

tion, and some of our democratic papers seem willing to concede the triumph of the trust principle.

Nothing is to be gained from a party standpoint, and everything is to be lost from the standpoint of principle by Mr. Watterson's method of dealing with the questions at issue. He expects the democratic party to endorse the colonial system, and then promise to send better carpet-baggers to Manila than the republicans have sent. Such a course would make our party a laughing stock.

No party is good enough to administer a colonial system honestly and for the benefit of the subjects. A nation that is selfish enough to want a colony is too selfish to do justice by it, and a party demoralized enough to endorse a colonial system would be impotent to administer it satisfactorily.

THE COMMONER is pained to see so able and brilliant an editor as Mr. Watterson, unconsciously lend his influence to the republican party. Far better that his voice should command a charge upon the republican strongholds than that it should call a retreat in the midst of a battle which must determine, not only the fate of this republic, but the fate of all republics for years to come.

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### THE MONEY QUESTION.

A Kansas paper has inquired why the editor of THE COMMONER does not explain the failure of prices to fall, as predicted by the advocates of free silver. The readers of THE COMMONER are well enough acquainted with the money question to know that the quantitative theory is the basis of the science of money. Other things being equal, the value of the dollar depends upon the number of dollars—an increase in the volume of money increasing the prices, and a decrease in the volume of money decreasing prices. This is the foundation of all argument made in behalf of bimetallism. For twenty years the price level fell, and during that time the producers of wealth and the debtors throughout the world suffered an almost incalculable loss, while the owners of money and fixed investments enjoyed an enormous advantage. Silver was struck down by those who desired a dearer dollar, and bimetallists were called advocates of silver, because they favored the restoration of silver to its former place in the currency. If the advocates of dear money had attacked gold instead of silver, the same people who favored the restoration of silver would have formed the restora-

tion of gold. On one side of the question stood those who wanted, as Mr. McKinley once expressed it, to make "money the master, and all things else the servant;" on the other side stood those who wanted a sufficient volume of money to maintain the level of prices, and the free and unlimited coinage of silver, as well as gold, at the present legal ratio was urged as a means to this end.

Since 1896 there has been an unexpected increase in the production of gold, and this increase, which the republicans neither promised nor desired, has brought, in part, the advantage which the restoration of bimetallism would have brought more completely.

In so far as business conditions have been improved by the increased production of gold, bimetallists have been vindicated. If any one will take the trouble to read the literature circulated by the gold standard advocates in 1896, he will find that the quantitative theory of money was denounced, and a rising dollar eulogized. Nobody eulogizes a dear dollar now, but the advocates of the gold standard are seeking to secure credit because of the increased volume of money, which they did not contemplate and did not want.

Business conditions have not been normal during the last three years. War in the Philippines and in South Africa has operated to raise the price level,—first, by withdrawing a large number of men from the labor market; and second, by increasing the demand for provisions, army supplies and equipment for soldiers. Nations have been mortgaging the future to secure money to spend in the present.

There is a theoretical advantage in the double standard, but the practical necessity for it has been based upon the scarcity of gold. If the production of gold increases to such an extent as to furnish a volume of money which will keep pace with population and business, the restoration of bimetallism will not be necessary. But if such a condition comes it will be more gratifying to bimetalists than to the advocates of the gold standard, for bimetalists will have secured that which they desire, namely, a stable dollar, while the advocates of the gold standard will be disappointed because of the disappearance of the dear dollar.

Whether this increase in the production of gold will be sufficient to maintain the level of prices, is a question which no one is prepared at this time to decide.

Not all of the annual product enters into the currency. A very considerable proportion of the production goes into the arts and some gold is necessary to compensate for the shrinkage by abrasion and loss of coin. No one can say with certainty just how much will be added to the gold coin of the world annually. It must be remembered that a large addition to the annual supply of money is necessary to keep pace with population and industry. In 1890, Senator Sherman made a speech in support of the bill which bore his name, and in that speech he argued that an annual addition of more than fifty million of dollars was then necessary in this country alone. How much would be necessary for the entire world if all nations adopted the gold standard? Then, besides furnishing the necessary annual increase there would have to be enough gold to replace the standard silver money now in use in the world, which amounts to some \$4,000,000,000. There is also a large quantity of uncovered paper, which might absorb a great deal more.

It requires a period of years to measure the influence of the money supply on prices. All that any one can say now is that the increased production of gold has brought a measure of relief; no one can say that it will be found entirely adequate.

Even now the tendency of prices is downward again, and nearly every week shows a greater number of business failures than the corresponding week of last year. According to the index numbers of the *London Economist*, the price level reached the highest point in March of 1900, and remained nearly stationary until September of that year. Since the later date there has been a perceptible fall. If the reaction from high prices continues for a considerable period it will be proof that the gold supply is not equal to the demand made upon it, and the necessity for bimetallism will again become apparent.

Whether improved conditions will force the money question into the background or whether less favorable conditions will give it a new emphasis, no one can predict with certainty. The same principle, however, which divided the people upon the money question will divide them upon a number of other questions, and those who take the side of the masses on the money question will take the people's side on other questions which separate the wealth producers from those who seek an unearned and undeserved advantage over their fellows.