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*Whether the general business of the people shall be transacted with good money or bad money, whether the wages of labor shall be paid in a sound and stable currency, with full purchasing power in the markets where they are exchanged for the necessaries of life, or in a depreciated and fluctuating currency, having no fixed value and therefore bearing no permanent relation to the current prices of commodities, are questions which affect the comfort and happiness of every home and the peace and prosperity of every community.*

*It is clear that when wages are paid in a depreciated currency the rates of wages must be increased in proportion to the depreciation of the money, and in proportion to the increase in the prices of other things, or the laborer will suffer a loss. But I affirm that it is the universal rule that the rates of wages do not increase in proportion to the depreciation in the value of the money in which they are paid, and that when the currency is depreciated the rates of wages do not increase in proportion to the increase in the prices of the commodities the laborer is compelled to purchase. If there has been a single exception to this rule in this or in any other country, my investigations have not enabled me to find it, and I do not believe one can be found.*

*Surely if there ever can be a time when an abundance of cheap money will increase the wages and improve the condition of laboring men these results ought to have been accomplished under the combination of favorable circumstances existing, especially in the great centers of industry, from* 1861 *to* 1865, *and yet there has been no other period in our history when the rates of wages fell so rapidly or so low.*

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# SILVER AND WAGES.

JOHN G. CARLISLE.

**ADDRESS BEFORE THE LABOR ORGANIZATIONS OF CHICAGO, APRIL 15, 1896.**

# SILVER AND WAGES.

An Address by Hon. JOHN G. CARLISLE,

BEFORE THE LABOR ORGANIZATIONS OF CHICAGO, APRIL 15, 1896.

*Mr. President and Gentlemen*—I am here this evening in response to a communication received several months ago from a number of gentlemen connected with various labor organizations of this city inviting me to address them and their fellow workingmen upon the currency and financial questions, which were then and are still agitating the minds of our people in all parts of the country. When that communication reached me it was not in my power to designate a time when my official duties would permit me to come here, but I promised to hold the matter under consideration and come whenever it might be possible to do so, and I now congratulate myself upon my good fortune in having at last found an opportunity to meet this great assemblage of laboring people and to discuss in their presence what I consider one of the most important economic questions that can possibly engage the attention of wage-earners in this or any other country.

## THE WAGE-EARNER'S INTEREST IN GOOD MONEY.

Whether the general business of the people shall be transacted with good money or bad money, whether the wages of labor shall be paid in a sound and stable currency, with full purchasing power in the markets where they are exchanged for the necessaries of life, or in a depreciated and fluctuating currency, having no fixed value and therefore bearing no permanent relation to the current prices of commodities, are questions which affect the comfort and happiness of every home and the peace and prosperity of every community. While all are deeply interested in the settlement of these questions, it is unfortunately the case that all will not be equally affected by an erroneous decision upon them. The wealthy man, the man who has accumulated property or hoarded money, is always exempt from many of the most serious consequences of a financial or industrial disturbance. He has both means and credit, and while he may be subjected to much loss and inconvenience, neither he nor his family will be pinched by hunger, or compelled to go without raiment or shelter.

It is the poor man and the man of moderate means—the man who has not been fortunate enough to accumulate property or money, but who depends upon his wages or upon the products of his own labor for the means of supporting himself and his family—that always feels the first and most disastrous effects of a business or industrial depression, no matter whether it results from a depreciated and fluctuating currency or from other causes. Such a man has nothing to dispose of but his labor, and nothing with which to support himself or his family but his wages or the proceeds of his own labor, and any policy that even temporarily suspends or obstructs the industrial progress of the country by diminishing the demand for the products of labor, or by impairing the capacity or disposition of capital to employ labor, must be injurious to his interests and inflict more or less suffering upon all who are dependent upon him. Labor cannot be hoarded ; the idle day is gone forever ; lost wages are never reimbursed ; and therefore, steady employment and good pay in good money are essential to the comfort and happiness of the American laborer and his wife and children, and he will be unfaithful to himself and to them if he does not insist upon the adoption and maintenance of such a policy as will most certainly preserve the value and stability of all our currency and promote the regular and profitable conduct of all our industrial enterprises. He cannot prosper when the country is in distress, when its industries are prostrated, its commerce paralyzed, its credit broken down or its social order disturbed ; nor can he prosper when the fluctuations of the currency are such that he cannot certainly know the value of the dollar in which his wages are paid, or estimate in advance the cost of the necessaries of life.

Whether we shall or shall not have a long period of financial, commercial and industrial disturbance in this country, and whether labor shall be deprived of permanent employment or be partially employed and inadequately paid, are questions directly and necessarily involved in the demand now seriously made by many of our fellow-citizens that the United States, without the co-operation of any other government in the world, and in opposition to the established policy of every other great civilized and commercial nation, shall authorize the free and unlimited coinage of full legal-tender silver at the rate of 16 to 1, notwithstanding the true market ratio between the two metals is about 31 to 1; or, in other words, that the United States alone shall declare by law that sixteen ounces of silver are equal in value to one ounce of gold, when it is an indisputable fact everywhere recognized that in all the markets of the world, in silver-standard countries, as well as in gold-standard countries, sixteen ounces of silver are worth only about one-half as much as one ounce of gold, and will purchase only about one-half as much of the necessaries of life.

