52D CONGRESS, 1st Session. } HOUSE OF REPRESENTATIVES. { REPORT No. 249.

FREE COINAGE OF GOLD AND SILVER.

FEBRUARY 10, 1892.—Referred to the House Calendar and ordered to be printed.

Mr. BLAND, from the Committee on Coinage, Weights, and Measures, submitted the following

REPORT:

[To accompany H. R. 4426.]

The Committee on Coinage, Weights, and Measures, to whom was referred House bill No. 4426, entitled "A bill for the free coinage of gold and silver, for the issue of coin notes, and for other purposes," report the same back and recommend its passage with an amendment in section 1, line 19. Strike out "five hundred" and insert "one thousand." This was deemed advisable so as to accommodate dealing in large transactions and bank exchanges. The bill provides for the free and unlimited coinage of silver on same terms as gold is now coined. Expense now exacted of depositors of gold for coinage at our mints is simply the alloy that is necessary to make it of standard fineness.

The bill, in conformity to this, requires the deposit of gold and silver of standard fineness. Coin notes may be issued on the gold and silver deposited if demanded, instead of waiting for the coin. These notes to be of denominations of not less than one dollar nor more than one thousand dollars. They are made a legal tender and of like monetary functions as the standard coins. They are redeemable at the Treasury of the United States in coin on demand. The bill converts all our gold and silver notes into coin notes, redeemable in coin, thus doing away entirely with all legal distinctions between the metals both at the mints and paper issues. It is believed this will greatly tend to promote equality in all respects. There will no longer be issued gold notes or silver notes, but bimetallic notes payable in either coin at the pleasure of the Government.

It is contended that the reason we exported silver bullion while our mints were still open to its free coinage, was that our ratio was such that our coin and bullion (silver) was worth more as compared to gold at European mints than here; that should France and other States open their mints to the free coinage of silver at their ratio of 15½ of silver to 1 of gold, our ratio remaining while at 16 to 1, our silver coins and bullion would again go to European mints; that this fact would likely prevent these nations, especially France, from entering upon their former bimetallic system. To remedy this, the bill proposes the adoption of the French ratio of 15½, so soon as France reopens her mints to the free and unrestricted coinage of silver at this ratio. Should France accept the offer, it would render wholly unnecessary any further efforts by way of negotiations or otherwise to establish a common ratio for this and other countries

In criticism it is said that France might reopen her mints to free coinage of silver, but as soon as the Government was thus induced to adopt the ratio of France, that country might close her mints for the purpose of sending her silver here. It is not to be presumed that anything of that kind could happen to our detriment. For we can change our attitude if it becomes necessary to do so. Indeed we can hardly suppose that great nations will act the part of tricksters in matters of such vital concern to all.

THE DUMP OF SILVER.

The familiar warning that free coinage would cause shiploads of silver from other countries to be brought here and dumped at our mints in exchange for our gold is still urged. How can this be, under the bill or proposed law? The shipload of silver brought to our mints by the foreigner would be coined into standard dollars, and these dollars returned to him; but he could not go to our Treasury and demand gold for them; nor can he compel one of our citizens to swap him a gold dollar for a silver dollar. If the American citizen gives him a gold dollar for a silver dollar, that is a voluntary trade that no law ought to interfere with.

Should the foreigner take coin notes for his bullion instead of coin the same thing happens. He can take his coin notes to the Treasury and demand redemption, but the note is redeemable in coin, and the Secretary of the Treasury could hand him back the coin struck from his shipload of bullion. The foreigner would then ascertain that he had committed the blunder of bringing silver to our mints where it is worth 3 cents on the dollar less than it was at home—that he looses this 3 cents and cost of transportation besides. What then will he do with his money? He must either invest it in property here or go home with it. He could not buy gold with it or gold exchange, unless gold and silver were at par; in this case there could be no reason for preferring the one metal to the other. If gold went to a premium he would have to pay the premium on his exchange, thus entailing upon him additional loss in his enterprise of sending shiploads of silver. If he invests his shipload of silver money in our property and business enterprises it would at once stimulate industries, awaken enterprises, and give us a healthy business and sound currency.

What more could be desired. Every shipload of silver thus brought here and invested in productive wealth would have a twofold effect. It would bring unexampled prosperity to this country. The next would be panics in the Old World. Business there would be paralyzed for want of money; their prosperity destroyed. Prosperity here and stagnation in the old countries would force shiploads of their people to come to this country in search of their lost shiploads of money. The nations of the Old World are aware of this. They would see to it that no such thing occurred. They know the advantage the free coinage of silver would guarantee to us, hence their uniform predictions that calamity would be the result instead of prosperity. They are not in the habit of giving us trustworthy advice as to the course we should pursue in this matter.

The following from the report of the Secretary of the Treasury, Mr. Windom, for the year 1889, is submitted as pertinent to this discussion, pp. 82 and 83:

There is in fact no known accumulation of silver bullion anywhere in the world. Germany long since disposed of her stock of melted silver coins, partly by sale, partly by recoinage into her own new subsidiary coins, and partly by use in coining for Egypt. Only recently it became necessary to purchase silver for the Egyptian coinage executed at the mint at Berlin.

It is plain, then, that there is no danger that the silver product of past years will be poured into our mints, unless new steps be taken for demonetization, and for this improbable contingency ample safeguards can be provided.

Nor need there be any serious apprehension that any considerable part of the stock of silver coin of Europe would be shipped to the United States for deposit for Treasury notes.

There is much less reason for shipping coin to this country than bullion, for while the leading nations of Europe have discontinued the coinage of full legal tender silver pieces, they have provided by law for maintaining their existing stock of silver coins at par.

In England, Portugal, and the states of the Scandinavian Union, there is no stock of silver coin except subsidiary coins, required for change purposes, the nominal value of which is far in excess of the bullion value. Germany has in circulation about $100,000,000 in old silver thalers, but ten years have passed since the sales of bullion arising under the antisilver legislation of 1873 were discontinued. It is safe to say there is no stock of silver coin in Europe which is not needed for business purposes.

The States of the Latin Union, and Spain, which has a similar monetary system, are the only countries in Europe which have any large stock of silver coins, and the commercial necessities of these countries are such that they could not afford, without serious financial distress, to withdraw from circulation silver coins which are at par with their gold coins, to deposit them at our mints for payment of the bullion value in notes.

The truth is, that the conspiracy formed in the Old World, planned and so successfully carried through there and here, was aimed to confine the debt-paying medium of the nations concerned to the single metal, gold. For this purpose the par of centuries was broken. Gold decreed to rapidly rise in value, thus adding 50 per cent to the value of credits, enriching creditors, public and private, at the expense of debtors and taxpayers, enormously depressing the value of labor and the products of labor as compared to notes, bonds, and mortgages. The words "free coinage of silver" sends a thrill of terror to the promoters of this conspiracy and the beneficiaries. They know full well that when this great Government thus throws its weight in the silver balance the world will again be restored to implicit faith and confidence in the future safety of silver as the money of the world. The old par will return, the two metals being tied together by the strong ligature of forty-four States and five Territories—with a population of 65,000,000 and to reach near 100,000,000 in the next decade, with an area of 3,000,000 square miles, the greatest people and the greatest metallic power in the world—can never again be dislocated; the conspiracy would be exposed and defeated. It is this phase of the issue they fear, not the swapping of shiploads of dollars of silver and dollars of gold. It is the restoration of the bimetallic par. It is the skeleton of defeated fraud and avarice that lurks in the closet of the gold palace that we are called upon to meet in battle on the free-coinage question. The bushwhacking warfare waged against restoration of silver is the most potent exhibition of the weakening of the enemy. It is argued first, that all our gold will go to a premium and be hoarded. The next breath says that the silver miner will be enriched by coining his bullion worth 75 cents into a dollar worth 100 cents, not stopping to think that this could not be so unless the free coinage of silver puts it at par with gold, in which case there could be no premium on gold and no hoarding for such reasons.

The next slogan is that the billions of silver coins of other countries would immediately be brought here to exchange for our gold; thus, without stopping to reflect that to-day we have only about $278,846,750 of gold in the Federal Treasury, and even this can not by any law of free coinage proposed be drawn out in payment for silver dollars or coin notes. No citizen of the United States is compelled by law to swap his gold dollar for a silver dollar, nor is there any law in existence or proposed that compels an exchange of silver for gold without paying any premium that may at any time exist on gold. Again, it is said, we give the silver miner at our mints a dollar for bullion that costs only 41 cents, without hesitating a moment to reflect that the gold miner, as is often done, extracts 5 ounces a day in gold, that we coin into $100, when his day's wages is worth only $3 or $4, thus coining his product that cost but $4 into money of $100.

There are no mining statistics that can even approximate the vast outlay of labor and capital, not to say privation and deprivation, wasted absolutely in the search of the precious metals gold and silver. It is an old adage that it takes "a gold mine to work a silver mine," as illustrating the costs of such mining. Where one miner gets rich at this sort of mining, many thousands waste their labor and capital in fruitless search for the hidden treasure. There is absolutely no reliable data to estimate the cost that the mining of our precious metals has one way or another entailed. As a mining question it may be fairly said that the gold miner now has a monopoly at our mints, that equality and equal justice would give the silver miner the same privilege as the gold miner. But the mining question as a matter of fact has no place in this discussion. It is lugged in to prejudice and blind the mind as dust thrown in the eyes of the people.

When the utter inconsistencies and fallacies of all the other objections to free coinage are shown we are confronted with the ultimatum that all our gold will flee this country at once, contracting our currency to the amount of $686,000,000. The monthly statement of the Secretary of the Treasury for January 1, 1892, shows we have in the Treasury gold coin and bullion, $278,846,750. Last annual report of the Comptroller of the Currency shows gold in national banks amounting to $87,575,142; private banks and other institutions, $8,883,552; total in banks, $96,558,694; making a total in Treasury and in banks of $375,425,554.

