SMALL CHANGE.

Although the crushing defeat of the silverites in the recent elections indi-cates the rapid decline of the free coin-age agitation, it would be a serious mistake to suppose that the delusions which it originated are dead for all time to come. Error is many formed, and the cheap money doctrines ex-pounded by the free silver advocates will probably spring up again at an early day.

With the abundant evidence that a large portion of the people still be-lieve in the idea that money is some-thing created by government fiat, and that cheap currency would make every-body rich, it is idle to ignore the fact that assaults on our financial system are likely to continue intermittingly for a long period. It is doubtful if the maintenance of the gold standard will ever again be so violently attacked as during the past few years. The work of education has been so thor-oughly done in regard to the relative merits of gold and silver that public sentiment is now permanently fixed in favor of gold.

The recent great increase in the yield of gold, the total product amounting during the past year to about $200,000,000, makes it certain that there will be an abundance of that metal to serve as a standard of value and a basis for currency. There will therefore be no question that all substitutes for metallic money must in the future be redeemable in gold. The vagaries of "money cranks" who claim that paper money need not be redeemed at all, or that it should be based on a multiple standard of one hundred or more staple commodities, need not be seriously considered. They are merely ingenious fads, some-times defended with plausible sophis-try, but always resting on the most absurd and unsound premises. In so far as the great business and property interests of the country are con-cerned these forms of cheap money de-lusions are of no account.

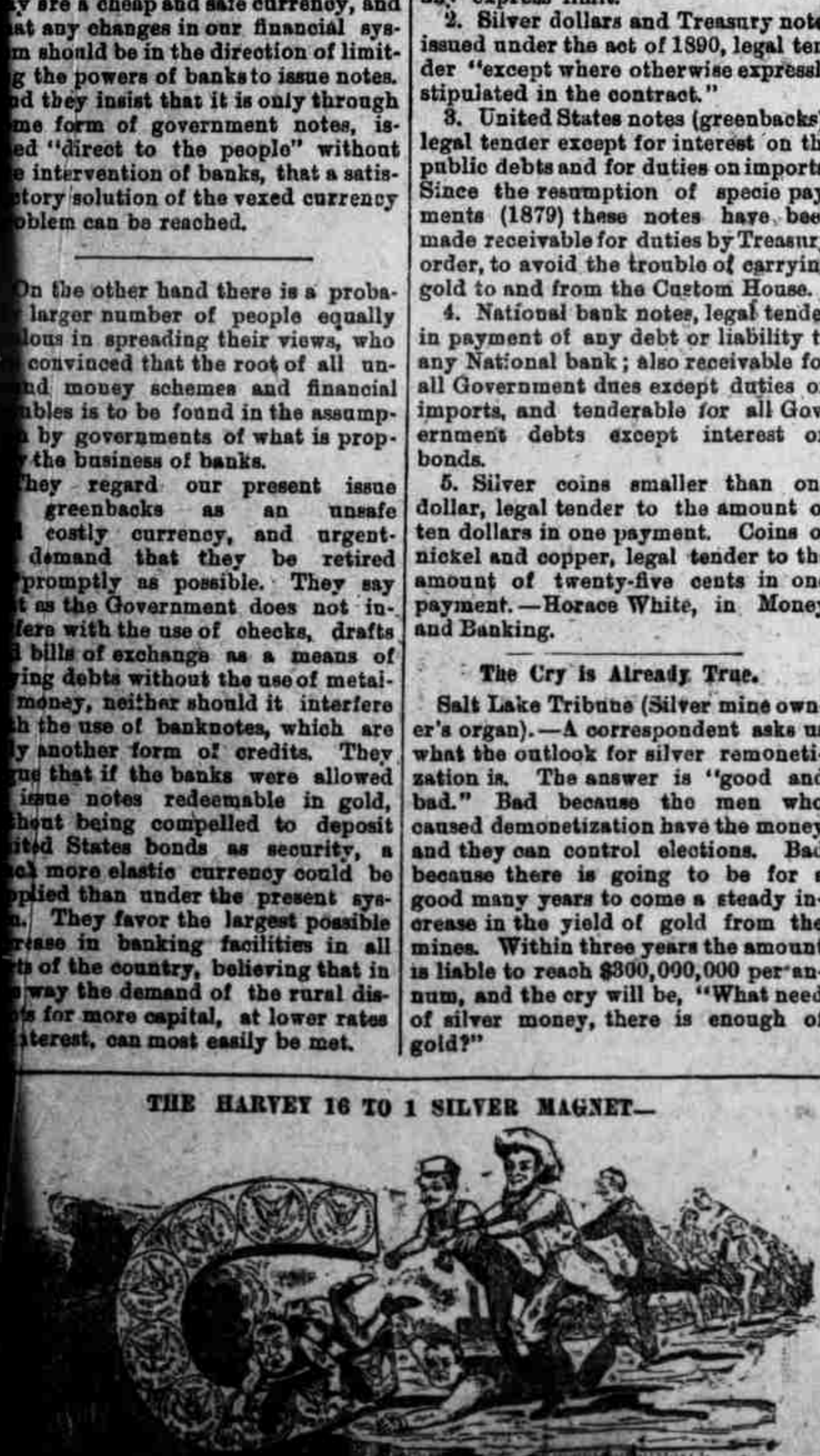
It is to be regretted that on the im-portant question as to how the volume of paper currency, which experience has shown to be not only useful but absolutely necessary, should be fur-nished, there is not the same agree-ment that exists in respect to the is-sue between gold and silver.

