

The Yale,
Englewood
Ill.

May 21/94.

Hon. A. N. Sargent.

Dear Sir:

It has been
a long time since I have
bothered you by asking
you to read any of my
articles. May I without
presumption ask you to
give this one (in the two parts)
a fair reading. With great
respect & high regards

I remain,

Yours truly
John H. Brier,

EDWARD ATKINSON'S FALLACIES.

The Faulty Reasoning of a Prominent Anti-Silver Economist Exposed.

TO THE EDITOR: No writer of prominence in the United States has been more persistent and earnest than Edward Atkinson in advocating the British system of gold measurements. In an article in the February number of "The Forum," under the heading "The Gold Basis Fixed by Commerce Itself," he eloquently pleads for this popular cause. The fallacious theory on which he seems to base most of his arguments is that gold, as an agent of valuation, is comparatively unchangeable in its purchasing power. He wisely says "unless the facts are consistent with the theory the theory is a bad one." Testing his theory by this wise axiom let us examine some points that by some mental idiosyncrasy he seems to overlook. In reference to the satisfactory condition of large classes of the working people of this country who earned their daily bread from salaries, earnings, or wages he says: "There was never a period in the history of the world in which an industrious workman of this country, possessing skill and aptitude either in the higher or lower grades of labor, could secure so many units of gold in compensation for his work as during the years 1890, 1891, and a part of 1892, nor has there been a period in which he could buy so large a quantity of the necessaries of life with his earnings as in the year 1891 and the early part of 1892." We admit these facts as correctly and fairly stated in regard to this large class of workmen (the wage earners), but question the statement as to it being the great majority of the working people of the United States. We may not be able to decide where the mathematical line may fall dividing the working people into two divisions, this and that other large class consisting of farmers and hundreds of thousands who do not labor for wages of any kind, but who like farmers and those who labor to produce commodities for sale on their own account in the markets, depending on the prices received when sold as remuneration for their efforts. Is it not probable that this latter named division and the persons directly depending on them constitute approximately one-half of the working people of our country? If not one-half of our working people it certainly contains a great many millions.

There has been a long-continued and serious dissatisfaction among them on account of the unremunerative prices received for the products of their labor. Farms and farm products have fallen in price since 1873 to an alarming extent. The salaries, wages, earnings, and remuneration of all workingmen of either class have been based on gold or its money equivalent, while the taxes and debts of all are based on the same gold measure. The receipts of the first class we admit were excellent, while the receipts of the other class have been so unremunerative as to call out from them the most earnest protests and a demand for a change in our national policy toward them. Can we safely ignore the righteous complaints coming from so many millions of men and women who are engaged in the production of commodities for sale on a constantly falling and unremunerative market? Under these circumstances even good wages may be paid to many workmen for a time, but there was a lurking danger in the situation. Many of us think our existing financial and industrial condition can be traced to this cause of falling prices as the germ. The numerous well-equipped organizations among certain classes of workmen has a tendency to temporarily maintain wages even at the expense of those who may give them employment. The second class of workmen to whom we have referred had been the most serious and first sufferers, while the favored classes, who were working for wages, in time were sure to suffer with them. To tell any intelligent farmer in the United States who has watched the general fall in the prices of his products measured in gold since 1873 that he could secure more units of gold in 1892 than just before 1873 "in compensation for his work" would require a temporary aberration of mind. No one will deny that the application of science and invention to industrial life has been of great service in decreasing the labor and the cost in the production of nearly all commodities and thus fairly and justly decreasing prices. But it should be remembered that a very large number of these happy applications of science and invention to industrial life were in full force previous to 1873. Because we have made so many advances since that date let us not underrate the services of those great benefactors of the human race who gave their invaluable quota of experience to the wealth of the world before 1873.

