

CURRENCY REFORM.

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THE course of events is rapidly bringing the money question in the United States to a decisive stage. For many years the controversy was carried on within the two leading political parties instead of between them, which would have been better for the country. Many men will temporize with wrong tendencies in their own party which they would fight bravely as errors of the other party. Democrats and Republicans alike dallied with the cheap-money delusion until it came dangerously near to acquiring control of both organizations, and finally succeeded as to one of them, driving the other to the opposite side. The new alignment which followed showed a startling closeness in the vote. So far from deciding the question, the first set party battle over it has simply defined the issue. It is, on the one side, the gold standard, with the forms of money, scale of prices, and methods of business which belong with that standard; and on the other, the silver standard, with the money, prices, and methods which belong with it.

The vague hope entertained by many, that escape from the bitter struggle which the fighting out of the issue means might be found through international bimetallism, has faded from the horizon. There was a time when such a solution was apparently possible, though of debatable wisdom. It is no longer even possible; and this not only because that concert of action among nations which alone could ever have rendered it possible is now out of the question, but because silver and gold have set a space between themselves which the whole world cannot bridge at any such ratio as $15\frac{1}{2}$ or 16 to 1, which alone would satisfy our free-silverists. The effect of this elimination of international bimetallism from the possibilities is to define the alternative all the more sharply between gold and silver. There is no middle ground between them.

Our present monetary system, though open to grave inherent objections, would be bearable if it were not for the silver agitation. If there were no shadow of question in any

quarter about the standard; if ample and secure provision were made for payment of the government's demand obligations; if there existed such a state of public enlightenment on the subject that greenback inflation could no longer threaten, and confidence could be maintained in the perpetuity of these conditions, the money would be good, and successful business and general prosperity would be possible. But no single element of this situation is present. The standard is in controversy; no adequate and certain provision exists for payment of the demand obligations; four years hence they may be collectable only in silver; and in place of that general enlightenment on the subject which is the best security of a popular government against dangers of all sorts, we have a vastness of ignorance and prejudice which is appalling to contemplate. And so all things which pertain to business—money, contracts, values—hang suspended between gold and silver, like Mohammed's coffin in mid-air. And while, with an optimism that is amazing, we are making contracts, investing money, and hurrying out to meet prosperity half-way, it is impossible for any thoughtful man to conceal the fact from himself that he is building upon a foundation which may shortly prove to be but sand.

It was a deep and wide-spread sense of the gravity of the situation thus confronting the country that called together the remarkable gathering at Indianapolis on January 12, 1897. It was a convention of accredited delegates from chambers of commerce, boards of trade, and similar commercial bodies, in all parts of the United States. Its three hundred members had a single, definite object in view, which was the promotion of such measures as would remedy the evils and remove the dangers now existing in the currency system of the country. After mature deliberation they adopted the following brief declaration of principles:

This convention declares that it has become absolutely necessary that a consistent, straightforward and deliberately planned monetary system shall be inaugurated, the fundamental basis of which should be:

First. That the present gold standard should be maintained.

Second. That steps should be taken to insure the ultimate retirement of all classes of United States notes by a gradual and steady process, and so as to avoid injurious contraction of the currency, or disturbance of the business interests of the country, and that until such retirement provision should be made for a separation of the revenue and note issue departments of the treasury.

Third. That a banking system should be provided which should furnish credit facilities to every portion of the country and a safe and elastic circulation, and especially with a view of securing such a distribution of the loanable capital of the country as will tend to equalize the rates of interest in all parts thereof.

The convention appointed an executive committee of fifteen members,¹ who were directed, first, to use their efforts to secure the passage of a law by Congress authorizing the appointment of a commission by the President to formulate a definite plan for the reformation of the currency; and, failing in that, to appoint such a commission themselves. That committee laid the subject before the President and Congress at Washington. The suggestion was favorably received; but, under the policy adopted by the Republicans at the opening of the special session, to postpone all other legislation until the passage of a tariff bill, no action was possible until that had been accomplished. When that had been done a bill providing for the appointment of a commission was introduced in the House, and its passage recommended by the President in a special message. It passed the House, but was not acted on by the Senate. The executive committee of the Indianapolis convention, in obedience to the directions under which it was proceeding, then appointed an unofficial commission of eleven members,² non-partizan in its complexion, chosen from ten different States of the Union, and representing a variety of occupations and business relationships. That commission has been holding sessions at Washington, with occasional intermissions, since September 22, and will complete and publish its work by the time this number of THE CENTURY reaches its readers. It will report its recommendations, not to the President or to Congress, but to the com-

mittee by whom it was created. Its deliverance will be without pretense of authority, and will be entitled to no consideration except that which may be due to the reasonableness and practical wisdom of its suggestions.

