Speech by W. H. Harvey, author of "Coin's Financial School."

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SIMPLIFIED.

The Money Problem Brought Within the Easy Understanding of All.

THE A, B, C, OF IT.

A Speech by Mr. W. H. Harvey, the Author of "Coin's Financial School," on the "Relation of Money to Civilization,"

AT SPRINGFIELD, ILL.

An Immense Audience at the Capital City of the State Composed of Members of All Political Parties, Give Close Attention and the Result Is a Marvelous Effect on the Audience.

Mr. W. H. Harvey, author of Coin's Financial School, and National Executive Officer of the Order of The Patriots of America, addressed an overflow meeting of 2,500 people in the State House at Springfield, Illinois, on the 9th of September. Mr. Harvey is not a politician, but treats political questions as questions of civilization. In the Order referred to, in qualifying as its chief officer, he has taken an oath of renunciation of political office, for life, either by election or appointment. His views are, therefore, presented to the people of the United States from the rare position of a man who has voluntarily debarred himself from holding a political office, and who cannot use his Order as a stepping stone to political promotion.

He was received by the vast audience with great applause, and spoke as follows:

Mr. Chairman, Ladies and Gentlemen—I desire, before beginning my speech proper, to pronounce some of the principles upon which republics are founded.

Among [illegible]em are these:

1. Man promotes his own interest best by promoting the common good.
2. It is safer to trust all the people than it is a part of them, or any class of people, who may be interested in promoting their own interest.
3. Each class of people is con[illegible]antly seeking to promote the interest of [illegible] [illegible]ed with that class by conferring togeth[illegible] [illegible] legislation. And, in considering the in[illegible] [illegible]ss they are governed by motives more [illegible] [illegible]d the common good, if left to them, w[illegible]
4. When a conc[illegible] [illegible] of all the people is obtained those who unselfi[illegible] [illegible]esire to promote the common good will outnumber those who are influenced by selfish motives.
5. That all laws should be based upon the principle that every citizen has a right to the reward of his honest energy, when not inconsistent with the common good. And that the corner stone of a true republic is HUMANITY.

I also desire to state some great truths.

One of them is this: Individual selfishness crystallized into laws of nations is the cause of the overthrow of republics, and is the mother of monarchy. When the people of a republic, by example and training, become worshipers of mammon, all laws are made and construed for the accumulation and protection of property, and the principles of humanity are neglected. It is the crucial period in the history of a republic. In the history of the world no people of a republic have ever successfully met and overthrown the spirit of selfishness. In the history of popular governments selfishness has manipulated the law-making power and absorbed the property of the people into the hands of the few. Then came distress and riots and the claim that the republic was a failure—and then came monarchy.

Another great truth is this: No people, as a whole, has ever understood the effect of laws on civilization.

Let me illustrate what I mean in a simple way: Under the feudal land laws of Europe the right was given the owner to settle his land on the oldest son, to descend indefinitely from the oldest son to oldest son. It was called the law of "entail." Under that law, less than 1 per cent. of the people became the owners of all the land, and 99 per cent. of the people became tenants, among whom our forefathers were numbered. They, our forefathers, fled from those nations, where they had protested in vain against those laws and provided in our constitution against estate entail.

In this instance it can be readily seen how law molded the civilization of those people. For, there is no such thing as an advanced or an advancing civilization, when the masses of the people are tenants and not the owners of homes. And, while we can understand how a law, in that instance, molded civilization, the people, as a whole, living under it did not understand its effect on their civilization, and protected and defended it.