This amount we have trustworthy record as being in this country. The remainder of the estimate of $686,000,000 is largely guesswork. Of all the objections urged against free coinage this, in the opinion of your committee, is the only one that deserves serious consideration. That the change proposed in our currency laws, involving the complete restoration of the bimetallic standard, a return to the coinage of both metals on equal terms will cause for the moment some apprehension, and probably a disposition to hoard gold, may be expected. Yet any evils that may result must, in the nature of the situation, be transitory. No important change that affects our fiscal system can be made without in some respects, in first effects at least, causing some inconvenience or friction somewhere. Yet it will not be contended that our laws relating to the currency or to the tariff or other modes of taxation are never to be altered. The ultimate good to be obtained is, and always has been, a sufficient argument for changes and amendments.

To restore silver now would not mean the radical change that was effected in our currency laws by the act demonetizing it.

It is as competent for this Congress to restore silver as it was for the Forty-second Congress to demonetize it. It is admitted everywhere that silver demonetization was a great blunder. Why should not its restoration be a great blessing.

Indeed, demonetization took place without warning and at a time when we were looking to a resumption of coin payments and sorely needed all the specie possible. We have approached free coinage gradually. We resumed the coinage of the standard silver dollar in 1878 with the distinct purpose of putting this country on the gold and silver basis. At no time since then has there been a cessation on the part of a vast majority of our people for its complete rehabilitation. We have coined over 400 million silver dollars, we have besides over 50 millions silver bullion, and are now purchasing 4,500,000 ounces every month, or 54 million ounces annually. Our approach to free coinage has been steady and persistent. We believe silver should have been restored at once in 1878. Then, the longer it is delayed the greater the injustice done to our people.

A few timid people and a few misers might for a moment hoard gold, but the gold in this country for the most part is held by a class of our citizens who are too shrewd and alive to their own interests to drop their gold in the sea or bury it in the ground from whence it came and whence it will continue to be extracted. The holders of gold could not and would not bear the loss of so much dead capital. At least, they would do no more with gold than they are now doing—loan it out on contracts for the return of principal and interest in gold. We are now suffering all the evils alleged against free coinage by its opponents, without the realization of many of the benefits claimed by its friends. The restoration of silver as a money metal by this country would at once allay all fears of its ultimate remonetization by the nations of the world. It would give confidence in silver as a safe medium of exchange, leaving no pretext whatever for the apprehensions now indulged in. There could be no hoarding of gold.

The stocks of coined silver that would add to the world's money would, in the nature of things, cheapen gold and render it less burdensome to meet gold contracts than now. To take 600,000,000 of gold out of our circulation immediately, and before the vacuum could be supplied by free coinage, would necessarily lower prices to such extent that gold would buy more of commodities than now; consequently, gold investments here would be more remunerative than now. This fact alone would at once cause gold to be imported instead of exported; it would cause gold to be invested instead of hoarded. Gold can not be hoarded or exported at a profit till some other forms of money take its place in our circulation.

BONUSED EXPORTS.

The fact that nearly the whole of our exports of agriculture go to European or gold-using countries, to be sold in competition there with countries on the single silver basis, is cited by economic writers of this country and of the Old World to show the disadvantage of the American farmers in such competition. It is claimed, and the history of prices show, that as silver falls as compared to gold, so in about the same ratio the prices of our farm products fall. To say that silver is low, is tantamount to saying that the price of cotton, wheat, and other farm exports are depressed. The reason is plain: countries having the silver standard avoid as far as possible liquidating foreign debts in money, for the reason that silver is, as compared to gold, depreciated. To settle foreign balances therefore in silver entails a loss of the difference in exchange between the value of silver as compared to gold, this difference being the divergence between the commercial value and the coining value of silver. Hence silver-standard countries, notably India, instead of sending her money (silver) to pay foreign balances, sends wheat and cotton and other exports, which in her currency have not lost their value at home or abroad. This system works as an indirect bonus for all such exports from silver-standard countries. Not so with the American farmer. Here silver is coined only on government account. We are thus tied to the single gold standard; consequently when gold goes up as compared to silver his wheat, cotton, and other exports fall in price. In other words, as silver falls below gold, so also our articles of export trade, especially farm products, fall in price. These facts were clearly brought out in the investigation of the British Royal Commission.

An explanation further is that the farmer, in all silver-standard countries, who sells his products for gold, in gold-using countries, gets gold. If, therefore, wheat is worth a dollar a bushel in gold in London, a bushel of wheat sold there will get a gold dollar; this gold dollar will buy silver enough now, in the London market, to coin a dollar and twenty-five cents at our ratio, and more at the ratio of India, so that the farmer in silver-standard countries gets for his wheat a dollar that will buy a sufficiency of silver to coin at his home mint into a dollar and a quarter; or, in other words, he has in reality got a dollar and a quarter a bushel for his wheat. Not so with the American farmer. He gets his dollar in gold, but he can not with that gold dollar buy silver for coinage at home for the reason free coinage is denied him, silver coinage here being limited to Government account.

The American farmer gets a dollar for a given amount of his wheat, meats, and cotton products, whereas the farmer in silver-using countries gets a dollar and a quarter for the same amount of his product. Free coinage would put silver and gold on a practical parity, thus putting the American farmer on equality with the Hindoo and other silver-using peoples. It is beyond a doubt that the free coinage of silver, by decreasing the value of gold and increasing the value of silver, and thus bringing them about to par, would add at least from 12 to 15 per cent to the value of all farm products, so that it is clearly seen that the gain of the silver miner as compared to the gain of the American farmer by the free coinage of silver is practically insignificant. This week's Wall Street Review has the following bearing upon this point:

TWO LOW-PRICED COMMODITIES.

Silver and cotton are the two important commodities selling at the lowest prices in history. Silver is all important because it is such a factor in our currency. Bullion dealers insist that foreigners have been selling silver short in this market for weeks and run no risk because the Government gives so much time to the delivery of bullion on its triweekly purchases. They could send foreign silver here to deliver to the Government on sales made to it, if the market should take a sudden upturn or it was hard to buy silver here to deliver. An amendment to the law making deliveries obligatory in three or four days is desired. Cotton figures largely in our exports and means everything to the South. It is not generally known that our exports of cotton are the largest of any staple; in fact, in 1891, despite the low prices, the value of our cotton exports was $276,658,029, against $231,492,890 of all breadstuffs and less than $160,000,000 for all animal products. In 1889 cotton exports were $266,649,345, against $129,665,377 of all breadstuffs. Any improvement in the price of silver or cotton would be reflected in the market for securities.

The Washington Post, of January 31, has also the following telegram from New York:

TUMBLE IN COTTON—EXCITEMENT OVER THE LOWEST PRICES EVER CHRONICLED IN NEW YORK.

NEW YORK, *February 1.*

There was great excitement on the cotton exchange to-day. For a year the price of this staple has been steadily declining, with only slight and unimportant reactions. To-day the March option sold at 7 cents per pound, tumbling nearly seventeen points. The other option sold off in the same ratio, and the nominal price for February was 6.90 cents.

The prices are the lowest ever chronicled. They are due to last year's unprecedented crop and to the fact that there is still a large part of it unused and fears that this year's crop may be nearly as large. The low price of silver is also a factor in the decline, as England settles with India in silver and the lower silver goes the cheaper England can buy in India.

The very large receipts at the Southern ports was also used as a bear factor. The outlook for the bulls is gloomy.

Breadstuffs are doing somewhat better now than cotton, owing to the failure of such crops nearly everywhere except in the United States. Yet, notwithstanding this universal failure, food products are now selling too low for any profit. These are also falling, and will suffer the same as cotton, under like conditions.

BULLION PURCHASE AND FREE COINAGE.

Bullion purchases will not restore the parity of the two metals. Bimetallism does not tolerate the idea that one metal, gold for instance, shall be set up as the standard by which the other metal, silver, shall be purchased or measured. This is gold monometallism; it fixes gold as the measuring metal, or the sole valuator. Bimetallism means that each metal shall be a standard unto itself. Free coinage of silver means that all silver bullion of 412½ grains standard or 371¼ grains pure silver shall be worth a dollar in lawful payments. The stamp of the Government is affixed to it solely for the purpose of guarantying its weight and fineness. It is the bullion that, in fact, is legally monetized. This being so, the bullion, 371¼ grains, or 412½ grains standard silver is always worth a dollar because the law so declares. All that is necessary to enforce this law is to get Government stamp as to the fact of the weight and fineness. Therefore, silver bullion under free coinage can not fall below the value at which it is declared by law to have in all payments. It can not fall below that value which the Government gives it at the mint, because the mint is an open market for all of it at a fixed price. The same may be said of gold. Mr. Weston, in his excellent book on the silver question, says:

THE LAW OF THE DOUBLE STANDARD.

When the double standard exists, the debtor pays gold or silver at his option, and of course pays always in the cheapest medium. When the difference becomes appreciable, the actual currency tends to be wholly of this cheapest medium, and the dearer goes to other markets as money, or is absorbed in other uses. The employment as money of the medium which is for the time being the cheapest makes a demand for it, and prevents its becoming still cheaper, or, in other words, prevents its greater depreciation, which it restrains always within reasonable limits.

We had a memorable example of that between 1850 and 1860, when the new and great supplies of gold from Australia and California came suddenly and simultaneously upon the world. The expectation of a depreciation of gold was general, and this apprehension was so great in Germany and Belgium that those countries actually demonetized gold. The depreciation did not come, and the preventing cause was the steadying effect of the double standard, and notably in France. The actual currency of that country was, in 1850, almost exclusively silver, but it changed very largely to gold when the new supplies cheapened that metal. As Professor Hanson, of the Berlin University, said in 1868:

"Europe, or rather the whole civilized world, is indebted to French law for its escape from the perturbations in the relative prices of gold and silver menaced by the enormous arrivals of gold from Australia and California. A large part of these arrivals was used in France, where gold replaced silver."

W. Stanley Jevons, an English writer of merit, estimates this absorption of gold in the currency of France, down to 1859, at one hundred million sterling, or nearly $500,000,000. The statements of the gold coinage at the French mints tend to show that the estimates of Mr. Jevon are too low. During the seventeen years of the reign of Louis Philippe, ending at the commencement of the California discovery, this coinage was £8,600,000, or at an average annual rate of £500,000. From 1850 to 1858, both inclusive, this coinage was £129,587,735, or at an annual average rate of £14,343,082. The increase beyond the rate of the preceding seventeen years is £121,000,000. The degree in which gold had replaced silver in the French currency is reflected in the state of the cash resources of the Bank of France, which, in March, 1876, consisted of 1,325,000,000 francs in gold and 495,000,000 francs in silver.

