The Eagle.

VOL. 2, NO. 32. SILVER CITY, N. M., WEDNESDAY, APRIL 1, 1896. PRICE 5 CENTS

SOUND TALK ON SILVER.

The Value of Money Depends Upon the Quantily.

Some Interesting Historical Facts Concerning the Ratio Between Gold and Silver.

The silver question is a branch of the larger subject of '-money," and therefore a glance at the nature of money will be useful before considering the silver question itself.

There was a time when money was unknown. Away back in the dim past, before civilization had made much progress, people dealt with each other by "barter," that is, by exchanging one commodity directly for some other which might be needed. As wheat for beef, or potatoes for cloth, and the like. In newly settled countries much trading is done in this way even now. But it is a very inconvenient way, because the person having wheat and desiring beef, may not readily find one with beef who needs wheat, and so with everything else.

Hence, grew up the custom of adopting some one thing as a general medium of exchange,—something which every person would receive in return for anything which he might have to dispose of. Many different substances have been thus used. Iron, lead, copper, hides, cattle, slaves, pieces of bark, and many other things have been employed at different times, and by various nations.

But finally gold and silver came to be generally considered the substances best fitted for such use, and for at least three thousand years they have been regarded as the world's two great money metals, other things being only used locally, and, as a rule, in a much smaller way.

As a result of this custom, (which ripened into law,) when a man had wheat that he wanted to exchange for other things, instead of bartering it directly for what he wanted, he would first exchange it for gold or silver, (that is, for money,) and with this he could procure or buy the other things which he needed.

It will be seen at once, that when a man offered any commodity in exchange for money, the amount of money that he could get for it, necessarily depended upon how much money there was to be invested in that commodity.

If a thousand bushels of wheat were offered, and there were just a thousand dollars available for the purchase of wheat, it would, of course, bring just one dollar per bushel; but if there were only five hundred dollars to be used in that way, then the wheat could only bring one-half as much, or fifty cents per bushel. And so with every other article offered in the market.

Thus we see that the amount of money which a commodity will bring, that is, its "price;" depends upon the law of "supply and demand." This law applies to the money, just the same as it does to the commodity. When two things are exchanged for each other, the law of supply and demand necessarily applied to both.

If wheat is abundant it will be cheap. If scarce it will be dear. If money is abundant it will be cheap, if scarce it will be dear, and we must give more of other things to get a given amount of it.

Upon this principle rests what is known as the "quantitative theory of money." That is, that the value of money depends upon its quantity in proportion to other things.

As the aggregate quantity of money is increased, other conditions remaining the same, the value of each dollar will decrease, because dollars will be relatively more plentiful.

As the total quantity of money is diminished, other conditions remaining the same, the value of each dollar will increase, because dollars will be relatively scarcer. This is a principle that is recognized by the highest authorities, living and dead, for it rests upon the immutable foundation of common-sense.

These general principles being understood, and the importance of the question of "quantity" being remembered, let us now go on a step.

At the beginning of the year 1873, the total mass of gold and silver money in the world was not far from $7,000,000,000—about $3,500,000,000 of each. Leaving out of consideration the paper money circulating in certain countries, this amount of gold and silver constituted the world's stock of money. In every sale of goods for cash, some of it had to be used. In every sale on credit, the person trusted had to look forward to the time when he could get a sufficient amount of money to pay the debt.

But some nations, such as Germany, Austria, Russia, India, China, Mexico, etc., used silver as their principal money. Gold was not legal tender, and if they used it at all it was chiefly for hoarding or export, being more convenient for those purposes.

In England and Portugal, gold was the principal money, and silver was only used in small transactions, being limited legal tender. In England it was legal tender for 40 shillings (about $10) only.

England adopted the gold standard for the first time in 1816, and Portugal in 1854. A third class of countries used both gold and silver as full legal tender. That is, a debt of any amount, large or small, could be paid with either gold or silver coin.

In these countries coinage was free, except that in some of them there was a small charge, called seigniorage, to cover the expense of minting.

These counties were called "bimetallic," because they used the two metals as full legal tender, and without discrimination against either in the matter of coinage.

The principal bimetallic nation of Europe was France, which, in the year 1803, opened its mints to the free coinage of both metals at the rate (or ratio, as it is called) of 15½ ounces of silver to 1 ounce of gold.

In 1865, Italy, Belgium and Switzerland entered into a treaty with France, by which they all agree to coin money of the same denominations and at the same ratio, to, wit: 15½ ounces of silver to 1 ounce of gold, and the money thus coined was to be legal tender in all of those countries. A few years later Greece joined them, and the five nations constitute what is known as the "Latin Union."

In 1786 the United States, then merely a confederation, adopted the double or bimetallic standard, providing for both gold and silver coins of full legal tender, but without any actual coinage, the country having no mint.

In 1792 a mint was established, and the coinage of both gold and silver was authorized at the ratio of 15 ounces of silver to 1 of gold.

The reader will carefully note the difference between this American ratio and that of France. At the French mint