## WHAT FREE COINAGE REALLY MEANS.

The naked proposition is that the United States shall coin, at the public expense, for the exclusive benefit of the individuals and corporations owning the bullion, all the silver that may be presented at the mints into dollars containing 371¼ grains of pure silver, or 412½ grains of standard silver, worth intrinsically about 51 or 52 cents, deliver the coins to the depositors of the bullion, and compel all the other people in the country to receive these coins at a valuation of 100 cents each in the payment of debts due them for property sold, for labor and service of all kinds, for pensions to soldiers and sailors and their widows and children, for losses sustained under policies issued by life and other insurance companies, for deposits in savings banks, trust companies, building associations and other institutions, for debts due to widows and orphans by guardians, executors and administrators of decedents' estates and other trustees, for salaries of all civil, military and naval officials, and the compensation of private soldiers and seamen, and, in short, for every kind of obligation recognized by the laws of the land, except only in cases where the prudent capitalist has taken the precaution in advance to contract for payment of debts due to him in gold or its equivalent.

To say nothing of the gross partiality and manifest injustice of such a policy, its immediate effect would be to contract our currency to the extent of about $620,000,000 by stopping the use of gold as money and putting a premium upon the coins of that metal equal, or about equal, to the difference between the intrinsic value or the gold dollar and the intrinsic value of the silver dollar. Gold coins would at once become a commodity, and would be bought and sold by speculators in the market just as they were during the war, when we had a depreciated paper currency. The value of the silver dollar would fluctuate from day to day, moving up and down with the rise and fall of the commercial price of the bullion contained in it, as the Mexican dollar does now, and the premium on the gold dollar would of course fluctuate to the same extent, thus affording an opportunity to bullion brokers and speculators to buy and sell it at a profit. It would cease to be used as money, because no man would pay his debt in gold dollars or in paper redeemable in gold dollars, worth 100 cents, when the law permitted him to pay it in silver dollars, worth only 51 or 52 cents. The sudden withdrawal of $620,000,000 from the volume of currency in the country would undoubtedly produce a financial and industrial disturbance far more disastrous to the interests of labor than has ever been experienced in our history, and no man who has a particle of sympathy for working men and women and their dependent families can contemplate the possibility of such a calamity without feeling that it is his duty, whether he occupies a public or a private station, to employ every honorable means at his command to avert it.

While the sudden expulsion of $620,000,000 in gold from our stock of money would itself be sufficient to create a financial disturbance unparalleled in the history of this or any other country, the situation would be very greatly aggravated by the fact that the purchasing power of all the remainder of our currency would be suddenly reduced about one-half; we should have only about two-thirds as much currency as we have now, and at the same time it would be so depreciated in value that it would require about twice as much as we have now to transact the business of the country, provided there should be any business to transact.

## DOUBLE STANDARD A FAILURE.

The attempt to maintain what is called the double standard of value—that is, to attempt to keep the legal-tender coins of the two metals, gold and silver, in use as money at the same time, upon a ratio of value fixed by law—has repeatedly been made by kings and parliaments in every civilized country in the world, and it has failed again and again in every one of them, and it requires no gift of prophecy to foresee that it must continue to fail so long as self-interest constitutes a controlling factor in the business affairs of men.

Without trespassing upon your patience to review the monetary history of other countries in which this experiment has been made and failed, it may be advantageous to refer briefly to our own experience upon this subject. When it was determined to adopt a monetary system for the United States and establish a mint, Alexander Hamilton and Thomas Jefferson, two men who differed widely upon almost every public question and whose names as founders and leaders of their respective parties will live as long as our political literature is read, agreed that in determining what should be the coinage or legal ratio between gold and silver the true relative commercial value of the two metals in the markets of the world must first be ascertained, and that this relative value when ascertained should be incorporated into the statute as the basis of the proposed system of coinage. Although they were party leaders, they were statesmen and patriots, and when they were called on to consider this great business question affecting all the private affairs of their fellow citizens, they gave it a thorough and impartial investigation upon its merits, without regard to the effect their decision might have upon their own political fortunes or upon the political fortunes of their followers.

### The "Fathers" not Disturbed by this Delusion.

These great men were never disturbed for a moment by the delusion that Congress could fix by statute the actual or relative values of gold and silver any more than it could fix by statue the actual or relative values of a pound of lead and a pound of iron. They knew that gold and silver, like all other exchangeable things, are commodities, and that their value will be fixed in the markets of the world. They knew that it was entirely competent, in fact, necessary for Congress to declare the ratio upon which the two metals should be coined at the mint, if they were to be coined at all, but they knew equally well that if the ratio so declared did not correspond substantially with the ratio which the commercial world had established, the coins of the two metals could not be kept in use as money at the same time, and, consequently, as I have already said, they determined to ascertain the commercial ratio and to adopt it. They reached the conclusion that the true commercial ratio at that time was 15 to 1 ; that is, that fifteen ounces of silver were equal in value to one ounce of gold, and accordingly the Act of 1792, which was our first coinage law, authorized the coinage of the two metals at that ratio.