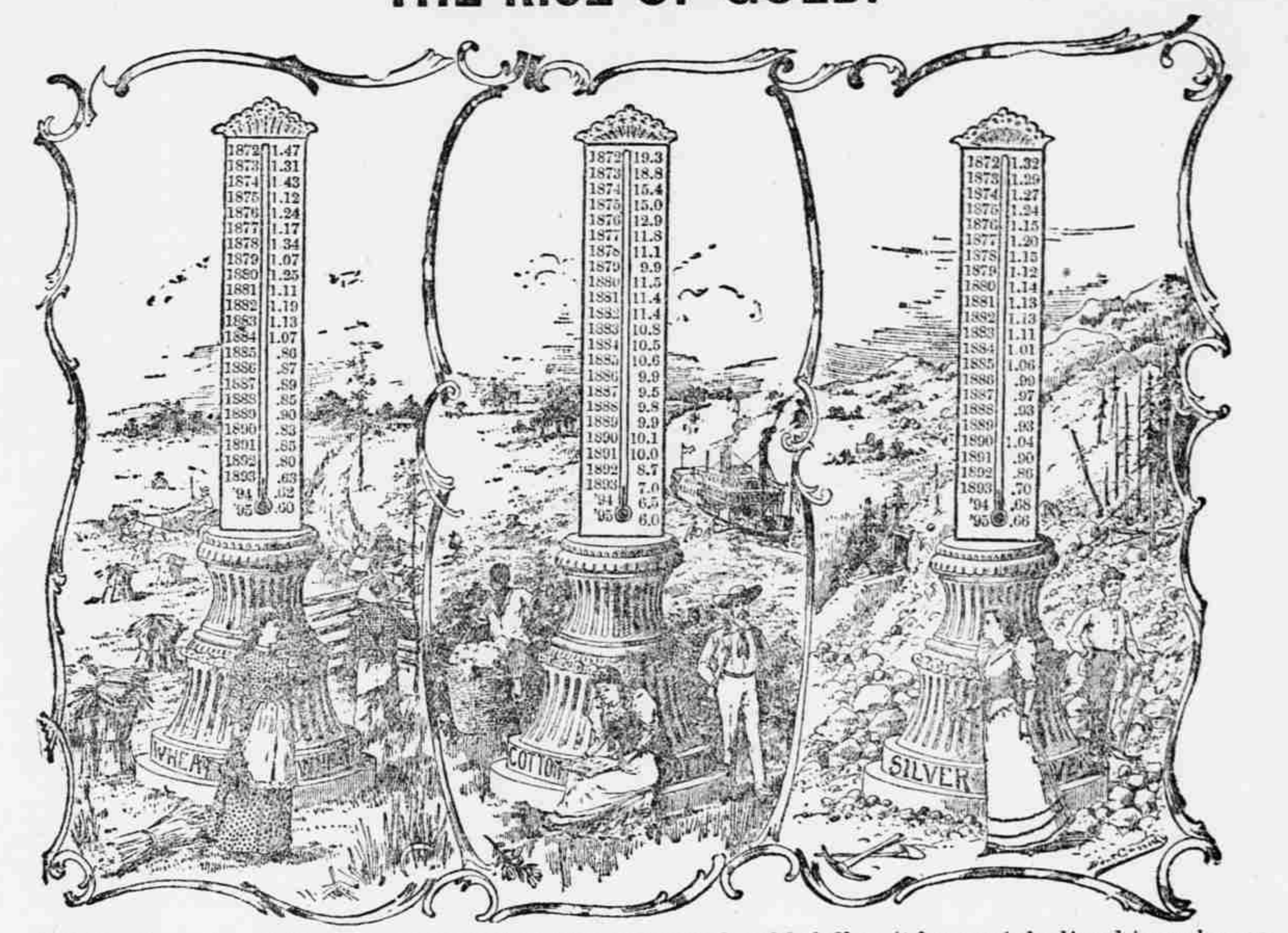
The landlord controlled his favored butler, his favored tenants, and employes. The merchant in the village, who solicited his trade, and the lawyer who desired his practice, catered to his influence, and their political opinions were, more or less, moulded by him. That vein in human nature that worships great wealth, and concedes to it unusual wisdom, aided in protecting and defending the condition of civilization promoted by the selfish laws of Europe.

APPEALS TO REASON.

I shall appeal to your reason, and not to your prejudices. Prejudices, whether religious or political, may enslave a people. Reason will emancipate them.

