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pel of John and this first Epistle both proceeded from the same author, is an acknowledged fact.

There is an epistle current under the name of *Barnabas*, of which until 1859 the first four chapters were known only through the medium of a poor Latin version. But the Codex Sinaiticus, discovered by Tischendorf in that year, contains the entire epistle in the original Greek. That the author was Barnabas, the companion of Paul, may well be denied. But the composition of the epistle is assigned, with probability, to the beginning of the second century. "Clement of Alexandria at the end of the second century reckoned it as a part of holy scripture."<sup>1</sup> In this epistle occur the following remarkable words: "Let us take care that we be not of those of whom it is written that many were called but few chosen" — a plain reference to Matt. xx. 16; xxii. 14, and that as scripture; for the form of quotation, "as it is written," is employed by the writers of the New Testament only in citations from scripture.

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## ARTICLE IV.

### THE NATURAL THEOLOGY OF SOCIAL SCIENCE

BY REV. JOHN BASCOM, PROFESSOR IN WILLIAMS COLLEGE.

No. V.

EXCHANGE AND CURRENCY.

ONE of the striking features of man is the multiplicity of his desires. There is truly no limit to them. The increase in the number and kinds of internal impulses, when human life is compared with any form of brute life, is very great. Alike significant is the fact of the very limited ability of each individual to gratify these wishes. The circle of attainment is expanded in man to dimensions of which we have no previous prophecy, while the direct organic means of acquisition — the physical weapons of offence and defence and nutrition — seem rather to have fallen away than to have been enlarged.

The most rapacious hunger of the brute is simple in its claims, easily lapses into entire satiety, and comes to the

<sup>1</sup> Tischendorf, Sinaitic Manuscript, chap. 4, where the reader may see this matter discussed at some length.

labor of provision, armed with senses, weapons, and powers that ordinarily make of sustenance a light task. The impulse is simple and direct, the means present and adequate, and the pressure for new devices slight.

The number and variety of man's wants, their tendency to indefinite expansion under the encouragement of gratification, taken with the feebleness of his physical powers, indicate at once an entirely new claim for thought, for a combination and thus for a division of labor hardly hinted at elsewhere. Man's personal power to gratify his wishes is so disproportionate to the diversity of pleasures he covets, and to their difficulty of attainment, that we are surprised that his exertions can, even in connection with all the mechanism of civilized society, be made to play such a part in the great productive processes and circuits of the world, as to compensate the variety of toil represented in his food and clothing, in his means of shelter, of comfort, luxury, intellectual and spiritual enjoyment. In a single manufacture in which many are engaged, and whose joint products are divided among the laborers, there is in the share of each a great increase of the fruits of labor. The larger the number of persons, and the more the machinery employed, the more marked is the multiplication; but when the individual makes his toil a constituent of that of the whole civilized world, when he divides labor not merely with individuals but with nations, races, and zones, his portion of the proceeds, his dividend, assumes astonishing dimensions and variety. The produce of all climates, the products of all skill are represented in it, and he bears away, as the just equivalent of his own simple, single form of labor, a wealth that would be fabulous if computed in the exertion its direct attainment would have cost him. Nor is this true of one only, it is true of all who stand in the productive circle, and the aggregate gain therefore is beyond computation. It is the space which separates the most barbarous from the most civilized society, which parts that production of which each individual is the centre and circumference from that whose circulation inter-

laces the world, and fills from pole to pole the channels of commerce.

That which gives the opportunity for this combination of power is exchange. Exchange is the most constant and pervasive of the processes of political economy. It attends constantly on production, while distribution appears only under this form. Indeed, looking upon it as the ever-present and peculiar economic phenomenon, some have neglected more inherent distinctions, and termed political economy the science of exchanges. The direct advantages of traffic between individuals are, the greater skill which it enables each to acquire; the accumulation of capital and productive agents which it makes possible in every branch of art. Such a thing as skill could hardly exist without that concentration of effort which trade invites. Each would find occasion to do too much of all kinds, too little of any kind, of labor to develop in it the resources of either mind or body. But a more unfortunate consequence even than this want of skill would be the want of all implements and machinery; the naked, unarmed hand of man being left in each direction to make what progress it might in gratifying his wants. Thus exchange, transfer, which has been regarded as itself unprofitable, a burden on productive labor, lies in part at the foundation of production, and is its constant, essential condition.

The indirect consequences of an arrest of exchange would be yet more disastrous. The desires of men would be called forth only within the narrow circle of their necessities, and their tastes would thus sink toward the appetites of the brute. The greater part of man's nature would remain unlocked, no force awakening those impulses which quicken his powers. Beyond a little half-instinctive cunning, man would have no skill, no ease in the adaptation of means to ends, no rule over nature, no mastery over mind. The art called forth by traffic holds up the lures, the strongest and most universal incentives to social attainments; the things we desire to have and to be known to have; the things which society

makes indispensable, and which are in turn indispensable to the ameliorating, humanizing effects of society. Thus dress, houses, equipage, works of art, means of knowledge, develop the man under influences which come from the most varied quarters, which have their sources deep in the past, and broadly scattered in the present.

The labor and skill which the gratification of desires so evoked calls forth become the framework of character, occasion that constant play of thought which secures to all the rudiments of intelligence, and makes way for the growth of general knowledge.

Thus, in God's providence, it is the individual weakness of man, his inability to supply with tolerable fulness his own wants, that becomes the occasion of his grandest achievements, and the development of unimagined power. He is forced into society by dependence and defencelessness, and in society reveals a strength that, growing by the motives which first called it forth, at length seats itself with imperial power amidst the forces of nature.

To some minds there has seemed a profound loss in this gain, and that the appliances and indulgences of society rob the individual of independence and efficiency, set him apart to some barren routine of labor, burden him with the toil of acquiring that which is only necessary as society deems it so, and makes him the prey of desires only the more numerous and ravenous as they are fed. Hence, in part, the proverb: Blessed be nothing. This impression arises from the false, poetical light cast over a primitive, barbarous condition, the euphemistic phrase, a state of nature, by which it has been characterized, and from the real discouragements which belong to transitional and incomplete forms of society, causing us, under the discomfort of present pain and the fret of immediate evil, to be willing to overlook the greater dangers from which we are escaping.

There is no true independence in savage life. It has but the merest semblance, not the substance, of liberty. It is an escape from servitude on the dead, negative side; downward,

not upward. The flinty rock, least of all susceptible of influence, most free from extraneous force, is the image of this freedom. An independence which arises from the absence of the objects of desire can have no attractions, except as we mistake it for the government, the calm scorn and composure of a mind occupied with greater things. The lowest brute, in the glut of a single appetite, of all sensitive objects approaches nearest that independence which consists in freedom from irritating wants.

The only liberty which is an excellence is found in the full possession and perfect proportion of desires. The clamor of the brood of pleasure is not so importunate that we must needs exterminate them to have peace; the irritability of the social and intellectual sensorium so great that we must rely on the opiate of ignorance for rest; the wilfulness of our wayward powers such that we must plot their eradication to restore order. Impatience and satiety are as abnormal to the soul as neuralgia or nausea to the body. Nerves that are only avenues of pain are not less undesigned than susceptibilities whose indulgence is a burden. A scorn of life shows the abuse of life, and the sad confusion we have brought into it. The egress and safety of annihilation are sought only when we have so embarrassed our spiritual powers and reversed their action as to make their perpetual yield one of pain instead of pleasure. The philosopher or poet that sighs for the independence of brute savage life has turned his back on the future, and, in sheer indolence, refuses to climb by the only ladder that leads to the light. To escape the anarchy of an ungoverned empire he lays down the sceptre, and withdraws from a labor because of that which chiefly recommends it — its call for manliness and strength.

Nor is the second loss of a system of exchange much less fanciful, that of efficiency, of powers broadly cultivated by a general provision for all one's wants. Certain physical faculties are doubtless trained by barbarous life, and somewhat impaired by the great division of labor which accompanies civilization; but to suppose that the whole circle of powers called

forth in the first state is equal to that in the second is preposterous. To succeed in London demands the exercise of faculties in a fulness, variety, and degree which show the cunning of the patient and crafty savage to be in comparison little better than that of a wild beast. If we turn our attention to the drudges of civilization, to those who labor without hope, without ambition, who do what they do doggedly, and under the sternest necessity, and contrast these with the idealized savage of poetry, bringing his forces into fierce, free play, we seem to find some ground for disparagement. But we are to remember that the first class utterly disappears in primitive barbarous life. The waves are too violent for them; at the first blow they beat the life from the weakest, and these sink at once. It is only a few strong swimmers that can live at all on the rough, wild sea of uncivilized society. As the conditions of existence are made easier, many appear who are yet but just able to keep the surface. Their presence and character, however, testify to the lighter stress and stringency of natural law, the yielding hand which nature extends to those who do little more than beg for life, who have no assiduity, forecast, virtue, or good fortune to bring to its labors and risks.