At the ratio thus established the silver dollar contained 371¼ grains of fine silver, and the gold contained 24¾ grains of fine gold, but it was soon discovered that a mistake had been made and that 371¼ grains of fine silver were not in fact equal in value to 24¾ grains of fine gold, and the consequence was that, although the difference between the value of a silver dollar and the value of a gold dollar was only about 1 cent and one-eighth of a cent, silver drove gold out of use and out of the country, and from that time we had silver monometallism until after the passage of the Acts of 1834 and 1837.

The fact that the silver was put into the form of a coin and made legal tender the same as gold, and that both dollars were declared to be worth 100 cents each, did not increase the value of the 371¼ grains of silver to any extent whatever. The people could not be deceived by mere words printed in a statute ; they soon learned that the metal contained in the silver dollar was not equal in value to the metal contained in the gold dollar, and they paid silver to their creditors and hoarded the gold or sent it out of the country. Even our new and full-weight silver coins would not circulate or remain in the country, because Congress, by various acts, made certain foreign coins legal tender in the payment of debts, and as they were generally so worn by abrasion as to be of less weight than the new domestic coins, they drove our dollars and half dollars and to a large extent our quarters and dimes also out of use as money. Our own coins were exported and used at their bullion value in making purchases and paying debts abroad, and Mr. Jefferson himself, who had then become President of the United States, issued an order on the 1st day of May, 1806, stopping the coinage of silver dollars at our mints. No more silver dollars were coined until 1836, thirty years afterward, and then only 1,000 of them were issued from the mints.

### The Restoration of the Gold Standard in 1834.

Gold having left the country, Congress, in 1834, during the administration of Andrew Jackson, determined to restore it to the circulation, and, in order to accomplish that result, the legal ratio was changed from 15 to 1 to about 16 to 1—that is, the law so amended as to provide that the gold eagle, or $10 piece, should contain 232 grains of pure gold, which made the dollar consist of 23 1-5 grains, but by the Act of 1837 it was changed to 23.22 grains, which now constitutes the dollar and unit of value. This was a slight overvaluation of gold in the coinage, because 23.22 grains of fine gold were not in fact worth as much in the markets as 371¼ grains of fine silver. Although the difference in value was very small it proved sufficient to change the whole character of our metallic currency, and under this ratio gold and silver exchanged places ; silver went out of the country and gold came in, and from that time until after the passage of the Act of 1878 we had practical gold monometallism, except during the period of the war, when we had no metallic money of any kind. When the great civil war began we had no silver in circulation except the subsidiary coins authorized by the Act of 1853, but we had gold and paper redeemable in gold, and it was not long before we had another practical illustration of the natural law that the inferior or less valuable legal-tender currency will expel the superior or more valuable legal-tender currency from circulation.

## THE PAPER CURRENCY OF WAR TIMES.

Early in 1862 Congress, most unwisely, in my opinion, authorized the issue of legal-tender paper to circulate as money, and the usual and inevitable result followed. Gold ceased to be used as money, and the banks and the Treasury having suspended specie payments the country was flooded with a depreciated currency worth at times less than fifty cents on the dollar. Later on, fractional paper currency was authorized by Congress, and the effect of this was to drive out of circulation even the light-weight subsidiary silver coins, and for many years not a single piece of metallic money of any kind was used by the people, except on the Pacific coast, where gold continued to circulate at its actual intrinsic value without regard to the fictitious value which the acts of Congress attributed to the legal-tender paper.

I will endeavor to show you hereafter what effect this depreciated currency had upon the wages of labor and upon the prices of commodities which the laborers were compelled to purchase with their wages, my purpose at the present moment being simply to prove, by our own experience, that it is impossible to retain in circulation at the same time legal-tender gold and silver coins of the same denomination at any ratio which does not correspond with the actual commercial values of the two metals in the markets of the world, and that, therefore, the free and unlimited coinage of legal-tender silver by the United States alone at the ratio of 16 to 1, when the true commercial ratio is about 31 to 1, would instantly contract the currency by the expulsion of all the gold now in the country.

If the overvaluation of silver to the amount of a little over 1 per cent. in the coinage law of 1792 expelled gold and established silver monometallism, and if the overvaluation of gold to the extent of less than 1 per cent. in the Acts of 1834 and 1837 expelled silver from circulation and established gold monometallism, is not the conclusion irresistible that the free and unlimited coinage of legal-tender silver at the present time, at an overvaluation of nearly 100 per cent., would at once place the country upon a monometallic silver basis ? This question does not seem to me to be open to serious argument, and when it is proposed that the United States shall, in defiance of our own experience during a period of eighty-nine years, and in defiance of the experience of other nations during many centuries, authorize the free coinage of legal-tender silver at such a ratio, it is the duty of the people, and especially the duty of the laboring people, to pause before it is too late and carefully consider whether they will determine to overthrow their existing monetary system and substitute in its place the depreciated silver monometallism of Asia and Mexico and the small states and republics of Central and South America, with their low rates of wages and their high rates of exchange.

Under the Coinage Act of 1792 we had silver, but no gold, and under the Acts of 1834 and 1837, with free coinage of both metals, we had gold, but no silver, except the token subsidiary coins after 1853 ; while now, with gold as the standard and limited coinage of silver, we have both gold and silver as full legal-tender money in larger amounts than ever before in our history, and the coins of the two metals are kept equal in purchasing power by the credit and resources of the Government, notwithstanding the difference in their intrinsic value.