The people of Europe were reduced to a condition of tenantry—the few owning all the property—by laws they did not understand. And the object of my speech today is to demonstrate that we, as a people, are being reduced to a condition of tenantry, as fatal to our civilization as the feudal law of Europe was to that people. Whether we can rise, intellectually, to grapple with the condition that other people have failed to accomplish, is not a question of our intelligence, but a question of whether we have the time to spare from our business vocations, where the ever pressing necessity of a living is a constant demand on our energies; whether we can rise above the influences that surround us, as it surrounded the favored butlers, tenants, merchants, lawyers and others who sought favors from the aristocracy that moulded their laws.

THE RISE OF GOLD.



While silver has fallen as measured in the enhanced gold dollar, it has not declined in value as measured by the annual average price of the staple products of the country.

IMPORTANCE OF MONEY.

Money is the blood of commerce, the life-giving fluid of civilization, the vital organism of our social existence. You can do without wheat, corn, beef, or any other single commodity classed among the necessities of life, and yet be healthy and happy; but you cannot imagine yourself a part of civilization and do without money. Without money society would go back to barbarism. It is one of the most important factors we have in civilization, and may well be termed the blood of civilization. It is an indispensable necessity to civilization.

One of the rules that should be applied to any necessity is that there should be a normal quantity of it. There is a necessity for so much bread. There is also a necessity for a normal supply of money. If there were laws, other than the laws of barter, encouraging the hoarding of wheat, that operated to store it away in elevators while people suffered for the want of it, you would be in favor of repealing those laws. If there was not enough of it raised to feed the people, you would be in favor of raising more of it. If we have laws that encourage the hoarding of money, the greatest of necessities, and diverting it from the channels of trade, by which the people and the nation are made to suffer for it, and to pay blackm[illegible] in order to get it, you should demand the repeal of those laws. (Applause.) And, if there is not enough money to answer the normal requirement, you should see that more money is made. You should not leave it to a selfish class to say what those laws should be.

MONEY IS MADE BY LAW.

A cattle man in Kansas who owns 10,000 head of cattle knows that if one-half the cattle in the nation were wiped out of existence his 10,000 head of cattle would be worth far more to him after that calamity happened than they are worth now. The money dealers know this principle and they apply it to their business.

Cattle are raised by nature and the supply is regulated by the demand. All are free to raise cattle who wish to, but money is an artificial substance and is made by law. The money dealer knows this and he goes where the money is made and gets those laws made to suit his business. It would be a great temptation to the cattle man if he had the power to destroy half the cattle in the world. The temptation has been too great for the money dealers to resist. (Applause.)

WHAT 16 TO 1 MEANS.

A gold standard business man, proprietor of a large manufactory, recently asked me what 16 to 1 meant. I concluded that I would find out what he thought it meant. I asked him. He replied: "My understanding is that you people want sixteen silver dollars coined to every gold dollar." (Laughter.) This was an average business man. As a rule, they have been studying their occupations, and know but little about the laws that provide us with money.

What it means is this: It means the free coinage of both metals, with the pure gold in the gold dollar weighing one-sixteenth as much as the pure silver in the silver dollar. What our forefathers meant when they said 16 to 1 was, that it took sixteen gold dollars to weigh as much as one silver dollar. 15.98 to 1 is the exact ratio, but we say 16 to 1 for convenience. At this relative weight the two metals to be coined into money as it comes to the mint, and is handed back to the person bringing the metal. It does not contemplate an equal proportion, dollar for dollar, of the two metals in circulation as money. There may be little of one and much of the other, or vice versa. Or none of one, and all of the other. The ratio of 16 to 1 simply has reference to the relative weight of the dollars coined from the two metals.

BIMETALLISM DEFINED.

Bimetallism is the right to use either of two metals for money—gold and silver. The essential principle in bimetallism is the right to use either metal for money. Under such a law, if our trade relations or the laws of other nations take our gold away, then we have silver, and no serious injury occurs. And the same saving principle applies if our silver should leave and gold remained.

