


## WILLIAM W. PHELPS

 WILLIAM WALTER PHELPS, American congressman and diplomatist, was born at New York, Aug. 24, 1839, and died near Englewood, N. J., June 17, 1894. Educated at Yale University, he studied law at Columbia University and for a few years practiced his profession at New York. In 1869, he withdrew from practice in order to devote his time to the care of large estates inherited from his father. In 1873, he entered Congress as a representative from New Jersey, retaining his seat for one term, during which he was conspicuous for independence. He was delegate-at-large from New Jersey in the National Republican conventions of 1880 and 1884, in both of which he was a supporter of the nomination of Blaine. In 1881, he was United States Minister to Austria, and the next year reentered Congress, where he sat continuously till 1889. During this period Mr. Phelps served on the Committee of Foreign Affairs, and in 1889 was one of three American commissioners appointed to represent the United States at the International Conference, Berlin. From 1889 to 1893 he was United States Minister to Germany. On his return to this country he lived but one year thereafter, dying at his New Jersey home in his fifty-fifth year. Among his speeches are those "On Sound Currency" (1874); "On the Civil Rights Bill" (Feb. 4, 1875); and "On the Dangers of Peace" (1884).

### SOUND CURRENCY

APRIL 1, 1874

**M**R. SPEAKER,—We are bound to give the people of these United States a sound currency. We are bound to give them specie payments; for only gold, or a credit based on gold, is a sound currency. We are bound, whether we be Liberals, Republicans, or Democrats, by express promise; we are bound by the provisions of a law, the first ever signed by our Chief Magistrate; we are bound by the oath we took as members of this House to support the constitution; we are bound by the conventions of Philadelphia, Cincinnati, and Baltimore, which pledged the three great parties to "speedy resumption;" we are bound by the

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act of March, 1869, which "solemnly pledged the public faith to make provision at the earliest practicable period for the redemption of the United States notes in coin;" we are bound by the constitution, which was formed "to promote the general welfare." Can we better provide for the general welfare than by giving to the people a uniform, stable currency?

For the general welfare, for the interests of other classes, others may speak. Let me to-day speak for the interests of labor,—the labor of the farm and of the shop,—for the poor man.

I believe, and I think I can show, that while the moral evils resulting from a depreciated currency fall uniformly, the material ill, the real suffering and loss, fall upon the laborer and the farmer. The capitalist and merchant, in the resources of varied exchanges and varied investments, may adjust and shift the loss; the poor man receives it all. Wall Street, Beacon Street, and Chestnut Street may escape; the farm and the workshop never. Therefore I urge to-day the resumption of specie payments in the name of the farmer and mechanic.

I ask a sound currency for those whose plows rust in the furrow; for those who darken the streets of Paterson with their patient waitings.

And let no man smile that I speak for those whose wants I best know and most feel: I speak for them, not to them. Shall I tell them of sufferings they have felt? Shall I point them to the silent forge and spindle and loom? They have lived and moved among them all this dreary winter, as men can live and move even among the silent monuments of departed life. They ask for a sound currency; as their representative, I ask for it in their name. They have waited, they



are still waiting, with patience. So far they have asked for bread, and their government has given them a stone; they have asked for money, their government has given them a rag.

Mr. Speaker, a century ago a part of the English people gathered around Westminster Hall to impress a sentimental grievance upon their representatives. Their subsequent conduct was not such as the friends of order could approve. Not such would be the conduct of the Paterson mechanics should they gather round this Capitol to impress their real grievances.

There would be no noise, no disorder, no riot. They would stand the livelong day in patient waiting. They would part without threat, to let in and out the representatives of the people, and as each passed they would simply say, "You believe the testimony of Jefferson, Jackson, and Benton; or, you believe the testimony of Adams, Clay, Webster, and Sumner. Give us the money they recommended; give us a dollar that is a dollar. Give us the money of our fathers; give us the money of the world."

Mr. Speaker, I could spend much time in proving financial truths that were never disputed before this year of our Lord. Why should I? Shall I put up a man of straw, to knock him down? Shall I tell truths that the theory and experience of the world have established? Could I write them better than Smith, Ricardo, Say, Rice, and Bagehot? Can I speak them better than Jefferson, and Benton, and Webster, and Clay? If there is a man who believes there is any other basis for a sound currency than gold, and who maintains that belief in the face of the world's testimony and the world's experience, I cannot convert him; I will not attempt it.

It seems to me that most of the confusion of thought and

expression that appears in this discussion is the result of inaccuracy of terms. The words are used inaccurately. The confusion is one, not in the subject, not in the mind that grasps it, but in the terminology. Give that strict definition to terms, give that strict use of terms, when defined, which rules in other sciences, and all confusion must give way to order and harmony. In the great process of exchange there are two parts, two functions. For these two functions two different instruments are needed. Let us give these different instruments different names, and carefully maintain the distinction.

What is money? It is the measure of value. It is the instrument devised to transact the first step in an exchange. It is the commodity used to estimate the relative value of other commodities.

Before we can exchange commodities we must know what is their real value. We must take a commodity of fixed value, and, dividing it into units, make these represent the ratio which other commodities bear to each other. This measure of value is money.

The measure of value is gold. Why? Because gold has the mechanical qualities for such a measure. It is divisible and indestructible. It has, too, a universal and stable value. Now, money must have value, because it is used to measure value. If we wished to measure the length of commodities we should take a measure that had length. Did we wish to measure weight, we should take as a measure a commodity that had weight. So, when we measure values, we must have a measure that has value. And gold is the only article that has a universal and stable value. Universal, for here civilization and barbarism, the past and the present, meet. Abraham counted shekels in the first



recorded bargain, and William exacted from France a coin subsidy. The Pacific islander clamors for gold; and for gold the poet laureate of Great Britain sells his muse.

"But," says an objector, "have not other commodities a universal value? How with wheat? Abraham gathered wheat before shekels. Glidden's mummy unfolded wheat mixed with gold, and your islander sometimes says 'wheat' first, 'gold' afterward."

All of which is true. But the demand for wheat is finite and can be supplied. When supplied, the price falls, for there is a glut. Not so with gold. The demand is infinite; there can be no glut. It grows on what it feeds. The Incas, when their eyes were dazzled with its ubiquitous sheen, schemed for it; and our richest grangers—most virtuous of men—are still Olivers, asking for more. And gold has a stable value; not perfectly so (for I have heard of California and Australia), but more stable than any other commodity. Hence for our money, for our measure of value, we take gold.

But besides money we hear of currency. What is that? Money was the measure of value. What is currency?

Currency is the medium of exchange. It is the instrument that performs the second process in exchange. After money has fixed the relative values of commodities, currency makes the exchange. And what is currency? What does it consist of?

Mainly of credit,—credit in one of its many forms, draft and note, bill and check and account. So we have two different instruments, and two sets of names for them; one set is, the measure of value—gold, money; the other is, the medium of exchange—paper credit, currency.

And here is the only opportunity for mistake in keeping

this distinction. Money is the measure of value—is gold. Currency is the medium of exchange—is paper representing gold. But as a principal can do what its representative can—money, gold, can also discharge the second process of exchange, can also be currency. It can perform the two functions. But when money performs the second function, makes the exchange, it is currency. Hence a deal of confusion. From this we escape by bearing always in mind that while money is currency, currency, except the small part which is gold, is not money. And perhaps just here it is well to say that no bullionist, no hard-money man, as far as I know, wants to use gold for currency. We want to use gold for money, for the measure of values. We want to use paper as currency, as the medium of exchange. In other words, we think gold the best measure of value; paper the best instrument of exchange, the best currency.