have I, then, the reputation of a 'knocker?' " he repeated; "simply because 'boosting' always seems like 'knocking' to the other side. When I 'boosted' for the Filipinos, it seemed like 'knocking' to the invading Americans. When I 'boosted' for the Boers, it seemed like 'knocking' to the conquering British. When I 'boosted' for the strikers, it seemed to be 'knocking' to plutocrats. When I 'boost' for the Negro, his white enemies regard it as 'knocking' the superior Anglo-Saxon. I suppose that if I had occasion to take the part of chicken raisers against chicken thieves, the chicken thieves, too, would complain of my faultfinding and call me a 'knocker.' You see, this question of 'knocking' and 'boosting' depends, like a good many others, upon the point of view." And thereupon this universal faultfinder concluded with the observation that "faultfinding is, after all, a virtue or a vice, not in and of itself, but according to whether the thing found fault with is good or bad. "Why," he added, by way of clincher, "the ten commandments themselves are chock full of fault-finding, and 'kicks,' and 'knocks'—from the point of view of the wicked."

ECONOMIC WASTE.

It is a favorite argument of the trust advocates to say:

"Look at the amount of waste we have saved. Look at the vast number of useless officials we have dispensed with. We have saved the big sums paid to commercial travelers. Also the advertising expenses. We represent the most economic system of production. Therefore we are here to stay."

"Quite right," say the socialists. "This is what we have been telling the people all along. The competitive system is full of waste. Ten milkmen come into your street to deliver milk every day when one would suffice. It is so throughout the length and breadth of industry. The trusts are just the object lesson we want. Don't disturb them. Let them go on, and when they have "trustified" everything to the highest possible pitch of organization, we—that is the people acting in organized form — will quietly seize them and establish common ownership and operation of every industry." Quad erat demonstrandum.

Now, that is a pretty picture. But like many other pretty pictures, it is an illusion.

There are conditions of life under which it is good that "waste" should exist; under which the highest economy would be the highest folly.

If we take the sphere of politics, for example, the highest economy of effort would be a cast-iron dictatorship, and the most wasteful method would be just the very system we have—the turmoils of periodic elections, the competition of parties, the prolonged discussions of Congress, the vacillation and uncertainty as to the acts of statesmen responsible to a fickle public opinion.

What an enormous amount of human energy is thus expended, which might be saved if we had a dictator wise enough and honest enough to govern us direct?

Nevertheless we pay this price because it secures us our liberty, and when it is a question of liberty or no liberty we cannot afford to be economical.

Again, take the sphere of religion.

On any hypothesis of absolute theological truth, there must be a vast amount of false doctrine taught, a vast volume of prayer uttered which is never heard. Yet the verdict of the civilized world now is that it is better that all this wasteful worship should go on than that religious freedom should disappear from the earth.

Here, as in the political sphere, we have "agreed to differ," giving up economy for the sake of freedom of conscience.

If we take the sphere of social intercourse and social life generally, what an enormous expenditure of human effort is employed in ministering to the various satisfactions, in excess of the amount that would be required if some single, central, coercive authority had the ordering of our social affairs?

We, however, permit no such outside ordering; we prefer liberty with all its extravagance, to slavery with all economies.

Now we come to the economic sphere.

Shall it be said that as regards the large class of human acts known as economic, a man's liberty is less precious than it is in either the political, the religious, or the social sphere?

Elsewhere we have given up economy to gain liberty; shall we here reverse the process and give up liberty to gain economy—an economy, by the way, of which, in its present stages, not we, but the trusts, get the advantage?

It would seem so. The trusts are building up a system of economic organization under which "waste" is undoubtedly eliminated, but under which, in the same degree, liberty of occupation is wiped out, and scientific slavery substituted.

The chance of becoming "one's own master" is open only to a constantly dwindling few; we must all learn the trust drill or perish, for economic conscription is the law of the land.

T. SCANLON.

PROGRESS OF LEGAL TENDER CONTRACTION.

I.

