and services, that determines its value. Money hoarded, or held in bank vaults as reserve, has no effect on its value.

This seems to be "a begging of the question"—the statement of what upon its face is an evident fact, advanced as a theory to explain and account for it.

The views of Mr. Mill are generally accepted by all of the more modern writers, unless we include as political economists, such men as Senator Jones of Nevada, Mr. Harvey of Coins "Financial School" notoriety, and Mr. Towne of Minnesota.

Difference Between Theories.

The difference between the theories of Ricardo and Mill are important. That of the latter could only coincide with the former, when all of the money in a country should be actually circulating, which is never the case.

Money Value and Property Value.

The statement of Mr. Mill is undoubtedly correct, but its meaning, I think, would be clearer, if he had said that the value of all things bought and sold, is determined by the quantity of money in circulation, including as money all credit instruments.

Whatever may indicate the value of the property exchanged for money must at the same time express the value of the money exchanged for the property.

The two statements are identical. When wheat is high, we may say that gold is low compared with wheat, and so on as to every commodity or all of the commodities taken together, and their prices averaged.

In the same manner, when we hear talks about gold being appreciated in value, it is only another way of saying that the average prices of other things than gold are lower.

But investigation will, I think, invariably show that the lowering of average prices has been caused solely by circumstances affecting the property and not from any changed condition in the money stock.

The quantity of money in circulation under lower prices, is undoubtedly lessened, but the deficiency in the circulation can be more easily explained by the fact of the lower prices than the lower prices can be explained by the deficiency in circulation.

When prices are low, a less quantity of money is required to make the exchanges.

Cause of Lower Prices.

It is an axiom that prices are fixed by the law of supply and demand, but there are things back of both supply and demand, which limit and control them.

For instance, demand is influenced to a large extent, by the ability of the intending consumer or user, to satisfy the desire he has for the article which is the subject of the demand.

We may all desire diamonds, but only a few are able to possess them, and it is a sad thing to be obliged to admit that there are times when there are many who desire bread, who are not able to obtain it.

A condition of general lowered prices, will be found attributable to some general inability to purchase on the part of a large multitude of consumers and users.

The searcher for truth, instead of following some will o' the wisp of his fancy concerning money for an explanation of lowered prices, should endeavor to learn the causes operating upon the things themselves, which produce the lamentable result noted.

He will find, of course, that there is less than the normal volume of money in circulation, but he will not be justified in assuming from this circumstance that the stock of money is insufficient, when he clearly perceives and understands that the deficiency is not in the stock itself but is in the quantity of that stock or supply which is brought into circulation.

An addition to the stock, no matter how good the money added might be, would not help the situation, because the addition would be subject to the same influence which already affects the unused stock.

Object Lessons.

In order to illustrate the fact here stated, let us take two distinct epochs in this country, which are very close together and should serve as convincing object lessons.

Conditions in 1896.

In the year 1896 the prices of nearly everything sold were unusually low—business was stagnated—production in numerous channels had ceased entirely, and in others was restricted and limited—thousands of working men all over the country were out of employment and many were reduced to desperate conditions.

This was clearly a condition of things which could easily be designated as showing an appreciation in the purchasing power of money.

Prices being low, gold was high. The situation was utilized by the politicians for all it was worth.

It was claimed that gold was high, because silver was demonetized, and that the way to cure the disorder was to remonetize silver at a ratio to gold, which would make money plentiful. That prices then would rise—which would mean that gold would fall to the coin value of silver.

Conditions in 1900.

Four years only have passed, and now in 1900, it is generally conceded, that a change has occurred.

Prices generally have advanced—business is good—productive processes of every description are in active operation and the working men everywhere are employed at remunerative wages.

This is a condition which in comparison with 1896, would be called a time in which gold had depreciated, because other things are higher.

It cannot be claimed that it is due to any increase in the money stock. The fiat money scheme was defeated in 1896, and what increase there has been, is not of an amount sufficient to affect prices.

Increased Circulation.

Everyone concedes that there is greatly more money now in circulation, than there was in 1896.

The business now being transacted, could not possibly have been managed with the attenuated volume of 1896.

Difference Between Periods.

The difference, then, between the two periods as indicated in the money situation, is the greatly increased volume of money in circulation in 1900.

But it is also conceded that there is a greatly increased ability on the part of consumers and others to purchase what they desire, which has enlarged demand, raised prices and increased production.

The one situation is plainly an index to the other.

Without the increased ability there would have been no increase in the volume of money in circulation.

Increased Supply Without Increased Demand.

An increased supply of an article without an increased demand for it, will not of itself add to the general ability to satisfy desires.

Generous returns from seed time and harvest, will only lead to lower prices for agricultural products, unless there is somewhere an increased ability to consume the excess. Good crops, therefore, cannot alone explain the changed condition.

The moving cause of the change must be looked for elsewhere, and it concerns capital.

Capital.

It is capital which employs labor—which carries on trade and commerce.

No one stroke is taken by labor; not a movement is made in trade, which is not instigated by and is dependent upon capital.

When capital is here mentioned, no reference to individuals is intended.

Who Supply Capital?

The Astors, Vanderbilts and Goulds do not supply the power which runs our factories and stores and business generally. It is the capital of the great middle classes and the savings of the working classes, which turn the wheels of commerce.

If individualization was required, it would be more easily found in the ranks of frightened depositors who run a bank in time of panic, than in the millionaires