The vital principle in bimetallism is the right to use either metal. If production grows less of one, we have the other, and the two together furnish a more stable supply of money than either alone can furnish. With only one of them for money, the contraction and expansion of the world's supply, alternating as they will, makes an uncertain and unstable supply. Of the two metals, dollar for dollar, sixteen parts of silver to one of gold, silver is the most useful of the two, is applied to the most uses, and is the most serviceable to mankind of the two metals.

Under free coinage of both metals, silver and gold are in competition with each other to supply the demand for money. So long as pork and mutton are in competition with beef, for meat, beef cannot rise unduly in value, and threaten the health of the nation. And, gold could not, as it is doing now, rise in value and threaten the credit of this great nation if silver were in competition with it as money. (Applause.)

The idea of relying on two metals for money, rather than on one, and thus having one relieve the strain upon the other, is taught us by the simple law of nature. We have two eyes, one to relieve the strain upon the other, two ears for the same reason, two lobes to the lungs, two ventricles to the heart—the nose, the mouth, our whole physical structure is dual in construction. We have one head, but two lobes to the brain; one body, but two limbs to support it. Bimetallism was one financial system, but based on two metals.

WHAT MONOMETALLISM IS.

The right to use only one metal as primary money, as is the law now, is monometallism. It is like a man with one arm, one leg, or one lung. Monometallism is a one lung monetary system. We are called silver men, but that does not express it. If gold had been demonetized we would have been called gold men. We are in favor of the use of both metals.

We do not pretend to claim that a better financial system may not be established by the wisdom of mankind; but we do say that to demonetize either of these metals is a step backward and not a step forward. (Applause.)

Bimetallism is the right to use either or both of two metals. Only one may be in use at a time, or partially one and mostly the other. If one grows scarce, or is cornered by speculators, we may use the other. If under bimetallism, one is in use more than the other, it is because it is the most accessible, and this fact may save our monetary system. If gold leaves us and goes to Europe, under bimetallism, it does not hurt us. It, gold, would, in such a case (with silver taking its place with us), go to swell the supply of primary money in Europe and increase the price of products in the world's markets, and thereby increase the price of our exports in those same markets. Under bimetallism, the exportation of gold does not hurt us. Under gold monometallism its exportation deprives us of the only primary money we have. (Applause.) Bimetallism is the right to use either metal as primary money. And that was the law up to 1873.

OPTION OF THE DEBTOR.

Under this bimetallic law the debtor had the option of which of the two metals he would pay in. Thus the demand was regulated by the debtor. The government exercised the same option as to its creditors. The demand was thus applied to the metal that was most plentiful. If silver became the cheaper by a slight fluctuation, the demand was thrown on it, thus restoring the parity between the two metals. If gold was the cheaper, it was used, and the demand brought it back. There is no better recognized principle than the law of supply and demand regulating values. It was the law to which bimetallism was adjusted and to make it self-operative the option was given to the debtor, who would always put the demand on the more accessible or cheaper metal, and this prevented any material fluctuation in the commercial value of the two metals.

SUPPLY AND DEMAND.

To understand the effect of the demand thus shifted by the debtor, it is necessary to consider the supply on which the demand operates. All the gold in the world, available for use, as money, at the present time, is conceded to be $4,000,000,000. That you may more readily understand what this quantity of gold means, I will state that if it were all cast into one block, it would go in the cube of twenty-two feet. It could all be stored in a single bank building in this city of Springfield, and leave ample room for the transaction of all the business of the bank building in which it was stored. You can make your own calculation on this, or you can have your boys make it for you. Take a $20 gold piece, if you can find one (laughter), and measure it, allowing one-tenth for alloy, and you will get the same result that I have, or, take the weight of a cube foot of cast gold, 19,258 ounces, multiply the number of ounces by the number of gold dollars in an ounce, at 23.22 grains of gold to a dollar, and you will get the number of dollars in a cube foot of gold. By dividing the number of gold dollars in a cube foot of gold, into the $4,000,000,000 of gold in the world, available for use as money, you will get the result I have stated. (Mr. Harvey was here handed by the U. S. Express Company's agent $2,500 in $20 gold pieces, and he made the calculation on a blackboard in the presence of the audience. It was money drawn by him from the bank for the purpose.)