This new but false dogma, that gold is a commodity unaffected in its exchangeable value by the rigid economic law of supply and demand, is only about twenty-one years old. Without quoting any statistics in detail, is it not a fact known to no one better than a statistician like Mr. Atkinson that the average price of the leading farm products from an acre of ground, measured in gold, has fallen about one-half since 1873? We do not ask you to look at things as they are today. In this period of industrial depression, as other alleged causes are at work, but refer back to the time previous to the late presidential election. Suppose we admit it to be a fact, as many careful statisticians inform us, that the proceeds of farm land measured by gold have fallen about one-half since 1873, and we admit that the commodities which the farmer had to buy have also fallen in about the same proportion. Here is the mental bog in which Mr. Atkinson and so many others seem to stumble. They seem to neglect to bear in mind that the taxes and the debts of workingmen, whether wage earners or farmers, are payable in gold or its equivalent in money. The gold or its equivalent goes farther in purchases, but in the payment of taxes or old debts, which are enormous in the aggregate, gold remains just where it stood when the so-called "wisest of statesmen" decreed in 1873 without comprehending the situation that gold should be our sole unit of value, and silver was discredited after standing on our statute books side by side as an equal partner with gold for over eighty years. The special grievance we have against gold as the sole agent of valuation is that the burden of debts has been so unrighteously increased. Hence as a grand moral question no man who feels that injustice is blasphemy can wisely defend monometallism. Yet this is done by many of the best men, we hope simply because they do not see the question as we see it.

Right in the midst of the "temporary paralysis of industry," on Aug. 16, 1893, which Mr. Atkinson most erroneously says was caused by "the malignant effect of the effort to substitute the silver unit of value for the gold unit," the secretary of the treasury officially issued a statistical sheet showing the world's output of gold and silver for the last century. This table shows that the world's output of silver exceeded gold by about 78 per cent during the first half of this century. Notwithstanding this overproduction of silver during this period we all know there was no trouble about the disparity in the relative value of these metals during these fifty years. But on further examination for the twenty years from 1873 to 1892, including both years, we find that the world's output of silver has exceeded gold less than 9 per cent! But all our trouble about the disparity in the exchangeable value of these metals has arisen during these twenty years, and the overproduction of silver when compared to gold is said to be the cause! An ounce of gold will now buy about twice the quantity of the products of an acre of farm land that it would in 1873 anywhere throughout the commercial world. An ounce of silver will buy about as much now as it would twenty years ago, and yet we are frankly told by Mr. Atkinson that gold "is relatively an unvarying standard."

In other words, the purchasing power of the gold unit has almost doubled in twenty years, while the purchasing power of the silver unit, notwithstanding its terrible legal abuse, has held its position fairly well. He assures us three times in his brief article that gold is "the safest, soundest, and best standard!" As he attributes the late financial reign of terror to the wicked bimetalists, yet for many months the cause has been removed by legislation, with victory painted on the banner of the gold monometallists, but our nation is still in considerable trouble. As to the real cause of these troubles, that is another question; we will let that pass.

With your permission, in a subsequent article his position will be examined a little further.

JOHN A. GRIER.

Chicago, May 9.

NECESSITY OF A RETURN TO BIMETALLISM

Further Discussion of Edward Atkinson's Fallacies—National Leadership on Silver.

CHICAGO, Ill., May 10.—To the Editor: Mr. Atkinson, in the Forum article, has twice repeated the neat aphorism that: "Duality in a unit is unthinkable." Perhaps by the use of another phrase we may help him out of this unthinkable condition by suggesting the fact well known to him that for more than twenty centuries the commercial world utilized both gold and silver as the "joint agents of valuation." To further aid him in getting out of his uncomfortable mental condition let us remind him that an agent of valuation simply means that a certain definite weight of either gold or silver properly stamped by the government is made a legal tender by statute law for the payment of all debts. The debt-paying power is given by statute law, while the purchasing power, a different but very important attribute of legal tender money, is left for public sentiment to adjust entirely independent of statute law. The debt-paying power is properly based on the fact that these precious metals are scarce and difficult to obtain, and thus give comparative stability to the value of money as an exchangeable commodity while doing the extra duty as a legal debt payer. The aphorism about "duality in a unit" has the aroma of a theological discussion on the trinity. Bimetallism may be complex but is not so metaphysical. Under this system our dollar is the unit of account, an ideal dollar. Legal authority may be given, however, to coin two real, tangible dollars by the use of the two metals, gold and silver, of standard weight and fineness. Duality in this case need not wreck a man's reasoning faculties.