On one side there is a large and influ-ential body of men who believe that the business of supplying paper, or credit, money, is a legitimate function of gov-ernments, and demand the issuing by Congress of an increased amount of greenbacks or Treasury notes. They claim that government promises-to-pay are a cheap and safe currency, and that any changes in our financial sys-tem should be in the direction of limit-ing the powers of banks to issue notes. And they insist that it is only through some form of government notes, is-sued "direct to the people" without the intervention of banks, that a satis-factory solution of the vexed currency problem can be reached.

On the other hand there is a proba-bly larger number of people equally zealous in spreading their views, who are convinced that the root of all un-sound money schemes and financial troubles is to be found in the assump-tion by governments of what is prop-erly the business of banks.

They regard our present issue of greenbacks as an unsafe and costly currency, and urgent-ly demand that they be retired as promptly as possible. They say that as the Government does not in-terfere with the use of checks, drafts and bills of exchange as a means of paying debts without the use of metal-lic money, neither should it interfere with the use of banknotes, which are only another form of credits. They argue that if the banks were allowed to issue notes redeemable in gold, without being compelled to deposit United States bonds as security, a much more elastic currency could be supplied than under the present sys-tem. They favor the largest possible increase in banking facilities in all parts of the country, believing that in this way the demand of the rural dis-tricts for more capital, at lower rates of interest, can most easily be met.

THE HARVEY 16 TO 1 SILVER MAGNET—



THAT WAS DEMAGNETIZED ON NOVEMBER 5.

GRAVE RESULTS

Would Follow the Refusal to Pay Out Gold, Says Secretary Carlisle.

In his annual report, made public on December 16, Secretary Carlisle ex-poses the grave results that would fol-low if the treasury department should refuse to pay out gold, even for one hour, as some good-intentioned per-sons would have it do. He says:

"A refusal to pay gold on either class of our notes, when demanded by the holders, would instantly destroy the parity of the two metals, reduce the currency to a silver basis, unsettle all values, impair the obligations of all existing contracts and precipitate a financial, industrial and commercial revolution more disastrous in its con-sequences to the labor and business interests of the country than any panic or depression that has yet occurred in our history. The magnitude of the interests involved and the permanent character of the injury that would be inflicted by such an experiment for-bids its favorable consideration, even for a moment, in the present condition of our affairs. This condition is unlike that existing in any other coun-try, or that ever before existed in this country, and, as already shown, is the result of a long-continued policy at variance not only with the teachings of experience but with the financial law of the world.