SILVER IN THE WORLD.

All the silver in the world, available for use as money, is a like amount, so conceded, $4,000,000,000. By a similar process of calculation it will be found that it will all go—all the silver in the world available for use as money—in the cube of sixty-six feet. This is the supply of the two metals in the world on which the demand of the debtor would operate, at the present time, if we had bimetallism.

In considering, therefore, the effect of a bimetallic law given us by the unselfish wisdom of our forefathers, we apply it to the law of supply and demand. Under this law the two metals never varied in commercial parity more than 3 per cent, and this slight fluctuation or oscillation was the elasticity that a bimetallic system gave to our finances based thereon.

FLUCTUATING SUPPLY OF THE METALS.

From 1792, the date of our first coinage act, to 1850, the world's supply of the two metals was $2 of silver to $1 of gold. Or by weight, the world's production of the two metals was thirty-two ounces of silver to one ounce of gold. From 1850 to 1873 this condition was more than reversed. During the period—1850 to 1873—following the discoveries of gold in California and Australia, there was $3 of gold produced in the world to $1 of silver. And yet, notwithstanding these violent fluctuations in the world's production of the two metals, it did not seem to have any perceptible effect on the commercial value of the two metals at their relative weights, as coined into money. The option of the debtor controlled the demand, and thus regulated their commercial value. The option of the debtor automatically shifted the demand and regulated their values. It acted automatically like the regulator on a steam engine. This, with the mints open to coin all that would come, was scientific bimetallism.

LAWS OF 1873.

In 1873 the law was changed and gold only was made primary money. The mints were left open to the free coinage of gold, but closed as to the free coinage of silver. An unlimited demand for gold for use as money was left in operation. The unlimited coinage of silver was stopped. One of the main arteries feeding blood to civilization was cut off. The debtor was to have no option to pay in money made from either of these two metals. He was to be limited to gold alone.

WORLD'S PRODUCTION SINCE 1873.

From 1873 to the present time, the world's production of the two metals has been about equal, $1 of gold to $1 of silver—16 ounces of silver to one ounce of gold. From 1873 to 1885, there was produced in the world eighty cents in silver to $1 in gold. At no period of twenty-three years, prior to 1873, was the world's production of gold and silver anywhere near equal, dollar for dollar, as it has been since 1873. And yet, notwithstanding the world's equal production dollar for dollar, of the two metals since 1873, they have separated in commercial parity 50 per cent.

While prior to 1873, the fluctuation in the world's production of the two metals was violent, and had no effect beyond three per cent. in their commercial parity, from the legal ratio; since 1873, with no fluctuation, practically, in the world's production of the two metals, they have separated 50 per cent.

THE MEAT OF THE QUESTION.

I now approach the question that has been the least understood. It is the idea that the dollar is a fixity. That wheat may fall, but that the dollar never rises or falls. Our people understand that supply and demand affects the value of wheat, but they do not seem to have understood the effect of this law on money. There was a time in the world when it was believed that the earth stood still and the sun went round us every twenty-four hours. And, it seems to us, who live to-day, that this is the case. But we have learned that such is not the case. It is the world that moves, though seemingly not to do so. We are now to learn that the dollar may rise and fall in value.

