

believe in restricting the suffrage to the "intelligent," are more intelligent than those who disagree with them. That is taken for granted. Nevertheless, interest in abstract public questions, even on the wrong side, is evidence of some intelligence. It is evidence of exceptional intelligence. And we seriously doubt if the conventional test of voting intelligence—ability to read a clause of the constitution—is quite equal to that of an active interest in abstract public questions. Direct legislation, then, would be an automatic disfranchiser of the unintelligent. Voters who cared nothing about laws, but were interested only in candidates, would stay away from the polls when laws were to be directly initiated by or referred to the people. They would thus sit in judgment upon their own intelligence and would disfranchise themselves voluntarily. What better device could be desired for securing an intelligent voting body? Yet the advocates of "intelligence" at the polls overlook this great virtue which inheres in direct legislation.

SILVER COINAGE AND LABOR.

A reader who disagrees with the opinion expressed in my recent article in *The Public*, that free coinage would be injurious rather than beneficial to our industrial classes, requests my reasons for this opinion. As the opinion has been formed only after careful and somewhat extended investigation, the reasons for its adoption may perhaps be of interest also to others who have been lead to consider free coinage a remedy for the deplorable conditions which exist.

A wise physician before prescribing for a physical ill, seeks first to correctly diagnose the case. Otherwise any remedy he might prescribe would be more likely to aggravate than to cure the malady. The same rule holds true as to social ills. We must first discover the cause of the trouble, and then find a remedy that will remove the cause. Otherwise we are more likely to make things worse than to make them better.

It is commonly maintained by advocates of free coinage that at the dictation of the money power silver was demonetized in 1873, one-half of the world's money being thereby destroyed; and that the result has been a disastrous fall in prices, which has enriched the few and impoverished the many. Gold, we are told, has so increased in purchase power that the lender of money in 1873, who receives his pay at the present time, gets back money worth double that which he lent.

Much of the misunderstanding of this question comes from misuse of terms. Just as we say in common parlance that the sun rises and sets, when we do not mean that at all, so we say that a Gould, a Vanderbilt or a Rockefeller is the possessor of so many millions or hundreds of millions of dollars, when if we but stop to consider we must admit that their wealth does not consist of money, but of lands or franchises valued at that many millions of dollars. We find also that the one whom we commonly term a lender of money is really a lender of capital, money being only a medium of exchange; and that the borrower in paying interest is really paying for the use of the capital which the borrowed money has been used to exchange. We find also that the largest borrowers of capital have been the wealthy class—the owners of franchises—and that they have been not impoverished but enriched through borrowing.

In 1873 A borrows \$1,000 and with it purchases a lot in some growing center of trade. The payment coming due in five years, at the end of that period he gives a mortgage on the lot, which has more than doubled in value, and thereafter renews the mortgage every five years until in 1890 he sells the lot for several times what he paid for it and pays off the mortgage. The lender of the money then gets back money that will purchase perhaps twice as many commodities as it would have done in 1870. He can buy two suits of clothes for the same price that he would have formerly paid for one. But if he wishes to invest his money in land, it will not go half as far as when he first lent it. And if he lends it again, he is able to do so only at a greatly reduced rate of interest.

Now, if this lender's money, or

more properly capital, will bring him a much smaller rate of interest, and will not exchange for one-half as much of that property which constitutes by far the largest proportion of the property not only of the United States but of the world, what truth can there be in the statement that his money has doubled in purchase power? The purchase power of money can be ascertained only by comparing it with every species of property which it is used to purchase.

As to the supply of money, we find that instead of a contraction there has been an enormous expansion.

The fact that the great increase in the supply of money has not been followed by a rise in prices of commodities seems to have lead Professor J. Laurence Laughlin to a change of opinion as to the quantity theory of money; for though formerly upholding it he now argues against it. In *Self Culture* for October, 1898, Prof. Laughlin says: "A realization of the fact that a great and unparalleled increase in the supply of gold during recent years has not been followed by a rise in prices, has given thoughtful men like the German economists, Conrad and Lexis, ground for a change of belief. They saw that as no rise of prices resulted from the phenomenal increase in the supply of gold, it could not be argued that prices had fallen because gold had been scarcer. The facts in short were dead against comparisons between the masses of business transactions and the quantity of gold, as a means of explaining the level of prices."

As the payment of rent and the purchase of land and franchises are as truly business transactions as the purchase of commodities, a comparison of the amount of gold with prices of commodities can hardly be considered a fair comparison between the amount of gold and the masses of business transactions. Considering all the factors in the problem there is no evidence that gold has increased in purchase power; and there is therefore no reason to change our opinion that the value of gold, other things being equal, depends upon its quantity. As its quantity depends in the long run upon the cost of its production, there is no practical difference between say-

ing that the value of gold depends upon the quantity, and saying, as Prof. Laughlin does, that it depends upon its cost of production. According to the quantity theory a suddenly increased demand would result in increased value until a correspondingly increased supply had met the increased demand.

