THE SILVER QUESTION.*

Laughlin's History of Bimetallism.

THE history of our American coinage is comparatively simple. When the mint was established in 1793, there was unlimited coinage of both gold and silver, and both were made legal tender in the ratio of 1 to 15. That was nearly the relative market values of the two metals at that time, but they soon drew apart, silver falling to about 1 to 15½. According to Gresham's well-known law, that in such cases the cheaper coin displaces the dearer, gold gradually dropped from circulation, and the currency, though normally and legally bimetallic, was reduced to a silver basis.

This went so far that after several years of discussion, in 1834, Congress changed the coin ratio to about 1 to 16, by reducing the amount of gold in the gold coins 6½ per cent. Silver was now nearly as much undervalued as gold had been before, and with a similar result, that it disappeared as fast as coined, giving place to the cheaper gold and Mexican and Spanish silver pieces. The country was now on a gold basis.

In 1853 the nuisance of foreign silver had become so great that an attempt was made to drive it out of circulation by debasing our own silver coins (except the dollar) about 7 per cent, and withdrawing the legal-tender power they had hitherto possessed; and this not proving sufficient, the foreign coins were drawn in and recoined. This change simply made silver coins subsidiary, and confirmed the existing gold basis. During all this time the famous "dollar of the fathers" was practically an unknown thing, not enough of that coin ever having been minted to give more than a single piece to one in ten of those same "fathers." Up to 1874 the 212½ grain silver dollar seems to have had full legal-tender power along with gold, but it was little coined or used, and in 1873 its coinage was suspended, and the next year its legal-tender power was taken away.

Thus for eighty years, up to 1873, our coinage system had been bimetallic in theory; but, owing to a wrong coin valuation, up to 1834 it was on a silver basis, and after 1834 on a gold basis. Then began the remarkable depreciation of silver, its market value falling from 1 to 15½ in 1872 to about 1 to 19 in 1879. At the same time the equally remarkable silver craze set in, culminating in 1878 in the "Bland Silver Bill," so-called, compelling the coinage of at least two million silver dollars a month, author-

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* The History of Bimetallism in the United States. By J. Laurence Laughlin, Ph.D. D. Appleton & Co. $2.25.

izing silver-certificates, and restoring the legal-tender power of the silver dollar. Since then the "silver men" have been persistent in endeavors to restore the unlimited coinage of silver, which will at once reduce the country to a silver basis about 20 per cent lower than the gold basis of the last fifty years. Indeed the present silver coinage is rapidly doing the same thing, it only being a question of a short time when silver will so far displace gold in the national vaults as to compel the government to pay its interest, bonds, etc., in silver, and then the business of the country must make the plunge.

Such are the simple facts, and these have been well presented by Mr. Laughlin in his present work, though in such a fragmentary way and with so much discussion that the reader will have some difficulty in collecting them into a straightforward history. For the main thing, after all, is the underlying reason for these monetary changes. Why did silver gain the ascendency before 1834, and why gold afterwards? What were the causes of the steady decline of silver for nearly four centuries, and for its sudden downfall, 1872–6? Has gold appreciated of late, and if so, why and to what extent? This last problem leads to the discussion of general prices, and they all lead out into serious questions, as the absorption of silver by India and the East, the causes and effects of the German demonetization of silver, the position of the Latin Union in the matter, the lessons of bimetallism in France for the last eighty years, the application of all these and other data to the solution of the great silver problem in America. All these are discussed by Mr. Laughlin with great thoroughness and ability, so that his work is much more than the title indicates — it is the theory, the philosophy, of bimetallism in general, with special application to its immediate phases presented in this country.

Professor Laughlin does not believe bimetallism anywhere possible for any length of time, and he brings in proof not only the historical facts of American, French, and other experiments, but strong and sharp polemic as well. His language often bristles like a political speech. He considers his subject in three parts — The United States, 1792–1873; The Late Fall in Silver; The United States, 1873–85. It is to be regretted that some chapters were not added on the effects of a depreciation of currency upon general business, and especially upon the wage-earning and debtor classes. This last is the present strong point of the silver men, and by all odds the most fallacious and misleading, and it is a pity that some one has not given it the discussion its importance demands.*

The chapters appear to have been prepared not primarily for publication, but possibly for the author's college lectures. Some parts, especially in the second division, have an appearance of hasty preparation, with a repetition and prolixity that detract much from the value of the book. Indeed, if the whole had been carefully revised and reduced one third, it would have been much improved in both literary merit and effectiveness. The book fairly overflows with statistics well chosen and well put; in fact one of Mr. Laughlin's strongest weapons is his skillful use of tables and diagrams — the latter numerous and admirable in this as in all his other publications. The appendices are important, giving the production of gold and silver since the discovery of America, the relative values of the two metals for the same time, the gold and silver coinage of the United States since 1793, the coinage laws of this country from the beginning, and of France, Germany, and the Latin Union, the silver flow to the East, the French coinage, etc.

The statement, p. 93, that up to 1873 there had been coined of 412½ grain dollars only $1,439,497, and those before 1806, seems misleading, since the dollar pieces from the beginning have contained the same amount of silver (371¼ grains), and the issue up to 1873 was $8,045,338, and of all legal-tender silver up to 1853 more than $80,000,000. On p. 73, line 12, 150 is plainly a misprint for 100. The rule given, p. 226, for finding the value of a 212½ grain dollar from the New York quotations of bar silver is not a good one on account of its ambiguity and of the reductions necessary. Indeed the author is incorrect in his own illustrative reduction, making out the value of the dollar when bar silver is quoted at 1.02¾ to be 78.9 cents, instead of 79.47 as it should be. The rule is simply, multiply the New York *quotation* by .7734⅜, or, for short, by .77⅓.

This silver question now occupies a foremost place in the popular mind, and the issues of the discussion promise to be most serious, if not most disastrous. The appearance of Professor Laughlin's work is opportune, as being by far the fullest and best to be had on the subject; and, considering the great importance of the question, and the ability and especially the soundness of the treatment, one that deserves a very large reading by our voting public.

* Since this was written, Hon. Joseph H. Walker of Worcester has issued a small pamphlet well covering this point.