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DO WE WANT MONEY OR EXCHANGE?

The farmer who asks for more money would not really be satisfied, for a moment, with money if he were compelled to keep it. Just as soon as he receives the money, he wants to pay it out for something which is actually useful to him. What he really wants is not more money, but more shoes, more clothing, more food, more houses, more barns, more wagons, more comforts of life. He finds the process of exchanging his wheat and corn and cotton for these other comforts, a difficult and slow process, and, at present, it seems to him that he cannot make this exchange, without first selling his produce for money and then selling the money for some different kind of produce. Then, when he has sold his crop, he is not able to make up his mind instantly as to the particular articles which he wants in exchange; and, therefore, he wants to keep the money on hand until he does make up his mind. If he does this, he withdraws from circulation a considerable part of the very money which he wants to keep in circulation; and, thus, he is taught, reduces the price of all products, his own included. Then he naturally demands a fresh issue of money, to raise prices of his products, and so goes round and round in a path which leads nowhere.

All this is easy enough to see, and has been pointed out very often. But, while

all who think much upon the subject, are well

able to prove that no possible increase of the currency would answer the end which the farmer has in view, no practical method of attaining this end has been offered to him. It seems that there

is a perfectly practicable method within reach. The farmer really needs no more money, but simply greater facility for barter. The large merchants and manufacturers have already this facility in their bank accounts. They do not use actual money, whether in coin or paper, no matter how it may be defined. They pay, and are paid, in bank checks; and these checks, themselves, are practically never paid in money, but are simply set off, one against the other, in a clearing house. Accordingly we find that the intermittent clamor for increased currency does not come to any important extent, from the commercial and manufacturing classes, but that all they want is increased credits and banking facilities. Less than five per cent of the business of the country is conducted upon an actual money basis, and less than twenty per cent of the deposits in banks are represented by actual cash on hand.

It seems, therefore, perfectly clear that the only effectual remedy for the difficulties which

Tools of Trade. trouble the farmers, in this respect,

is to be found in a very great extension of banking facilities among them. If a bank were brought to the door of every farmer, and he could feel assured of its safety, as a place of deposit, and could be taught to accept payment for all his goods in bank checks, and to make payment for all his purchases in the same way, he would cease to use or to want any considerable amount of coin or currency. This is the remedy which modern civilization has provided for the money difficulty, with regard to other classes of the community; and it is because the American farmer has not learned to keep up with the commercial classes in this respect that he, constantly, under false teachers, demands more currency. The remedy which he demands would really bring him no relief. The annual produce of the country must largely exceed in value twelve billion dollars. The free coinage of silver, even if it were possible to add all the volume of silver to the gold now in circulation, and to keep it all in the country, could not increase the currency sufficiently to dispense with five per cent of the transactions now conducted by means of bank checks.

If we could bring the farmers of the country, generally, to do business through banks, as merchants do, they would feel no greater need of money than merchants

feel. Nothing else will ever mitigate the pressure upon them of which they sometimes complain.

The necessities of civilization, demanding imperatively that farmers, as well as all other classes of the community, shall fall into line with the system of credits and banking which characterizes civilization, any scheme of supposed relief which hinders the progress of the banking system among farmers will only prolong their distress and aggravate the disease of which they complain.

An enlargement of the currency has and can only have this effect: By relieving, for a short

Expansion Fallacy. time, the pressure upon the farmers,

which comes from restricted facilities for exchange, it turns their attention away from the true remedy and delays the introduction of banking among them. A wise government facilitates the extension of sound and safe banks among the people, but will not take away the natural pressure which is needed to induce them to avail themselves of banking facilities. Nature teaches us nothing, except by the process of deprivation and gradual pressure. If we never suffered any inconvenience, we should never make new inventions; whereas, in proportion to the increase of inconvenience which we suffer for want of inventions, is the increase of inventions themselves. Therefore, the expansion of the currency, by relieving the pressure, delays the extension of banks of deposit, which is the only proper remedy. Banks can supply means of exchange, adequate to any demand, which money can never do. The gradual abandonment of silver, as money, in civilized nations generally, and the falling back upon gold, as the exclusive currency, is the method by which nature gradually forces men to extend their banking systems, and to rely, more and more, upon exchanges by cheques in place of exchanges by money. A gradual contraction of the currency makes inevitable the rapid extension of banks, and every bank furnishes, at least four times, and often ten times, the facilities of exchange, which are furnished by the amount of coin which is stored in its vaults.

Our national banking system, for some reason, fails to meet the needs of the farming classes.

Banks. Private banks have been spreading

among farmers; but, unfortunately,