But we contend that this country can coin the two metals freely and at par and cite the history of France as illustrating this point.

It is not denied that by free coinage of both metals France was able to maintain the parity of the two metals at her ratio of 15½ to 1 for over seventy years, nor can it be seriously doubted that had she continued free coinage the parity would have remained till now. France's territory is not so large as some of our States. Our population is nearly double that of France, and is distributed over an area of 3,000,000 of square miles. Our population is increasing at the rate of 2,000,000 annually. We are warranted in saying that, taking into the account our vast territory, our great wealth, and demands for money for illimitable development, we are stronger, not only than France, but Germany and Great Britain included. Geographically we are fortunately situated for bimetalism.

On this continent to the south of us, and to the west in Asia, there are 800,000,000 of people who use only silver as money. They are the best customers for manufactures and the chief source of foreign trade. We ought to have this trade. Proper legislation on the silver question will greatly aid us in securing it.

The product of our gold mines will answer the demands for our commerce with western Europe, and our silver mines with South America, Mexico, and the Asiatics.

Nature has been bountiful in supplying us with great riches in mines of silver and gold. By the free coinage of both, New York, and not London or Paris, would be the money center for the exchanges of the world.

Upon the point of restoring the parity by bullion purchases, we quote from the minority report against what is known as the Windom or the Conger bill:*

So, as before pointed out, our 355,000,000 of silver dollars had taken the place of so much gold, and to that extent relieved gold of its work and cheapened it the world over. But for the silver we have coined, silver bullion and all other commodities would have been lower as compared to gold than they are now; so that the moment we suspend the coinage of this competing dollar and make gold the sole valuator for all redemptions, as the bill proposes, then gold must of necessity continue more rapidly to rise than heretofore. The divergence in value of the two metals as compared to each other will increase instead of diminish. It is possible that the warehousing of silver may increase its value as compared to other commodities, but gold of necessity would go up at a greater ratio than silver. So that the promoters of the bill will find themselves cheated in the main objects sought—that is, the increase of the value of silver as compared to gold.

It is here, we think, clearly shown why the bullion purchase bill has failed to bring silver at par with gold.

FREE COINAGE REQUIRED BY THE CONSTITUTION.

Gold and silver have been used as precious metals and for the purpose of commercial exchange from time immemorial, and have, from the beginning of civilization, been recognized as money at certain ratios of value. One of the fundamental principles of metallic money is that

* See views of the minority, page 8, Report No. 1086 first session Fifty-first Congress.

nature supplies the volume; the stock on hand of gold and silver throughout the world, together with that which from time to time is being extracted from the mines, constituting the monetary supply. Consequently the volume is not subject to the control of the legislator.

Without going into the history just at this time of metallic money in the various countries of the world, suffice it to state that gold being used in one country exclusively, silver in another, and still others both gold and silver, as standard of money, constitutes the world bimetallic.

Recognizing this fact, and the further fact that by common law both gold and silver were money in the colonies, our fathers constituted this country bimetallic when they provided that the States should make nothing but gold and silver legal tender for the payment of debts, and by the first mint act (1792) authorized the coinage of both gold and silver as the full legal-tender money. Also, recognizing the principle that nature, in the manner stated, should supply the volume of money, the only duty that devolves upon the legislator is to establsh, by law, the ratio of value for the coinage of the two metals, and to provide for the unlimited or free coinage of both at the ratio established. They open the mints of the Government to all comers of gold or silver bullion to be stamped or struck into legal-tender coins.

Having done this, the law of supply and demand regulated the volume. This was our monetary system from 1792 until 1873, when, under the pretext of amending the mint act, the provision that authorized the coinage of a legal-tender silver dollar was omitted, and thus, in effect, demonetizing silver.

Without discussing the circumstances under which this demonetization was done or the purposes for which the same was accomplished, it may be said that the act was passed at a time when the country was on a paper basis, neither metal being in circulation. Therefore, it was done at a time when legislation, with reference to the coin in circulation of the country, was not likely to attract the attention of the people.

This act was clearly an infraction of the true theory of bimetallism, and in conflict with the Constitution. It assumes that Congress should exercise the power of controlling the volume of money by prohibiting the coinage of one of the monetary metals recognized in the Constitution. If, under the Constitution, Congress has the power to prohibit or limit the coinage of silver, so it has that of gold.

To admit that it can demonetize one of the metals is to admit that it can demonetize both; therefore, the gold monometallists, who are so swift in their denunciations of the Supreme Court for holding that Congress has the power to issue paper legal tenders, should consider the result of their own theory of monetary science. For, if Congress has the power to demonetize the metals, it must necessarily result in exercising the authority claimed by the decision of the Supreme Court—that is, in printing legal tenders and forcing them into circulation.

As a constitutional question, it is here claimed that Congress has no lawful right to demonetize either gold or silver, but it is the plain duty to provide for the coinage of both at some regulated value or ratio. The Constitution says "the Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin." Again, "No State shall * * * make anything but gold and silver coin a tender in payment of debts."

FREE COINAGE PUTS MORE MONEY IN CIRCULATION.

It is now strenuously argued that free coinage would bring no more silver to our mints than we are now obtaining by purchase under the existing law, and would therefore not enlarge the currency. That is certainly an erroneous idea, because, under free coinage, the same amount of bullion would produce more dollars than are now being issued in the form of notes, which notes, as is well known, are issued at the purchase value and not at its coining rate. At the present price of silver 54 million ounces of bullion will make about 48 million dollars at its coining rate, viz: $1.29; this would make about 70 millions, an increase of some 22 millions annually. Further, there is now at all times a surplus, not large, perhaps, but still a surplus bearing the markets. Free coinage would absorb the whole of that surplus, whatever it may be, into our currency.

In the Fifty-first Congress, when this same matter was under consideration, the adverse report of the majority of the Coinage Committee advanced this same idea, *i. e.*, that the existing law furnishes as much currency as free coinage would give us. It must be remembered, though, that the mere number of dollars is not the only thing to be considered. The status of silver the world over is also a matter of prime importance. Replying to this argument of our opponents the minority of the committee in the last Congress in their views clearly point out the difference in principle between the existing law and one for free coinage in the following language:

THE MAJORITY REPORT.

This brings us to a brief consideration of the adverse report filed by the majority of the committee.

That report proceeds upon the assumption that the present law absorbs into our currency substantially the same amount of full legal-tender money that we should be likely to obtain under free coinage. That is probably a mistake, for free coinage would certainly relieve the market of the "surplus" which is continually "bearing" the price. It would give us all there is, whatever it may be. But there is more in this question than the mere number of the dollars to be added to the currency. Upon this point we are entitled to take our adversaries at their own words.

If, in every sale and transfer of goods and property, actual money was used, then one dollar of par value and full legal-tender function would be as available and effective for business purposes as another. But it is undeniably true that in perhaps 90 per cent of mercantile transactions there is an intervention of some form of credit. While this credit is a most important factor in sustaining prices, the credit must itself be sustained by actual cash. If gold is the standard—the ultimate thing to which recourse must be had in the final settlement of balances, and this is what every champion of gold has claimed—then it follows necessarily that every other form of money is itself merely a species of credit. One form of credit can scarcely be very effective in sustaining some other form of credit.

We believe that almost without exception the opponents of free coinage who have appeared before the committee have taken the position that the parity of the silver dollar, the silver certificate, and the Treasury notes issued under the present law is only preserved by the confidence of the people that upon demand they will each and all be *redeemed in gold.*

Whatever our opinion may be as to the soundness of this argument, it can scarcely be questioned that in the present anomalous condition of our currency gold is the main support of the credit upon the basis of which the great bulk of our business is transacted. If that be true, then we do not get the full benefit of the 4,500,000 ounces of silver which from month to month is injected into our currency. That is to say, its effect is mainly confined to those transactions where money actually passes from hand to hand, and these are supposed to constitute not more than one-tenth of our aggregate business.

When so eminent an economist as Mr. Edward Atkinson, speaking for the financial intelligence of Boston, asserts broadly that the $250,000,000 in silver in the Bank of of France has but little effect upon the strength of the bank, *except at its gold value* for internal trade, the friends of the double standard may be excused for being distrustful of any policy which keeps silver in the position of mere "token money." That the existing law does this is beyond dispute. The late Secretary of the Treasury, in his report for 1889, takes the position frankly that the standard is gold, and that the silver dollar is an anomaly and not an exception, giving as a reason that the silver bullion is bought at its market price as a mere commodity.

The act of July 14, 1890, does not differ in that respect from the one he was speaking of, except as to the amount purchased. A "double standard" with one of the standards doing all the measuring is a gross misnomer; and believing implicitly in the superiority of the double over the single standard, we can not regard with favor any law which leaves the status of either metal in doubt.

At the second session of the Fifty-first Congress an adverse report on the Senate bill for free coinage of silver was made to the House; also the views of the minority presented by Mr. Bartine in favor of the free coinage bill. We submit the following extracts from the views of minority in that report as further argument in favor of the free coinage of silver:

While there can be no doubt that there is in certain quarters a strong opposition to the free coinage of silver, it is by no means an easy matter for us to determine the exact grounds of the opposition. In one breath it is declared that under free coinage the Government will be obliged to pay the silver miner a full dollar for 80 cents' worth of silver; in the next it is asserted that the effect will be to degrade our currency to the basis of 80-cent silver dollars. These two propositions stand directly opposed to each other. The only way by which the silver miner can get a dollar for 80 cents' worth of silver is by raising his bullion to par, that is to say, $1.29 per ounce. When the bullion is at par, the dollar must also be at par, and the 80-cent dollar which haunts the dreams of our opponents will be a thing of the past.

