

**THE STORY OF MONEY:
A SCIENCE HAND-BOOK
OF MONEY QUESTIONS**

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The Story of Money: A Science Hand-Book of Money Questions by Edward C. Towne

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"GOLD THE STANDARD OR MEASURE OF VALUE—SILVER SUBSIDIARY."

Heading in Report of Director of Mint, Nov. 1, 1893.

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BY

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A FOREWORD.

The writer of the chapters embraced in the present volume was not, in the eight years following the election of Harrison, a supporter of Harrison-McKinley Republicanism, but from the beginning of Mr. McKinley's presidency he has seen what seem to him steadily and broadly advancing grounds for the belief that in World-History no American ruler, not even Washington and Lincoln, will have a larger name or a more indelible record of honor than the sagacious, judicious, resolute administrator of national magistracy who came into power through the magnificent honest money campaign of 1896, and, under whom the New World Republic of Washington and Lincoln has slipped the anchor of early limitations to take her inevitable place as a Power second to none in the world.

If in the first instance this volume shall help to make President McKinley our dependence for another four years of soundness in national finances, and of demonstration throughout the world of American quality in counsel and power in action, the chief aim of the writer will have been accomplished, yet with the hope and belief that through many years yet to come the book will direct the student to sound views of money and the voter to action at once honest and honorable.

"Gold the Standard or Measure of Value—Silver Subsidiary."

Heading in Report of Director of Mint, Nov. 1, 1893.

PRESIDENT ANDREW JACKSON—"In all ages, throughout the world, the standard of value. There is no fraud in gold; like the honest principles of the founders of our government, it is unchangeable and will do its office well everywhere and at all times. It is the true representative of the principles of justice and equality which should enter into everything that operates on our institutions and should be ever insisted on by the industrious classes as the actual circulating medium to bring continually to the test every species of credit currency and to suppress the spurious paper system resting on no solid basis."—*December 26, 1836.*

SENATOR JOHN SHERMAN—"The United States is the great gold producing country of the world. The single standard of gold is an American idea."—*January, 1868.*

"At the Paris monetary conference, held in 1867, the delegates of twenty nations represented, agreed to recommend gold alone as the standard of value. The United States, and nearly all the commercial nations, have adopted this standard."—*January 16, 1874.*

SENATOR W. M. STEWART—"There is nothing so satisfactory as the real measure of value—gold."—*January 13, 1874.*

"Gold is the universal standard of the world."—*February 20, 1874.*

"It is idle to talk about compromising on any other measure of value; the world will not accept it."—*June 11, 1874.*

SENATOR JOHN P. JONES—"The sooner we come down to a purely gold standard the better it will be for the country. Gold is so exact a measure of human effort that when it is exclusively used as a money it teaches the very habit of honesty."—*April 1, 1874.*

HON. LYMAN J. GAGE—President McKinley's Secretary of the Treasury, Hon. Lyman J. Gage, said, after reading Dr. Towne's "Story of Money":

"An immense gain and advance over any previous book on money."

"I took your manuscript with a view to glancing over it and reading here and there the more interesting portions, but I became interested and read every line."

"It is very clear and instructive, and it seems to me you have made a good distinction between the possibilities of a bi-metallic standard and bi-metallic money."

"The information you have gathered into the book as to the course of money in the various countries is very valuable, and I hope you will be able to get the book promptly into the hands of the public."

"I feel an interest in the work and would be glad to recommend it and buy a limited number of copies."

A POLITICAL NOTE.

The situation created by the legislation of last March has been very largely taken for far more than it really is. It declared very justly the existence of the gold standard, and properly provided for the redemption, or payment in gold, of United States notes and treasury notes, amounting to about \$425,000,000, but it did not similarly provide for making as good as gold the nearly \$580,000,000 of our silver, which is over half fiat value. The moral effect of the new law was got without any new legal effect whatever. It, that is, gave no new means for carrying out the gold standard system. The House bill expressly authorized the Secretary of the Treasury "to exchange gold coin for any other money issued, or coined by the United States," whenever it should be necessary to do this. This fundamental principle of the gold standard system was rejected by the Senate, leaving the law no better than it was before in respect of the means of acting on our gold standard professions.