Let me illustrate this, so there can be no misconception. Suppose the law was to declare wheat our primary money, and a bushel of wheat the unit or dollar. When we would refer to a dollar, we would mean a bushel of wheat or its equivalent, as we now mean 23.22 grains of gold, or its equivalent. If wheat became less, or the demand for it grew for its use as money, it would buy more in exchange for other property. If, under such a law, you went into the market to purchase a horse and agreed, with the seller, on $50, as the price of the horse, you would have reference to the exchangeable value of the horse and bushels of wheat—wheat dollars. If the law were suddenly changed, and tons of wheat were made dollars, and you went into the market to buy the same horse, it would cost you about $1.30, as expressed in the new wheat dollars—ton dollars. In each instance, the price of the horse was regulated by its exchangeable value with the substance out of which the primary dollar was constructed.

Under such a system, with wheat as primary money, all other forms of money would be redeemable in wheat, and, therefore, would be called the equivalent of wheat. Under our present system of money, 23.22 grains of pure gold or 25.8 grains of standard gold (pure gold and alloy) constitute the dollar. So, when you now go into the market to buy a horse or other property, any price agreed upon has reference to the exchangeable value of the property and gold—with a globula of standard gold weighing 25.8 grains as the dollar, in which you will express the value of the horse or other property. And all our other forms of money are redeemable in these gold dollars.

I am proceeding thus far on conceded facts; and that there may be no misunderstanding as to the redemption of all our forms of money, in gold, I quote from Senator Foraker in his Columbus, O., speech, Aug. 15, wherein he says: "Silver is made as good as gold by reason of the fact that our silver coins are redeemable in gold." Since the commercial value of gold has been so enhanced as the result of the act of 1873, any attempt to make each dollar as good as every other dollar requires redemption in gold.

With each money, whether paper or silver, redeemable in gold, they are the representatives of gold. Hence, an exchange of dollars for a horse or other property means the relative exchangeable value of gold for the property. A rise in the value of gold may thus cause it to buy more and more of our property. Our property will buy less and less gold.

This will be better understood by an illustration: Suppose all the gold in the world were destroyed, except the gold in one thousand gold dollars. And under these circumstances the demand for gold would remain as what it is now—with nations scrambling for it, nations, states, counties, cities and corporations issuing bonds to get it, billions of dollars payable in gold, and the financial system of so many governments based thereon. A single one of these gold dollars, of these thousand gold dollars left in the world, would buy the State of Illinois. (Applause, and a voice, "That is plain.")

EFFECT OF THE ACT OF 1873.

With the strain that had theretofore been shared by both metals, shifted by the act of 1873 and subsequent legislation on to gold, as our only primary money, with silver reduced to the position of token money, no longer coined at the mint and handed back to the person bringing the metal, but purchased with gold by the government and coined into token money to represent the dearer metal, there came a rise in the value of gold. The duty that had theretofore devolved on both metals was performed by one. The debtor was no longer to have the right to regulate the demand. The law was to fix it with the resumption of specie payment to follow in 1879 on gold alone. Silver was no longer to cut any figure in our monetary system as primary money. Thereafter, when value was expressed in terms of money, it was to mean gold or its equivalent. The government that had, theretofore, walked on two legs, was now to undertake the difficult task of walking on one leg.

And silver was degraded to the position of base coin, and used as token money to represent gold. Then came the rise in gold. The demand for it doubled, and the effect was that it, and the money representing it, bought more and more property, as the demand for it increased. But, as it increased in purchasing power or exchangeable value, we continued to refer to it as a dollar.

If all the gold in the world were destroyed except the gold in a single gold dollar, and our only law for making primary money called for the gold in that gold dollar, as the only money and standard of value, we would still call it a dollar—as measured in itself it would be a dollar, but as measured in exchangeable value with property it would buy the western hemisphere. So the dollars rise in value as expressed in relative value with other property, but do not rise in value as expressed in themselves.

DISTRESS THE RESULT.

The effect of this change in our law can only be understood by following the result of the appreciation of gold or, what is the same thing—the fall of prices. Price is the value of property, as expressed in money. And the value of property as compared with money has declined. Gold and its equivalent has gone up. The equivalent has followed the gold up as the tail of the kite follows the kite. Property, seeking the market, has purchased less and less money. And what is the effect of all this on the prosperity of the American people?

DEBTS.