Again it is declared that free coinage will make the United States a dumping ground for all the cheap silver in the world, and then with singular inconsistency it is argued that gold will rise to a premium, retire from circulation, and we shall find ourselves upon a silver basis, with a currency limited in amount and depreciated in value. These contentions involve some very absurd contradictions. First, they assume an inflation of the currency and a contraction of the currency at the same time; secondly, they assume a depreciated dollar with a shrinking volume of currency, a thing which never occurred in the financial history of the world, and which stands directly opposed to recognized economic principles.

It is just as impossible to diminish the volume of money and thus depreciate the dollar as it is to reduce the corn crop and thereby cheapen the corn. If there are vast hoards of silver ready to be thrown into America the moment our mints are open, free coinage certainly will not produce contraction. If there are no such hoards then there is nothing to send the gold into retirement, and again the contraction theory fails.

THE FLOOD OF CHEAP SILVER.

This argument never had a shadow of foundation upon which to rest. No man can locate or attempts to locate the whereabouts of any great accumulation of silver that would be attracted to America by free coinage. It would not come from India, for that country has not half as much as she needs and is all the time grasping for more. It is nonsense to talk about the Hindoos melting down their gods and goddesses. They have worshiped their idols from the remotest antiquity and they regard them with just as much superstitious reverence to-day as they did a thousand years ago. Why did they not melt them down and sell them prior to 1873, when silver was worth $1.33 an ounce all over the continent of Europe?

It is equally ridiculous to assume that they will part with their coin, for notwithstanding the fact that they have to pay England a tribute of $60,000,000 annually they continue to absorb silver at the rate of from $30,000,000 to $40,000,000 a year. India has only about $900,000,000 silver coin—scarcely $4 per capita of the population—and no other money. Every student of East India finance recognizes and admits the fact that the abandonment of the silver standard by Hindostan is scarcely within the limits of possibility. The Hindoos have never done a thing that even gave color to such a thought. The idea that these people, eminently conservative, are suddenly going to reverse the traditions of untold centuries of time, and make a wild rush with their rupees and their deities to the mints of the United States is entirely beneath the dignity of American statesmanship.

The economic impossibility of India unloading upon us is clearly shown by the following extract from "Hyndman's Bankruptcy of India:"

"Unlike former conquerers of India, we do not live in the country, and as a consequence we take out of it each year more than the people can afford. The total net revenues of India is under £40,000,000 a year. Not less than £20,000,000 worth of agricultural produce—more than the entire net income of the Government derived from the land revenue—is sent out of India every year without any direct commercial equivalent. Just think what this (and it is an underestimate by over 50 per cent) really means.

"It means that year after year, in dearth and in plenty, in drought and in flood, £20,000,000 is taken from perhaps the poorest on the earth to bring to us here in England (or to invest in unremunerative public works); it means that so many millions more are condemned to starvation at the next scarcity; it means that during the twenty years, 1858–1878, £400,000,000 have been so applied. Call this payment for good administration, gloss it over in any way you please, need we look further for the cause of the growing impoverishment of India?

"Not a single Englishman would say so if last year, not to speak of years before, £67,000,000, the agricultural rent of the country, had been sent hence to the Continent for nothing. Yet £67,000,000 to England is literally a flea bite compared with what £20,000,000 is to India."

Imagine such a country, fitly described as "bleeding to death," flooding us with silver.

EUROPEAN COIN.

According to the figures of the Director of the Mint, the entire amount of silver coin in the world outside of the United States is only $3,338,500,000, and of this considerable more than one-half is in India, China, Japan, and the Straits, where it is as completely buried as if it was thrown into the sea. The aggregate amount in Europe is $1,482,400,000—roughly speaking, $4 per capita for that Continent, and of this nearly one-half is held by France. The following table shows the exact figures, and also the coinage ratios of the different countries.

Table showing the estimated stock of silver held by foreign countries, the statement of each, and the ratio of gold to silver in coinage.

Countries.	Full legal tender.	Limited tender.	Total.	Standard.	Ratio of full legal tender silver to gold.	Ratio of limited tender silver to gold.
United Kingdom	....	$100,000,000	$100,000,000	Gold	....	1- 1428
France	$650,000,000	50,000,000	700,000,000	Bimetallic	1-155	1- 1438
Germany	102,000,000	43,000,000	145,000,000	Gold	....	1-13957
Belgium	48,400,000	6,600,000	55,000,000	Bimetallic	1-155	1- 1438
Italy	25,800,000	34,200,000	60,000,000	....do	1-155	1- 1438
Switzerland	11,400,000	3,600,000	15,000,000	....do	1-155	1- 1438
Greece	1,800,000	2,200,000	4,000,000	....do	1-155	1- 1438
Spain	90,000,000	35,000,000	125,000,000	....do	1-155	1- 1438
Portugal	....	10,000,000	10,000,000	Gold	....	1- 1408
Austria-Hungary	90,000,000	....	90,000,000	Silver	1-153	....
Netherlands	61,800,000	3,200,000	65,000,000	Bimetallic	1-155	1- 15
Scandinavian Union	....	10,000,000	10,000,000	Gold	....	1- 1488
Russia	22,000,000	38,000,000	60,000,000	Silver	1-155	1- 15
Turkey	....	45,000,000	45,000,000	Gold	....	1- 151
Australia	....	7,000,000	7,000,000	....do	....	1- 1428
Egypt	....	15,000,000	15,000,000	....do	....	1- 1568
Mexico	50,000,000	....	50,000,000	Silver	1-165	....
Central American States	500,000	....	500,000	....do	1-155	....
South America	25,000,000	....	25,000,000	....do	1-155	....
Japan	50,000,000	....	50,000,000	Bimetallic	1-1618	....
India	900,000,000	....	900,000,000	....do	1-15	....
China	700,000,000	....	700,000,000	....do	....	....
The Straits	100,000,000	....	100,000,000	....do	....	....
Canada	....	5,000,000	5,000,000	Gold	....	1- 1495
Cuba, Haiti, etc	1,200,000	800,000	2,000,000	Bimetallic	*1-155	....
Total	2,929,900,000	408,600,000	3,338,500,000			

*Haiti.

These are the figures upon which the late Secretary based his last speech. With all respect for the dead, of whom we would speak with the utmost tenderness, we feel constrained to say that they entirely fail to bear out his conclusions. It signifies nothing to say that there is so much coin in Europe. The question is how much of it will come here. A glance at the table will show that no European state can dispense with any considerable amount of silver coin. Germany long ago sold all that she could spare. France has none; Italy has none; Spain has none; Austria has none, and Russia has none.

A further glance at this table will show that in Europe the coinage rates range from a little less than 14 to 1 to 15½ to one, so that, to convert European silver coin into ours at 16 to 1 would involve a loss of from 3 to 12 per cent. Stated in terms of American money, this means a dead loss of $33,000,000 upon the full legal-tender coin alone. This is upon the assumption that under free coinage the American dollar remains at par. Should it fail to do so the loss by exchange would be still greater.

MOVEMENTS OF THE PRECIOUS METALS.

It must be remembered that the trend of commercial currents is far more potent in controlling the movements of the precious metals than mere coining ratios. Why does not all the silver in the world go to Mexico for coinage? Simply because there is nothing in that country to attract it. Why does it not go to India, where the coinage ratio is nearly 7 per cent higher than ours and where its purchasing power has been fully preserved? Because India can get no more of it than is necessary to pay her the balance due after her obligations to England are liquidated.

Prior to 1873 we coined both gold and silver free at the ratio of 16 to 1. At the American mint an ounce of gold was equivalent to 16 ounces of silver, while in Europe it was only equal to 15½. If, then, free coinage is going to flood the country with cheap silver, why were we not formerly flooded with cheap gold? The answer comes as naturally as water flowing over a dam. The balance of trade was adverse, and as a result, so far from being flooded with gold from any other country, we could not even keep the product of our own mines.

On the other hand, France coined gold at a valuation 3 per cent lower than we gave it, and yet from 1860 to 1871, inclusive, her coinage of that metal exceeded ours by $130,000,000. It amounted to about $510,000,000, and, what is more important, she not only coined it, but she kept it, or at any rate the most of it, for, while our exports of gold amounted to $417,000,000 more than our imports, France imported about $365,000,000 more gold than she exported, which tends strongly to prove that the precious metals, like anything else, will go where the demand for them is greatest, and this almost without regard to coining ratio.

It is no doubt true that, other conditions being equal, either metal will go where its coining value is the greatest; but other conditions are not, never have been, and probably never will be equal, and the rule must therefore be accepted with much of reservation.

THE GRESHAM LAW,

which is so frequently invoked, touches this question but very remotely, if at all. Sir Thomas Gresham was not dealing with bimetalism or anything at all like it when he laid down his famous maxim. He was considering merely the vitiated coinage of England.

It had been observed that a large proportion of the coins of that country were clipped, abraded, and below the legal weight. Investigation disclosed the cause, which was a very simple one. When coins were to be shipped abroad new ones were selected, because, being heavier, their bullion value was greater and in foreign countries they were not current coin. So when a smith found it necessary to melt down coins in his business he chose the heavy ones, because he thereby obtained a greater amount of gold or silver.

From these facts Gresham laid down the rule that bad money drives the good out of circulation; and in a loose way this law is appealed to every time free coinage is mentioned. It is insisted that the "cheap silver will drive out the precious gold."

But this is assuming the very point in dispute, and the difference between the two cases can be seen at a glance. A clipped and abraded coin under legal weight is also under legal value even in the country of its issue, although from custom it will circulate and pass current almost indefinitely.

But where "simple bullion" is needed obviously the exchange of a light coin for a heavy one or the use of a heavy one instead of a light one is a positive advantage equal to the difference in weight. There is at all times an inducement to make the exchange. The motive is apparent upon the face of every transaction.

But no person who has appeared before the committee has been able to show how, under free coinage, the Gresham law could deprive us of our gold. Men never do anything without a motive. It is admitted by every person familiar with the subject that silver bullion is of substantially the same value in all the commercial centers of the world. Therefore, if silver should rise to 1.29 in New York, the same price would obtain in London. Hence there would be no profit in sending gold to

London to buy silver, for it would cost as much there as it would be worth here. If, on the other hand, the bullion remain at a discount; the depreciation of the dollar must be the same, because the bullion being convertible into coin, they must be of the same value. This depreciation would manifest itself in a diminished purchasing power, and nothing would be gained by purchasing depreciated bullion which could only be converted into equally depreciated coin.