Exchange does, indeed, narrow down the exertion we put forth for mere subsistence. To fish and to hunt require more varied skill, and give fuller physical development, than to follow the jenny, or turn a boot under a pegger, whose rapid, precise, imperious blows seem to have caught the will and skill of manhood, and laid the more menial service on the patient attendant. Yet even thus, there is not only more development for the whole man, a broader social and intellectual life, a more thorough calling forth of all resources, and quickening of the entire circle of feeling than belong to the uncivilized man; but these artizans of the shop, these men of disproportionate and unequal powers, so called, the skill of a life-time lodged between the thumb and finger, in the turn of the hand, the quick detection of the eye, with what they are, can make, and can become, match themselves

in most disproportionate numbers against savage strength, endurance, and cunning. A colony of Englishmen, a troop of Spaniards, rule over, or roll up and press back the inhabitants of a continent with no other hold on the soil than this loose, aboriginal growth.

The power of the individual, whatever he may concede, whatever he may seem to lose, is that of the society to which he belongs. This it is which gives him the stamina of its own character, the stubbornness of its patience, the wealth of its resources, the skill of its methods, the sanguine hope and sense of possibilities which belong to its achievements. It is only the lowest galley slaves of labor, chained to their seats by the most pressing want, that are weakened, deadened, and wasted by industry, that catch none of its curious and skilful powers, that realize none of its social immunities. Yet, even these get a liberty to live they would lose instantly on lower conditions.

In proportion as physical exertion is the only exertion which men will put forth, some variety of effort is in this exacted of them. When, however, by combination and exchange of labor they have lessened the task of the individual, there arise at the same time new calls for social activity, new avenues for intellectual life are opened which reabsorb the powers liberated from the toil for subsistence. Well may labor at one point be narrowed in kind, since, in connection therewith, there arise so many, so new, so diverse desires, giving play to manhood in a broader and better field than that of mere work. Ease and simplification in the lower departments rightly attend complexity and growth in the higher; and it is not with loss that society substitutes for diversity of manual skill the discipline of the emotional, intellectual, and spiritual natures. It is only by the singleness and efficiency of labor that we are ultimately to be redeemed from it, in its painful forms, while earning for ourselves those accumulated enjoyments which bring to life its true amenities. It is from the partial and perverted action of a law of individual and social growth that unfavorable results incidentally arise.



While it is usually conceded that the indispensable condition of all social, and, as man is but the leaf and bud of society, of all individual growth, is exchange, complete and free, it has often been thought that national strength and well-being have another law. If we look narrowly at the structure of the world we shall see that there is much designedly tending to national isolation. There are broad distinctions of families and races, issuing in deep-seated antipathies and unconquerable prejudices. There are wrongs of the past, giving occasion to hereditary hatreds. There are diversities of customs, institutions, and language, arresting sympathy and social connections. There is great variety of powers and of attainments, rendering the maintenance of political equality and commercial justice difficult or impossible. There are, finally, those natural barriers of rivers and seas and mountains, of diverse soils and climates and local adaptations, which divide the earth's surface into kingdoms and provinces, whose limits and ramparts nature has ordained. Population, flowing into certain basins, is segregated there as certainly as the lake or sea between its banks.

The history of the world hitherto has received its form very much from these natural divisions. It is not without reason that the unity of the human family is represented as broken up by sin. The separation of tribes and nations, however, has not merely followed as a result of transgression, has not been simply a consequence of degradation and war, but has helped to arrest the evil, and furnish more favorable conditions for renewed growth. The homogeneity of great empires, the kindred, uniform forces that act on them, the swell of popular sentiment that sweeps completely through them, are unfavorable conditions for nascent civilization. The feeble germ of growth needs more isolation, more protection. In the track of armies, amid the surging and resurging of a lawless population, it is uprooted and swept away. Industry is robbed of its rewards, society is not allowed time to take up and complete a decisive movement,

to fasten and defend itself, to acquire the momentum of national character, to enkindle the enthusiasm of success, and feel the inspiration of great achievements. The centres of growth have been restricted, have unobservedly acquired a power sufficient to resist the inroads which increasing wealth provokes, and passed the weak and flexible periods of germination and growth in comparative obscurity and safety. England has owed much to her insular position, Venice to her natural defences, and America to her remoteness from European powers.

So, too, the conditions under which the problem of human society has been wrought out have been by these divisions made correspondingly varied and hopeful. Peculiar phases of climate, soil, and national character have been allowed their full, undisturbed action. Diverse tendencies have been completely developed, and have settled into national characteristics, customs, and institutions. All that was promising in each has gained maturity, made its entire contribution to the progress of society, and been prepared later to impart impulse to diverse forms of growth, and, in turn, to receive it from them.

A civilization matured in Egypt, shaped by its physical and intellectual conditions, lets fall the seeds of a new and diverse development in the remote soil of Greece. Here the varied conditions of life not only turn the old into the new, the pyramid into the Parthenon, but bring again to maturity germs which are ready later at Rome, and later still in the western wilds, to yield new varieties.

That separation which creates and encourages distinct tendencies; which arrests the ebb and flow of homogeneous forces; which resolves the single problem into a thousand, inserting into each new possibilities, new motives, taking from each certain dangers; which secures varieties, and, by combination and dissemination, establishes fixed, national stocks, bearing with them through centuries the seeds of law or of art or of religion, has indeed, from the call of Abraham downward, played a most important part in civilization.

Progress by separation is preliminary, is characteristic of a period essentially barbarous and violent, whose intercourse is one of war, disruption, and overthrow, whose angry currents overleap the levee only to devastate and devour, not to fertilize. Counter forces have long been at work, whose complete prevalence will indicate a much higher state. Lakes, seas, oceans, have become means of communication, bonds of union more than barriers of division. Mountain ranges are pierced by railroads, commerce creates common interests, knowledge removes prejudices, intercourse softens hatred, humanity inspires sympathy, and Christianity enkindles love. Once more the world becomes one, not under the iron bands of empire, but of productive interests; not under the sway of lawless physical force, but of scientific knowledge, social influences, and philanthropic aims. Nations accept a moral obligation to their fellows beyond that of specific contract, and we have in the laws of nations the first of those ties of justice which are to weave the races into universal and peaceful order.

But neither of these forces, either that of separation or of unity, should, passing the limits falling to it, displace the other. Each should be left to perform its natural office. Unity is of little value without the full variety of national life. Local excellence loses the major part of its worth if it does not freely and faithfully yield itself to the common good. Chief among the forces that work beneficently, even-handedly for both single and joint development is exchange, commerce.

Production must rest on national growth; in this must be found its abiding strength; yet it cannot reach perfection, secure the widest circle of enjoyments with the least labor, without a free and constant interchange of national products. There are many natural forces which provide for home growth, for domestic manufactures, for the multiplying of national resources. The shorter the distances of transfer the more profitable is trade. A community which can supply its wants within itself escapes the multiplication of the means

and agents of traffic, and thus the compensation of a large class of laborers. The toil of commerce, like all other toil, exhausts our productive resources, and should be subjected to the rigid claims of economy. To be able to dispense with a portion of it is as tangible and certain a gain as the introduction of a new machine. Nature gives to the trade of neighbors this bounty, that it consumes less time, and costs less labor.

Again, production provides by its own laws for the quickening and development of home resources by the various tastes and talents to which, in its diverse fields, it affords exercise. No community is by constitution or desire organized into the guild of a single trade. A variety of powers, circumstances, and feelings lead to a kindred variety of callings, and enhance success in each by more pleasing and perfect adaptations. While a novel employment, a new branch of production, has its dangers, it has also its peculiar advantages, and furnishes incentives which are not found in the old walks of industry. As a people grow in wealth and enterprise they become bolder, stronger, more inventive; a new sense of power takes possession of them; difficult undertakings become first possible, then easy; their abundant, varied, and restless activities seek and open fresh channels without deserting the old ways. The wide-awake, inventive power which is quickened by enterprise, and belongs to every productive nation, is a strong, natural force working for the diversity of home industry.