It would be premature at this time to speak specifically of a plan as yet incomplete in the hands of its framers. It may be assumed that it will be consistent with the principles adopted by the Indianapolis convention. And it may be said further, without impropriety, that it will be complete in the sense that it will provide for the gradual and progressive elimination of the recognized evils of our present system, and the development and growth of a better system, by processes which, once set in motion, will go on without further legislation. At the same time it will deal with different phases of the problem in such manner that its recommendations can be carried into effect, if approved, as to some of them, by one act of legislation, and as to others, by other and subsequent acts. For example, the great issue—the issue which by its very existence is the chief element of weakness in our system,—the open question as to the standard,—can be settled, so far as anything can be settled by law in a free country, by a few lines of statute independently of any other legislation on the subject. The part which the government is to play in the maintenance of that standard by the performance of its own obligations, which is by far the most important part of the whole, can be prescribed and provided for in another act, independently of all other legislation. The necessity of some modification of our national banking law, in order to preserve even its present usefulness as a source of currency supply, has long been recognized by thoughtful observers. If the judgment of the country shall be that the evils attendant upon the use of government notes as money are so serious and inherent as to justify the retirement and disuse of that form of money, a very large extension of bank-note circulation will become necessary; and the system must be reorganized in such manner as to give it a capacity of growth to whatever extent may be required by the interests of the country. It is entirely

¹ H. H. Hanna, Chairman, Indianapolis, Ind.; M. L. Crawford, Texas; W. B. Dean, Minnesota; J. W. Fries, North Carolina; J. F. Hanson, Georgia; C. C. Harrison, Pennsylvania; Rowland Hazard, Rhode Island; John P. Irish, California; H. H. Kohlsaatt, Illinois; John J. Mitchell, Illinois; Alexander E. Orr, New York; Geo. Foster Peabody, New York; T. C. Fowler, Montana; E. O. Stanard, Missouri; Augustus E. Willson, Kentucky.

² George F. Edmunds, Vermont, Chairman; George E. Leighton, Missouri, Vice-Chairman; T. G. Bush, Alabama; W. B. Dean, Minnesota; Charles S. Fairchild, New York; Stuyvesant Fish, New York; J. W. Fries, North Carolina; Louis A. Garnett, California; J. Laurence Laughlin, Illinois; C. Stuart Patterson, Pennsylvania; Robert S. Taylor, Indiana.

possible to accomplish this by amendments of our present law which shall preserve its tested and valuable features in the highest possible degree, and yet render it capable of the expansion which commercial conditions may require, whether that be little or much, or take place soon or through a long course of years. And this can be accomplished by an act which can have its operation independently of any other proposed laws. The recommendations of the commission, therefore, will be of such sort that they can be approved and adopted in whole or in part, and at once or from time to time hereafter. They will be submitted to the criticism of the press and the public, and come to the attention of Congress in such manner as the gentlemen representing the movement which brought them into existence shall deem best.

It would be unjust to all those who have been concerned in this movement to misconstrue the spirit and intent of these recommendations. There will not be in them or about them the least assumption of wisdom, or right to advise or direct. The function of the Monetary Commission is to prepare a memorial to Congress, on behalf of a great body of patriotic citizens who are profoundly impressed with the belief that grave perils threaten the country which can be averted only by timely legislation. The subject is one not of extreme difficulty, but one in respect to which there is such extreme diversity of opinion, and such an infinite number of suggested remedies for supposed evils, that the friends of currency reform are embarrassed in their efforts for want of some definite rallying-ground. They are looking for this in the report of the Monetary Commission. Its scheme may be far from perfect; but unless it shall fail entirely in its purpose, it will present an intelligible and consistent plan which can be stated, understood, discussed, and improved upon, and so enable the movement for currency reform to assume a tangibility and concreteness of expression which have been hitherto wanting, and which are necessary in order to make it effective in the highest degree. This is what is hoped for. This is the end toward which the labors of the committee and the commission have been directed.

