

be an excess or scarcity. Not one of these things is true of the use of money; it is used when it passes from one person to another; in that process it undergoes no change whatever; after it has been used there is as much money as there was before. A given quantity of money may do a very little business, or it may do a great deal; there is no specific quantity that is essential to an individual, or a transaction, or a community. Therefore the effect of the demand upon money is not in the least like the effect of demand upon food, for when the demand for food is satisfied there is less food in the world than there was before, and when the demand for money is satisfied there is exactly as much money in the world as there was before."

I think I can prove beyond the shadow of a doubt that whether there is gold enough to do the world's business or not, there is enough to do our business.

PLENTY OF GOLD TO DO OUR BUSINESS.

Not very long ago a banker in New York said to me that the institution with which he was connected had cash on hand to the amount of \$45,000,000, and that all of it was gold except \$900,000 of legal-tender notes. "Why do you keep so much gold?" I asked. "Because we can't help ourselves," was the reply. "Our customers call upon us for paper currency. We give it to them as long as we have it, and gold flows in to fill the vacuum." The name of this banker is A. B. Hepburn, vice president of the National City Bank.

It seemed surprising to me that the cash in our largest bank should be composed of 98 per cent gold and only 2 per cent paper, and I began to make some investigations. I found that the so-called clearing-house banks of New York had, on the 9th of July, \$180,498,000 gold and \$62,363,000 of paper currency, *i. e.*, about three dollars of gold to one dollar of paper. The Boston banks at the same time had \$14,680,000 gold and \$5,250,000 paper. These figures speak for themselves. They show that in that part of the country there is gold enough to do all needful business. You may say that that is true only of New York and Boston, or of the Eastern states generally, but that it is not true of the West. Well, I can tell you how you can make it true of the West. Just send your greenbacks and other currency to New York, and ask the bankers there to give you gold for it, and see how quickly they will respond. Their faces will be wreathed with smiles as they pass it over to you. The fact is you have drawn the paper away from them and compelled them to fill up with gold instead. As Mr. Hepburn said to me: They "can't help themselves." The reason of this plethora of gold is easy to understand. The large crops of the past two years, coinciding with the partial failures abroad, turned the balance of trade in our favor. Now

I shall prove to you that there is gold enough in the country at large to do the business of the country at large.

On the 1st of July, 1897, the stock of gold coin and bullion in the United States, according to the report of the director of the mint, was \$696,270,542.

During the succeeding fiscal year to July 1, 1898, there was imported into the United States from foreign countries, other than Canada the sum of \$111,032,466

There was produced in the United States during the same period not less than 58,000,000

There was imported from the Klondike about 2,500,000

\$171,532,466

Add stock on hand July 1, 1897. 696,270,542

\$867,803,008

Deduct amount used in arts (mint estimate) 12,000,000

Stock on hand July 1, 1898. \$855,803,008

There have been some importations since July 1, and the receipts from the Klondike since that date have been between \$5,000,000 and \$6,000,000, and our own production is at the rate of \$5,000,000 per month. So it is reasonable to assume that the stock of gold coin and bullion in the United States now is not far from \$870,000,000. One year ago, according to the mint report, the largest amount of gold held by any nation was \$772,000,000 held by France. The United States now stands first in the list of nations as a holder of gold. The treasury now holds \$230,000,000 gold, the largest sum ever held by it, and it is increasing rapidly.

With these facts before us I think nobody will deny that there is gold enough for all of our purposes, however it may be with other countries. It is commonly reckoned that \$1 of gold is sufficient to serve as a guarantee and basis for \$3 of fiduciary circulation. According to that reckoning the amount of gold now in the United States would serve as a guarantee for \$2,500,000,000 of fiduciary circulation or more than double what we actually have. Our gold is more than 80 per cent of our fiduciary circulation. The Bank of England's gold reserve is seldom more than 45 per cent of her total liabilities.

ALSO PLENTY TO DO THE WORLD'S BUSINESS.

Now it does not greatly concern me whether there is gold enough in the world to do the business of the world or not, provided we have enough to do our business. Yet I think the facts justify the belief that there is enough for other nations also. According to the last mint report, the amount of gold in the world used for monetary purposes was equal to \$4,359,600,000. The estimate of the world's gold productions for the calendar year 1897, made by the director of

the mint, is \$240,000,000 additional. Few persons realize the enormous increase of gold production that has taken place within the present decade. The figures are as follows:

1890	\$118,848,700
1891	130,650,000
1892	146,651,500
1893	157,494,800
1894	181,175,600
1895	199,304,100
1896	202,956,000
1897	240,000,000

Production eight years. \$1,377,080,700

It will be observed that the world's production of gold has more than doubled since 1891, and that the largest increase in any one year took place last year. It is a noteworthy fact too, that the increase of gold production in the United States has very nearly kept pace with the general increase, having been \$58,000,000 in the calendar year 1897, against \$32,845,000 in 1890. The largest gold-producing country now is South Africa, whose output for the present year (1898) will approximate \$75,000,000.

PRESENT PHASE OF THE CURRENCY QUESTION.

If there is such a shortage of paper currency that the banks are gorged and loaded down with gold the question will naturally be asked: Why not have more greenbacks? What is the harm of that? This brings us to the present phase of the currency question, to which I shall ask your attention for the remainder of the time allotted to me. The arguments in favor of government paper are plausible and specious. They are rather captivating to the common mind. If we are to have paper money at all why should not the government issue it and receive the interest on it instead of turning that function and that profit over to private persons and corporations? The question is a proper one and it deserves an answer. Before considering it, I will remark that, in the discussion of this question, until the Indianapolis convention took it up, the opposition to government paper money was represented mainly if not wholly by a limited number of men termed economists—college professors, and book and magazine writers. The bankers took little or no interest in the subject. When the American Bankers' association four years ago adopted what is known as the Baltimore plan of currency reform they did not touch the subject of government paper money. Their plan contemplated no disturbance of any part of it. The fight against government paper, until the Indianapolis convention assembled, was limited to a few men who have no interest in banks, and no purpose to serve except the general welfare. The economists differ from each other more or less respecting the kind of bank paper that should be allowed to circulate but they are unanimous in the belief that government paper circulating as