A still stronger provision in production itself for this end is the number of commodities whose value is either lost or greatly diminished by distant transfer. Produce is generally of this character. Meats, fruits, and vegetables seek a home market, and tend therefore strongly to create it. The grains, though capable of long carriage, rise in value as they pass every depot, and thus, at each point of the route, offer easier conditions of livelihood to those who will consume them there, than to those farther on. All the productions of the earth, then, especially its more perishable ones, make the

proffer of abundant and cheap subsistence to the artizans who will consume them on the very soil that produces them. Agriculture, unable permanently to prosper, to maintain and enrich the soil, when dependent solely on a remote market, furnishes many inducements to those manufactures which bring consumption nearer, and enable it to return more to the fields whence it draws its nourishment.

Again, the natural agents of production, water, wood, coal ; the coarser materials, ore, lumber, cotton, wool, are broadly scattered, and invite use at the points at which they are furnished. An immediate fine is, as it were, imposed on their removal in their rough state by the extra cost of transfer.

A fourth force strongly counteracting the consumption of foreign goods, and that too at a time when the claims of trade are most generally recognized, is the reduction of the rate of profits with the increase of capital. As production enlarges, and in its most remunerative branches accumulates capital, this agent, made more abundant, commands less returns, and is ready to accept branches of business previously regarded as unprofitable. Capital, always reluctant to enter on foreign investments, will, as fast as it fills the old employments and secures from them their first and largest gains, be ready for, and desirous of, even less advantageous occupations, and will thus create a demand for new branches of home industry. Indeed, contemplating these many and growing motives to a varied development of national resources and national independence, we might well be apprehensive, till we had considered the adverse provision of nature, that growth would result in too great separation, even in complete national isolation. Let us see the equally important and compensatory action of natural laws by which the world becomes one socially as it is physically.

The same principle which secures diversity of employment between individuals and a free exchange of products, finds no natural, and can suffer no logical, arrest when communities and nations, instead of persons, become the parties. The

man, the village, the city, the province, the kingdom, the empire, may, one as certainly as another, find place in the grand division of labor which organizes individuals into communities, communities into nations, and nations into the commercial, civilized world. Heterogeneity, diverse powers, opportunities, and hence employment, is no local law, no city or state regulation; but just so far as progress, the highest efficiency with the least labor is sought, enter inevitably as the only method by which the wonderful powers of nature and of man can be fully unfolded, and the whole globe as one complex, related, and mutually dependent organization can give to each of its inhabitants something of the wisdom and pleasure and power of all. No economist can render reasons why we should at any arbitrary state line arrest a law on whose action thus far our prosperity has depended. If we plant the germ we must accept its growth; if we nourish the root we must respect the stem and branch, though they rise beyond the plucking and bending of our hands.

More than this, the law of heterogeneity finds new enforcement as between nations. National character and adaptations are even more distinct than individual, while soil, climate, and locality impose a law that can at best be only partially evaded in the kinds of produce to be raised, of manufacture to be undertaken. So positive and imperative is nature on this point, that she renders many forms of production impossible to one country and inevitable to another, easy to this nation and difficult to that, pleasurable here and painful there. She sketches out the globe with thermal lines that are to her forces and servants no imaginary boundaries. Where she places cotton, the tea-plant, the sugarcane, rice, or wheat, there they grow, not to be coaxed into disobedience by all the importunity of man. Not only does she lay commands, she expresses wishes. She imparts to this soil some subtle quality, to that climate a delicate balance of heat and cold, to this atmosphere a degree of moisture or peculiar electric condition, and straightway some vegetable or chemical or mechanical process is facilitated, the wine

is flavored, or the fruit is ripened, or the thread is made smoother, and nature thereby bestows an advantage, makes a distribution of favors, which it is impossible to reverse.

This national division of resources, these territorial gifts, are at once more marked, more important and more firm than those which distinguish the parts of the same community, and they give peculiar power, nay, necessity, to the principle of free interchange at the point at which it is especially liable to suffer arrest.

The conflict of local with general interests is also carefully guarded. The freest home development is not retarded by foreign commerce. No advantage which has been gained in the home-labor market is lost by competition with the depressed labors of less fortunate regions. It matters not what the Chinese, the blacks of the West Indies or of America receive for their toil. The lowness of their wages does not lessen the returns of labor in England or in New England. The laborers of no one country are in competition with those of any other, however often the products of the two classes may cheapen each other in the same market. An invisible barrier of law hems about the industry of every land, and enables it to rest wholly on its own skill, and secure to the full the advantages of the forecast and energy that belong to it.

Suppose a country whose rate of wages is but one fourth that of a second with which it is maintaining unrestricted commerce. No additional liability or hazard is imposed on the nation whose laborers are more prosperous by this traffic. The ability of a nation to trade profitably with another in any commodity depends not on its actual but its relative cost of production; and this, not as compared with the same article manufactured elsewhere, but as compared with the cost of other commodities produced in the same community. If a people raise or manufacture one thing with twice the facility with which they can furnish equivalent amounts—equivalent in the world's market—of anything else, they can trade profitably in that product though every nation on the

globe produces it more readily than they. This their favored commodity is carried to a foreign port. They there find that it exchanges for an amount of other products double that which they could have secured at home by the labor which this has cost. This is the only fact in which they have any interest, and they go contentedly back with their gains. If any other law prevailed, a land of barren soil and nipping climate and stingy resources would be unable to carry anything with its wealthy neighbors to the world's market, since all of these have an absolute power of production greater than its own. What we buy abroad is brought back to our own market for consumption, and we compute our gains and losses by the condition this market presents. The values taken from and restored to the market whence we start and whither we return decide, and alone decide, the profits of a transaction. If labor is a shilling a day in the fabrication of that we carried out, so would it have been in the production of that we bring home, had we chosen to make rather than purchase the article. It matters nothing to me in an American market, that a Chinaman has received for his labor, contained in the produce purchased by me, no more pennies than my own countrymen would have received shillings. There is no direct competition of laborers with laborers in foreign trade. In commerce every nation prospers by the perfect development of its relative advantages over other nations, and is not in the least depressed either in labor or capital by the low wages paid in the nation to whose competition it is subjected in trade.

Development, civilization, depends on specialization and the perfection of skill, and these must result in constant exchange. The area over which this movement tends to extend itself, and may profitably extend itself, is the whole productive area of the earth. Contemporaneous with this extension in surface there tends also to rise a more varied subdivision of occupations in every part of the productive territory included in the general movement. The principle of specialty pervades the parts while it enlarges and



combines the whole ; and true growth lies in accepting and encouraging both movements with that mutual balance and safe relation of them for which natural forces have provided. They are not in conflict, but complement each other, are the diverse applications of the same principle, and can only impart entire prosperity by a joint and complete movement, the laws which rule production assigning the limits of each. The parts can neither be sacrificed to the whole, nor the whole to the parts. The organic principles which rule in production are as delicate, certain, and self-guided in their action as those of life, and can neither be arrested or modified in their application without loss. The body may number its bones, muscles, and organs by hundreds, and be the better for them all. Nature is as omnipotent when she combines and provides for the whole as when she finishes the parts.

Protection of home labor is not an attempt to avail ourselves of natural advantages, but to dispense with them ; to do that with difficulty which these enable us to do with ease, to beard fortune and pluck prosperity from her hand. Protection interferes with natural forces, with their inherent balance ; strives to localize progress and arrest universal development. In principle it is like the action of the individual who, envying the prosperity trade gives to the shopman, should resolve to produce all things for himself, and thus secure the profits at both ends of the bargain. It differs only in this, that it does not check the movement at so early a stage, striving for national and not for individual independence, and thus correspondingly diminishes the disaster. Protection has, however, no reason to give why natural forces and productive laws that suffice to rule within the nation may not rule over it. It cannot show how the varying, accidental bounds of civil government are able to impose new principles ; on what ground it is that a method good for communities, provinces, and states is not good for nationalities.