The "money power" is often mentioned as if it were a conspiracy; which, indeed, it is often called. But there is no good reason for suspecting any such conspiracy in the sense of a prearranged "combine" on a great scale.

Money "combines" there are, of course, but only to effect comparatively small and temporary objects. The money power—which, by the way, is in the last analysis not a power of money at all, but a power that bears much the same relation to money that marked cards bear to chips in a poker game—is not a prearranged conspiracy, but one of the human tendencies. When a herd of thirsty cattle see the sparkle of fresh water, they rush as one cow for that water. There is no conspiracy to do so, no "combine," no prearrangement; although it looks as if there were. None is needed. All the cattle want water, and nothing is required to stampede the herd but that

each should think that the water is there. It is so with money-mongering. The effects of a perennial conspiracy to manipulate money in the interest of creditors and to the prejudice of debtors are produced without actual conspiracy, simply by the impulse of creditors to get more than they lend.

There is a counter impulse among debtors to pay less than they borrow; but for many reasons, not necessary now to enumerate, this dishonest impulse is weaker than the dishonest impulse of creditors. For one thing it lacks the power of respectability. Debtors lose caste by trying to evade full payment; creditors may gain caste by extorting excessive payment.

If debts were obligations of honor, so that debtors could not be "squeezed" by legal process—attachments, executions, bankruptcies, and so on—there would be no profit in manipulating legal tender, and consequently no money question. Trading is done in normal times without much legal tender. By means of checks and other forms of commercial paper including bank notes, which are used as tokens, the great bulk of the world's trading is done by bookkeeping and not with money. But when obstructions to trading have produced doubts and disturbances, and cash payments are demanded, then the evil effects of manipulating legal tender money may be seen. Debtors are not allowed to say to creditors: "You must give us time to weather this storm which has hit us all; we will make good when the storm is over, but we won't allow you to ruin us by extortion." If they were allowed to say that, the money stringency would soon pass and normal trading be resumed. But with debt laws in force the debtor who cannot settle his obligations with legal tender may be pounced upon and sold out. The best he can do is to sacrifice his property himself in order to raise legal tender.

To avoid extreme effects of debt-collecting laws, numerous modifications have been made. Imprisonment for debt has been abolished; so that the creditor cannot get the debtor's property and blackmail his friends besides. Exemptions of homesteads, working-tools, etc., have been made; so that the ruined debtor may have a home for his family and the tools with which to work at his trade. And bankruptcy laws have been enacted; so that the debtor who gives up all his capital to his creditors may have the laws for the collection of debt repealed, so far as he and his past debts are concerned. It has even been proposed that laws for the collection of debt be repealed altogether, the most famous advocate of this method of settling the money question being Jeremy Bentham.

But laws for the collection of debts still exist to such an extent that any debtor may at any hour be compelled by any of his creditors to turn his property into legal tender money at forced sale. In normal times this is not done. But in times of doubt and stress, there is a stampede; and the debtors who cannot realize enough legal tender money without sacrificing all their property at forced sale are ruined. On the other hand, creditors who have legal tender for sale are enriched.

Now the legal tender money which in times of business stress every debtor may be called upon to produce, is prescribed by law. As the law provides for the forcible collection of debt, it must provide also for a medium of payment. This medium is called "legal tender," because, when the debtor tenders it, that is, offers it in payment, the creditor may not invoke the debt-collecting laws against him. It abrogates those laws in that case.

II.

Under the constitution of the United States no state can make anything a legal tender except gold and silver, but upon Congress there is no restriction. Congress could constitutionally make legal tender of old shoes at the rate of a thousand dollars per shoe.

In other words, while Congress has no power to repeal laws for the collection of debt by direct legislation, it has the constitutional power, should it ever choose to use it, to repeal those laws indirectly by legislation with reference to legal tender. And without nullifying them absolutely, by making legal tender of valueless things in unlimited volume, it could mitigate their extortionate severity by making legal tender so abundant that it could not be cornered either by malicious intention or through financial stampedes.