It may be said that this depreciated coin (supposing it to exist) would be available for the payments of debts; but it is hardly to be supposed that the debtors of the country would or could enter into a general scheme of gathering up gold, exchanging that for silver, and thus meeting their obligations. Such a course, if resorted to, would create a demand for silver that would inevitably send it to par at an early day. But the fact is that, primarily, whatever silver might reach us from abroad, must come in the course of trade, and, as we have shown, there could be no motive in making the exchange.

Even should a portion of our gold be displaced we think that the evil to result has been greatly exaggerated. We can not be deprived of our gold without getting a full equivalent for it. A thousand gold dollars' worth of silver is just as valuable as a thousand gold dollars' worth of gold. Should such an exchange be made we would be no poorer, and the country would have the same basis for a paper currency as before.

PAPER MONEY.

But it is said "depreciated paper money always drives out gold."

This is not a parallel case. Paper is not primary money at all. It is merely a substitute, and it is not to be supposed that the principal and the substitute will both be in circulation at the same time.

Wherever we find a depreciated paper currency we will always find that the paper money was created by the Government because it had no gold or silver, or, if any, a wholly inadequate supply. It is a fair thing to say that the greenbacks drove gold and silver out of circulation in this country.

Everybody ought to know that at the outbreak of our civil war there was virtually no gold or silver in the country. Specie payments were universally suspended, and the Treasury was as empty as if it had been swept by a tornado.

It was to supply the deficiency that the greenbacks were issued. So that instead of the paper forcing gold out of circulation, it was the scarcity of gold that forced the paper into circulation; and then this same scarcity had the further effect of causing the paper to depreciate.

In no conceivable aspect of this question do we recognize the propriety of comparing paper with silver any more than with gold. We frequently hear it said that we might just as well have free coinage of paper as of silver, the difference being only one of degree. Those who use this argument seem to be oblivious of the fact that questions of degree are of the very essence of the whole science of money. We are now carrying $500,000,000 in paper and every dollar is at par. But if we were to attempt to float $500,000,000,000, the result would be depreciation, repudiation and an utter collapse of national credit. And yet it is only a question of degree.

The annual product of silver is about 125,000,000 ounces. If it were 125,000,000 tons, silver would no longer be a precious metal, and its free coinage would never be thought of. Still, the illustration only presents another question of degree.

Many more examples might be given, but these will suffice.

The value of paper money rests solely upon the idea of redemption.

The supply is practically unlimited, for it is as easy to make a bill for $10,000 as one for a single dollar, the only difference being in the words and figures which it bears.

The old Continental money depreciated because the issues outran the capacity of its creator for redemption; and when the government which created it passed out of existence, it became a mere cabinet curiosity. Our greenbacks depreciated because we were engaged in a great civil war and it was uncertain whether the Government would live through the storm, and no one could tell to what length it might be driven by the exigencies of war, in the issuance of paper. The French assignats were issued upon the basis of confiscated church lands; but they fell as flat and worthless as our Continental money.

It may not be out of place for us to remark in this connection, by way of contrast, that the country which was not able to maintain the assignats at any value never had the slightest trouble in holding silver absolutely at par; and in dismissing this branch of the subject we will simply invite attention to the fact that while the pages of history are laden with instances of ruin wrought by paper inflation, we fail to find one in which any country or state has ever been injured by a superabundance of silver.

HOARDING.

Now a word as to hoarding. Gold will certainly not be hoarded to any considerable extent, unless there is something to be gained by it. A miser will, of course, cling to every dollar and hide it away through fear of losing it, but we can not frame our legislation with reference to the idiosyncrasies of that unhappy class of people. As we have already suggested, the hoarding of gold would diminish the volume of money in actual circulation. This would increase the demand for currency and necessarily enhance its value. The natural result would be to bring back the gold into circulation, for there are few persons who will hoard any kind of money in the face of a promising investment.

We believe that this talk of "hoarding" is merely "a cunning device of the enemy." We always hear it when silver legislation is proposed. But suppose it be true, does that prove free coinage to be a bad thing? Certainly not. It only indicates that there are persons who think it is a bad thing. Of course all people can not think alike. Many believe that the McKinley bill was a "bad thing;" others looked upon the elections bill as a "bad thing;" still others regarded the shipping bill as a "bad thing;" and it is impossible to recall a single measure of any importance ever before the American Congress that was not denounced by some party or some faction as bad or dangerous legislation. But we can not stop legislating on that account.

These people who are so mortally afraid of free coinage may be right, but it is worthy of note that for 15 years they have been filling the air with their lamentations over the coinage of silver, and that every danger which they have professed to see has proved as shadowy and unsubstantial as the "Specter of Brocken." So many failures ought to make them a little doubtful as to their inspiration, and at least a little more oracular in their utterances. They ought to couch their predictions in ambiguous phrase so that whatever the outcome they can claim fulfillment.

BANKS WILL CONTRACT FOR GOLD.

In direct contradiction of the idea of hoarding, it is argued that under the free coinage of silver the banks would make their contracts payable in gold. Such a course would keep gold in circulation and prevent us from ever reaching a silver basis. Some of the opponents of silver claim that such contracts will be made, while others declare that the banks must do business in the currency of the country. But in either event we do not look upon it as a matter of very much concern. Under any system of finance the banks will probably do as they always have done, that is, look out for their own interests to the best of their ability. If they contract for gold, that will keep gold in circulation; if they use the currency of the country, that will help sustain the currency. As we have no means of knowing what they will do, and our opponents are divided upon the point, we shall have to let them fight it out among themselves.

AFFECTING VALUES BY LEGISLATION.

It is constantly insisted that the value of gold and silver is wholly independent of legislation; that the Government stamp can add nothing to the value of a metal; that value can not be increased by "fiat," etc. These are all different forms of the same argument, and it is vicious in this: That it entirely misrepresents our position. No man who possesses even an elementary knowledge of economics will claim that the value of silver or anything else can be affected by mere "fiat."

If a law were to be passed declaring that 412½ grains of standard silver should be worth as much as a gold dollar, and stop there, that would be "fiat," and it would have no more effect than the wind that blows. In 1811, when specie payments were suspended in England, the House of Commons adopted a resolution declaring that Bank of England notes "have hitherto been and are at this time held in public estimation to be equivalent to the legal coin of the realm, and generally accepted as such in all pecuniary transactions to which such coin is lawfully applicable." At that very moment those notes were at a discount of from 15 to 20 per cent.

The effect of the resolution can be readily imagined. It might just as well have declared them to be at a premium of 1,000 per cent. It was mere "fiat." But if the law which prohibited the redemption of the notes had been repealed, or they had been made legal tender, which they were not, or anything else had been done which tended to strengthen their credit or enlarge their use, such action would have been a very different thing. So with silver. Its remonetization involves much more than a high-sounding pronunciamento of value.

The Government declares that 412½ grains of standard silver shall constitute a dollar; that this dollar shall be a legal tender for all debts, public and private, and that whoever has the bullion may have it converted into coin free of charge. In short, the bullion is given a *use* that was formerly denied it, and this additional use gives it an enhanced value. Consider for a moment how the principle operates. The dollar is at par, but the bullion is at a discount. Why? Because the bullion is not a solvent of debt, while the dollar is. If all the bullion went direct to the mint, obviously there would be no such thing as a bullion market. There could be no silver quotations, and a discount would be impossible.

But it does not go direct to the mint, and a portion of it can not go there at all. Primarily the entire mass is thrown upon the market, sold as a mere commodity, and the surplus, which it is known can not be converted into coin, fixes the quotations at which the value of the whole is estimated. But this is a misleading estimate. Every ounce of American silver coin and bullion in the Treasury is worth 1.29. Every piece of European or Asiatic coin is either at an absolute parity with gold or so fixed in its *situs* and use that it has no bearing upon the market price.

The silver which is in the form of jewelry and plate is worth vastly more because of the artistic labor that is commingled with it. Even the crude surplus bullion upon which the market quotations are based could not all be purchased at once at the market price. A purchase of 15,000,000 ounces at New York in a lump would probably raise the price to nearly 1.29. But the fact that some of it *can not be sold* at all, makes it possible to buy every ounce a little at a time at what we call the market price.

The fact that there is a surplus continually pressing upon the market and quoted at figures considerably below the coining rate, is the circumstance that beclouds and confuses this entire question.

THE GOVERNMENT STAMP.

So with the Government stamp. The mechanical work of dividing the metal into pieces and stamping a certain design upon them is not even an element in the real question. That is merely intended for its convenient use. The "trade dollar" bears the Government stamp, is of the same fineness and is 7½ grains heavier than the standard dollar, but it is worth 18 to 20 cents less. Why is that? Because it is only a piece of bullion, while the standard dollar is *money*.

The stamp upon the latter is the Government certificate that the piece is of the requisite weight and fineness, and that it has been endowed by the law with the quality of being a tender for debt.

GOLD BULLION WORTH JUST AS MUCH AS GOLD COIN.

The claim that the value of gold can not be affected by legislation seems to rest upon the fact that the bullion is worth just as much as the coin.

This is a most illogical conclusion, because when the bullion can be converted into coin free of charge no man will part with it for anything below its coin value unless he be gone daft.

But if a charge were imposed upon the coinage, would the bullion be worth as much as the coin? Plainly not.

It is amazing that so many intelligent people can not or will not see that the whole scheme of coinage is a simple matter of law. In England the value of gold is said to be £3 17*s.* 10½*d.* an ounce. Why? Because by *act of Parliament* the owner of gold bullion can take it to the mint and have it coined at that rate. It is the coinage law that fixes the nominal value of gold. But prior to 1844 the market price of bullion was, upon an average, about £3 17*s.* 6*d.* an ounce, 4½ pence less than the coin. Why was that?