We are a credit people. We seem never to have had enough money to do business on a cash basis. We have, perforce, been compelled to do business on credit. The merchant buys of the wholesale house on credit. The wholesale house buys of the manufacturer on credit. The volume of money does not seem to be as large as the volume of business. To give employment to labor and to construct sanitary and other improvements, our cities, counties and States have issued millions of dollars of bonds, all payable at a long time in the future. About $6,000,000,000 of railway bonds have [illegible]n issued, to say nothing of bonds issued by private corporations and notes and mortgages executed by tens of thousands of our citizens. The nation, as a result of the war, issued bonds for $2,700,000,000. These debts, individual, corporate and government, have been made payable from thirty days to forty years in the future.

We are a credit people and 95 per cent. of our business, it has been found, has been done on credit. These debts call for payment in dollars. They are not debts payable in property. The property must be [illegible]changed for dollars with which to discharge the debt[illegible]

Falling prices require more and more property to pay the debts. A debt contracted as late as 1884 for $1,000, could have been paid, had wheat not declined in value from that date, with 1,000 bushels of wheat. But with the declining value of wheat in exchange for gold dollars or their equivalent, it now requires 2,000 bushels of wheat to pay the debt of $1,000. The effect is confiscation of the property of the man who executed the note for $1,000, unless he can, by extraordinary toil, and increased capacity of his farm, raise the 2,000 bushels of wheat.

With falling prices, the merchant, with goods on his counters purchased six months prior, has had to mark down his prices to meet the prices of his competitor, who purchased goods yesterday. Manufacturers, who purchase raw material as long as twelve months before turning out the finished fabric, have found that falling prices have taken away the profits they would otherwise have made. So that, through a long era of falling prices, business men have been compelled to contract debts they otherwise would not have had to incur. If the merchant had not marked down his goods, to meet falling prices, he would not have been compelled to go to his bank to borrow money. If it had not been for falling prices, and resulting depression in business, more taxes would have been collected that have been shirked or gone delinquent, and cities, States and counties would not have had to issue bonds to borrow money. (Applause.)

The result has been that our debts have been increased. The debts of this country, national, State, county, municipal, corporate and individual, in 1873 was about $6,000,000,000. They are now concededly $30,000,000,000, and a much fairer and more impartial estimate of them is $40,000,000,000. At $30,000,000,000 what does it mean? Some idea may be formed of their magnitude when I say that the total assessed value of all the real and personal property in the United States, by the census of 1890, is a little over $24,000,000,000. We are in debt, as a people, to the money lenders, more than the total assessed value of all our property. The fair cash value (estimated) of all the real and personal property in the United States is $60,000,000,000. It is fair to say that all that property sold under the sheriff's hammer for cash would not more than pay the debts of the country.

We are, naturally, a prosperous nation, and this great evil of rising price of money and the falling price of property has gradually brought us to the condition that is now exciting the apprehension of all good citizens. What is the effect? What is the effect of this enhanced value of money—these dear dollars—and the inability of the producers of wealth and the owners of property to exchange their products and property for money with which to discharge their debts? What is the effect on civilization? What is the effect on the happiness of the people? The condition thus brought about by the enhanced value of gold, and dollars made of gold, is to make these debts a great destroyer, a great reaper, mowing down the prosperity of the people. Depriving them of their homes. Making bankrupt and turning merchants and manufacturers into the streets as insolvent debtors. It is transferring the property of the people over to the money lenders, as effectually as the feudal laws of Europe transferred the property of the many to the few. It is making tenants out of our people, as effectually as the law of "entail" made tenants out of 99 per cent. of the people of Europe. Falling prices have forced our people into debt and resulted in the loss of their property to pay the debts. (At this point in the speech there was intense stillness in the audience, so much so that a pin could probably have been heard to drop. All eyes were on the speaker, and all were intenesly following what he was saying.)

Were I to dwell upon the effects of this law that has increased the exchangeable value of money with property I could refer at length to the effect it has upon human