Remedies which might have been more or less effective under other circumstances cannot be in the least degree effective now, and it would be futile and dangerous at this time to attempt a correction of our financial disorders otherwise than by a total removal of their causes. Long adherence to the false system has to a great extent undermined our national credit, so far as it is related to the maintenance of a sound cur-rency, and it must be reconstructed, not merely propped up by frail and temporary supports. It required many years to produce this result, but after it has been produced it would be idle to expect a return to a sound condi-tion with all the causes of our finan-cial distress still in existence and in more active operation than ever be-fore.

To pay out gold with one hand and receive it back with the other would be a useless expenditure of time and labor, and yet this is just what would be done if gold should be exacted in pay-ment of customs or other public dues, while the legal-tender notes are out-standing."

Present Varieties of Legal Tender.

The following varieties of legal ten-der exist at the present time under the laws of the United States:

1. Gold coins, legal tender without any express limit.
2. Silver dollars and Treasury notes issued under the act of 1890, legal ten-der "except where otherwise expressly stipulated in the contract."
3. United States notes (greenbacks), legal tender except for interest on the public debts and for duties on imports. Since the resumption of specie pay-ments (1879) these notes have been made receivable for duties by Treasury order, to avoid the trouble of carrying gold to and from the Custom House.
4. National bank notes, legal tender in payment of any debt or liability to any National bank; also receivable for all Government dues except duties on imports, and tenderable for all Gov-ernment debts except interest on bonds.
5. Silver coins smaller than one dollar, legal tender to the amount of ten dollars in one payment. Coins of nickel and copper, legal tender to the amount of twenty-five cents in one payment.—Horace White, in Money and Banking.

The Cry is Already True.

Salt Lake Tribune (Silver mine own-er's organ).—A correspondent asks us what the outlook for silver remoneti-zation is. The answer is "good and bad." Bad because the men who caused demonetization have the money and they can control elections. Bad because there is going to be for a good many years to come a steady in-crease in the yield of gold from the mines. Within three years the amount is liable to reach $300,000,000 per an-num, and the cry will be, "What need of silver money, there is enough of gold?"

CHEAP DOLLARS.

THEY ARE STRONGLY CONDEMNED BY PRESIDENT CLEVELAND.

We Have Four Times Failed to Es-tablish Bimetallism—No Hope For Success in Future—Danger of Attempting to Depreciate Our Currency.

No part of the President's annual message to Congress is more worthy of careful reading than that part in which he exposes the folly and danger of attempting any more legislation in behalf of silver. It is absolutely un-answerable. Here are some extracts from it:

While I have endeavored to make a plain statement of the disordered con-dition of our currency and the present dangers menacing our prosperity, and to suggest a way which leads to a safer financial system, I have constantly had in mind the fact that many of my countrymen, whose sincerity I do not doubt, insist that the cure for the ills now threatening us may be found in the single and simple remedy of the free coinage of silver.

No government, no human contri-vance or act of legislation, has ever been able to hold the two metals to-gether in free coinage at a ratio ap-preciably different from that which is established in the markets of the world.

Those who believe that our inde-pendent free coinage of silver at an artificial ratio with gold of 16 to 1 would restore the parity between the metals, and consequently between the coins, oppose an unsupported and im-probable theory to the general belief and practice of other nations, and to the teaching of the wisest statesmen and economists of the world, both in the past and present, and, what is far more conclusive, they run counter to our own actual experiences.

Twice in our earlier history our lawmakers in attempting to establish a bimetallic currency undertook free coinage upon a ratio which accident-ally varied from the actual relative values of the two metals not more than three per cent. In both cases, notwith-standing greater difficulties and cost of transportation than now exist, the coins, whose intrinsic worth was un-dervalued in the ratio, gradually and surely disappeared from our circula-tion and went to other countries where there real value was better recognized.

Acts of Congress were impotent to create equality where natural causes decreed even a slight inequality.