In considering whether or not there has been such an increased demand resulting from the adoption of the gold standard by this and other countries, we must consider the increased rapidity of circulation resulting from more rapid transportation and the extension of bank and clearing house facilities and the increased use of silver as money. According to the report of the director of the mint for 1896, the stock of money in the principal countries of the world in 1873 and 1895 was as follows:

	1873.	1895.
Gold	\$1,209,800,000	\$4,143,700,000
Silver	1,057,685,000	4,236,900,000
Uncovered paper ...	2,322,545,000	2,558,000,000
Total medium of exchange..	\$4,590,030,000	\$10,938,600,000

Of the silver in 1895, \$620,200,000 was limited tender.

There was thus an increase in the stock of silver money of slightly over 300 per cent., and in the stock of gold money of 242 per cent.

Whether half the world uses gold exclusively and the other half uses silver, or whether the whole world uses both metals equally, would make no difference as to the world's supply of money. The fact is, however, that gold standard countries are large users of silver as money, and that this silver, kept at a parity with gold, has precisely the same effect in creating a demand for commodities as would the same quantity of gold. In this country we have now about equal quantities of gold and silver money, whereas between 1834 and 1873 we had practically no silver money at all save subsidiary coins of 50 cents and less. The United States has been practically on a gold basis since 1834, though not so by law until the act of 1873. This act did not demonetize a single dollar then in circulation.

I know that Mr. Harvey asserts that

we had \$100,000,000 of foreign coin, all of which had been made legal tender. The law of 1843 provided that certain foreign coins should be legal tender, "the Spanish pillar dollar and the dollar of Mexico, Peru, and Bolivia of not less than 897-1,000 in fineness and 415 grains weight, at 100 cents, and the five franc piece of France of not less than 900-1,000 fineness and 384 grains in weight at 93 cents." This is a weight and fineness equal to our own silver dollar. As our own silver coins did not circulate because they were worth more as bullion than as money, it is absurd to insist that foreign coins of equal weight and fineness did circulate. But however this may have been, the act of February 21, 1857, provided for the acceptance by the treasury of the United States and its several offices, and at the several post offices and land offices, of foreign coins—"the fourth of a dollar or piece of two reals, at twenty cents; the eighth of a dollar, or piece of one real, at ten cents; and the sixteenth of a dollar or half real, at five cents." Nothing was said of the dollar, for the obvious reason that none were in circulation, but only worn quarters, shillings and sixpences that would circulate nowhere else. This act provided for the recoinage of these coins at the mint, and further provided "that all former acts authorizing the currency of foreign gold or silver coins and declaring the same legal tender in payment of debts are hereby repealed."

The enormous increase in the use of silver money is seen when we consider that according to the estimates of Dr. Soetbeer, universally accepted as most reliable, the product of the silver mines of the world in the decade 1860-1870 was \$507,174,400, an annual average of \$50,717,440, or \$19,000,000 less than was purchased each year under the Sherman act. According to the most reliable estimates the world's coinage of silver in the eight years 1886-1894 amounted to \$1,141,154,686. If to this we add the bullion in the United States treasury represented by treasury notes and deduct the estimated recoinage, we have for the eight years \$1,137,237,488—an annual average of \$142,154,686, being an amount which, allowing for silver

used in the arts, is more than three times the amount of silver that was available for coinage purposes in any decade prior to 1873.

It thus appears that a fall of prices could not have occurred as the result of a destruction of one-half the world's money.

And if we consider all the factors of the problem, there has in fact been no fall in general prices and increase in the purchase power of gold. Had there been such an increase, the wage earner surely would have no cause of complaint for receiving nearly the same wages as in 1872. If their purchase power has been doubled, his wages have been practically doubled; and being able to purchase twice as much, he creates twice as great a demand for the products of labor.

The trouble with the contention of the silverites that the purchase power of gold has doubled, and with that of the goldites that the purchase power of wages has enormously increased, is that neither is true. In the Popular Science Monthly for October, 1895, Edward Atkinson maintains that "in every branch of industry, especially in all the arts which have been most fully developed by the application of science and invention, there has been a progressive advance in the rate of wages or in the earnings of all those who are occupied on the farm, on the railroad and in the factory or in the work shop." This he claims is conclusively proven by the Aldrich report. Mr. Atkinson's theory would be all right were it not for the factor in the problem which not only he but the free silver advocates entirely ignore—the power of monopoly to absorb all the benefits resulting from improved methods of production.

The most extended application of improved methods in the arts having occurred during the last quarter of a century, the greatest increase of wages should, according to Mr. Atkinson, have been during this period; but the Aldrich report shows a large increase of wages prior to 1872, and even according to the statistician's fallacious summary but an insignificant increase since that date. As a result of improved methods of production, prices of commodities have fallen, and wages

have not increased but have slightly fallen also.