The reasons given for interference with the laws of exchange are either deceptive, or anticipate and provide for hostile, not

peaceable, relations. The advantages already spoken of as pressing forward local development, easy interchange, variety of occupation, complete development, are urged in behalf of protection. In this argument it is forgotten that these gains all exist without protection, beyond protection, and are present expressly to render it unnecessary. Each of them has a cash force, and up to that full force are operative, ready to favor any incipient effort that is made under them. These forces are good to secure home manufacture, and will secure it so far as they exist. Their theoretical is their actual power, and they cannot, therefore, be still further urged as sustaining artificial inducements which they have not supplied, and which are by so much in excess of the forces and motives actually presented by them. These, so far as they exist, are operative, adequate to their work, and make protection superfluous; so far as they do not exist, they cannot be urged as reasons. All wise men must cordially admit the necessity of home development. Nature provides for it; progress rests on it as an essential moiety of the movement, as one of the two limbs of motion. The only question is, whether we shall by artificial stimulus press growth at one point, and arrest it at another; whether we shall substitute partial for even, wide-spread, universal growth? Local advantages cannot be urged for this policy, since the opposite policy gratefully accepts these in their full force.

It is said that certain foreign nations have, in some directions, acquired a skill and momentum of manufacture which enable them to anticipate and baffle the incipient efforts of a growing people. This argument evidently rests, in large part, on the notion that the skill of one party is a disadvantage to all competing parties, that nature has left us open to the inroads of our fellows, that we must establish a guild to protect our craft, and national embankments to keep out the flood of foreign wares. Thus struggling to raise our own heads above the waters, we are willing to press a neighbor down. We forget that this method is finally ruinous, that competition is the very force designed to spur our invention,

renew our industry, call forth our resources, compact our powers, and strengthen our endurance; that it is the life of the commercial world. It is no part of the plan of God to allow any to protect themselves from it, and, so far as they do, they are sure ultimately to weaken effort by reducing the motives to it. The skill, knack, and facility of our neighbors are, in the division of labor and general prosperity, working for our good; and we also are to enrich and cheapen the world's market by acquiring in favoring branches of production a like power. The profits of trade rest on relative, not absolute, advantages, and it should be our aim, therefore, to compete successfully at some, not at all points. Those things we do best are our chief sources of gain, not those which we can with difficulty be made to do at all. The more skilful my fellow-worker is, the more advantageously can I trade with him, and the provoking cause of trade will be found in the fact that my products are not the fac-similes of his. Thus, and thus only, can I incorporate myself with him as a concurrent agent in general progress. To try to compete with all is foolish; to shun fair competition with any in our own field is cowardly and weakening. We do the first when we force new branches of industry by protection; we do the second when we thus shelter established branches.

The enervating effects of protection are not sufficiently regarded. A form of industry lies in the path of our national growth. We wish to anticipate those natural forces which must soon enable us to take it up. We make the manufacture immediately possible by a moderate duty. If we were perfectly sure of our ground in all this we should seem to accelerate local, without materially retarding general, development. But other considerations come in to render our success problematical, even in this most favorable case. Certain parties are taught to look to law for the prosperity of their business, and not to rely exclusively on their own foresight and thrift. According to the protective theory, the import is not intended as a permanent burden, but is shortly to be removed, having brought the favored branch to

an honest birth. Will this implied promise, this expectation, be realized? In the great majority of cases it will not. More frequently there will arise a clamor, difficult to resist, for more governmental aid in support of the first purpose, and for new purposes. Indeed, a growth of duties seems inevitable in a protective system, both because there are new interests to be encouraged, and because each impost, acting unfavorably on some branch of business into which the protected product enters, seems to require correction by a second and a third. If the system were to proceed thoroughly through, and remedy its own mischief by removing all the inequalities of advantage it had created, it would indeed destroy itself, and restore again the natural, just balance of each pursuit with its fellows; but even to make good its first purpose, any tax on any of the material or appliances of a favored branch must be followed by an advance of duty on the products competing with it. When, then, a struggle is openly and broadly instituted for an increase of profits by law, the same enterprise which under more normal conditions would be developed, in meeting the difficulties of production, will now show itself in affecting legislation, in extorting new profits from this easy and fruitful source of gains. The productive tone and energy of the nation will thus be relaxed, and importunate claims, political tricks, the jugglery of figures and arguments, the cries of party-politics and of national prejudice, be substituted therefor. The world has rarely, if ever, seen the phenomenon of a protected interest reaching the point at which it was willing to resign the aid rendered; it has often seen those whose profits were large using every method to retain and increase protection. This, therefore, is a most unsafe method of doing that which lies nearest to the line of natural growth, since it weakens enterprise, debauches the commercial sense of justice, inflames selfishness, and displaces patience and industry with social clamor and political intrigue.

That endless strife should follow in production from an interference with the natural distribution of advantages in

behalf of this and that interest is inevitable. It offers the possibility of profits, sudden and sometimes great, by law. One interest cannot be aided without the liability of injuring, unexpectedly, other branches of business into which the enhanced prices are to enter. Iron, steel, wool, are materials so broadly serviceable, that we know not exactly what, or how many, kinds of manufacture may be affected by an advance in them. Every producer must thus be alive to see that his gains are not encroached upon by others, and to institute plausible claims in his own behalf. The natural balance being destroyed, there is pulling in all directions to secure a new one favorable to this and that party. It thus becomes a fitting lament over more than one such vexatious and unsatisfactory project: "It died in the arms of its friends, who, in quarrelling about the means of cure, experimented till they killed the patient."

In this scramble of interests the poor are especially liable to suffer as weak, as having no form of industry to urge on the public favor, and as compelled to meet in all directions the enhanced prices of products.

There is one argument for protection whose force we freely admit, — that it tends to give that independence which is preparatory for war. But the separation and hostility thus engendered, the defiant attitude thus taken, are not productive, nor yet social, nor yet philanthropic, gains. These results serve rather to condemn the policy which habitually aims at them than to commend it. Nature does not wish division. None of her productive laws provide for it. War is the convulsion of society, the overthrow of commerce, and, like a disease in the body, is not anticipated in the laws of health. If we look upon peace as preparatory to war, as affording the combatants momentary respite, —

"Each themselves to breathe let,  
And, oft refreshed, battle oft renew."

renewing their resources and making ready for their mutual devastation; if we accept the maxim, "In peace prepare for war," and regard our neighbors as always our rivals, and

momentarily liable to become our avowed enemies, then indeed shall we have an unanswerable argument for protection; and the policy will be none the less clear to us because of the covert way in which it seeks to restrict and tax the commerce of others, because of the menace it conveys, and the retaliation it provokes.

If, however, we believe that in this constant provision for war there is found a chief provocation of war; if a policy that conciliates is felt to be safer and nobler than one which offends; a policy which makes of all the nations of the earth one family, each playing its own part undisturbed and unembarrassed of others, to be preferable to one which looks upon trade as a milder form of war, — then shall we accept that freedom of exchange which binds with the bonds of interest all climates and lands, every meridian and latitude into one productive system; we shall accept the broad law of progress which includes others besides ourselves, and makes them as ourselves. To war against exchange, or its extension to all the channels which it is able, by the pure power of profits, to make for itself, is to reject one of the most beneficent and humanizing of the influences which the divine plan includes in our behalf, is, like other disobedience, to injure ourselves under the disguise of injuring others.

God's government is clearly revealed in the laws of trade. There are such laws resting on the constitution of nature and of man. The commercial world does not wait to be legislated into order, but has within itself the only safe principles of growth. These claim recognition and obedience, and impose themselves as laws not to be evaded on individual and national action. They contemplate the growth of the whole and of the parts; they put all on the same platform of privilege, though with variety of powers and opportunities, and leave to each an open path. The collisions which arise are not only not inherent, not necessary, they are injurious to all, and arrest the progress of all. There is, therefore, the possibility of perfect concurrence between the principles of exchange and those of morals. Nay more, the one, resting

on discriminating selfishness, tends to prepare the way for the sympathy and philanthropy of the other, resting on love. While commercial law never attains to the office of conscience, it nevertheless spreads broadly beneath social action, affords the means of a strenuous and just government, and is ready to pass those subject to it under the religious principle without jar or conflict. The penalties, also, which it imposes are in kind with the offence it punishes—those of interest. Without departing, then, either in reward or penalty from its own sphere of interest, commerce affords a transition from war to peace, interlocks the world in a lively pursuit of common interests, and furnishes a type, cold and remote indeed, yet a type of the moral commonwealth and Christian brotherhood of man.