## REAL QUESTION—SHALL WE HAVE SILVER MONOMETALLISM ?

We have now about $620,000,000 in gold, and $413,000,000 in full legal-tender silver, besides $78,216,677 in subsidiary silver coins, which are legal tender in payments not exceeding $10, and the real question for the people to decide is whether they will continue to use the coins of both metals or adopt a monetary system which always has and always will drive one of them out of the country. I am not here, therefore, this evening to advocate the exclusive use of gold coin as money, or to oppose a conservative and safe use of silver coin as money along with gold and at a parity with gold ; but I am here to insist that we shall not abandon the present legal standard of value, expel all the gold from the country and adopt silver monometallism, with free coinage of a nominal dollar worth intrinsically only 51 or 52 cents. I am here to insist that the mints of the United States, which were constructed and are maintained and operated at the expense of all the people, shall not be used for the exclusive benefit of the owners of silver bullion under a law giving them the right to have 51 or 52 cents' worth of their silver coined free of charge and stamped as a dollar, and compelling you and all others to receive it from them as a dollar.

All the mints of the United States, operated to their full capacity and doing no other work, could not coin into standard silver dollars two-thirds of the annual production of silver in our own country ; but, notwithstanding this, it is seriously proposed to offer free coinage to all the silver in the world at a legal valuation almost double its commercial value in the markets of the foreign countries where it is produced. The annual production of silver in the world is about $216,000,000 at our coinage rate, and the annual capacity of our mints to coin standard silver dollars is only about $40,000,000. Last year we coined $43,933,475 in gold and $9,069,480 in silver ; so that if our mints were devoted exclusively to the free coinage of standard silver dollars the addition to our stock of metallic money would be about $15,000,000 less every year than it is now, and it would not be good money after it was coined. More than fifteen years would elapse before we could at this rate coin enough depreciated silver dollars to supply the place of the good gold dollars expelled from the country, and, in the meantime, a complete revolution would have to be effected in our commercial relations with other nations and in all our domestic business affairs, including a readjustment of the wages of labor, the price of commodities, the rates of municipal, State and Federal taxation, charges for transportation and every other matter involving the use of money or credit. We should descend by a single step from the highest standard of value to silver monometallism, with a contracted and at the same time depreciated currency, a financial experiment which has no precedent in the monetary interest of the world.

Fortunately, when changes have heretofore been made in the circulation by the substitution of the coins of one metal for the coins of the other, the difference in their value has been very small and the process of substitution has been gradual and created no great financial disturbance. Under the Act of 1792 the difference in value between the coins and the legal ratio was only a little over 1 per cent., and yet within less than one year after the enactment of that statute Congress was compelled to re-enforce our stock of money by making certain foreign coins legal-tender in the payment of debts, and on the same day of the passage of the Act of 1834, which put the country on a gold basis by undervaluing silver about 1 per cent, Congress passed another statute making the gold coins of Great Britain, Portugal, Brazil, France, Mexico and Colombia legal tender by weight in the payment of debts, thus providing as far as possible against a contraction of the currency on account of the expulsion of silver from the circulation. During the war, when gold was leaving the country, legal tender treasury notes were rapidly issued, under the authority of Congress, to take its place, and, instead of a contraction of the currency, we had an expansion. After the war, when it was determined to change the character of our currency again by the resumption of specie payments, the law was enacted four years in advance of the time when it was to take effect, in order that ample opportunity might be afforded to adjust the business of the people to the altered conditions. Now, however, all the conservative and prudential considerations that have usually controlled in the settlement of great financial questions seem to be utterly disregarded, and we are confronted by an organized and aggressive movement to destroy by a single blow the measures of value upon which all existing contracts are based, and thus subvert the very foundations of our monetary system, without allowing a single day to prepare for the change.

In the general confusion and disorder resulting from such a radical measure, what will be the condition of the American laborer? Will he be benefited or injured by reducing the value of the money in which his wages are paid, and at the same time increasing the prices of the commodities for which his wages are expended?

## EFFECT ON THE WAGE-WORKERS.

After struggling for more than a quarter of a century, through labor organizations and otherwise, to secure a rate of wages which would make the proceeds of a day's work equal to the cost of a day's subsistence for the workingman and his family, you are asked by the advocates of free coinage to join them in destroying one-half of the purchasing power of the money in which you are paid, and impose upon yourselves the task of doubling the nominal amount of your wages hereafter; that is, to struggle for another quarter of a century, or perhaps longer, to raise your wages in a depreciated currency to a point which will enable you to purchase with them as much of the necessaries of life as you can purchase now; and if, after years of contention, privation and industrial disorder, you should at last succeed in so adjusting wages that they would procure at the higher prices of commodities just what they will procure now at the existing prices, what would you have gained by the change from the old to the new conditions?