Instead of doing this, Congress has for the past forty or fifty years been influenced by the creditor class to contract the possible volume of legal tender more and more.

Upon the organization of the United States government a unit was established. This was by act of Congress of April 2, 1792, which made the dollar 416 grains of standard silver (or 371¼ pure) the unit of value, and provided for the coinage not only of the unit, but of silver dimes, half dimes, quarter dollars, and half dollars, of copper cents and half cents, and of gold eagles, half eagles and quarter eagles. The coinage was to be made for any person, free of expense, who might bring gold or silver bullion to the mint for that purpose. It was a free coinage law, this, with the value of pure silver to pure gold fixed at 15 to 1. All the gold and silver coins were to be "a lawful tender in all payments whatsoever." This was the first legal tender law under the constitution of the United States.

Nearly a year later, February 9, 1793, the legal tender quality was extended to certain gold and silver coins of certain foreign nations.

The change in ratio from 15 of silver to 1 of gold, to 16 to 1, was made by act of Congress of June 28, 1834; It was supposed to be necessary because the value of silver as compared with gold had fallen—due, probably, to the making of gold the money basis by the Bank of England, though Mexican silver production also entered in. After this change, whereby silver was undervalued probably as much as it had been overvalued before, it was withheld from coinage, and only gold sought the mint, a condition that was intensified by the gold discoveries.

By act of June 18, 1837, the alloy was made uniform in both metals, namely—100 of alloy to 900 of pure metal; and under this uniform

standard, of nine-tenths fine, the silver dollar was to contain 412½ grains of standard silver, and the gold coins at the rate of 25.8 grains of standard gold. All these coins, from half dimes to eagles, were made legal tender, according to their nominal value, for any sum whatever.

In 1849, by the act of March 3, the coinage of double eagles and single gold dollars was for the first time authorized, the ratio of the silver dollar being the same as in other gold coins—16 to 1. Both were made legal tender at their nominal value.

The first coinage other than copper to which the full legal tender quality was not attached, was the three cent piece, authorized by act of March 3, 1851. It was to consist of three-fourths silver and one-fourth copper, to weigh 12⅜ grains, and to be legal tender for only 30 cents.

Two years later, February 21, 1851, all the other subsidiary silver coinage was debased, by reducing the amount of standard silver from 412½ grains to 384 grains per dollar's worth of the minor coin, and abolishing its legal tender quality for all debts in excess of five dollars.

The next step in the direction of contracting legal tenders was the act of February 21, 1857, which repealed all acts making legal tender of foreign coins.

III.

Then came the civil war, when both gold and silver went into hiding, and the government took advantage of its need for a war fund to exercise in a new way its constitutional power of creating legal tender. But it did not do this at once, nor even without making stultifying reservations.

Immediately after the outbreak of the war the law of July 17, 1861, was enacted, which provided for a loan of $250,000,000. Among the obligations authorized by this act were non-interst bearing treasury notes, payable on demand at the principal subtreasuries. They were limited in amount to $50,000,000 and in denomination to less than $50. The amount was increased to $60,000,000 by the act of February 12, 1862. The act of August 5, 1861, had already made the notes "receivable in payment of public dues."

They were not legal tender for private debts, and were not and could not be in fact redeemed in specie, for the government had no specie to spare and had suspended specie payment; yet, says Knox in his "United States Notes" (3d ed. pp. 89-91), "the notes were receivable for duties and soon obtained great credit." Mr. Knox is also authority (same reference) for the statement that "after the suspension of specie payments" they "were quoted at times at about the same premium for legal tender notes as for gold." The reason he implies is that, because they were issued before the suspension of specie payments they were considered as payable in gold. But when it is remembered that the government did not and could not pay them in gold, but actually repudiated them in that respect, his theory that their nominal redeemability in gold kept them at par with gold is the rankest nonsense. What did keep them at par with gold in the money market was the fact that they were received at par with gold at the custom houses. Had they also been legal tender for private debts from the beginning, and been issued in adequate volume, there is no reason to doubt, but every reason to believe, that they would have circulated as freely as greenbacks afterwards did, but without discount. They were not made legal tender for private debts until March 17, 1862, several weeks after an issue of greenbacks had been authorized for their retirement.