Because the depositor had to wait about two months for his coin, which operated as a discount upon the bullion. In speaking of this matter Prof. Sumner uses the following language:

"The figures above given show the par of the coins, grain for grain, but coins are worth more than bullion, being manufactured—that is, an ounce of gold in coin must buy more goods than an ounce of gold in bullion. The difference is the cost of manufacture. Gallatin says that it took two months to coin bullion left at the mint, which involved a loss of 1 per cent interest. There was no seigniorage or charge for coining. In England there was no seigniorage, and the loss of interest was represented by the difference between the mint price of bullion—£3 17*s.* 10*d.* per ounce, and the market price, which was then generally £3 17*s.* 6*d.*—that is, it cost 4½*d.* to get an ounce coined.

NOTE.—Since 1844 the bank is obliged by law to give its notes at £3 17*s.* 9*d.* for all bullion offered, reducing the difference between coin and bullion.

Prof. Sumner is an outspoken champion of the single standard, for which reason we quote him. The foregoing extract is from his "History of American Currency." It very clearly shows the difference between gold bullion, which was not money, and coin which was, and it suggests the query:

"If a delay of two months made a difference of $4\frac{1}{2}$ pence against the bullion and in favor of the coin, how much would the difference have been if the bullion could not have been coined at all?"

In truth, both gold and silver have been artificially supported ever since their use as money began. A large proportion of their value has been owing to the fact that vast amounts have been withdrawn from other avenues of employment and dedicated to monetary use. But this support has been partially withdrawn from silver by the limitations to which it has been subjected, while gold has been given and is now receiving a stronger support than ever. Gold and silver occupying a common field, any restriction placed upon the ues of one must, in the nature of things, operate as an additional prop to the other.

ECONOMIC LAWS.

The absurdity, we might almost say the insincerity, of the constant invocation of "economic laws," and the deprecation of legislative interference with silver, is conclusively shown by the fact that many who use it are determined advocates of "protection" the avowed purpose of which is to so regulate values in this country as to guard the American workingmen against European competition.

Both the protectionist and the free-trader must necessarily believe that legislation will affect values. The one favors the policy because it tends to keep the range of prices higher in this country than they are abroad, and the other opposes it for the same reason. If we can affect the value of iron or steel by legislation we can certainly affect the value of gold and silver.

But the fatal error of this appeal to "economic laws" is that it confounds the distinction between things that are natural and those that are artificial. A natural law, as, for example, that which governs the transmission of light or the movements of oceanic currents, operates independently of man. But economic laws apply only to the relations existing among men and must act through human agencies. Separate and apart from the actions of men, an economic law is a mere abstraction.

It is impossible to conceive of such a thing as a law of supply and demand, except through the wants and wishes of mankind. Value, of which we hear so much, is nothing but a measure of the strength of human desire. It is undoubtedly true, as a basic principle, that the price or value of a thing depends upon the supply relative to the demand. Men can not change the abstract principle, but they can change the elements through which it operates. They can increase or diminish the supply and increase or diminish the demand. An article—as a fine painting—may be of priceless value to a civilized man and of no value at all to the untutored savage. All values are mainly artificial, changing with the social condition of man.

The use of gold and silver as money is a purely artificial use, and yet it is the chief element in the value of both.

Therefore the enlargement of the use of silver, or its utilization in a more favorable mode, must necessarily affect its value, and it is a waste of time and labor to argue so plain a proposition with any man who denies it.

WHY NOT PUT A DOLLAR'S WORTH OF SILVER INTO THE DOLLAR?

This question is asked over and over again. It is declared if we are to have the free coinage of silver at all it ought to be at a ratio approximating the market price. The answer is simple and conclusive to any person who is disposed to be fair. There is a dollar's worth of silver in the dollar now. As we have already shown, considered merely as bullion, it will buy as much of commodities generally as it would when it was nominally above par—and no man has a right to ask anything more than that in our standard coin.

The silver dollar is all right. The trouble is with the gold dollar. The partial demonetization of silver created an increased demand for gold which has boosted the latter up to about 1.40 in its purchasing power. That is what we complain of. And now it is coolly proposed to us that we put enough silver into the dollar to make that also 1.40. Such a concession on our part would be a complete surrender of the vital principle at the bottom of this entire question. Nothing could be more unfair than to first change the ratio by invidious legislation and then change the weight of the silver coin to restore the equivalence

Instead of giving the relief which we seek, such a course would tend to keep silver permanently at its present price and perpetuate the evil of which we complain.

The whole theory of bimetallism is that it links the two metals together and practically holds them there. Hence, if we were to remonetize silver at, say, 20 to 1, it could never rise much above that figure unless other bimetallic nations should resume coinage at a higher valuation.

Silver never failed to sustain itself at $15\frac{1}{2}$ or 16 to 1 when it stood upon an equal plane before the law, and we believe that it will do so again if given a chance.

FREE COINAGE WHEN SILVER IS AT PAR.

Latterly we have been met with the suggestion that there will be no objection to free coinage when silver is at par, but this shows the same confusion of thought. Let us borrow a simple illustration:

Suppose there were two kinds of wheat, red and white. A law is passed prohibiting the making of bread out of the white grain. Would it sell for as much in the market as its more favored rival? And when the unfortunate farmer, whose lands perchance will produce that grain only, complains of the unjust discrimination, what would be thought of the broad-gauged statesman who would say to him: "Why, my dear sir, your wheat is not worth as much as the other, and consequently you have no right to make bread of it; but restore it to a value equal to that of the other grain and we will then extend to it the same privilege."

How would the farmer proceed to restore the value of a grain which had been "outlawed," so to speak, and maintain its parity with one that could be freely used? How can any two commodities be kept at a parity except by linking them together in some way? This can only be done by free coinage. At all events, that is the way and the only way in which it has been done. We ask for it as a remedy, and we are gravely told that when we have accomplished the result in some other way, the remedy will be no longer withheld.

Every scheme recently brought forward by the opponents of free coinage has had for its avowed purpose the closing of the gap between the two metals, thus paving the way for free coinage. But why, we may ask, have free coinage at any time, unless the principle is a sound one? If some other method is preferable to *bring* the metals together, why is it not also preferable to *hold* them together.

It takes exactly the same economic force to hold an article at a given price as it does to raise it to that price. If silver bullion were worth 129, how would free coinage operate to keep it there? Just in this way: The holder of bullion would take no less because he could at once convert it into coin at that rate. If the bullion were quoted at 100, the operation would be precisely the same. The moment the law went into effect, the 100 quotation must cease; the bullion must rise to its coin value, *i. e.*, 129, and then all that free coinage would have to do would be to hold it there. So, when it is conceded that free coinage will preserve the bimetallic par, it carries with it the concession that free coinage is capable of establishing that par.

MINORITY REPORT.

Mr. WILLIAMS, of Massachusetts, from the Committee on Coinage, Weights, and Measures, submitted the following as the views of the minority, to accompany H. R. 4426:

CHARACTER AND PURPOSE OF THE BILL.

The bill reported by the majority of the committee begins with a provision that the unit of value in the United States shall be two units; one the standard silver dollar, worth 70 cents, and the other the gold dollar, worth 100 cents.

The bill further provides that standard gold and silver coin shall be received in the United States in payment of all debts.

The first eight lines of the bill develop its true purpose. They provide two different dollars and a compulsion upon the citizen to receive either in payment of debts due him. It does not require any knowledge of monetary or financial laws to demonstrate that the compulsion of the legal-tender power must force upon the creditor a cheaper and debased dollar. Few debtors will pay 100 cents to discharge their obligations when 70 cents will suffice in law.

Section 2 of the bill provides for the retirement of gold and silver certificates and the substitution therefor of a so-called coin note, which presumably means a note payable in gold or silver coin, at the option of the Government. This bill, therefore, converts all existing Government paper into paper which may be paid in silver, and leaves no paper which must be paid in gold. It is evidently intended to clear away all obstructions in the form of pledges to pay gold, and, without a distinct declaration of repudiation, to provide an easy track on which we may descend to the silver monometallic standard.

The bill reported by the majority of the committee is not alone for the free coinage of the two metals, but provides that the Government itself shall receive all bullion offered, and shall issue its notes for such bullion not at the market rate therefor but at the coinage value fixed in the bill. This provision is doubtless inserted in recognition of the fact that silver coin is not only debased in value in the market, but is condemned as money by our own people, who refuse to use more than a small fraction of our total coinage. Because it is not acceptable money this bill compels the Government to buy silver as bullion, and pay for it nearly 50 per cent more than its present market value with a coin note which will be redeemable in gold so long as we maintain both metals in circulation at the fixed ratio.

THE CONDITION OF SILVER IN THE MARKET.

The true meaning and effect of this bill should not be clouded by any misunderstanding of the present value and convertibility of silver. The standard silver dollar of the United States contains silver which is bought by the Government for about 70 cents and stamped a dollar. Any citizen can to-day purchase a like amount of silver for 70 cents. He can purchase 533⅓ grains of silver bullion with 371¼ grains of silver, which has been stamped as a dollar by the Government. It should be understood that it is not the virtue of silver which makes 70 cents pass for a dollar, but it is the Government stamp, behind which is the credit of the people, the pledge of the wealth and honor of the Republic.

The value of silver is at the present time about 90 cents per ounce. This is not the value in New York or Washington alone or for coinage purposes alone. It is the world's price and no merchants and no country in the world will pay more for it. The question of free coinage should not be complicated by the erroneous statement, so often repeated, that silver is worth anywhere in the world more than the quoted market price. It is not true that silver sells to-day in Europe at a ratio of 15½ of silver to 1 of gold, or that India and China are paying $1.33 per ounce. The price of silver all over the world is not far from 90 cents per ounce. Its ratio to gold the world over is about 23 to 1; if silver passes anywhere current at a higher price than this, it is silver coin, which passes not for the value of silver but by virtue of the promise of redemption which is behind the stamp of some Government.

It is a fact that in this country the silver and paper dollars are exchangeable for gold dollars because the Government can and will exchange upon demand these tokens or promises for the best dollar in the world. A 70-cent dollar is accepted in our market because everyone has faith that this people will never swindle its creditors or defraud its own citizens by paying its obligations in anything but the best money.

There can be no doubt of the purpose of a majority of the committee to force a depreciated dollar upon the country. A motion to make the silver "unit," named in the bill, correspond substantially with the gold "unit" in market value was rejected by the majority.

