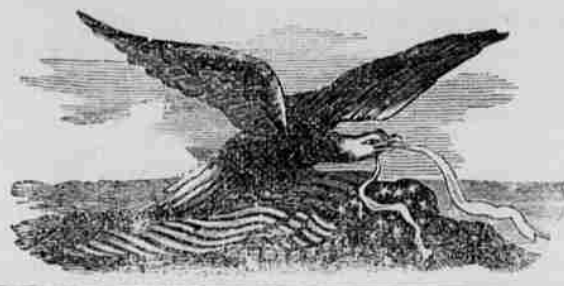


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TELLER ON SILVER.

The Colorado Senator Says Some Sensible Things.

Ideas which Ought to Set American Manufacturers to Thinking About the Future.

I like to do all the writing and talking possible on the silver issue, for I feel more than ever that it is a most momentous question, but I cannot always spare the time. I do more of this work than I should. The subject is so vast; it ramifies in so many directions and the arguments are so numerous that it requires care and thought to give in a single article a single phase of the subject.

The president's recent letter to Chicago was an appeal to the supporters of the gold standard to defend that system by proclaiming for it the merit of soundness and to declare all other systems unsound and the supporters of all others advocates of a debased currency. In his opinion I suppose we are advocates of an unsound currency. It is to be regretted that the president did not point out to us some of the advantages of the gold standard as well as the possible danger to the country if we return to the use of both gold and silver as such use existed in the United States prior to 1873.

Up to that time practically the whole world had the benefit of the use of both silver and gold as money of ultimate redemption. England was on a gold basis and Germany on a silver basis, it is true, but the mints of France were open to both gold and silver, and England had the benefits of an open mint for silver in France but a short distance from England's commercial center, while Germany has the French mint for its gold. The Englishman desiring to put his silver into money could do so either by sending it over to the free coinage mint in France or by sending it to Germany and exchanging it there upon a ratio of fifteen and one-half ounces of silver for an ounce of gold. The German having gold which he wished changed into money had but to send it to England to be coined or to France for exchange into French money. This was freely done, and all the gold and silver not required for export from Europe was coined into money at some European mint. The United States mints were open to the

coinage of both silver and gold at a ratio of a little less than sixteen ounces of silver to one of gold, which ratio we speak of as 16 to 1.

While all the world was not on a bimetallic basis, all the world had the advantages and benefits conferred by that system, for England, France, the United States and others were ready to coin all the silver offered, and this gave gold and silver bullion a money value equal at all times to the coin that could be made out of it. Then all countries by the system of commercial exchange had the full advantage of the bimetallic coinage.

Read history and tell me where there is anything to justify the president in supposing that a return to the condition of finance existing prior to 1873 would be fraught with disaster. The countries that have abandoned the use of silver have not benefited their financial condition and the financial condition of the world today is much less satisfactory than it was for many years preceding 1873. Exchange has fluctuated to a greater degree since that year between silver-using and gold-using countries and now seriously threatens to transfer the manufactures of Europe and America to Asiatic countries.

I will state this as a proposition: If the gold price of silver falls in the gold standard countries, the price of exports from gold standard countries must either fall in the country where produced or rise in the country to which the exports are sent. Silver-using countries must pay more silver for imports from gold standard countries or the manufacturers in gold standard countries must reduce the selling price of their wares to meet the decline in the relative value of silver to gold. That is the situation presented the manufacturers today. Prior to 1873 fifteen and one-half ounces of silver were equivalent to one ounce of gold. Then the English exporter to Asia received that amount of silver, knowing that he could certainly convert it into gold without loss upon the stable ratio. It did not change by daily market fluctuations.

Now, mark the change. Today, according to the present price of silver, it takes something like thirty-one ounces of silver to secure by exchange an ounce of gold, instead of fifteen and one-half ounces, as was the case before 1873. If the exporter should attempt to maintain his old price after silver was demonetized, he must require of the silver using

purchaser more than the amount of silver heretofore paid for his product, subject to the fluctuations of silver based upon a gold measure, which is now, as you know, reduced to one-half its former exchange value. What is the result? The silver buyer of the Englishmen's wares must either refuse to buy, must pay the increased silver price or must manufacture for himself in his own country. What did he do? By a refusal to buy he forced the Englishman to reduce his price. The importer continues to buy with his silver, but to the disaster of the English manufacturer, who cannot make a profit at such reduced rates.

Suppose the Englishman could not afford to reduce his prices to the full depreciation of silver measured upon a gold standard he must advance his prices in exchange for the foreign importer's silver, and then the silver paying customer complains of rising prices. This leads to the manufacture of these articles in the silver using countries where the manufacturer is satisfied to take silver at its old value, and thus the market for the gold standard producer is destroyed. That has been the case in Mexico, India, China and Japan, and doubtless more marked in Japan than in any other country.

It looks now as if Japan might become the great manufacturing country of the Orient if not of the world. Its population is quite as skillful in manufacturing as is that of England. Japan has the advantages of a better climate, of cheaper labor, of an abundance of cheap iron and coal; her products can be sold in China and India on a silver basis with profit, and even in Europe on a gold basis at a figure less than any European country can manufacture them. It may be said that her manufactures are not sufficiently perfected to compete with the European manufactures. This may be true in many articles, but not as to most articles; and as to those not yet perfected, the patience and skill of the Japanese will soon secure for their manufactures the same excellence that has commended European manufactured products to both European and Asiatic consumers.

It must be borne in mind that labor has not fallen in India, China, Japan and other silver standard countries, and that one ounce of silver bullion will buy as much labor now as it ever did. This is true also of all the domestic supplies