As an engineer let me note that to the best of my knowledge the most precise and unvarying "unit of length" under a variable temperature is the distance between the point of support and the center of gravity of a compensating pendulum rod used in astronomical clocks for beating seconds. A variation of one ten-thousandth part of an inch in a yard is objectionable. This stability in this unit of length is maintained by the use of two metals having different degrees of expansion and contraction under a change of temperature. No single metal nor any single material will answer for this purpose. The very change in the length of each metal under a varying temperature is automatically utilized to make this unit of length so precise. By the use of the two metals, gold and silver, as our joint agents of valuation we do not claim the same precision obtained in the pendulum rod of an astronomical clock, but we do claim that by this joint use we obtain the greatest possible stability practicable in the purchasing power of full legal-tender money extending through a period of years. This stability is automatically secured. Measuring by gold alone, as the gold monometallists demand, means a constant increase in the importance and legal demand for gold and hence its increased exchangeable value as a commodity. By the system of the joint use of both metals for this purpose whenever one becomes abundant and the statute law permits the people make a greater demand for it as a commodity to coin legal-tender money and will temporarily abandon the dearer metal. This produces that automatic action in maintaining that most desirable attribute, the greatest possible stability in the purchasing power of money, as tested for centuries by direct experiment. This alone gives bimetalism a sound scientific basis. The logic of events is a sounder teacher than any theory.

I agree with Mr. Atkinson that gold is now the common measure of international exchange; hence, everything we do as a nation to decrease the growing importance of gold is to our interest in our commercial relations with other nations simply because we are one of the great debtor nations of the world. By our present system we are constantly increasing the exchangeable value of that special commodity, gold, by which we must measure all our debts. Gold will continue to be used and preferred for this international purpose and our special business should be to decrease its importance and increase the importance and exchangeable value of silver! If our proposed plan of bimetalism is carried out and silver is used fairly and liberally as full legal-tender money at home, although the government may buy it as a commodity, the great disparity between the commodity value of the two metals will tend to decrease. Should other nations observe this effect we think there is nothing to prevent them from co-operation by following our leadership for their own special benefit. We could then have a healthy and safe advance in prices throughout the commercial world, devoid of all wild inflation. The increasing necessities of the commercial world for reliable and full legal-tender metallic money can easily and with profit absorb every ounce of silver and gold that the world is likely to produce.

For many years a large number of bimetalists have looked at the futile attempts made for international monetary treaties as impracticable even if not wrong in principle. As to the legal-tender use of our money abroad let us, as Americans, be satisfied to let our flag cover this use. Let us be satisfied that our gold and silver dollars shall be full legal-tender money here, but when they go from under our flag let other nations, if they see fit, treat them as commodities only. Our present efforts are constantly tending to make this special commodity—gold—by which we must settle our national balances more valuable each year by ignoring the fair use of all silver as full legal-tender money among ourselves. Surely we have no need of an international treaty to permit us to use cotton and wool as fit agents for clothing. We do not ask any foreign government to make a treaty with us binding them to use wheat and corn as food. We do not insist on them to agree with us that both wood and coal are good agents to generate heat. In such matters we use our common sense and so do they. They find these commodities useful for these various purposes and ask no international questions concerning them. Let us see if we cannot again as an independent nation fully utilize gold and silver, at our coinage ratio of 1 to 16, as our joint agents of valuation. In ignorance we, as a nation, abandoned this use of silver in 1873. Germany and many other nations followed our unwise example. We led the world to gold monometallism. Why should we not make a real effort to lead them back to real bimetalism? What we do imperatively need again is their co-operation in this use of silver, and perhaps there is no better, more simple, nor quicker way to gain that co-operation than by our own bold national leadership. The Bland act, lately vetoed by President Cleveland, was a mild measure compared to free coinage. Yet it was a safe step onward in the right direction toward the restoration of silver. It matters not what may be the result of the pending legislation on the tariff, this veto is sure to bring an untold amount of mischief on the people at large. It confirms our present national policy in favor of gold monometallism.

In my judgment we should coin every ounce of silver the government owns into dollars with all available speed. We should change our laws by annulling the mischievous phrase of the act of 1873 demonetizing silver, which says the gold dollar "shall be the unit of value." Let the broad phrase of that law, enacted by our forefathers in 1792, be again inserted on our statute books and acted on to the letter by every financial executive officer of the government which asserts in precise language that either the gold or silver dollar "shall be a lawful tender in all payments whatsoever." The vexed question of the free coinage of silver is not an issue in the above demands.

JOHN A. GRIER.