COVERT REPUDIATION IS THE DANGER OF THE BILL.

The peril is not great of an avowed depreciation by our government of the value of its own promises, we shall never openly repudiate our debts, or corrupt the medium of payment; the danger lies in legislation such as this bill proposes which shall make the Government unable to maintain its promises and tokens on the basis upon which they have been accepted. That basis is the dollar which is changeable nowhere, exchangeable everywhere; which does not give up 30 cents at our border, nor yield anything to fire or water—the dollar of gold. Substantially all obligations now existing in this country are expressly payable in gold, or have been incurred since this nation resumed specie payments and has continued on a gold basis. The gold dollar is, therefore, not only the best, but the only honest dollar in which obligations can now be discharged. But, under plausible theory or confident prophecy, the citizens of this country may be misled into repudiation, which they would not consciously approve. To make this bill understood as a measure of repudiation is to secure its defeat.

THE BILL MUST PRECIPITATE A SILVER STANDARD.

The effect of the bill clearly must be this: That the mints of this country shall receive all the silver which may be sent from any quarter for coinage into dollars, 16 grains in which shall be convertible with 1 grain in the gold dollar. It is perfectly clear that at the very moment the Treasury of the United States shall refuse to pay gold coin upon demand no one else will receive 16 grains of silver in lieu of 1 grain of gold, because the single customer of the world for silver at that price has refused to purchase. Surely there can be no doubt that the effort to raise the market price of silver from 90 cents an ounce to $1.29¼ an ounce is dependent entirely upon the combined willingness and ability of the United States Government to stand alone as a buyer of silver at all times and in any quantity at the price fixed by this law in gold.

It does not follow that the price of silver fixed by the ratio in this bill can be maintained even if our Government is willing to receive the payment of its dues in silver coin, and to pay its debts in gold. The exchange value of silver would be dependent not alone upon the willingness of the Government to keep up the exchange, but upon its ability so to do; and the judgment as to that ability is passed not alone in the Department of the Treasury, but in the markets of the world.

Even speculation upon the ultimate failure of our Treasury to maintain its policy might well suffice to drive gold to a premium, precipitate a scramble for the gold in the Treasury, and suspend gold payments by the Government, regardless of the will of the Secretary of the Treasury.

The minority of this committee submit that the only possible result of the legislation proposed in this bill is the prompt suspension of gold payments by this Government and the immediate adoption of the cheaper monetary standard of silver.

HISTORY OF MODERN MONETARY CHANGES.

For a true understanding of the perils of free coinage under existing monetary conditions and the necessity for international action to restore silver to its former value and dignity as a money metal, it is important to keep in mind the nature of the question and the actual present position of silver in the world's economy.

They who reason that because free coinage was once possible in this country it is not dangerous now, may be referred to the history of recent changes in the monetary conditions of the world.

Up to the year 1873 the whole civilized world, except Great Britain, accepted silver as a precious money metal at a ratio of exchange with gold which was fixed at or near the current market price by general consent and the legislation of leading commercial countries. The supply of silver was easily exhausted and its price easily maintained because the mints of the world were open to it and the leading nations of the world consented to evchange it freely for gold at a fixed ratio. Doubtless the consent of nations to utilize the whole silver product of the world as money and to receive it freely in exchange for gold has in the past and can now maintain it in use as a money metal without limit. But since the year 1873 silver has been practically repudiated by the continental nations of Europe. The history of this change is a vital element in the problem of free coinage and should be briefly recited here.

The experience of Europe in the face of Germany's demonetization furnishes a historical lesson which should be learned by everyone who now proposes to open the mints of the United States to the free coinage of a debased and repudiated metal.

The status of silver was not much disturbed until a single nation of Europe, a new empire, Germany, assisted by the payment of a large war indemnity, determined to discard silver and adopt gold as its monetary standard. At this time the mints of the Latin Union and of the Netherlands were open to the free coinage of silver at the ratio of 15½ of silver to 1 of gold. Thus France, Belgium, the Netherlands, Switzerland, and Italy offered to convert without limit silver into coin which should be receivable in all these countries for the liquidation of debts and in the transaction of business.

In 1873 Germany had about $300,000,000 worth of silver coin which in that year it began to throw upon the markets of the world in order to replace it with the more precious metal, gold.

Germany proceeded to sell its silver coin as bullion in open market. With unerring course the silver currents began to flood the open mints of Europe, even when Germany's sales had but begun.

In 1871 and 1872 the coinage of silver in the mints of Belgium and France had been but 38,000,000 francs. The adoption of the imperial gold standard by Germany occurred July 9, 1873; yet in that year, before $30,000,000 worth of silver had been sold by Germany, the coinage of silver at the mints of France and Belgium had increased to 265,000,000 francs. Only six months after the passage of the demonetizing act by Germany the states of the Latin Union gathered in alarm, and seeing plainly that their open mints were but furnishing a dumping ground for a repudiated metal, agreed among themselves to limit the coinage of silver.

This limitation continued from year to year until by consent in 1877, the coinage of 5 franc-pieces in the mints of the Latin Union was suspended entirely. The Netherlands also suspended silver coinage in the year 1875.

Between 1873 and 1875 Germany had replaced 1500 millions of silver marks with 1500 millions of gold marks. Its continued sales of silver, though they amounted on the whole to but $142,000,000, were made in a constantly declining market. Such was the decline that Germany discontinued her sales of silver, although silver coins yet remained to the amount of more than $100,000,000, which it was her purpose to exchange for gold. That silver which remained unsold undoubtedly awaits the opening of a single mint which will permit the conversion of this silver, too, into gold coin.

The United States had, in 1873, likewise limited the legal-tender quality of silver. The Scandinavian countries had adopted the gold standard. Great Britain had for half a century stood upon a gold standard. Thus the problem of the use of silver as a money metal was changed by the legislation of a single nation against the use of silver as standard coin. Silver was no longer purchased or converted into coin by any of the leading nations of Europe, except in limited quantities for domestic use; it became and now is a repudiated and debased metal

CONSENT OF NATIONS MAKES AND UNMAKES MONEY.

In a definition of money by Aristotle this patent truth appears:

Of itself money is an empty thing. It has value only by law and not by nature for a change of agreement among those using it can depreciate it entirely and render it entirely unfit to satisfy our needs.

We find this truth illustrated in the fact that the laws of Europe and the United States before 1873 gave value to silver money and consent to its common use, whereas in but six years, by the laws of Europe and the United States, the great commercial nations withdrew from the silver market and refused to receive coined silver as a general liquidator in trade. If since that time the price of silver has depreciated, the explanation of such depreciation must be simply this, that the principal nations of the world have withdrawn their demand and refused to assist in the maintenance of the price of silver. It may be added that the world's supply of silver was annually increasing while the demand for monetary purposes, save in silver monometallic countries and in the United States by saving legislation, has been substantially cut off.

THE BILL CAN NOT RAISE PRICE OF SILVER TO RATIO VALUE.

The only escape from a single silver standard under the bill proposed by the majority is an immediate and permanent elevation, by virtue of this law, of the price of silver bullion to the price represented by the ratio of 16 to 1 between silver and gold. This price is $1.29¼ per ounce.

But the answer is made, with apparent sincerity, that the demands upon our Government for the exchange of silver into gold will be necessarily so limited that our Government can easily stand the strain, even if it must offer its credit to borrow gold that the exchangeability of gold and silver at the fixed ratio may be maintained. It is assumed in this opinion that only the surplus bullion of the world and the annual product of the mines can be spared by the rest of the world to be offered at our mints. It is respectfully suggested at this point that the advocates of free silver coinage ignore the monetary conditions of the world and discard as impossible that which is not only possible but probable, necessary, and even certain. The fact is ignored that in Europe silver to-day is a discarded metal, which is maintained in circulation because the nations have on hand a large quantity of silver coin of which they can not get rid. The governments of Europe are to-day upholding depreciated silver coins by the pledge of their credit to the true redemption of these coins in gold. It is none the less true that except for this pledge of credit these coins are not worth more than the bullion is worth of which they are composed. It is plain that such pledge of credit to depreciated silver coins is, by so much, a strain upon the credit of those governments, some of which are also supporting large amounts of government notes by like pledges of credit.

THE WORLD'S STOCK OF SILVER.

The following is the stock of silver in European countries, as estimated by the Director of the Mint, at the beginning of the year:

	Dollars.		Dollars.
France	700,000,000	Portugal	10,000,000
Germany	204,000,000	Austria-Hungary	90,000,000
Belgium	55,000,000	The Netherlands	65,000,000
Italy	60,000,000	The Scandinavian Union	10,000,000
Switzerland	15,000,000	Russia	60,000,000
Greece	4,000,000		
Spain	125,000,000	Total	1,398,000,000

Of this stock of silver there is not a dollar which is coined at the present market price of silver, and most of it at its coinage price is farther above the market value of the bullion than is our own depreciated silver coin.

THIS BILL WILL BRING SILVER FROM FOREIGN COUNTRIES.

With this burdensome stock of silver cumbering the treasuries of Europe, it is claimed by free-coinage advocates that none of it will be unloaded upon our open mints. Yet it is familiar to all European financiers that most of the nations of Europe are anxious to secure more gold and to hold less silver.

At present there is not a mint in Europe which is open to the free coinage of silver, and the actual coinage is so small as hardly to constitute an element in the consumption of the annual silver product. No further argument is needed as to the temper of Europe toward silver than the fact that not one of its nations is willing to add to its present stock of this metal.

In point of fact, as the slightest acquaintance with the monetary history of Europe since 1867 will show, all the nations of Europe entertained at that time a desire to adopt the single gold standard, and the reports of the French commissioners from 1867 to 1870 indicated clearly that it was during that time the settled policy of France to place herself upon the single gold standard. Germany forestalled the action of France and drove, by her policy, the states of Europe to close their open mints against the coinage of silver. The closing of these mints was clearly an indication that these countries would not run the risk of losing their gold and becoming silver-standard countries.