The creditor interests of the time may or may not have foreseen the effect in checking debt extortion of allowing the government to receive its own obligations for its own dues, with the possibility thus involved of their being made a general legal tender. At any rate they used all their influence to have these treasury notes called in; and by July, 1863, says Mr. Knox, $56,000,000 had been retired.

The process of retirement began in the spring of 1862, under the act of February 8, 1862, which authorized the issue of $150,000,000 non-interest bearing United States notes, greenbacks, one-third of which were to be used in taking up the treasury notes. A further issue of $150,000,000 greenbacks was authorized by the act of July 11, 1862; and a further one of $150,000,000 by the act of March 3, 1863—making $450,000,000 in all, not counting an issue authorized by the act of March 3, 1863, in connection with and solely for exchange with an issue of treasury notes.

The greenbacks were not receivable for public dues, but were legal tender for private debts. They therefore possessed the currency-giving and debt-protecting quality which the treasury notes lacked, but lacked the par-preserving quality which the treasury notes possessed. They went into general circulation at once, and if they had been receivable for public dues, they, like the treasury notes, would doubtless have been saved from depreciation. But as coin alone was available to pay public dues, after the retirement of the old treasury notes, coin became a commodity in the money market as the only legal tender for an enormous daily tax payment. Of course it went to a premium; or, as some would put it, and it means the same thing, greenbacks depreciated.

The excuse given for thus repudiating government money at the government tax office was that coin was needed for the payment of interest on the bonded debt, in order to enable the government to borrow. This excuse is given, curiously enough, by the very men who applaud the "patriotism" of the people who lent the government money for its war fund! The excuse is frivolous, as could be shown in detail were it necessary to the present discussion.

In consequence of this depreciation of the greenback, government bonds were at a corresponding discount. That is, the "patriot" who lent coin to the government didn't lend it coin at all. He bought his bonds with greenbacks and at par with greenbacks. There were times when $100 in gold could be sold for enough greenbacks to buy $200 to $240 worth of bonds. These bonds, not bought with coin nor payable in "coin," could have been repaid with greenbacks without violation of contract. Bondholders would

then have got back precisely what they lent, plus the enhanced value of the greenback. And if the government had received the greenback for taxes, that value would have come to par with coin.

IV.

But the thrifty creditor interest saw the glistening waters and stampeded for specie payments.

First came a series of acts, beginning April 12, 1866, which provided for the rapid retirement of greenbacks. This process was stopped, twelve years later, by the act of May 31, 1878, when the outstanding volume was $346,681,016.

Next in order came the so-called act "to strengthen the public credit," passed March 18, 1869, which altered the bond contract. On pretense of settling "conflicting questions and interpretations," this precious piece of creditorial dishonesty, pledged the government—after the loans, which were not made in coin; after the contract, which did not call for repayment in coin and was made when coin payments had been generally abrogated—to "the payment in coin or its equivalent of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligation has expressly provided that the same may be paid in lawful money or other currency than gold and silver." In other words, greenback loans were made payable in coin; and the greenbacks—which might so far as the contract was concerned have come to be redeemed with taxes, and by being regularly reissued as legal tender tax-receipts have made a constant volume of legal tender available at all times—were demonetized.

Next in order was the demonetization of silver. Having provided for the cancellation of the greenbacks, having made them and the outstanding bonds payable in coin, having thus arranged to destroy all legal tender save gold and silver, the creditor interest had nothing more to do but to get silver out of the way in order to reduce the volume of legal tender to the smallest possible proportions—namely, the volume of gold. This was done by the act of February 12, 1873, which reduced the legal tender quality of all subsequent silver coinage to sums of five dollars in any one payment.

