

**MONEY: NATURAL LAW OF
MONEY. INTERNATIONAL
BIMETALLISM. "FREE SILVER."
CURRENCY. THE SILVER
QUESTION AND HARD TIMES**

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Money: Natural law of money. International bimetallicism. "Free silver." Currency. The silver question and hard times by John J. Valentine

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JOHN J. VALENTINE

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THE SILVER QUESTION

—AND—

HARD TIMES.

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JOHN J. VALENTINE.



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PREFACE.

THE four leading papers herein were incited by an admirable essay on the Bond Syndicate of 1895, read before the Berkeley Club of Oakland, at one of their stated meetings last winter, by Mr. Nye, of the Oakland *Enquirer*. The members of the Club, to whom I respectfully dedicate this little series of discourses, were so courteous as to voluntarily accord me an unusual allowance of time to speak upon the same subject; and, my remarks having led to a number of questions upon that and kindred matters, I at once decided to forego the preparation of a paper on Franz Deak, the Hungarian statesman, which I had in contemplation to serve at my turn to read before the Club, and substitute one upon the subject of money. My studies on this theme expanded into four separate papers, namely, The Natural Law of Money, International Bimetallism, Free Silver, and Currency, and they were listened to with such interest that I have been asked to publish them,—the honored President of the University of California, Prof. Martin Kellogg, having himself suggested that it was my duty to do so.

In yielding to these requests I would have it fully understood that I offer nothing novel or theoretical,

for there is nothing new under the sun in regard to money, any more than there is in regard to other things, and here, as elsewhere, we have the lessons of experience to draw upon. I have, therefore, utilized in my remarks the expressions of well-known writers, past and present,—John Locke, Adam Smith, Lord Liverpool, Alexander Hamilton, Thomas Jefferson, Albert Gallatin, Daniel Webster, Wm. Jacob, Jno. Stuart Mill, Walter Bagehot, Henry D. MacLeod, Robert Giffen, Prof. W. A. Shaw, Prof. Alfred Marshall, Benjamin Kidd, Prof. Nicholson, Elijah Helm, William Brough, Mr. Schoenhof, Horace White, Andrew D. White of Cornell, Prof. Francis A. Walker, Prof. Taussig, Prof. Farnham, Prof. Perry, Prof. Hadley, Prof. Laughlin, Prof. Moses, David A. Wells, C. F. Adams, Edward Atkinson, R. Q. Mills, O. H. P. Belmont, and others too numerous to mention, not omitting, however, my personal friend Louis A. Garnett, of this city, whom I deem as well informed a man upon the subject as I have ever come in contact with. I may add that, of the French economists, Baisse, Levasseur, Chevalier, Parieu, Permez, D'Avenal, the two Says, Leon and J. B., Tirard, Beaulieu, des Essars, and more, there is not a single one that was not, or is not, a supporter of the gold standard.

It is not for the purpose of making a pretence to learning that I mention this formidable array of names, but in order to give credit to these writers from whom, as a constantly occupied business man, I have drawn,

often bodily. I think I may claim that few men have been more steadily engaged than I during my forty-two years of business activity, but having always indulged a taste for reading, and been accustomed to mark and note any item of statistical importance, or argument which I particularly concurred in or dissented from, it was not difficult for me to collect the facts cited herein and draw my own conclusions from them.

The subject in all its bearings is one to which I have given some attention for more than thirty years, considerable of it since the discussion began in the seventies which ended in the passage of the Bland-Allison Act,—and which, in intervals of leisure since the passage of the so-called Sherman Act of July 14th, 1890, I have investigated with persistent, studious care. I came to its consideration with every possible motive for advocating the so-called cause of silver, but whatever may be thought of the influence of money on prices, or the feasibility of international bimetallism, however debatable that theory may be, or other monetary projects, it is an assured fact that the records of history and of economic science absolutely preclude the possibility of the concurrent circulation of gold and silver as legal tender under the independent, unlimited free coinage of both metals at a ratio of sixteen parts of silver to one part of gold, or at any ratio appreciably different from the commercial value of the metals,—and that under unlimited free coinage of silver by the

United States alone the purchasing power of each coin would be confined to its bullion value, whatever that might be, from time to time.

A LAYMAN.

SAN FRANCISCO, CAL.,
August 18, 1896.

PREFACE TO SECOND EDITION.

The first edition of this little book having been exhausted, a second is asked for, and in presenting it to an enlarged circle of readers it seems proper, in deference to such able and rational writers as Prof. J. S. Nicholson of Edinburgh, Mr. Elijah Helm of Manchester, and Prof. Francis A. Walker of Boston, to explain that the bimetallism, joint metallism or symmetallism advocated by them, or by Prof. Alfred Marshall, or such eminent Englishmen as, for example, Sir Samuel Montagu, are wholly different propositions from that now advanced by the Populistic free silver propagandists in the United States of America. See concluding article herein.

On page 88 of the first edition, in first line on standard of value, the word "quality" was erroneously printed for *quantity*.

JOHN J. VALENTINE.

SAN FRANCISCO, CAL.,
September 5, 1896.



THE NATURAL LAW OF MONEY.

THE late Walter Bagehot remarked that the United States was a country for exemplifying by experiments on a large scale the old truths of political economy. The people were indifferent to experience gained elsewhere, while they were protected by their magnificent resources from the most serious consequences of mistakes in their own practices that in old countries would be supremely disastrous. They were thus constantly renewing old experiments under favorable conditions, and confirming, if *not* enlarging, the knowledge of the principles of political economy. The latest experiment of this kind is the silver legislation of which we have all heard so much.

It is not my design or expectation to present anything new or original in the consideration of this question, but simply some of the laws and established facts that govern it; and, in doing this, I have frequently utilized, without giving credit, the exact phraseology of the best writers upon the subject.

Of all things in the world, money, which can least bear tampering with or anything but scientific treatment, is being made in this country the bone of noisy contention, instigated partly by the influence of mining interests which ardently desire to raise the price of silver, and the adherents of a soft-money heresy who hope to create abundant money out of metal of some kind if they cannot have inconvertible paper.