Money is the chief, the peculiar, the subtle instrument of exchange. Its offices are, first, to express; secondly, to retain; thirdly, to transfer; and fourthly, to divide, values. Through it there is readily given to values a known, permanent, mobile, and divisible form. When by production a value has been secured, it may by traffic find expression in some one or other of the many products open to its purchasing power. This, in a savage state of society, with no market, with only a limited and direct transfer of commodities may meet the want of the parties. As production, however, increases, as many articles are offered for sale, and many persons are present with the same article, the trader wishes some more general measure and expression of the value at his disposal than is reached by the willingness of one purchaser to exchange for it a given amount of one kind of produce. He is in doubt, both whether other merchants might not give more of the product now offered, and whether he might not himself prefer other products, if the conditions of trade in them were more advantageous. To resolve these doubts quickly and safely there must be some scale of market values to which he can bring his own product, and there compare it with every other. He is thus able to know the

general terms of trade, to approximately estimate the purchasing power of his own property in any product whatsoever without the labor of a tentative proffer. Moreover, there is thus eliminated from the answer more perfectly those exceptional influences which cause values to fluctuate — the ignorance of the parties of the exact worth of each other's products; the reluctance of the one or the other to sell; the overreaching of those less by those more expert.

Money furnishes the desired scale of values, expresses in a market price the general mark at which commodities are held, and enables each purchaser to form a ready estimate of the conditions on which he can exchange his products for all others. A most convenient expression of value is thus not only reached, but one much more accurate, just, and of more general acceptance than could be secured by one or more cases of actual exchange. It is thus decided not merely what A will give, but what any one of the whole class of merchants to which he belongs will give. All that is peculiar to him is overlooked, and a more general value, the result of a broader and more faithful comparison of purchases, hit on, and one therefore which more nearly approximates the results to be reached by a perfect knowledge and estimate of all the conditions of sale. In any given trade, therefore, the margin for shrewdness and trickery is comparatively small. A slight hoped-for concession from the market price, a little fluctuation of that price, the exact quality of the articles offered, are the remaining elements of uncertainty.

This expression of value thus easily and inevitably given in connection with price, is a very necessary condition of extended trade, and one not to be reached otherwise. Each new product settles with increasing definiteness its own price by every sale, and is thus open through current prices to easy comparison with every other product. Its purchasing power in all directions is expressed, and its holder, minor fluctuations aside, knows exactly what can be done with it. A ready gauge of value, the more exact as the market is large and active, is thus reached.



A second office of money is to put into a permanent form perishable values. Most commodities cannot be held without loss. Some are liable to rapid decay, others to slow deterioration, and even those which can be either so used or rented as to be sources of income require for their management labor and oversight. To be able therefore to lodge what one has gained in a permanent form, to secure it without further labor against the waste of time, and to make it with little exertion the source of income, become most desirable objects. To accomplish these is one of the offices of money. The products of our labor converted into a sound medium of exchange, can retain indefinitely their purchasing power, and this in so available a form as to afford the constant possibility of profitable loan. Thus money furnishes more permanence of value, a more easy and definite income, than any other, the most substantial of possessions — than real estate. One may arrest the process of requisition at any point at which he pleases, and is not compelled to renew his exertion merely to retain what he has gained.

A third office of money is to facilitate the transfer of values. Any given product has in itself only a limited purchasing power; it can command certain things in exchange at the hands of those, and those only, who hold these, and wish it in return. It is thus restricted both as to the persons from whom the purchase may be made, and the goods that may be obtained of them. The possession of any article thus constitutes an order on the limited number who wish it, for anything they may have for exchange. Money converts this inconvenient and restricted order into a most facile and general one. I throw my product into the market to seek its own purchasers, and take an expression of its value, current everywhere. I change a partial and remote purchasing power into one universal and immediate. What I have sold may pass through many hands before it shall rest with the actual consumer. I have no care for him, no need to search him out. His desire, unknown to me, hidden from me by retirement or by distance, has nevertheless given value

to my product, a value to which money imparts the instant range of the market, and enables me in a brief period, and by two transactions, to complete, so far as I am concerned, a series of exchanges which may have originated months previously, and may still require months to be finished. Articles from distant periods and remote quarters are travelling toward me, articles destined for remote periods and remote consumption are travelling from me. Money generalizes purchasing power, anticipates traffic, and gives instantly and easily the result of numerous and laborious and unfinished transfers. It thus makes most ready and perfect the exchange of values; it holds purchasing power in safe abeyance, waiting the beck of desire, and prepared in each place and instant to exert its full force.

A fourth purpose subserved by money is the division of values. By its means they fall apart into the smallest units, or recombine into the largest sums; stoop to the traffic of a newsboy, meet the exigencies of a fruit stall, and with equal ease purchase shops and warehouses, or mass the revenue of a nation. Value thus, while existing in many ponderous, immovable, indivisible things, has all the divisibility of numbers, and their power of composition; sinks to quotients or mounts to products, takes up remainders or carries amounts, with the same facility. So subtle, mercurial, and substantial is the power of money. It throws into definite form, into figures, a force dependent on a balance of desires worldwide, an obscure play of feelings, hopes, fears, appetites, pervading every civilized community. It makes relatively indestructable the most variable and evanescent of qualities, and gives it so valid a being, that it becomes henceforth an independent, productive power. It bestows easy transfer and perfect division on a force often impossible of removal and incapable of partition. It matters not to what the value originally attaches, to products or to services, to lands or houses, to grain or the oxen that feed on it, one transfer makes it in each instance equally ductile, equally mobile; frees it from every taint, every inability, and sends it search-

ing at option for pleasures high or low, purchases great or small.

Of these four offices, — to express values and make them permanent, to render them mobile and divisible, — the first two are more essential, primary, central, and closely united, while the last two are more mechanical, pertaining to the ease and felicity of fulfilment, rather than the very essence and substance of the task assigned a medium of exchange. As a currency is not an absolute necessity, as traffic can proceed in a limited, painful way without it, and as the office of money is not to create, but only to develop and greatly facilitate a process independent in its origin; we cannot separate these couplets of duties as the first essential and the second desirable. We can only say, that while all four offices give ease and convenience to trade, the first two relate to the safety and precision of the movement, the second two to its readiness and rapidity. These, therefore, seem to pertain somewhat less to the very essence of a good currency, to lie a little less central than the former. In marking the properties of the precious metals which set them apart to meet the claims of a circulating medium, and in observing the effects of paper money, we shall see more clearly the difference between these two sets of duties.

The quality which fits anything to express values and make them permanent in the hands of the holder is unchangeableness in its own value. Nothing more embarrasses computation than a fluctuating standard. If its variations are great, are rapid, are obscure, not capable of ready determination, the standard is worse than worthless, failing to do what it pretends to do, throwing us off our guard against error, and rendering confusion hopeless. A fluctuation of values presents that intricate, shifting character which especially confounds measurement, and leaves to our calculations no determinate unit. We cannot, ourselves on the ocean, determine the elevation of the restless waves, since, rocked by every swell, lifted and let fall by every roll of the sea, we have no fixed point from which to start and to which to re-

turn our estimates. Thus is it with the fluctuating prices of ordinary products in an open market, subject to every breath of desire, to every tidal movement of feeling, every decline or advance in the ease of production. In exchanging one product for another we find that the quantities claimed on either side have changed their ratio; that one commodity, A, has fallen in reference to another, B. The amount of the change is at once obvious, but not so plain is it, whether it be due to causes which have affected the first alone, or to causes affecting the second, or to causes affecting both equally, or if unequally, in what degrees. If we strive to aid our inquiry by comparing A with C or D, or B with E and F, we may cast some light on the problem, but have also most likely added new elements of uncertainty. We shall find that value, purchasing power, in whatever commodity expressed, in whatever direction explored, is subject to minor variations, involving new influences in each new case, and presenting no fixed position from which the ceaseless and fugitive flow of circumstances can in their effects be measured. No commodity for any length of time contains exactly equivalent amounts of labor, or calls forth exactly the same desire. As, however, the fluctuations of value are due to the changeable cost of production and a changeable demand, that product will afford the best standard of comparison, will be most stable itself, and best able to measure the instability of other products whose cost of production is the most uniform, and for which the demand is the most uniform. The precious metals are found best to meet, though by no means to meet with scientific precision, these requisitions, and to afford a proximate and practically adequate measure of values. There has, indeed, been through long periods a slow decline in the value of gold and silver, but they have been comparatively little affected by those constant, minor, and violent fluctuations which beset other products. The slow surges which depress continents they have felt, but have escaped quick, volcanic action.