About this time the periodical business depression was due, and when it came it found the country with no legal tender save gold, that was not discredited. Of legal tender silver there was little or none, while the greenback volume was being rapidly contracted. No one who lived at that time needs to be reminded of the rich haul that the creditor class made in consequence of the forced sales to which the debtor class was obliged to submit. With a contracted legal tender volume, in a period of obstructed trading, the laws for the collection of debt did their perfect work.

V.

Those were the circumstances that brought on the great greenback agitation of the 70's, which seated several representatives in the lower house of Congress, and so far succeeded in its purpose as to stop, by the act of May 31, 1878, the further cancellation of greenbacks and to retain the volume of that legal tender currency at $346,681,016 down to the present day.

Although this movement accomplished no more, directly in its own line of agitation, it furnished the impulse for the silver restoration movement which secured the passage of the law of February 28, 1878, and its enactment by a two-thirds vote of each House over the President's veto. That law revived the silver coinage clause of the act of 1837, restored to the silver dollar its legal tender function of which it had been divested by the act of 1873, and directed the purchase of from $2,000,000 to $4,000,000 worth of silver bullion monthly, and its prompt coinage into dollars.

The bullion purchase clause of this act of 1878 was repealed by the act of July 14, 1890, and in its stead a provision was made for the purchase in the aggregate of 4,500,000 ounces of silver bullion with treasury notes redeemable "on demand in coin." Those notes were to be "a legal tender in payment of all debts, public and private, except where otherwise stipulated in the contract" and were to be receivable for public dues; but they were also to be redeemed by the secretary of the treasury—and here came in the "weasel words"—"in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal value or such ratio as may be provided by law."

That act was passed as a bimetalism law, pursuant to the demand for bimetallism which both parties had been compelled by public sentiment to make. But it was turned into a gold redemption law. For the secretary of the treasury, instead of redeeming these notes in silver, as he had the option to do, transferred the option to the holders, who preferred gold. This treasury policy, dictated by the creditor class, was followed by the repeal of the law of 1890, so that nothing now remains of the silver restoration acts except such clauses as affect outstanding coinage and notes, and that clause in the law of 1878 which authorizes the coinage of legal tender silver dollars, pursuant to the act of 1837, but which is not and for years has not been obeyed.

And now, as the climax to which all the creditor legislation that the greenback and the silver coinage advocates have fought for 35 years, comes the Fowler bill, described fully in these columns at page 244. Should that bill become law, the next business depression, finding the country with no legal tender greenbacks and no legal tender silver, but with a mass of indebtedness public and private—national, State, county, municipal, corporate, banking and individual—would give us a repetition of the devastation of the debtor class of 1873-78 with tenfold fury.

VI.

This, then, is the progress of legal tender contraction. From a condition in which silver and gold were freely coined and made legal tender for all sums in all their denominations even down to the half dime, and in which this legal tender was afterwards supplemented with a considerable volume of paper legal tender, the legal tender contrac-

tionists, balked now and then but on the whole going steadily forward, even from generation to generation, have taken all minor coinage out of the legal tender category, have stopped the coinage of all silver legal tender, have reduced the volume of paper legal tender, and are now preparing to abolish utterly every kind of legal tender except gold. Unless laws for the collection of debt are repealed, this progress of the creditor class must either be stopped and reversed, or debtors will be at the mercy of their creditors with every financial storm that blows.

Trade can be carried on with very little legal tender. It can be carried on with none at all. Given some current funds for "pocket money," and all that normal trade requires to effect exchanges is free banking. But with laws for enforcing debt payments, which in turn necessitate legal tender, business carried on under a contracting volume of legal tender is in constant danger. It is like a boy's top, which is upright so long as it revolves briskly but tumbles down upon its side when its regular motion is impeded.

NEWS

Excitement over the coal famine in the United States (p. 634) has not at all subsided, but on the contrary has greatly increased. At this time there are no signs of relief, and the price of coal is as high as $12 and $15 a ton for anthracite and $6 to $8 a ton for bituminous, when to be had at all. A cold snap has made the suffering of the poor intense, and cases of severe illness caused by overexposure to cold are reported by the score. According to the Chicago health department's bulletin of the 11th, "fully 10 per cent., or nearly 200,000 residents of Chicago, are today suffering from ailments of a grave character caused by privation and exposure resulting from the coal famine," and "already these ailments are reflected in the enormous increase of deaths among those at the extremes of life,—the young and the aged."

