

## CASH AND CREDIT \*

THERE is a certain difficulty in arguing the issue of this campaign, the question of free silver. It is always difficult to make an elaborate argument about the eighth commandment. When a man quotes, "Thou shalt not steal," and another promptly replies by asking "Why not?" really the best answer is to repeat the commandment again. If a man cannot at the first glance see that it is as immoral and vicious to repudiate debts as it is to steal, why, it becomes quite a hopeless task to try to convince him by the most elaborate arguments.

There is much in the question of finance that is very complicated. There is much which only those statesmen and those students who have made a special study of the question are competent to deal with. Underlying facts, however, are all very simple. If a man will take the trouble to think, he will see at once that the great element in our financial system is the element of credit. Let me illustrate this by a very homely example: The other day I was speaking to one of our detectives about the fact that many of the big pickpockets seemed to prefer to work on the East and West Sides of the city rather than Fifth Avenue and Broadway. He answered by saying that a great many of the wealthy people rarely carried anything but small check-books in their pockets. They paid for everything they bought by

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check, that is by credit. On the other hand, many of the women going to market on the East and West Side carried with them in their dress-pockets the money they had saved from their husband's wages; the working men coming home on Saturday night had their entire week's wages in their pockets. In other words, it was these men and the women who had the cash and it was the rich men who had the credit.

Now the Populists in their platform, on which Mr. Bryan stands just as squarely as he does on the Chicago platform, declared that there is not enough money in the country and demanded enough money to give each citizen fifty dollars. Mr. Bryan's Democratic platform demands free silver upon the ground (an entirely false ground, by the way) that it would double the amount of money in circulation. Do not they see that it is not so much what cash a man has actually in his possession as what his credit is, what his collateral is, that counts? The merchant with the check-book has perhaps less of the fifty dollars in cash than the Populists demand than has the working man or the skilled mechanic who has his wages in his pockets. The difference between them is that the one has an unlimited credit. Although he has no money, he has the collateral.

No change in the coinage laws is going to alter this fundamental fact that if we had free silver the working man would not have any more money than he has now. No Populistic statesman has been able to point out exactly how the fifty dollars he demands would get into each man's pocket. On the contrary, the working man, if he had free silver, would merely have the same number of dollars as he has now, and worth about half as much. The things that give the wealthy man his credit, that is, his store, his factory, his land, or whatever he

owns, would still be his. Then, doubtless, there would be depression, and he would not have as much credit as he now has. He would not be able to buy as much as he did before from the farmer and the manufacturer, and he would not be able to pay as much to the laborer, but he would still have the credit and the collateral, and he would therefore retain his relative advantage just as much as he does now. The only thing would be that with free silver, instead of having the difference between the well-to-do man of means and the well-to-do laborer, as now, we would substitute the difference between the crippled man of means and the starving man.

I remember being down in a county in a Western State, near the Mexican border, on the Rio Grande. It was a true Populistic stronghold. The voters had got to the point of believing not merely in free silver, but they wanted a coin based on corn and cotton. Mind you, they were good fellows, and I liked them, but they had allowed their prejudice to warp their judgment. They did not like the law of supply and demand, and they thought they could remedy it by some law of Congress to which nature would not pay the slightest heed. We got pretty intimate after a while, and I was struck by the fact that they all told me that they had no money, that there was no money in the country, that the goldbugs in Wall Street had cornered the money of the country, and that they could not get money to move their crops. After a while I struck into the discussion and told them that although I was a stranger in the country, I was known at the local bank in the village, and if they would give me forty-eight hours I could get all the money I wanted there, and that I should think they could, too. Then it finally came out that what they really meant was not that

they had no money, but that they had no credit, or collateral; that is, they had not the things with which money is bought. Those of them who were not in debt and had something that some one wanted to buy, had not the slightest difficulty in getting all the money they wanted.

One word more about my good friends. I was talking with the local banker a few days afterward and he mentioned to me that New York certainly did distrust that particular county; that he had met with great difficulty in trying to float certain of the village bonds in Wall Street. A few minutes afterward, however, he mentioned the fact, which he did not seem to regard as particularly relative, that the village had defaulted on the first payment of interest on those bonds. Now, of course, that meant that the credit of the whole region was impaired. I want to point out to you that this was a particular instance of a thing which happens very frequently under similar conditions. The people who had loaned the money to that particular village in question did so with great reluctance, and they loaned only because the would-be borrowers were very importunate. Now, of course, they loaned their money with the hope of having it returned, and of getting something for its use, otherwise they would have kept it. When the first payment of interest was defaulted on, it was the lender and not the borrower of the money who was hurt. But after the wrong was done the ones who were hurt were the people living in the neighborhood, for nothing is more certain than that no one is more hurt by repudiation than the borrowers in the neighborhood, for then they find that they have extreme difficulty in getting money and can only get it at an exorbitant rate of interest.