It is well known that Austria-Hungary has already adopted the policy of resuming specie payments upon the single gold standard, and is now in the money markets of Germany and England attempting to obtain gold for this purpose. Indeed no one with any knowledge of the monetary conditions of Europe can doubt that at the present time everyone of the European countries would eagerly exchange a great part of their silver coin for gold coin, even at a large loss from the coinage value of the silver.

It is well known that Germany did not complete its substitution of gold for silver owing to the rapid decline in the price of silver, and that more than $100,000,000 in old thalers are still unredeemed by the Government. It is known that the Bank of France has in its vaults at least $250,000,000 in silver 5-franc pieces which the people refuse to take into the circulation of that country. Austria is openly in the market to borrow $100,000,000 of gold, and we have, therefore, in sight, without the necessity of legislation on the part of foreign governments, the demand for $450,000,000 in gold.

The United States is the only source of supply to Europe, and our gold by virtue of this bill becomes available to take the place of unusable silver. The free-coinage problem is not, therefore, one that concerns the mere trifle of superfluous bullion or the annual product of the mines, but it involves probable action by every nation in continental Europe to dispose of its silver in exchange for gold when any market shall offer such exchange.

SILVER COMING FROM ABROAD WOULD DESTROY GOLD STANDARD.

France alone has $700,000,000 of silver coin. This country has a stock of gold of about the same amount. The wildness and audacity of the free-coinage scheme becomes apparent when we consider the results. If the Bank of France alone should determine, as she would without hesitation, to send her huge supply of silver to this country and exchange it for gold, what would be the result? The $120,000,000 of gold in our Government Treasury would speedily be exhausted, and our greenbacks be left without any reserve for redemption; every dollar of gold in circulation would be hoarded by the people and by bankers to await the result of this tremendous monetary experiment. Not a person or bank would pay out a gold dollar when the best financial authorities assured them that in a few days or a few weeks the premium upon that dollar would exceed the accumulated interest of years which would come from any other investment.

With what gold would our Government then meet the silver bullion of France which would be sent here to be exchanged for gold at the ratio of sixteen to one? Even if the law confers upon the Secretary of the Treasury authority to borrow gold for such a purpose any Secretary who should exercise this right, to meet the hundreds of millions which France alone might demand, would be driven from his place by an indignant people. There can be no doubt that the only alternative which our Government would have, would be the refusal to pay gold, and the payment of creditors in silver coin. With this act the adoption of the silver standard is complete and we stand upon the monetary plane of India and China.

FAILURE OF LEGISLATION TO RAISE PRICE OF SILVER.

Since 1872 silver has suffered a substantial, steady decline. The Latin Union in 1874 limited for one year the coinage of silver, in full confidence that the effect of Germany's sales would be temporary and that the mints might be opened again at the end of the year. This confidence was shown again in each year from 1876 to 1878 when the limitation of coinage was made but from year to year.

In 1878, when the Bland–Allison bill became a law it was distinctly understood that that law would raise the price of silver, even if it did not hold it at the ratio of sixteen of silver to one of gold.

The messages of Presidents and the reports of Secretaries of the Treasury from 1878 to 1890, have been filled with surprise and lamentation that the large Government purchases of silver under the law of 1878, were attended with a steady decline in the market value of silver. In 1890 the demand was made for larger purchases by the Government, and a law was passed which made the Government a purchaser of silver beyond the annual, available product of the American mines. It was commonly agreed that this huge purchase would raise the price of silver, and it was confidently announced in Congress by men who assumed to be leaders of the silver movement that these purchases would raise the market price of silver to $1.29¼.

Yet, since the passage of the act of 1890, silver, after spasmodic upward movement, has persistently declined until it has reached, within a few days, the lowest price which has been known in the history of civilization. The confident predictions and opinions of experts and legislators that such legislation would check the steady decline of silver in the market have been uniformly discredited. What shall be said of like prophecies upon which the legislature of this country is urged to undertake the most gigantic financial experiment which has been known in the history of the world?

EFFECT OF A SILVER STANDARD.

The adoption of the single silver standard, then, would place the dollar unit at once at the mercy of the silver-bullion market; and obligations now outstanding, incurred upon the gold basis, would be payable in a depreciated silver dollar worth only what the world should think it to be worth at a given point of time.

Thus to depreciate our standard of payments is clearly partial repudiation and unqualifiedly dishonest and fraudulent.

The second section of the bill reported by the majority of the committee is a confession that the purpose of the bill is to place the United States upon a silver-monometallic standard. To those who are willing to accept a silver standard in this country, which must involve a degree of repudiation of existing obligations, there can be no answer made except that it is dishonest and fraudulent; and from such a moral standard there is no appeal save to the moral sense of the people.

WHO WILL SUFFER FROM A SILVER STANDARD?

Men speak lightly and thoughtlessly of the "creditor class." For every creditor there must be a debtor and for every debtor a creditor. If the industrial classes of this country are not bankrupt, but on the contrary have accumulated something from their work, it is safe to say that their accumulations have in large part been so invested that they stand as creditors within the meaning of those who assail the creditor class. In savings banks alone, in which the deposits are usually in small accounts, sixteen hundred millions are said to be deposited—more money than there is in active circulation in this country. Every workingman who is a depositor is a creditor of the bank. The volume of deposits in national banks and other banking institutions is likewise enormous and every depositor is a creditor of the bank and the bank belongs to the debtor class.

Of the deposits in savings banks in this country a thousand millions of dollars are said to be invested in mortgages. The mortgage creditors of the country are therefore to this extent the small depositors in savings banks who have trusted their scanty earnings to be invested by these institutions of savings.

To depreciate by 30 or 40 per cent the value of these securities would be to rob millions of our industrious citizens of their hard-earned savings.

Depreciate the standard of the dollar and every pensioner of the country, every holder of a policy of insurance, every widow and orphan enjoying the proceeds of trust funds, will by so much suffer from this fraudulent reduction of the standard of the country.

The revenues of the Government will be depreciated in like manner, and every dollar received in duties and other taxes will represent about two-thirds of the amount now fixed by law.

The effect of this repudiation upon future attempts to borrow money will be disastrous to the borrower. Money is loaned at rates which accord with the risk, and repudiation will raise the rates of interest and a fluctuating standard of value will burden the borrower until we have returned again to a stable and honest standard of payment.

Credit secures money, and credit is fixed by a willingness and ability to pay. Nor are the poor to gain any benefit from the degradation of our coin. The debtors of the country are they who have had credit upon which to secure advances. As a rule the poor are not in debt, and those who borrow have means of payment. The rich borrow the most, the poor the least. Repudiation will benefit the rich and the money dealers more than any other class. They can protect themselves.

INTERNATIONAL AGREEMENT NECESSARY.

The minority of this committee favor a bimetallic standard and heartily concur in the proposition that it is desirable that silver should again take the position in the world's monetary system which it occupied before the financial policy of the civilized world relegated it to a secondary place. But they recognize also the fact that the great mass of silver in the world, exceeding, as it does, the gold mass, and amounting to nearly $4,000,000,000, can not be moved in value by the fiat of a single nation which possesses and controls but one-seventh of the whole volume.

The minority maintain that such an experiment would result at once in a complete change of our monetary system, and the degradation of the standard of value upon which all money obligations have been incurred.

The minority are convinced that there is but one method by which silver can be restored to a first place in the monetary systems of the world, and that is by the consent of the nations which control those systems. An international conference should be requested by the United States and an earnest effort be made to secure this consent:

An international agreement for the reinstatement of silver in the monetary system of the world involves not alone the assent of a few nations to coin silver without limit, but also an understanding with the principal silver-using countries of the world that they will not by a change in monetary policy make the free-coining countries a dumping place for their own repudiated coin.

The minority believe that the monetary conditions of the world are such that the leading nations must soon feel, if they do not now feel, the necessity for maintaining the dignity of silver in order that it may continue to supply the increasing demands of the world for money. It can not be known that an international conference will fail until it has been attempted; nor would its failure be a sufficient argument why this Government should undertake single-handed to rescue the world from the consequences of its own deliberate acts.

THE BILL IS UNWARRANTABLE IN RISK AND WITHOUT ADVANTAGE.

Not even the advocates of free-silver coinage deny that this law is an experiment, new in the history of mankind and based upon conditions which have never existed. For such an experiment as is proposed nothing can be a justification which has not in it a certainty of a great reward to the people which undertakes the task. That reward is not in sight of anyone save of the owners of mines who desire to receive at the hands of the law $1.29¼ an ounce for a commodity which is sold in eager competition for two-thirds of that sum, though diligently produced at an average cost of 51 cents an ounce.

When we attempt to raise the price of the annual product of our mines more than 40 per cent we undertake to lift also the value of thirty-four hundred millions of dollars worth of foreign silver, in the value of which we have not the slightest interest. The coöperation of the foreign owners of the silver is not asked, and the risk of this experiment, six-sevenths of which is for the benefit of foreign countries, is to be thrown upon the shoulders of this Republic. The volume of our currency will not be increased, but diminished. The bill itself will drive our gold into the coffers of speculation, invite foreign holders of our securities to sell at any price to escape loss by repudiation, and our whole monetary system will be thus disrupted. No possible gain to our people can be demonstrated.

The minority of the committee, therefore, in pursuance of these views, recommended that for the bill reported by the committee the following be substituted:

A BILL to provide for an international monetary conference.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to invite the governments of such countries as he may deem advisable to join the United States in a conference to be held at a time and place to be agreed upon, such conference to be called with a view of securing a permanence in the relative value of gold and silver at a common coinage ratio to be mutually agreed upon, through international agreements providing for the enlarged monetary use of silver and for giving to that metal equal mintage rights with gold.

SEC. 2. That the President shall, by and with the advice of the Senate, appoint three commissioners, who shall attend such conference on behalf of the United States, and shall report the doings thereof to the President, who shall transmit the same to Congress. Said commissioners shall receive the sum of five thousand dollars each and their reasonable expenses, including the compensation of a secretary and such other assistance as may be necessary, to be approved by the Secretary of State.

CHARLES TRACEY.
ABNER TAYLOR.
CHARLES W. STONE.
GEO. FRED. WILLIAMS.
M. N. JOHNSON.