Twice in our recent history we have signally failed to raise by legislation the value of silver. Under an act of Congress passed in 1878 the Govern-ment was required for more than twelve years to expend annually at least $24,000,000 in the purchase of silver bullion for coinage. The act of July 14, 1890, in a still bolder effort increased the amount of silver the Government was compelled to pur-chase, and forced it to become the buyer annually of 54,000,000 ounces, or practically the entire product of our mines. Under both laws silver rapidly and steadily declined in value. The prophecy and the expressed hope and expectation of those in the Con-gress who led in the passage of the last-mentioned act, that it would re-establish and maintain the former parity between the two metals, are still fresh in our memory.

In the light of these experiences, which accord with the experiences of other nations, there is certainly no secure ground for the belief that an act of Congress could now bridge an inequality of fifty per cent. between gold and silver at our present ratio, nor is there the least possibility that our country, which has less than one-seventh of the silver money in the world, could by its action alone raise not only our own but all silver to its lost ratio with gold. Our attempt to accomplish this by the free coinage of silver at a ratio differing widely from actual relative values would be the signal for the complete departure of gold from our circulation, the imme-diate and large contraction of our cir-culating medium, and a shrinkage in the real value and monetary efficiency of all other forms of currency as they settled to the level of silver mono-metallism. Every one who receives a fixed salary and every worker for wages would find the dollar in his hand ruthlessly scaled down to the point of bitter disappointment if not to pinching privation.

A change in our standard to silver monometallism would also bring on a collapse of the entire system of credit which, when based on a standard which is recognized and adopted by the world of business, is many times more potent and useful than the en-tire volume of currency and is safely capable of almost indefinite expansion to meet the growth of trade and en-terprise.

The serious question that confronts this country to-day is not whether the action of the Government in entering into a banking business in the past was wise or foolish, but, having en-tered into it, what must be done to honorably discharge every responsi-bility thus created, and fulfill every pledge since given or implied.—Alex-ander E. Orr.

HARK, HARK, THE DOGS DO BARK.

Theaters and Money.

Because rich countries have an abundance of money, the silverites and greenbackers jump to the conclusion that the quantity of money is what makes a country rich. This is a curi-ous mistaking of effect for cause, which shows how absurdly the cheap-money advocates reason.

In all wealthy countries there is a far larger number of theaters than in poor countries. In the largest cities where there is the greatest amount of wealth, theaters are much more nu-merous than in the poorer sections of the country. According to Populist and silverite logic these facts prove that the more theaters there are in any place, the richer will the people be. And the remedy for poverty would be the building by the Government of a great many more theaters in all parts of the country.

If it be replied that theaters are merely an evidence, and not the cause, of wealth, then it should be easy to see that the same holds true of money. Rich nations have large amounts of money because they have a great deal of wealth in other forms. But the money did not make the wealth, any more than the forty theaters in New York City produced the great riches owned there. The source of all hon-est wealth is in the industry and in-telligence of the people. More money will not of itself make the slightest im-provement in the condition of those whom the silverites say they want to benefit.

United States Currency Statistics.

The Reform Club has just issued what promises to prove one of the most valuable reference pamphlets in its series—"United States Currency Statistics." It is designed to meet the needs of those who wish to have at hand, in compact form, the most reliable statistics available upon cur-rency topics. It consists of thirty-two pages, crowded with just those statistics to which students of cur-rency questions have most occasion to refer.

While, as its name implies, it is de-voted mainly to statistics relating to United States currency, it also in-cludes comparative data as to foreign countries at every important point. A number of ingenious diagrams add interest to the work, and full refer-ences to statistics not possible to be included offer suggestions to those making special investigations.

The pamphlet can be obtained for five cents from the Reform Club, 52 William street, New York City.

Western Prosperity.

According to one of the new Con-gressmen from Mississippi an old farmer in that state who had been a strong advocate of silver was recently asked which he would rather have, nine-cent cotton or free silver. The answer was prompt and emphatic, "Nine-cent cotton by a damn sight." This is a state of mind generally prevalent in the South outside of Mis-sissippi, and its existence is recog-nized by silver men from other sec-tions.