Now, if these people had been able to pay their debts in silver, it might have helped them for one season, but at the end of that season they would be worse off than they were before, and the wage-earners would not have had even the single season's help. The amount of money per capita in a country is not of the slightest influence in reality. In France there is very nearly three times as much money per capita as there is in Switzerland, but prices are different in the two countries, and on the whole the condition of the poorer classes in Switzerland is decidedly better than in France. It is the credit that really counts, and not the amount of money in circulation. As Tom Reed said the other day: "Hay-racks are very good things, very necessary things, and you need a sufficiency of them; but they are only the measure for hay, and if the hay-crop is short what you want is more hay and not more hay-racks."

People talk a great deal about the fall in prices since silver was demonetized in 1873. Prices had been falling in this country during eight years previous to that period. Prices had fallen more than they have during any similar time since. The price of capital has fallen, but the price of the most important product of the country has risen. I mean the price of labor. There has been a steady decline in the value of the product of the capitalist—that is, interest—while the product of the wage-earner, labor, has risen. While the rate of interest has gone down the price of labor has gone up. During the past twenty-three years in which we have been told that the goldbug has worked his wicked law, he has somehow seen that the price of the product of the laboring man has steadily risen, while the price of the product of the capitalist, that is, interest, has fallen.

It is perfectly true that some great staples have gone

down in price. Those who raise them have suffered very much, and I have the deepest sympathy for the men, and especially the poor men who have met with undeserved misfortune. Such men naturally will grasp any quack remedy held out to them in the belief that it will benefit them. I have great sympathy with honest men, East or West, who have suffered, but it is mere folly for them to try to relieve themselves by battling against nature, and it is wicked for them to try to better themselves by making others who have been more prosperous suffer in their turn. It is a terrible thing for a man to lose a child by having it fall from a third-story window, but it is really no help at all to this man to try to repeal the laws of gravitation. In the same way it is a bad thing for a near-sighted man to lose his glasses, but if he does lose them it is not the correct thing for him to go about smashing the glasses of other near-sighted men. The value of the wheat-crop has gone down, and it has been a great misfortune for the farmers, and a misfortune for the whole country, but that does not make it good policy on the part of the farmer to destroy his home market, to destroy the power of others to purchase his products—of the capitalist, of the laborer. More than fifteen years ago a good many of us went into ranching in the far West. Cattle are to-day worth one-third less and horses two-thirds less than they were at that time. But I do not see how by decreasing the ability of the wage-earner and the smaller capitalist to buy beef we are going to sell more cattle, or how we are going to get him to substitute horse-cars for the trolley and the electric cars. What is true of grass-fed beef and horses is true of wheat. We have many times the amount of silver now that we had prior to 1873; we have more money per capita than al-

most any other civilized country excepting France. In fact, we have coined ten times as much silver since 1873 as we coined before. The price of wheat has fallen in spite of this, the price of cotton has fallen simply because the production of both have been increased. But the price of wheat received by the farmer has not fallen as much as the cost of transporting it to market has fallen.

I have not tried to give you statistics, and I shan't go on to show that the countries on a silver basis are the least prosperous, least civilized countries, where the laborer is most poorly paid. They are countries like Mexico, where the rate of wages is but one-third what it is with us. On the other hand, the gold countries are those countries that are the most prosperous and the most highly civilized, which pay their laborers double and triple what the silver countries do. But I will ask you to remember the fundamental facts in this controversy. It is really a fight for honest money and honest currency against the debasement of the currency and the impairment of credit. Free silver is but a step toward fiat money. Mr. Bryan's chief competitor for the nomination for the presidency was Mr. Bland, and the one speech of Mr. Bland that will always live is that in which he demanded that the national debt be wiped out with a sponge. Now he and his associates are trying to wipe out half of it at one sweep. At bottom, these men stand for a bitter warfare against industry and thrift. At bottom, they are hostile to the men who save, to the men who put their money in the savings-banks, who are investors in any form of productive capital, whether bonds or real estate or crossroad stores. Every demagogue in the land, every man who hates with a venomous hatred the well-to-do because they

are well-to-do, the thrifty because they are thrifty, and have worked and saved, is arrayed against us.

I noticed the other night that one of this genre said that the poor man ought to be in favor of free silver because the rich man favored a sound currency. He might as well have said that the poor man ought to eat his meat raw because the rich man likes to have his cooked. In fact, the demand for free silver is largely not an expression of opinion, but is rather a demand for something which it is believed will punish the people who have the most thrift and the most intelligence. Yet history teaches us nothing more plainly than that if the hard-working and the thrifty be punished the ultimate loss falls most heavily on the poorer classes. Cheap money is in the end the dearest money for the working man.

But free silver is not the worst thing in the Chicago platform. That platform contains an attack on the Supreme Court, and therefore upon the main dependence of our liberties. It contains a demand that the laws shall not be enforced in certain contingencies. It is fitting that with the demand for free silver should go the demand for free riot. The men who are ready to strike down the currency of the country are ready to strike down at the same time that safeguard of our liberties which we have received from our forefathers in the Constitution—the Supreme Court.