### The Fallacy of Fifty-cent Dollars.

Money received for wages, like money received on every other account, is valuable only to the extent that it can be exchanged for other commodities, and it is scarcely necessary to suggest that a dollar worth 50 cents will not purchase as much in the markets as a dollar worth 100 cents. To call a dime a dollar would add nothing whatever to its intrinsic value or purchasing power; it would still buy only a dime's worth of goods. If these propositions are correct, it is clear that when wages are paid in a depreciated currency the rates of wages must be increased in proportion to the depreciation of the money, and in proportion to the increase in the prices of other things, or the laborer will suffer a loss. But I affirm that it is the universal rule that the rates of wages do not increase in proportion to the depreciation in the value of the money in which they are paid, and that when the currency is depreciated the rates of wages do not increase in proportion to the increase in the prices of the commodities the laborer is compelled to purchase. If there has been a single exception to this rule in this or in any other country, my investigations have not enabled me to find it, and I do not believe one can be found.

### Our War Experience with Depreciated Currency.

It is not my purpose to weary you by the presentation of voluminous statistics, or by a tedious recital of facts, but the particular proposition now under consideration is of such great importance in the discussion of this subject that you must permit me to call your especial attention to the experience of the laboring people in our own country during the years immediately following the introduction of a depreciated paper currency in 1862, and also to the very low rates of wages which now prevail in countries having the silver standard of value, or the so-called double standard of value with coinage of silver at a legal ratio not corresponding with the commercial value of the metal, and, in doing this, I will make no statement that cannot be fully sustained by reliable evidence.

On the 3d of March, 1893, a sub-committee of the Committee on Finance in the United States Senate made a report on the course of prices and wages in this country for a period of fifty-two years, embracing the prices of almost every article of consumption in common use among the people and the rates of wages in almost every industry carried on during that time, and, in order that you may learn from this official and impartial investigation what effect a depreciated currency has on wages and prices, I will briefly state some of the most material facts and conclusions embodied in that document. The sub-committee consisted of five Senators representing both political parties and both sides of the currency question, and the investigation, which lasted nearly two years, was most thoroughly and impartially made, with no purpose in view except to ascertain and report the actual facts, and, so far as it relates to questions of fact, the report was unanimous. As stated heretofore, Congress, early in the year 1862, inaugurated the policy of issuing legal-tender paper, gold was driven out of circulation, specie payments were suspended, the currency began at once to depreciate and before the close of the year the paper dollar was worth less than 76 cents in gold. From the time the depreciation began the price of commodities and the wages of labor were paid in paper currency and the injurious effect upon the interests of the laboring man is clearly shown in the report referred to.

### Workingmen the Sufferers.

In 1862 the wages of labor, paid in depreciated paper, were less than 3 per cent. higher in paper than when paid in gold, but the prices of the 223 articles used by the laborers and other people in the maintenance of their families were nearly 18 per cent. higher than they were when paid in gold ; in 1863 the wages of labor paid in depreciated paper worth about 69 cents on the dollar were 10½ per cent. higher than when paid in gold, but the prices of the articles the laborer had to buy with his wages were nearly 49 per cent. higher ; in 1864 the wages of labor paid in depreciated paper dollars worth 49 cents each had advanced 25½ per cent., but the prices of the necessaries of life had advanced 90½ per cent. ; in 1865 wages paid in paper currency worth 63 cents on the dollar had advanced 43 per cent. above the rates previously paid in gold, or its equivalent, but the prices of commodities had advanced nearly 117 per cent.—that is to say, had more than doubled ; and in 1866 wages paid in a currency worth 71 cents on the dollar had advanced a fraction more than 52 per cent. from the previous rates in gold or its equivalent, but the prices of commodities had advanced 90 per cent. The rise in the rates of wages never corresponded with the rise in the prices of other things until the year 1869, four years after the close of the war, when the value of our currency was 71 cents on the dollar, and it was quite certain that no further depreciation would occur. In 1860 this country was on a gold basis and had been on that basis for many years under the operation of the Acts of 1834 and 1837. Wages were then paid in gold or its equivalent, and by reducing the wages paid in a depreciated currency to a gold basis and comparing them with the rates paid in gold in 1860 we shall have another demonstration of the injurious effects of cheap money on the interests of the laborer.

On this basis the laborer received 76 cents and 2 mills in 1863 instead of the gold dollar he received in 1860 ; in 1864 he received 80 cents and 8 mills instead of a gold dollar, and in 1865 he received 66 cents and 2 mills instead of a gold dollar.

In other words, the wages of labor, measured by gold as they were in 1860, when we had a sound currency, had fallen about 24 per cent. in 1863, more than 19 per cent. in 1864, and nearly 44 per cent. in 1865, when we had a depreciated currency, and, gentlemen, the force of this illustration is greatly augmented by the facts that these reductions in the rates of wages occurred at a time when several hundred thousand laborers had been withdrawn from the field of competition, when the government was engaged in the prosecution of a great war and was expending money lavishly for all kinds of supplies for the army and navy, and when the prices of all the products of labor had largely increased. Surely if there ever can be a time when an abundance of cheap money will increase the wages and improve the condition of laboring men these results ought to have been accomplished under the combination of favorable circumstances existing, especially in the great centers of industry from 1861 to 1865, and yet there has been no other period in our history when the rates of wages fell so rapidly or so low.