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Steps were taken on the 7th in Chicago toward the institution of criminal proceedings against coal dealers for forestalling the market. This movement was set on foot by the Illinois Manufacturers' association. Their investigations had brought to light the fact that there is more coal in Chicago now than at this time a year ago, which makes it clear that the famine is due not to shortage in supply but to a conspiracy of some kind. A special grand jury was therefore organized on the 10th to investigate the combinations in Cook county alleged by the State's attorney to have been entered into "to do an illegal act injurious to public trade." The examination of wtnesses began at once and has continued daily since. There are many exciting rumors of evidence secured and to be secured and of "leads" to be followed; but the grand jury has made no report, and as its sessions are secret, of course no reliable information of its proceedings can be legitimately obtained. The city council passed an ordinance on the 12th imposing a fine of $200 for every act of forestalling fuel and other merchandise. To cover a wider field the lower house of the Illinois legislature appointed an investigating committee on the 13th.

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Suffering similar to that of Chicago is reported from Milwaukee, where the establishment of a municipal coal yard is proposed; from Detroit, where the same measure for relief is being shaped; from the cities of Indiana, where beans are being used in some places as a substitute; from the cities of Iowa and Illinois; from Baltimore, St. Louis, Kansas City and Topeka; from Omaha and other cities of Nebraska, a State in which corn is being used for fuel; from the cities of Ohio, in some of which the grand juries are acting as in Chicago, and where the attorney general has begun suits against several coal companies to forfeit their charters; and from Minnesota, New York and other States, both East and West. From many points come reports of the closing down of factories for want of fuel.

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Among the means adopted to meet this emergency is a "get coal" conference to be held at Washington at a date yet to be named. It will be composed of delegates appointed by the governors and mayors of the suffering communities. This movement was decided on at Chicago on the 10th by the permanent committee of ten (Mayor Maybury, of Detroit, chairman), which was appointed by the coal strike convention held at Detroit last Fall (p. 439). Its object, as stated in the resolution proposed by the Rev. R. A. White, of Chicago, one of the committee, and adopted by the committee, is "to impress upon the administrative officers of the government the necessity for immediate action on the coal situation."

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In the House of Representatives at Washington a relief bill was agreed to unanimously on the 13th by the committee on ways and means. It provided for paying back to importers of foreign coal the amount of tariff duty exacted from them during the next 12 months. The Democrats on the committee sought to amend the bill by making coal free of duty. Failing in this by a strict party vote, they sought to have the rebate apply for an indefinite period. Again they were defeated. It was then that they joined in making the report of the committee unanimous. Representative McCall (Republican), of Massachusetts, attempted to have attached to the bill a provision that after the expiration of one year coal coming from countries which admit our coal free should pay no duty. This reciprocity proposition met with some favor, but Mr. McCall's Republican colleagues on the committee, with the exception of Mr. Tawney, of Minnesota, opposed making the temporary measure a vehicle for inaugurating a permanent policy and dissuaded Mr. McCall from pressing it. When the relief bill came before the House on the 14th it was passed by a vote of 258 to 5; and upon going to the Senate was immediately passed with an amendment, subsequently adopted by the House, making anthracite absolutely free.

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A remarkably significant resolution was introduced in the House on the 14th, by the chairman of the judiciary committee, Mr. Jenkins, of Wisconsin, as follows:

Resolved, That the committee on judiciary be and is hereby directed to investigate and report to this house, with all convenient speed the opinion of that committee as to the power of Congress to declare that a necessity has arisen for taking possession of all coal, coal beds and coal mines in the United States and all lines of transportation, agencies, instruments and vehicles of commerce necessary for the transportation of coal, and that if, in the opinion of that committee, the power exists and a necessity for the exercise of such power has arisen that committee forthwith report to this House a