Let us see who gets the benefit.

The earlier census valuations of property are so incomplete as to be incomparable with later valuations, but in the censuses of 1880 and 1890 we have statistics that are fairly comparable. No census prior to 1890 having included the value of vacant lands belonging to the states and to the United States nor Indian reservations, we must in making comparisons deduct such values from the valuation of 1890.

According to the Eleventh Census the valuation of the property of the United States in 1890 was as follows:

Total.....	\$65,037,091,197
Real estate with improvements thereon.....	39,544,544,333
Live stock on farms, farm implements, and machinery.....	2,703,015,040
Mines and quarries, including product on hand	1,291,291,579
Gold and silver coin and bullion.....	1,158,774,948
Machinery of mills and product on hand, raw and manufactured....	3,058,593,441
Railroads and equipments, including \$389,357,289 for street railroads.....	8,685,407,323
Telegraphs, telephones, shipping, canals, and equipments.....	701,755,712
Miscellaneous.....	7,893,198,821

Thus nearly fifty billions of the sixty-five billions of property is represented by real property, including mines and other properties, the value of which is largely the franchise conferring the use of land.

Deducting the value of vacant lands and Indian reservations not included in the valuation of the Tenth Census, the value of real estate in 1880 and 1890 was as follows:

	1880.	1890.
Farms and improvements.....	\$10,197,096,776	\$13,279,252,649
Residence and business real estate.....	11,881,000,000	25,324,260,306
	22,078,096,776	38,603,512,955

The total value of the property of the United States in 1880 was placed at \$13,642,000,000, and in 1890, deducting vacant lands at \$64,096,059,819, making the increase \$20,454,059,819.

Of this increase we find over sixteen and one-half billions to be real property, not including mines, railroads,

and similar monopolies. The value of mines (including petroleum wells and one-half annual product) was reported in 1880 as \$781,000,000 and in 1890, as shown in the preceding table, the value of mines (including product on hand) was reported as \$1,291,291,579. The values of railroads, as reported at the two censuses, being made on different bases, are not comparable.

Considering that improvements decrease constantly in value—not only by reason of decay but also because they become antiquated and because by improved methods of construction it is possible to replace them for much less than they cost—we must conclude that but a small proportion of the increased valuation of real property represents an increase of anything but the value of land.

As it is evident that this increase in real values is confined almost entirely to our cities, the facts disclosed by a commission of real estate experts appointed by Mayor Swift of Chicago throw some light upon the subject.

The land and improvements reported on are of the south division of Chicago north of Twelfth street, covering an area of 351.42 acres. This commission summarized their report as follows:

We find in our opinion:

The value of land to be.....	\$337,342,880
The value of improvements to be.....	101,104,300

Total value exclusive of property marked exempt from taxation.....\$438,447,180

The assessor's value of the same property, returned by the same assessors for the year 1895, was as follows:

Land.....	\$24,726,830
Improvements.....	15,941,840
	\$40,668,720

We find also the value of land and improvements marked exempt on the assessors' books, not including the city hall block or real estate owned by the United States government, to be:

Land.....	\$20,404,050
Improvements.....	1,832,200
	\$22,236,250

Here we find that the land in the most closely built portion of the city, having the most expensive buildings, is valued at over a million dollars an acre, and nearly three and one-half times that of the improvements. That

similar conditions exist in all centers of trade and manufacture is too well known to need demonstration.

These rapidly increasing values are but the measure of the tribute paid by industry to monopoly, and indicate the true cause of the conditions against which free coinage is a mistaken though honest protest.

The monopoly of natural opportunities being in no way the result of free coinage, the monopoly being not in the measure of values but in things measured, free coinage could only aggravate the existing evil by encouraging land speculation. The only remedy is a radical reform in our system of taxation. The evils of land monopoly can be destroyed by taxation, and in no other way.

H. L. BLISS.

NEWS

On Christmas eve the American peace commissioners, just arrived from Paris, waited upon the president at the white house, and delivered to him the official copy of the treaty of peace with Spain. The document was handed over by the president to the secretary of state. To complete the treaty on behalf of the United States, it must yet be ratified by a two-thirds vote of the senate.

Closely following the arrival in Washington of the American peace commissioners, there came to that city Senor Agoncillo, the representative of the Philippine republic. Agoncillo had passed through this country last fall, as we noted at the time, on his way to Paris, where he went to observe the progress of the peace negotiations. While in Paris he lodged a protest with the American and Spanish commissioners, in which, in behalf of the Philippine republic, he objected to any treaty contrary to Philippine independence. The grounds of his objection are in substance that Spain is devoid of power legally to decide the future status of the Philippines, and that therefore the United States can acquire no such power from Spain. In elaboration of this point that Spain is powerless under international law to cede the Philippines, the protest briefly outlines the political relations of the archipelago to Spain. These relations began, it appears, in 1565, when