## THE WAGE-EARNER'S EXPERIENCES WITH DEPRECIATED SILVER.

### Chili.

The recent experience of the Republic of Chili furnishes another impressive warning to the wage-earner against the evils of a depreciated currency. That country had for a long time the so-called double standard of value, with coinage of legal-tender gold and silver at the rate of 16.39 to 1, but as this was a considerable undervaluation of silver the coins of that metal went out of circulation and gold constituted the medium of exchange and actual standard of value until about the beginning of the year 1876 ; but as soon as the commercial value of silver fell below the ratio of 16.39 to 1 as compared with gold all the gold went out of circulation and the country had silver monometallism. In 1875, before this change took place, the peso, or dollar of Chili, was worth about 88½ cents in our money, but in 1885, ten years after, gold went out and silver came in, the peso was worth less than 53 cents in our money. Silver continued to depreciate and, besides, large amounts of paper currency were issued by the government and the banks, and in 1895, twenty years after the change from the gold basis to the silver basis, the peso was worth only about 34½ cents in our money.

Let us see, now, what effect this cheap money, or, in other words, this system of silver monometallism which you are asked to adopt here, had upon the wages of labor in that country. Our minister at Santiago has very recently made an official investigation and report upon this subject, which has not yet been published, from which it appears that in the northern part of Chili, where labor has always been in greater demand than elsewhere, on account of the great nitrate fields located in that section of the country, very little change took place even in the nominal rates of wages, notwithstanding the great fall in the value of the currency—that is, laborers continued to receive in depreciated money about the same amount they received before in good money. In 1875, when the peso was worth 88½ cents, a mechanic, a boiler-maker, a blacksmith, a carpenter, a fireman and an ordinary laborer received together for a day's work 18½ pesos, or $16.35 in our money ; in 1885 the same persons received for the same work 20¾ pesos, but owing to the depreciation of the currency this was equal to only $10.93 in our money, and in 1895, twenty years after the country had descended to a silver basis, the same laborers received for the same work 25.95 pesos, but the value of the peso was less than 35 cents, and consequently their wages amounted to only $8.34 in our money, or just about one-half of what they had received twenty years before. In the central part of the country the result was substantially the same, though not quite so injurious to the laborer. In 1875, a day's wages for five men, a mason, a carpenter, a gas-fitter, a painter and an ordinary laborer amounted altogether to $6.45 in our money, but in 1885 the wages of the same men were $5.53, and in 1895 $4.99. In the southern part of the Republic there was some increase in the nominal amount of wages paid between 1876 and 1889, on account of the fact that a line of railway was then being constructed through that region by foreign capital, but since the latter date the general average rate of wages has remained substantially the same, although paid in a constantly depreciating currency.

Our minister to Chili, after a very careful examination of the entire situation in that country, says :

"It may be taken for granted that in Chili, as in all other countries which have had a like financial experience, the consequences of cheap money have weighed most heavily upon the classes that are least able to support the burden."

The evils of silver monometallism and a depreciated currency finally became intolerable in that country, and, although it produces considerable silver and very little gold, it has recently adopted the gold standard of value.

### Japan.

In nearly every country in the world having the gold standard of value the wages of labor have increased materially during the last twenty-five years, and, at the same time, the purchasing power of the money in which wages are paid has increased also, while in the countries having the silver standard of value wages have been actually reduced by the depreciation of the currency to such an extent that the laborer is in a much worse condition than he was at the beginning of that period. Japan, by far the most progressive and prosperous country in the East, coins both gold and silver at the ratio of 16.18 to 1, a ratio which greatly overvalues silver, and, as the government does not maintain the parity of the two metals, the currency is on a depreciated silver basis. Wages are paid in silver, of course, because the laboring men and women always get the cheapest money in circulation, and they generally pay the highest prices for the articles they buy, for the reason that their purchases are usually made in small quantities at a time. The Japanese silver yen is worth a little less than 50 cents in our money, and when the wages of labor, paid in this depreciated coin, are reduced to our standard of value, they appear so insignificant that it is difficult to understand how the people who receive the miserable pittance can live and maintain their families. The average daily earnings of a bricklayer amount to 33 cents ; blacksmiths, carpenters and cabinet makers receive 30 cents ; compositors in printing offices, 29 cents ; pressmen, 26 cents ; roofers, 29 cents ; stonecutters, 36 cents ; ordinary tailors, 28 cents ; weavers, 15 cents ; and in all the long list of occupations and wages no laborer, however skilled, can be found who receives more than 49 cents per day, except porcelain artists in the great city of Yokohama, who get 72 cents. Factory laborers even in that city, where most of the great industries are carried on by American or European capitalists, receive 21 cents per day, and in other parts of the country they receive less.

### Mexico.

Our neighboring republic of Mexico, with a constitutional government very similar to our own, with an area of 767,000 square miles and a population of only about 12,000,000, with almost marvelous natural resources awaiting development, and offering a most inviting field for the investment of capital and the employment of labor, has the silver standard of value, gold not being in use, and if cheap money is a blessing to the laboring man he ought to be prosperous and happy in that country. The Mexican dollar contains 377.17 grains of pure silver, or nearly 6 grains more than is contained in our dollar, and yet, not being sustained by a monetary system which keeps it at a parity with gold, it is worth only about 53 cents in our money. Wages are paid in silver and are very low in comparison with the wages paid in this country for the same services, in many instances not being half as much, while the prices of commodities generally are much higher than they are here. The prices of imported articles especially are exorbitantly high in Mexico, because they have to be paid for abroad in gold, and the depreciation of their money is so great that it requires two dollars in silver to pay one in gold.

