. Bryan played into the hands of plutocracy by scorning the populists who had been lured by Senator Jones into nominating him for president. In 1904 he missed another glorious opportunity by not bolting the St. Louis convention. He made that mistake all the more irreparable by his speeches for Parker during the last weeks of the campaign. He now steers himself and the reform forces toward a crowning disaster in 1908 by taking possession of our own platform and declaring his purpose to use it inside the democratic party. Thus he pierces us with our own sword.

I repeat the statement: We do not need TWO populist parties. All honest populists should get into the populist party. The man who accepts our principles and yet refuse to unite with us shoulders the responsibility of creating that division of the reform forces which means defeat. If Mr. Bryan would act as unselfishly toward the populists now as they acted toward him in 1896, we could unite forces and achieve success in 1908. I hope to God he will yet do it.

THOS. E. WATSON.

Thomson, Ga.

The Deb Problem

Editor Independent: Since my last article in your issue of November —, 1904, the November circulation statement has been received. The table I gave in my last article was based on the October statement. That table modified by the November statement is shown:

The actual increase of money since December 1, 1896, to be as follows:

Gold coin (including bullion in treasury)	$ 728,759,924
Standard silver dollars...	117,211,020
Subsidiary silver	35,189,636
National bank notes	221,882,610
Total increase	$1,103,043,190
From which should be deducted treasury notes of 1890 cancelled	$ 110,064,280
	$ 992,978,910
Increase in circulation—all money outside treasury.	933,031,915
Amount of net increase not in circulation......	$ 59,947,995

The November statement does not change the general situation as outlined before. It ought to be noted, however, that during the last two months (since September 1) there has been a decrease of volume of "standard silver dollars' of $818,009 and an increase of "subsidiary silver" of $2,534,380. This may, or may not, be important, but in view of the fact that there has been a monthly increase continuously for several years of "standard silver dollars" it may become interesting to know why this decrease occurs now, and whether it will continue. It is so far a reduction of standard of payment money. I call attention to it for possible further reference.

I ended my last article with the statement that the "quantitative theory of money," under our economic conditions, has a double aspect and a double application; that in one we are going towards a contraction and in the other towards an inflation. It is the failure of Mr. Bryan and Mr. Towne to recognize this double aspect and application that has led them into the very grave mistake they have made in supposing tnat whatever of business prosperity we have had since 1896 has resulted from the increase of the money volume reported by the treasury department, when the fact is, as I think I have shown conclusively, the demand has increased much faster than the money volume. If this is the basis on which Mr. Bryan rests the quantitative theory in its application to our conditions, he will have to abandon the theory.

The two applications of the theory relate, the one to payment of existing debts, the other to business exchanges. The one is the supply of "debt paying" money in relation to the demand occasioned by debts to be paid. The other is the supply of a medium of exchange in relation to demands occasioned by business transactions and exchanges.

There is no more important—no more tremendous economic fact than the great volume of public and rapidly increasing volume of private and corporate debts. The question of payment of interest, and when and how the principal is to be paid, is little less than appalling. What is to be the ultimate "standard of payment" of this enormous volume of debts is of vital importance, not only to the people of this nation but of the world. When statesmen, who are supposed to be familiar with economic principles and to be informed concerning economic conditions, and to whom the people have looked for guidance, lose sight of this debt problem, of the when and the how these debts are to be liquidated, and conclude, because the treasury department has reported an increase of money, without considering any other fact, that the "money question" has decreased in importance, what hope is there that even the most intelligent masses can ever be aroused and made to understand the dangers that threaten.

There is no monetary standard except a standard of payment, something with which a debtor can pay his debts, a standard fixed by law—legal tender money. A creditor is not compelled by law to accept anything in payment of his debt except the standard of payment. Creditors may and often do accept other things—even property—but when they choose to exercise the right given by law, the debtor must pay in the legal standard of payment. Before the war the "standard of payment" was double—silver and gold coin. After the war it was, and still is, triple—silver, gold and government paper. "Gold standard" means no standard of payment—no legal tender—except gold coin. It will mean, when we have it, that every creditor will have the right to demand from his debtor the payment of his debt in gold coin. Is there any doubt about this being what the advocates want? Is there any doubt about the present tendency in that direction?