The cost of production is, indeed, very different in some

portions of these metals from what it is in others. This is not material. Value is not altered by the good fortune of a few, is not determined by the prodigality of nature, casting unearned treasures into the laps of the lucky; but by the amount and steadiness of that effort which is requisite to supply the last of the demand actually met. Suppose a tendency to rise in value in any commodity, the actual increase of price will depend on the variety of sources from which the product may be obtained, the facility with which the number and activity of laborers engaged in its production admit of increase under the new stimulus, and the ease with which the production can be extended to new points. A lake with broad and gently sloping shores may receive a large volume of water with but a small vertical movement, while a narrow stream with precipitate banks becomes a torrent at once.

The precious metals are obtained from many places, and, though a portion is secured with no corresponding effort, there are many mines and forms of mining whose profitable development turns on slight changes in the value of gold and silver. A trifling rise thus opens the sources of supply, a trifling fall closes them, and a very limited range of fluctuations affects instantly and broadly the corrective forces of production.

But the stability of value in the case of the precious metals is chiefly due to other causes. These metals are so durable that vast quantities of them have been accumulated. No sudden and large consumption springs up to cause fluctuation. Their value is chiefly determined by the relation of this supply to the actual demand, and therefore the two forces are in a comparatively stable equilibrium. Nor are there any incalculable forces, any unexpected contingencies, except of a limited, local nature, which arise to disturb this balance.

When, however, a local demand does spring up, the precious metals are of so fluent a character, mobility being that property for which in large part they have been chosen as a

medium of exchange, and which much ingenuity and many supplementary contrivances have served to develop to the utmost, that it is capable of almost instant correction, with slight fluctuation of value. Indeed were it not for unsafe paper currencies, for the fear and distrust these beget, for the want of reliability and honesty in men and nations, and the lack of safe and untrammelled intercourse between them, no considerable or severe pressure of demand would ever arise for the precious metals. When credit is good they are as fluent as water, and exist in a vast body like the ocean. No local demand, the opening of no new inlet or outlet can sensibly affect the level of the stupendous sum of values now expressed in gold and silver. The violent fluctuations of currency, the disastrous losses which nations have frequently suffered from an unsound currency, arise from nothing in the precious metals themselves, or in their relation to value. Indeed the slow decline to which they are exposed, coming as it does from a large increase of amount, renders them more and more firm against minor changes. The actual difficulties experienced have sprung from the weakness of mercantile systems, and ultimately of morality. This has been the heart-rot that with outside luxuriance has left the tree weak in the blast.

These causes, then, secure in gold and silver great firmness of value; the variety of sources from which they are obtained, the many mines on the limits of profitable production, the vast amounts already accumulated, the slight consumption, the equable nature of the demand, their great fluency in themselves and still more through the devices of trade, bills of exchange, and balances of credit. These causes aid each other, and render gold and silver in a currency that perfectly avails itself of their power, a practically, though not theoretically, perfect medium of exchange. The permanency of value is the central feature of such a medium, fitting it for its chief office.

Other qualities, however, as their divisibility, and the relation in them of bulk to value, furnish in gold and silver

the mechanical conditions of exchange, and make them a convenient instrument as well as a safe one. This more obvious and palpable fitness has doubtless been chiefly instrumental in causing their use as a currency, and in leading to the displacement of the inconvenient methods which preceded them. Yet these qualities, while conspicuous, and completing the striking adaptations we find in the precious metals, are by no means the most essential to them as a sound currency. There are so many methods of formal without actual transfer; such representative power can be given to paper, that ease in division and transportation would not, if the end of firmness could be reached, be an indispensable condition of the basis of a good currency.

Currency has been more frequently mixed than pure, its circulation being composed principally of paper, sustained more or less completely by a reserved, specie basis. The first motive for the introduction of paper is the additional mobility it imparts, more especially to those smaller sums which are immediately and directly transferred with each purchase, and sustain the minor and multitudinous transactions of traffic. This advantage is fully reached when paper rests on a basis as broad as itself, each note having a strict representative power, making it simply a certificate of deposit.

The great and dangerous motive to the use of paper has been the gains thereby to be secured. The actual substitution of paper for gold and silver, dollar for dollar, is a matter of convenience rather than of economy. The loss and abrasion of the metals are very trifling, and the cost, waste, and counterfeiting of paper a serious compensatory item. The balance, therefore, between the two in expense is not very material. This has not constituted the kind of gain chiefly coveted in issuing that tempting and deceptive paper which has so often destroyed the currency of a nation, sunk its credit, and left it amid the wide-spread overthrow and prostration of general bankruptcy! It has been thought that paper might be substituted for gold in a less strict ratio than

that of equality, and this line once passed, no other fixed, universal, and natural limit has been found. The one element has frequently so gained on the other as to leave the connection little more than nominal, giving no security in those emergencies where strength is required. Those in whose hands has been lodged the discretionary power of enlarging the currency, of issuing paper with a partial metallic basis, have found the temptation most subtle and formidable. The work of inflation is done in quiet and prosperous times, when almost every method seems safe, when the poorest craft can keep the sea. Nothing but severe, protracted, and fatal experience is able to secure that unwavering respect of the conditions of safety which enables ordinary men to put steadily aside the opportunity of immediate and hopeful gains on the ground of a remote contingency. But disaster comes at long intervals, and is then weakened in its effects by being attributed to other than the true causes, or looked upon as a sort of hurricane outside the range of prudent forethought. The experience of the past, forgotten or misinterpreted, rarely avails for the present. If parties fortified by the observation of a lifetime become at length ready to observe the strictest laws of prudence, less experienced successors take their places, enlarge the risk, and reap the old harvest of ruin. All nations, therefore, who have accepted a mixed currency with an unequal dependence of one element on the other, have, without exception, been tempted into excesses, have in critical moments of trade or war suffered great losses from an unsound currency, and made shipwreck of far more than they have gained by the largest and longest inflation.

Indeed, the declivity sloping to bankruptcy, on which a nation places itself by suffering either its government or its citizens to entertain the hope of gain by an enlargement of the circulation, is too steep and slippery, as shown by theory and practice, not to result in a rapid or a slow descent to the gulf below. Whether it glides like water or grinds like a glacier, downward the currency is sure to slip. The motive



to enlargement is immediate, constant, powerful ; the danger is remote, uncertain, under-estimated ; other parties are incurring like risks, and reaping great gains ; no definite line divides safe from unsafe issues ; at the opening of the movement, the liabilities are least obvious, the returns most certain, while later past immunity gives ungrounded boldness ; in fine, if there is one road to financial ruin more alluring and deceptive, more prodigal of promises, more safe and liberal in its first proffers than every other, it is this of over issue.

Nor are the gains of a paper currency which passes beyond its strict representative duty, so great to the community as they are thought to be. If the ratio, for instance, of paper to specie were that of three to one, and this form of currency were to be generally accepted among civilized nations, there would be consequent thereon a heavy fall in the value of the precious metals, resulting in loss to their holders. Nor is this decline a general gain of much moment, since these metals are used in the arts for the most part as means of luxury and ornament, and thus owe their utility to their high value. We gain nothing in cheapening that whose expense is its excellence. Gold if less costly, less expressive of wealth, would be thereby less able to gratify vanity and become a means of indulgence. The gains which accrue to bankers arise in one form of production, and would be replaced by equivalent gains, if, with equal skill, they directed their energies into other channels. Also, by the fall in gold and silver, a larger volume of currency is required, and the one third of this inflated medium, still represented by the precious metals, would constitute a larger fraction, say one-half or two thirds, of the pure currency displaced. The gain, then, would be the release of one-half or one-third of the gold previously employed in the circulation, and its return to the arts, where its chief effect would be the cheapening of ornament.

If we compare this trifling gain with the losses of a single financial crisis they appear utterly insignificant. No wise

individual or nation would for a moment think of the exchange, did they not suffer themselves by the blindness of cupidity to be drifted into a position in which retreat is impossible, and the wretched result forced upon them as retribution, not as an accepted alternative.