Although our own silver dollar contains less fine silver than the Mexican dollar, one of ours is nearly equal in exchangeable value to two of theirs, because here the coinage is limited and the government issues the coins on its own account and has pledged its faith and credit to keep them as good as gold—a pledge that has been faithfully kept up to this time, notwithstanding the complaints and denunciations of our free-coinage opponents. Under our policy the dollar paid to the laboring man for his wages is just as good and will purchase just as much in the markets as the dollar paid to the bondholders, or to any other class of creditors ; but if we are to have free and unlimited coinage of legal-tender silver for the benefit of the owners of the bullion, the government and the people at large would have no interest whatever in the coins, and it would be grossly unjust to require the government to keep them equal in exchangeable value to gold. The dollars, as rapidly as coined, would be delivered to the owners of the bullion free of charge, and the government would have no legal or moral right to tax all the people of the country in order to procure gold with which to redeem these private coins. The value of our dollar would, therefore, be no greater than the intrinsic or commercial value of the silver contained in it, and its purchasing power in the markets would be diminished about one-half ; but the wages of labor would remain, for a long time at least, substantially at the present rates, or if they should be nominally increased on account of the depreciation of the currency, experience in the past shows that they would not increase in proportion to the increase in the prices of commodities. Rises in the rates of wages take place very slowly, while the prices of commodities move rapidly, at some periods changing several times in the course of a single day, and these movements are always more frequent and more harmful when the currency is in an unsettled condition.

## ATTITUDE OF MANUFACTURERS.

You have doubtless observed recently what appears to be quite a formidable demonstration in favor of the free coinage of silver by certain large manufacturing interests in the eastern part of the country, upon the ground that if we continue to maintain our present standard of value the silver-standard countries, especially India, China and Japan, will soon be able to undersell them in the markets of the world. Reduced to its simplest form, the proposition of these gentlemen is that the manufacturers of certain kinds of goods in this country cannot continue to pay their laborers high wages in gold, or its equivalent, and compete successfully in the markets abroad with the manufacturers of similar goods in silver-standard countries, who pay their laborers low wages in depreciated silver, and therefore they insist that a monetary system shall be adopted here which will give them the advantage of paying for their labor in depreciated silver. The theory is that with free coinage of legal-tender silver the wages of labor in this country would be paid in silver dollars worth about half as much as gold dollars, but the products of labor, which would belong to the employer, would be sold for gold in the markets abroad, and that the gold thus obtained could be exchanged for silver at about the rate of one dollar in gold for two dollars in silver; and thus the process would go on, the employer getting gold of full value and the laborer getting depreciated silver, which, in the opinion of these gentlemen, would be a most happy solution of this question.

If the interests of labor are to be left entirely out of consideration, and if it were not reasonably certain that a sudden revolution in our monetary system would at once arrest the progress of all our industries and produce almost universal bankruptcy, this scheme to make the employer very rich and the laborer very poor might be worthy of serious consideration; but the American laborer has a right to demand pay for his work in as good money as the employer receives for his products in any part of the world, and when he surrenders this right he is doomed to the same fate that has already overtaken his brothers in the silver-standard countries.

It is but simple justice to say, in this connection, that the great body of employers, a vast majority of the men who have embarked their capital in industrial enterprises and are relying for success upon their skill and energy in the prosecution of their business, do not want the present standard of value overthrown, because they know that the establishment of silver monometallism would be ruinous to them and to all who are dependent upon them for employment or for the supply of commodities at reasonable prices.

## INVESTMENTS OF LABOR.

If the solution of this question affected only the character and amount and purchasing power of the future earnings of the American laborer it would still be a subject of the gravest importance to him; but its importance is greatly increased by the fact that the safety and value of a very considerable part of his past earnings are also involved. The thrifty and provident workingman, anticipating a time when he may be disabled or deprived of employment, has endeavored to save something out of his earnings in order to provide for the comfort of his wife and children in the future, and has laid it away at home, or deposited it in a bank or building association, or invested it in a life-insurance policy, or loaned it to some friend in whom he has confidence. He is not a debtor, but a creditor, and the corporations and individuals having the custody of his earnings are indebted to him and ought to pay what they owe him in just as good money as he put into their hands.

### Savings Banks and Building and Loan Associations.

According to the latest reports, the savings banks in your own State hold $24,357,400 on deposit for 83,802 people, or an average of $257 for each depositor, and in the whole country they hold $1,810,597,000 for 4,875,519 people, or an average of $371 for each depositor. State banks, trust companies and private banks hold $1,340,888,000 for about 1,500,000 people, and national banks hold $1,701,653,521 for 1,929,340 depositors, of whom 1,724,000 have less than $1,000 to their credit. Besides these institutions, there are 6,000 building and loan associations in the United States, having about 1,800,000 shareholders, male and female, who have paid dues in good money amounting to more than $500,-000,000. There are nearly 700 of these associations in the State of Illinois alone, and in these institutions many laborers, men, women and even children, have deposited every dollar they could spare, often denying themselves some of the comforts of life in order to lay up something for a time of need.