To some extent the people of Colorado and Montana sympathize with this Mississippi farmer, for Colo-rado has never been more prosperous than now, while a representative from Montana is quoted in the Washington Post as saying that his State is enjoy-ing as great a degree of prosperity as any state in the Union. Montana is the state which nothing but free silver could save, but if its people are as prosperous as any in the Union the injury done them by the demonetiza-tion of silver can't have been very serious.—Springfield Republican.

Coin's Aliases.

Now the author of "Coin's Finan-cial School" has resolved himself into the Patriots of America. He seems to feel the necessity of traveling under a good many aliases. That is the habit of some people.—Boston Herald.

Will Not Delay the Interment.

Joe Blackburn refuses to recognize the death of free silver, but this fact will not interfere with the arrange-ments for the interment.—Chicago Times-Herald.

COMMERCIAL SUPREMACY.

It is Within Our Reach if We Get Onto a Solid Gold Basis.

That most eminent of all financial writers, Paul Leroy-Beaulieu, has an article in the December Forum enti-tled "Conditions for American Com-mercial and Financial Supremacy." He points out clearly the injury we are inflicting upon ourselves by agi-tating for cheap dollars, and by keep-ing our Government in the banking business. These destroy confidence and scare investors away.

Discussing our "greenbacks"—which are responsible for keeping our Gov-ernment in the banking business—he finds that while other great countries have issued or caused to be issued considerable amounts of paper money during critical periods ours is the first to refuse to take up and cancel its notes as soon as possible. This was a great and vital error which we did not repair entirely when we resumed specie payments in 1879. "A govern-ment," he says "is ill fitted and ill equipped to maintain paper money in circulation, even if the paper is redeemable in specie. The redemption done is in itself a great trouble and a continual embarrass-ment." He thinks that the function-aries of a government "who must act by fixed and always identical rules," cannot make a flexible and safe cur-rency out of Government paper.

If the government were out of the banking business and private banks were left to deal with the exportation of gold problem they would, when harmful exportation begins, raise the rate of discount until such exportation is checked. This is what European banks do in similar emergencies. When the gold movement is controlled in this way, it produces "only a light and momentary embarrassment, not to be compared with the shock and the discredit resulting from an outgo of gold the end of which cannot be cal-culated.

"An advance in the money rate in order to arrest the outgo of specie, particularly gold, is sure to succeed if the Government does not disturb the natural course of operations by artifi-cial measures. Such an advance checks the imports of merchandise, and, on the other hand, stimulates exports. It draws capital from abroad to seek the better returns which are the conse-quence of this advance.

"Thus whenever the banks, public or private, are charged with the pro-tection of the metallic reserve of the country, they accomplish it with cer-tainty by this sovereign method of raising the money rate. * * * On the contrary, when the state issues the fiduciary currency, as in the Uni-ted States, it has no real means of protecting the metallic reserve. It cannot raise the discount rate, for it does not discount commercial paper. It is under obligation to pay gold to all who demand it, without any power to regulate or reduce the demand. It is absolutely disarmed. Its sole re-source is to secure specie by loans abroad. But as these loans have no effect on the general current of busi-ness, their proceeds are soon exhaust-ed and they must be renewed. This incapacity to protect its reserve is the chief reason why a state is not fitted to issue fiduciary money."

After a discussion of "Bimetallism," which should be read by all, M. Leroy-Beaulieu concludes as follows:

"As soon as the capitalists, small and great, of Europe shall know that the United States have definitely adopted the gold standard and rele-gated silver to a subordinate mone-tary role the savings of Western Europe will flow toward that country Freed from the fear that he may so[illegible] day be repaid in depreciated mon[illegible] every person with savings in Europe will be happy to find a ret[illegible] of 3½ to 4 per cent. in good Amer[illegible] securities, and of 5 to 5½ per ce[illegible] the shares of well established [illegible] can enterprises. Then the [illegible] territory of the United Sta[illegible] its vast resources rapidl[illegible] pletely put in the way o[illegible]

Credit has do[illegible] times to enric[illegible] mines in the [illegible]