They play upon themselves the deceptive assurance that over-issues and the consequent crises are not necessary, inevitable concomitants of a mixed currency, and, on the naked possibility of regulation sufficiently stringent and secure, yield to the universal fact of imminent and unguarded liabilities, of loose, changeable, and inadequate-restrictions.

The immediate gains of a paper currency are somewhat greater if it be confined to a single country, and other nations afford a market for the liberated metal. But an overtopping compensation of this seeming gain is the distrust universally felt toward such a nation, and the reluctance to accept her obligations.

The full danger and extent of loss in an expanded and fluctuating currency few understand. We must present them somewhat in detail before we can see the hazards, discipline, and play of moral forces in this field. Recondite and powerful are the influences here at work on conduct and character.

We saw that the chief office of money is to measure value, to express and hold it firm. Now, if a paper currency is to be allowed indefinite increase at the pleasure of those who issue it, nothing can be more plain than that currency will utterly fail of performing this, its first and most essential task. The decline of paper thus detached from gold one, two, three hundred per cent in the brief period of a few months is a familiar phenomenon. Such a medium does but embarrass, distract, destroy trade. Better were it to be without money, and fall back on simple traffic, or be left to seek a new invention, than that each transaction should be one of uncertainty and fraud. The utter confusion and universal wrong, the irremediable injustice of such a currency are the most painful and disastrous exhibition the financial world affords. But

no one advocates such a state of things, it only comes as the climax and catastrophe of a mixed and irredeemable currency. Yet we apprehend that a result so often reached, and so overwhelming when reached, should constitute alone a sufficient condemnation of any scheme remotely exposed to it. We would not suffer a discretion so often shown capable of fatal error, a prudence that by imperceptible steps of concession has again and again involved nations in utter financial overthrow.

Strange to say, a few still think that paper can be indefinitely increased, and, the promise of payment being ultimately met, not fall in value. This is ascribing to paper more power than belongs to gold itself. Multiply this, and it sinks in value; so must that paper which at the very best is its representative. Make money plenty in any form, and purchases will be quickened, prices rise, and, as long as the abundance continues, pass from one stage of enhancement to another. Money is worth nothing but for purchase, and carrying this its function beyond a previous limit must advance prices. that is, must itself sink in value.

We wish now, however, to show that, if this danger did not exist, a mixed currency in which paper is not simply representative, in which it exceeds the coin whose presence it implies, is, to the whole extent of this excess, an unstable and undesirable medium. Suppose the ratio to be the moderate one of three dollars in paper to one in reserved specie. It is by this specie dollar that the three paper dollars are anchored, united to that which has intrinsic value. This, like the string of the kite, checking a too ambitious ascent, guards equally against a hasty fall.

In the first place, in the general introduction of such a system there must be a violent decline in the value of gold, as it is a method of tripling its power, and thus, of virtually enlarging in a sudden and unprecedented way the supply. If at any future time there is a modification of the ratio, or a return to a pure currency, there must be given a second similar shock to value; another paroxysm of wrong and

alarm must run through the commercial world, our standard, by its own fluctuations, egregiously failing to measure and safely retain the values in good faith entrusted to it. Nor would this movement be simple and single, but complex and protracted. The disturbed level would result in a succession of waves backwards and forwards, prices painfully seeking by rise and decline a new equilibrium.

But, suppose the ratio settled, and the consequent circle of disturbances completed, are we then safe as regards the first feature of a good currency, firmness? Quite the reverse. We have, as the result of our cunning, multiplied all the natural, inevitable fluctuations of gold by three. Our paper dollars stand connected by a sum one third their nominal value with the stable, inherent value found in gold, subject, like other products, to its own causes of fluctuation. Suppose one of these causes at work, occasioning a heavy foreign demand, coin, in compliance with this, will be taken from the currency; but, to maintain the ratio between the two elements, three dollars of paper must be withdrawn from the circulation for every dollar exported. The movement is thus threefold what it would otherwise be. A like and reverse movement follows when the gold returns to the vaults of the banks. We have checked the channels of connection between our own medium of exchange and the great ocean of values, and the waves of an otherwise easy ebb and flow come surging through with precipitate, gigantic, and destructive power.

The fitness of gold, its imperceptible change of value, its many correcting tendencies, are lost. We have artificially magnified every defect, increased every perplexity, and converted a safe, tranquil medium into a fitful and violent one. The great mass of the precious metals act as a heavy balance-wheel on the irregular, jerking play of an excited exchange. By substituting paper in the constitution of our currency, two parts in every three, we have correspondingly weakened this governing power.

The effects of these fluctuations are so disguised under familiar phenomena, are so concealed in the constant rise

and fall of prices, that few appreciate their disastrous results, or are even aware, except in extreme cases, of their existence. A commodity rises or falls ten per cent; it is easy to refer the enhanced price to this and that cause, and very difficult to say how much of it is due to an unsound currency.

Some of the effects of fluctuation we shall mention as exposing the nature of this constant and pervasive source of mischief, and revealing the incomparable wisdom and economy of a currency, resting dollar for dollar on a metallic basis. Suppose a sudden decline of twenty per cent in the medium of exchange. The price of all commodities must rise correspondingly. But how—uniformly and at once? By no means. The mating of prices one with another has been the work of many years. The slow approximation of justice by successive trials, it has often been attended, as in the case of wages, with a severe struggle; and now the ground is at once taken from beneath the foot of the producer, to be won again inch by inch. The large supply of money indicated by the decline puts peculiar advantages in the hands of capitalists. Manufacture, commerce, and speculation are quickened, abundant means are placed at their disposal. The more active products are first affected by the rise of prices; this rise still further stimulates speculation, and large fortunes are realized. The more sluggish products, meantime, are relatively depressed, and leave their producers burdened with unusual difficulties. Now among the things less sensitive to the change of prices will be nearly every kind of services, and usually those minor manufactures which are in feeble hands, and have little influence in the market.

Thus the wealthy and fortunate are able to steal a sudden march on the poor. The workers, from the salaried men to the day laborers, find their wages less adequate than before, and that it is difficult or impossible to secure a sufficient advance. The poor thus become poorer and the rich richer. The manifest prosperity of the latter class, and the rapidly acquired fortunes of a few, fill the public eye, produce the

appearance of prosperity, and hide the many small losses scattered through the community at large. The decline of the currency in the late rebellion affords abundant illustration of these statements. Many mills were run at very unusual profits, while the wages of the operatives, nominally greater, actually fell away.

A sudden fluctuation of currency is a temporary financial anarchy, and they are sure to win who already have the upper hand. Those who hold their comforts by a constant struggle, find that under the deceptive appearance of gaining they have really lost ground. The hard-working men of the country have had in the past war the sudden profits of the few divided among them as losses, as increased difficulty in meeting current expenses with current means. Careful inquiries show that wages have advanced fifty, while products have increased a hundred, per cent. A large part of this fluctuation has been due to currency, and unequal, severe, and depressing have been the losses it has entailed on the masses, in many instances endangering educational advantages or social position, or even the very necessaries of life.

Every decline of the currency is a cry, hurly-burly, a letting loose the dogs of financial war; and we shall find that when a second equilibrium is reached, the poor and weak have sunk, the rich and strong have risen; that plodding industry has lost a portion of its patient gains, while we are bid, because of the showy, noisy prosperity of the few, to congratulate the nation on its prosperity.

Another more obvious but less generally disastrous result of a decline in currency is, that indebtedness is by so much reduced, and the claims of commercial justice violated. A debt is paid to the eye only; a half or a third of its former value is canceled without an equivalent. This is an injustice to every creditor, but one grievous to be borne by those who in comparative feebleness depend on the interest of a fixed sum for support. Widows, minors, pensioners, charities, colleges, feel severely the fraud.

The effect of such a decline on the industrial tone, the

courage and patience of a productive community is most unfavorable. The rewards of comfort and wealth in a measure cease to fall to the diligent. Good fortune comes suddenly and conspicuously, not as the result of toil, but of a lucky purchase. A gambling, speculative spirit is aroused; all are excited by it. The impulsive are dissuaded from labor, or disheartened by its meagre results; and that patience which is most of all needful to safe, permanent industry is lost. The productive tone thus lowered cannot be restored again, except by a return to a close and fixed dependence of position and wealth on industry, to a secure measure of value; and these will not be reached till the speculative spirit has run its career, has been overtaken with general disaster, has produced a prostration of business and wide-spread suffering, and thereby given weight once more to sober thought and first principles. Indeed, such bankruptcy is far preferable to a result immediately and apparently more favorable, in which the rich maintain the ground gained, and the poor sink in rank with increased servility and dependence.