This might involve no peril if our administration traditions should become thoroughly fixed in the direction of fidelity to the gold standard. But with Mr. Bryan made President, and a second silver fanatic Secretary of the Treasury, payment, in 47-cent silver dollars, of both interest and principal of the bonded debt of the United States, save only the funded two per cents., could be ordered at once, and undoubtedly would be. The stand thus taken for silver would offer all our gold in exchange for silver at 1 for 16 when it is worth 1 for 33. No instance in history can be brought to parallel the rascal stupidity of a scheme involving such an offer, and with progress and prosperity so immensely advanced since 1896, the crash of a Bryan experiment of "fool fury" in finance would be worse than all the costs and miseries of the civil war. If any possible advantage could be expected from either free silver legislation and administration hereafter, or free silver clamor now, the madness of 16 to 1 would be less extreme than it is. But no possible advantage can be imagined, except upon a basis of hoodlum ignorance of, or rascal indifference to, truth and fact. It might as well be proposed to sell wheat, corn, cotton, and beef to foreign markets at 53 cents on the dollar below the market price, as to cut

the value of a thousand millions of gold more than one-half to customers in London and Europe. The silver interest alone could better afford twice a President's salary for the rest of Mr. Bryan's life than to give him a three months' opportunity to scuttle the whole fabric of American prosperity in the fashion of his dictation of 16 to 1 to the political convention which made him for the second time a presidential candidate. And that a political convention hopeful of success upon new issues for which something can be said, should bow its neck to a needless, senseless, suicidal millstone, the damning infamy of which is only matched by its disastrous folly, is the worst illustration in our history of convention chances. An anti-imperialist of the financial competence of the editor of the New York Evening Post, could have shown the Kansas City convention in half an hour that the way was more than open to them to accept the gold standard, and remove the question of standard from the list of campaign issues. The only issue they have ever needed to make is that of Bimetallism of money, and it is the world's experience, and especially American experience, that this can be better had under the gold standard than in any other way.

If anything were needed to discredit the senile sentimentalism of Mr. Boutwell's "anti-imperialist" cabal, it has been supplied by their accession to the support of Mr. Bryan. The scholar in American history, if he equally understands the story of American money and the origins of our present constitutional position, can hardly conceive a catastrophe more appalling than that invited by the hoodlum and rascal scheme for giving the present administration of our national affairs an overthrow such as the candidacy of Mr. Bryan, in the name of the money of the fathers and of the Declaration of Independence, as he views these, must imply.

The outcome, in constitutional politics, of the Declaration of Independence, was a wretched, a rascal, a ridiculous failure—a government which Washington described as "half-starved, limping, always moving upon crutches, and tottering at every step." The Revolution, even with Washington to conduct it, would have been a disgraceful fizzle, even as late as the Yorktown campaign, had not two French fleets, a great number of French troops, and loans of honest French money, come to the aid of the meagre force led by Washington. One of the first results of liberty and independence gained by the Revolution was an armed rebellion in western Massachusetts. It was because of failure, of disaster and dishonor, under the Declaration of Independence, and the scheme of union devised by the zealots of liberty, that "we the people, in order to

form a more perfect union, to establish justice, ensure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity," made the profoundly radical new departure which an entirely new constitution of necessity was.

It was plainly recognized as the creation of imperial sway over the sovereignty of the states. John Adams said in 1786 that his great desire was "to see rising in America an empire of liberty, and a prospect of two or three hundred millions of freemen." Dickinson of Pennsylvania said, that such "an extensive and well-established empire" could be created "not only without the least danger to liberty, but liberty will be thereby better secured." Washington alone, out of his experience, his great clearness and breadth of intelligence, and a weight of personal influence almost unparalleled, saw the necessity and value of an Imperial Union, and the weakness of all objections to it, and secured the acceptance of it when framed. "There is no alternative," he said, when the constitution was under consideration, "between the adoption of it and Anarchy. All the opposition that I have yet seen is addressed more to the passions than to reason."

Yet the Constitution, as proposed in 1787, roused an anti-imperialist agitation of the most strenuous and frantic character, with a majority of the public leaders and of the people carried away by it, except as some sections felt very specially the needs of commerce and as Washington and Samuel Adams prevented Virginia and Massachusetts from taking the plunge which zeal for liberty was thought to require. Samuel Adams, "the helmsman of the Revolution," so far yielded to this zeal at first as to co-operate with Elbridge Gerry and Rufus King in putting Massachusetts on the side of hostility to the idea of a new Constitution, and when the great instrument had been framed, and was submitted to the states for acceptance, Mr. Adams said, "I stumble upon the threshold," being alarmed at the idea of a "national government instead of a federal union of sovereign states." As, however, the momentous issue was debated in convention, where Rufus King appeared as having seen new light, Massachusetts's historic patriot let go his fears, his doubts, and his excessive zeal for liberty, and made possible the acceptance of the Constitution, which Gerry and Nathan Dane had refused to favor. He set an example which an eminent Senator to-day may save himself by following, — as he seems determined to do.

Richard Henry Lee, who is forever celebrated as the mover, in