On November 1 the entire "general stock of money in the United States" was $2,848,292,930. In what I have said heretofore I have treated all this as if it were in law debt paying money, and on this assumption I have shown that the increase of it, since 1896, has been no increase at all, but an absolute contraction when compared with the enormous increase in the volume of debts. The entire general stock of gold in the United States was, on November 1, $1,363,047,081. If we are going to a gold standard of payment this is the goal. When every creditor is able, under the law, to demand gold coin for his debts, this is the amount of debt-paying money we will have; to which will be added, of course, whatever increase of gold there may be from year to year. During the last eight years the increase has been less than $100,000,000 in each year. It is to the volume of money available to pay debts, and the demands made by the debts, that the quantitative theory must be applied. In a debt paying sense nothing is money except standard of payment—legal tender. Creditors do not always demand legal tender, and this fact may vary somewhat the demand occasioned by the increasing volume of debts. The general proposition, however, remains true. If so, the quantitative theory, when so applied, will not explain any increase of prices and business activity we may have had since 1896. According to the theory, the facts upon which Mr. Bryan predicates his conclusions, exactly opposite results would be expected to follow.

It is the most falacious method of economic investigation to take two facts—the reported increase of money and increase of business activity—ignore everything else, and conclude that one fact is the result of the other. A student of conditions, as well as of theories, is compelled by the additional facts to which I call attention to conclude, that never before has the volume of money reported been so small in proportion to the demands for it. If this is true, then the increase of money reported does not explain the admitted increase of business activity, and we must look elsewhere for a vindication of the quantitative theory.

The relation of the volume of debt paying money to the volume of debts to be paid; the supply of the one to the demand occasioned by the other is only one side of the money question; one aspect of the application of the quantitative theory. Can there be any doubt that on this side of the question there has been, not only since 1896, but for many years, influences constantly tending to contraction, to a reduction of the volume of the standard of payment? In the application of the "quantitative theory on this side of the question, can there be any doubt about results that must come from the ever widening separation of supply and demand going in opposite directions?

On this side of the question it is important, and there is no "decrease in the importance," that the scheme and purpose of the financial influences to reduce the volume of the "legal standard of payment" should be met and thwarted. The volume of debt paying money should be increased beyond any possible volume of silver and gold; beyond the volume of all kinds of money reported by the department. And every dollar should be "standard of payment" without limitation, restriction or discrimination, and issued by the government.

If this could be accomplished, it would still not be a complete solution of the financial question, nor a cure for all the evils of our financial system and of our financial conditions. It would be a very long step in the right direction, but it would not be the ultimate goal to which every financial reformer ought to press.

The other side of the question, the side on which there is now the wildest inflation, and for an increase of which the financial powers seem to me to be planning, is quite as important.

With your permission I will consider this in another article.

FLAVIUS J. VAN VORHIS.

Indianapolis, Ind.

Seward County Farm

Farm of 120 acres; 40 acres cultivated, balance pasture; fenced with 3 wires; land is rolling; running water in the pasture and flowing well; 4-room house, barn for 8 horses, corn crib. Farm 8 miles from each of the following towns: Germantown, Bee and Valparaiso. Creamery and store half mile from house; school house across the road; rural mail route; telephone line by house. Price $45 per acre. Easy terms. No. 7B. Weber and Farris, Lincoln, Neb.

Internal Cancer Cured

Mrs. Sarah Martin of Fairfax, S. D., suffered for a long time with an internal cancer. Under the care and treatment of Dr. T. O'Connor of Lincoln, Neb., she has been entirely cured. Mrs. Martin will answer any inquiries as to Dr. O'Connor's treatment and success in curing her. Those who have cancer should write her and at the same time send full description of cancer, its age, location, etc., to Dr. T. O'Connor, Lincoln, Neb.