A fourth evil of an inflated, fluctuating medium is the great obstacle it opposes to business, especially to some branches. A large and very incalculable element of risk enters into all transactions, and demands, therefore, unusual shrewdness and foresight to escape the increased liabilities of loss. Ordinary and inferior talent suffer new and needless exposure, and the paths of industry are strewn with pitfalls into which many faithful workers slip. Especially is this true in all contracts which involve any considerable length of time. Their obligations cannot be assumed on the basis of current prices without the liability of heavy loss on the probable contingency of a sudden advance, and no advances are more sudden and incalculable than those which spring from a disordered, feverish currency. Hence this convenient form of business must be surrendered, or contracts taken only at those exorbitant rates which enable the operator to meet all risks. Equally dangerous are invest-

ments which look to light and late returns. Tenements cannot be safely erected, since some future decline may greatly reduce their value and render a remunerative rental impossible.

Again, the very causes which in a mixed currency, with a relation of its two elements barely sufficing for quiet, prosperous times, compel suspension of specie payment, and provoke the inflation consequent thereon, frequently occasion aggravated and protracted national loss by measures which the inadequacy of the medium has alone made necessary. The suspension which accompanied the rebellion was followed by a rise of prices so great as to enlarge the expenditures of government by fifty, eighty, a hundred per cent. Thus a large fraction of our national indebtedness has been incurred for no more necessary reason than the weakness of our medium of exchange, breaking down at once under the burden laid upon it. This debt is most of it to be paid, and considerable portions of it to foreign holders, at a rate of value in the unit expressing it much greater than that at which it was incurred.

One more irreparable consequence of these fluctuations is the blow they give to the sense of financial justice, and the commercial immorality they occasion. They at once and everywhere of necessity cause an inextricable concatenation of wrongs. Every transaction has an unexpected and inexpressible percentage of robbery in it. Debts are contracted at one value and paid at another, commodities are diversely affected, and hence exchange each for each unfairly. Wages sink below their true value, their value as hitherto expressed in the products consumed. Salaries, rentals, interests, dividends depreciate, and the taint of unfairness spreads everywhere. Is it surprising that such periods are sometimes followed by repudiation, and are often accompanied with a feeling of liability to it? Indeed, in this utter confusion of obligations, justice herself is confounded, and hesitates to enforce the full payment of a debt in a sound currency which was contracted in one two hundred per cent



below par. Abstract right is scarcely less violated in paying than in refusing to pay. The numerical inequality is as great in refunding one dollar with two as in withholding the one. It is only the sense of national faith, that overlooking every other consideration, claims the sacrifice.

Any one of these losses is of more moment than all possible gains of a mixed currency, and together they constitute a ground of action which renders the further pursuit of such profits not merely a trifling with great interests, but a criminal disregard of rights. The soundness of currency is the health of commerce; and any chronic weakness here is sure to develop some acute disease, wasting in a few days the strength of years.

We have thus hastily sketched the offices and liabilities of a circulating medium, that we may see the moral bearings of the subject, its relation to the ordained discipline of individuals and nations. We could not arrive at our results by a shorter path, as we could not presume a general knowledge of the social phenomena concerned. We invite attention to the adaptation of gold and silver to the office they have to perform. In quantity and quality they are as finely fitted to form an elegant, convenient, and stable medium, as is iron to its large circuit of mechanical uses, or coal to the purposes of combustion. Beyond their direct properties, imparting appropriate, physical conditions, their quantity and manner of attainment have been so ordered as to exactly adapt them to their commercial office. Exchange in all its exigencies is anticipated, and met in the qualities of the precious metals, showing a physical construction of the world in reference to the secondary wants of society.

The slow increase of gold and silver from century to century has enabled them to meet the growth of commerce, has softened the pressure of indebtedness, and without materially interfering with the stability of values, has been a sensible advantage to the arts. These slow gains of gold are as incomparable to the quick, violent mutations of paper as the orbit of a planet to that of a comet.

Again, what we may call the high-toned integrity which a sound commercial system, a safe currency, calls for, is most observable. Mere paper, a mere promise, cannot be made to take the place of intrinsic value. It must be fully backed and broadly sustained by that which it represents. Slight trespasses lead by insensible gradations to larger trespasses, and these to speedy and thorough retribution. What an image here of the moral world! What a kindred discipline! Men must learn to accept the strictest principle, to lay an unflinching law at the core of their commercial institutions, and this in the face of much greedy selfishness, of much clamor against it, and denial of its necessity; and holding fast there, impart soundness and safety, justice and strength, to every later act of traffic. Compromises and concessions are all proved the letting out of water, which knows no arrest, and a bolder, firmer, more inherently sound method becomes an inexorable necessity. This type of moral purity, this discipline of integrity, this grounding of traffic on principle, places the financial plane of action but one grade lower than the moral. The great struggle of man ever is to save the sin and escape the consequences. They are most unwilling to believe that minor deflections from the strait path of law are so fatal in their results, so certain to find out and punish the delinquent. Here, however, in the very centre of commercial life and selfish activity, is a law at war with cupidity, which will not suffer any concessions, but exacts, with pain and penalty, implicit, self-established obedience.

Observe also how the whole conflict, here as elsewhere, is laid on the masses, and can find no successful issue save in their intelligent action. The interest of a few, if under a banking system the currency is intrusted to private parties, the exigency of rulers, if it be retained exclusively in their hands, prompt expression. An influential, moneyed class find their gains in abuses, and rally around and support them. The people on whom the burden of disaster ultimately falls can alone correct these, and by joint, intelligent action hold the evil in check. Thus are communities and

nations scourged round and round the same circle of suffering, nothing sufficing for their redemption save their own recognition and enforcement of their rights, save progress. Thus is their discrete action put, in the discipline of the world, higher than the objects of that action. The financial field in its gains and losses is ordered more for the making of men than the making of money. The instruments of prosperity are not provided; but a school in which men are taught how to construct them, and a recognition of the principles on which they rest. Manhood is put before means, training before success. God redeems all by making the wisdom and well-being of all conditional to general improvement.

Once again we see how the plane of financial law while developing the most keen intellectual life, and disclosing the tenacious claims of justice, while lying parallel with the higher discipline of our moral nature, can hardly of its own forces alone achieve progress or maintain it even when achieved. Simple self-interest will claim and secure approximations to justice here and there, now and then; but as the immediate gains of more intelligent classes will always be found involved in abuses, these, with superior firmness and resources, will turn aside reform from its perfect issue, and use the past gains of a false method to retain the old or to reach some new and unequal division of power. If one generation were to be driven through all the tortuous windings of perverse policy, were to trace results to their causes, and, by suffering them, to unfold to the full their evils; if a wrong method were to unbind at once and plainly its whole budget of disasters, self-interest would be a more adequate impulse to progress, aside from those moral forces which come in to quicken and sustain it.

In the long delayed consequences of a false system, in the comparative ease with which the superior few bewilder, mislead, and baffle the many in the understanding and prosecution of their claims, in the extent to which the truths of the case are hidden from all by involved and overlying

causes, disaster finding other reasons for its explanation, and prosperity being wrongly attributed to a method which has really counter-worked it, we find influences so powerful as to cut off unaided society from safe and hopeful growth.

The philanthropy of the few, directing, steadying the desires of the many; the sense of justice pressing all consciences, and shaming the most ungenerous; the clear development of rights and advantages by the insight of the moral nature, constitute the forces which must take up and exalt financial policy, which from a higher point must play down into, adopt, and enlarge its principles, before even an external, formal, legal life of society can be established in perfect health. It is ever and alone the soul whose well-being is ultimately the well-being of the body. The conditions and material of growth are present, but growth itself must be reserved for life, equally in the physical and spiritual worlds. To close with opportunities and make the potential actual, this is proof of a power as high as the result reached. If those ends be moral, the agencies also which have secured them are moral. No matter in what line we trace the forces at work, spiritual incentives alone yield spiritual fruits. We do not find the lower growing into the higher, but craving the higher for its own completion. From many points must we direct attention to the truth so often denied, so vital in itself.