The movement for currency reform which found expression in the Indianapolis convention, and in the proceedings which have followed and are yet to follow from it, is frequently spoken of as a business men's movement—a phrase which has provoked criticism in some quarters, as though that movement

were one in the interest of a limited class of citizens, and not of the whole body of the people. In a broad sense, all useful labor is business, and all who perform it are business men. But there is a distinction between occupations which these words mark better than any others which could be used. On one side are those occupations which consist in the making, buying, selling, transporting, or handling of goods, wares, money, or securities; on the other, direct culture of the soil, and the rendition of personal services for wages, fees, or salaries. The relations of these occupations to money are not exactly the same. In the former there are continual buyings and sellings, investments for profit, use of credits, and dealings involving money; in the latter money enters in not as a subject of dealing, but rather as the final fruit of labor performed. In the former the attention of men is directed constantly, by the nature of their daily occupations, to monetary conditions, changes, and prospects, all of which affect their interests in a direct and vital sense. In the latter there is less immediate occasion for thought about such things. There is reason, therefore, why men of the former class should be, as a rule, more alert, more interested, and better informed on money questions than men of the latter class, and so good reason why they should lead when questions of that kind press for decision. Indeed, to do so is a duty which they owe to their countrymen, and which they cannot shirk without fault. It is in no invidious sense, therefore, but for true and convenient distinction, that we speak of the business men's movement for money reform. It is not a movement in their interest more than in the interest of every other citizen. The goodness or badness of the monetary system affects all men alike in its final results. But business men, in the sense of the word just stated, feel the effects of monetary conditions more quickly than others, and in a way which excites their interest and concern more intently and immediately, and so stimulates them to earlier and more energetic action.

It would have been quite superfluous to say so much as this merely to repel a captious criticism. The observations offered are pertinent to a more important phase of the matter. It is the belief of the writer that we are in the presence of an issue more vital and acute than is generally realized by the people. Shall we maintain our gold standard, or abandon it for silver? That is the question, and it will have an answer soon. We

have gone too far to evade it or to put it off long. To go to silver appears to such men as constituted the Indianapolis convention to be an act of madness. There have been debasements of coin, little by little, in ages gone by, by royal robbers of ignorant and defenseless people; there have been progressive inflations of paper currency by deluded people, ending at last in total collapse;¹ but history has no record of any such sudden, blind, wild, suicidal plunge as a slump from the gold standard to the silver standard would be today. Men who look at it from that view stand aghast at the thought of the disasters which would attend such a catastrophe. And yet it is not only possible, but probable, unless it shall be averted by the union and coöperation of all the forces that can be mustered against it. The question is a political one, to be settled at the polls and by votes. The main organization of the Democratic party is for the silver standard. The gold wing of that party is not strong enough to control elections. The gold standard will go down unless it is carried to victory by the Republican party and its sound-money allies.

William McKinley was nominated because he was beloved of Republicans, and represented in his person the principle of protection. The same elements of strength contributed to his election. Many thousands of Republicans voted for him who would not have supported the financial plank of the St. Louis convention as an independent proposition. It is not certain that all of these will vote the Republican ticket next time. Protection will not be an active issue, and the financial issue will not be exactly the same as that of last year. On the part of Republicans it was then the mere defense of the existing system. Next time it will be an issue between standards, naked and undisguised. The pendulum-like alternation of party victories for twenty-five years past has its ominous suggestiveness.

The fate of the country is in the hands of its Republican leaders and its business men. The former are in control of a great organization in which individual conviction has the powerful support of party discipline. To these the latter can add not only their number in votes, but the strength which resides in in-

tellectual activity and personal influence. This is the situation which clear-headed business men see, and, seeing which, some of them organized the movement which took form at Indianapolis. Their plan of operations contemplates, first, the formulation of a simple, consistent, workable scheme of currency reform resting on sound-money principles, which the voters of the United States ought to understand and approve if suitably presented to them; and, second, the institution of a campaign of education, to begin forthwith, and to go on until the money question is settled on a permanent basis. There is a world of hope in such a movement. It is an evidence of political vitality fit to cheer the hearts of those who are ready to despair of the republic.

One thing more, however, is indispensably wanting. It is the prompt and hearty support of the movement by the Republican party leaders and organs. Temporizing and hesitation on their part will be fatal. With lapse of time, without renewed disaster, the lesson of recent years will fade from men's minds. With continued prosperity the apparent need of reform will grow less. With renewed disaster the difficulty of accomplishing it will grow greater. The sure basis of permanent and useful reform can be found only in an intelligent popular understanding of the subject. It is not a case of sentiment; it is a matter of business. Men's feelings can be moved quickly; to educate them is a slow process. If the Republican leaders desire to put their party permanently in the right on the money question by force of intelligent conviction in the minds of its members, and secure its enduring ascendancy in the administration of the government by making it the means of securing the enduring prosperity of the people, they have no time to lose in beginning that great work.

Another consideration remains, of no less weight. The high and noble enthusiasm of a great body of men animated by sincere and patriotic purposes is the most precious of all the forces that work in society. Taken at its flood, it may bear a nation onward into a new epoch of progress; once spent in vain, it may never revive. The Republican leaders will be blind to the signs of the times if they fail to see that the business men's movement for currency reform is their opportunity.

¹ See «Cheap Money in Past and Present Times.» The Century Co.