### Life Insurance.

More than 2,000,000 of our people have taken out life insurance policies, which are now in force, amounting to $4,202,857,323, and have paid the premiums on them year after year in good money, while the mutual benefit and assessment and co-operative and fraternal companies and associations have 3,500,000 members, who have contributed a large part of their earnings to the funds held to reimburse losses sustained by sickness or death. The obligations of these companies and associations to their members amount to $5,184,670,936, and the industrial companies in the United States have a membership of 6,919,598, with insurance amounting to $816,650,678 in addition to all the foregoing, and it is constantly increasing. How many laboring men and women have taken out policies or otherwise contributed from their earnings to insure themselves against loss by accident while engaged in the prosecution of their work cannot be accurately ascertained, but the number is known to be very large.

The banks, trust companies, building associations and other similar institutions owe the people of the United States to-day $5,353,138,521 for money actually deposited, a sum nearly eight times greater than the total capital of all the national banks in the country, while the life insurance policies held by the people in the various kinds of corporations and associations and in force to-day amount to $10,203,804,357, a larger sum than has been actually invested in all our railroads and about fifteen times larger than the capital of all the national banks.

### FREE COINAGE WOULD BE AN IRREPARABLE WRONG.

In view of these facts, which cannot be successfully disputed, I submit that you ought seriously to consider all the consequences to yourselves and your fellow citizens before you agree to the free and unlimited coinage of legal tender silver at a ratio of 16 to 1, in order that these great corporations and associations may have the privilege of discharging their debts to the people by paying 51 or 52 cents on the dollar, for that is exactly what it means. It is a low estimate to say that each one of the depositors in savings and other banks and in building associations, and each holder of a life insurance policy and member of a mutual benefit and assessment association, has dependent upon him or her an average of at least two other persons, and, if so, a majority of all our people are directly or indirectly creditors of these corporations and associations and are interested in the preservation of a standard of value which will insure the payment of their claims in as good money as they parted with when they made their loans or deposits or paid their assessments or premiums. Every dollar the people put into these banks and trust companies and other institutions, and every dollar they paid for insurance was worth 100 cents and would procure 100 cents' worth of commodities in the market when they earned it and when they invested it, and they have an unquestionable right to demand that it shall be refunded to them in dollars worth 100 cents everywhere. The adoption of any policy that would deprive them of this right would not only inflict an enormous loss upon them, but would so seriously impair their faith in the fidelity and utility of such institutions that attempts to accumulate and save surplus earnings would be abandoned, or at least greatly discouraged, for a long time to come.

But if free and unlimited coinage of legal-tender silver at the ratio of 16 to 1 is established in this country a very large part of the money deposited in these various kinds of savings institutions will not even be repaid in depreciated silver, but will be wholly lost, because such a reckless monetary system would precipitate a financial panic, which very few, if any, of the depositories could survive. I doubt that there is a single financial institution in the country that could sustain the pressure that would be immediately made upon it by its depositors and other creditors, when it became apparent that our standard of value was to be lowered and our currency depreciated by free coinage. Payment of all our obligations held abroad would be demanded in gold at once; every investment of foreign capital in this country would be instantly withdrawn; every man who owed a debt at home or abroad would be called upon to pay it; all depositors in banks and other institutions would want to withdraw their money at the same time; no loans could be negotiated and no credit would be given, because no man would lend money or sell property on time when he knew with absolute certainty that he would be paid in a depreciated currency. Creditors would not wait for the actual passage of a free coinage law, but as soon as such a measure had received the approval of the people at an election they would demand their money, and if not paid they would enforce its collection by judicial proceedings and the forced sale of property. It is useless for you and me or anybody else to say that depositors in banks and other creditors ought not to pursue this course when a crisis comes, or is apprehended, for they always have pursued it, and always will, unless human nature itself should be changed.

Less than three years ago you saw our financial, commercial and industrial affairs violently disturbed by the fear that the government would not be able to maintain gold payments and that our currency would descend to a silver basis. You saw the operations of industry interrupted, banks failing, great commercial houses unable to meet their obligations, credit seriously impaired, mills and factories closed and thousands of laborers thrown out of employment, and a state of panic and business disorder prevailing in every part of the country. If a mere doubt as to the kind of money we intended to use produced these distressing results what think you would be the probable consequences of a deliberate determination upon the part of our people to adopt silver monometallism as a permanent system? The imagination can scarcely conceive the deplorable state of society that would immediately follow the announcement of such a policy, and I will not attempt to describe it.

It cannot be possible that in the closing years of the nineteenth century and in this great and free republic the people themselves will imitate the bad example set by the corrupt potentates of Europe, who have made their names forever odious in history by debasing the money of their subjects and robbing the industrious poor of the just rewards of their labor. The greatest crime short of absolute political enslavement that could be committed against the workingman in this country would be to confiscate his labor for the benefit of the employer by destroying the value of the money in which his wages are paid; but, gentlemen, this irreparable wrong can never be perpetuated under our system of government unless the laboring man himself assists in forging his own chains.

And now, gentlemen, having submitted, as briefly and as plainly as the nature of the subject would permit, some of the reasons why I think your interests demand the maintenance of a sound and stable currency, I thank you most sincerely for your kind and patient attention and will detain you no longer.

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