FREE COINAGE OF SILVER.

STATEMENTS OF E. D. STARK, LEONARD RHONE, AND GEORGE G. MERRICK, BEFORE THE COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES, HOUSE OF REPRESENTATIVES.

FEBRUARY 3, 1892.

STATEMENT OF MR. E. D. STARK, OF CLEVELAND, OHIO.

Mr. STARK then appeared before the committee and read the following paper:

GENTLEMEN OF THE COMMITTEE: Economics being the science of exchanges, all live questions within its scope are at bottom a contention as to how much of the things another has, but which I want, can I get for the things I have to spare? Stated impersonally it is, what shall be the rate at which different classes of economic quantities swap for each other?

The classes of these quantities and their swapping rate, involved in the legislation under consideration, are just two, viz, the money of account in this country, *i. e.*, the money in which our business is transacted and prices made, on the one side, and all vendible things on the other; and the evil or mischief complained of is the abnormal and oppressive change in the swapping rate between these two forms of wealth, which, commencing in 1873, is still going on, to the detriment of all products.

It is what is familiarly known as the fall of prices, and the distress it entails upon the producing classes.

It is vain to attribute that change in the value or purchasing power of our money to anything else than the act of 1873; whether that act caused the two metals to depart from their old-time value ratio (as I believe, for the pretended disproportion of production is sheer humbug), or whether gold rose so in relation to silver from forces over which legislation had no control, makes no difference for my point here, for that act snatched away from silver the dollar definition and put it upon gold alone, and compelled our money to follow the fortunes of gold. But for that act we should have resumed on silver, and howsoever gold might have behaved our valuing unit could never have risen in value above 412½ grains of standard silver, because anchored to that by law with an open mint.

The redress demanded is free from legal complications. The end is to reconstitute our money standard so that, first, its further appreciation shall be arrested; and, second, so far as may be without departure from long established money definitions, that normal prices may be restored. The mode of the redress is simple, viz: a repeal of the legislation which caused the mischief. Put our money back again upon the double standard, or if you prefer, upon the alternate standard, *i. e.*, the right to that metal which for the time being may be the cheaper, if it shall happen that the commercial ratio does not coincide with our legal rating.

By that means, as every person of competent intelligence understands, we shall get the best guaranty compatible with a metallic definition of the money unit, that is open to us against any further increase in the value of money, *i. e.*, any further fall of prices.

Please observe, that in this discussion, by the phrase appreciation or increase in the value of money is meant exactly the same fact as a fall in the general range of prices, while depreciation or lessening value of money is the same fact as rising prices.

These propositions are fundamental for science or any competent thinking on this subject, because they have direct relation to the chief practical use of money. Such phrases therefore as "intrinsic value," or value outside of a market relation to some other and different thing, and the inveterate habit of measuring the value of a dollar or expressing its value-change in terms of money, are delusive, incompetent, and illegitimate. Such conceptions doom discourse to travel in a vicious circle of money words that leads nowhere.

For the purpose of the main inquiry we have no need to take advice of dealers in foreign money. The practices of loan agents, foreign or domestic, and the skill of security mongers, are alien to this quest. The mental habitudes and methods begotten of a counting-house training are disqualifiers. The melting pot will not help here. The data for sound reasoning on this subject are all derived from the transactions of the marts; all places where goods and money are offered and exchanged for each other.

This whole discussion is belittled to contemptibleness, if narrowed to a study of how a dollar of one kind will swap for another kind of a dollar or with a pound sterling, under the proposed legislation. Not only is the subject belittled and rendered unimportant to all but one in a hundred thousand of our population, but a competent treatment of the petty question of the commercial relation possible or probable to accrue between the two kinds of dollars, is impossible if it proceeds in disregard of the reciprocal action of all goods on one side, and the entire mass of money, however made up, *on* the other. The forces constituted by that interplay dominate as value-changing forces, and will submerge and often totally obscure the lesser forces constituted by the competition or coöperation of different kinds of money.

Single-standard arguments, emanating from high quarters, ignoring—or, shall I say more charitably, in ignorance of the nature of value, how it arises at all and how it undergoes change, *i. e.,* ignorant of both the statics and dynamics of value—predict comical incompatibilities in their frantic prophesyings. For example, they predict as concurrent phenomena a "debased" or "cheapened dollar," and lower prices made in the terms of such debased dollars—*i. e.*, a cheaper dollar with increased purchasing power. They talk about a dollar "really" worth but 75 cents, yet in commercial fact buying as much of everything as another dollar which they pretend has a monopoly in being worth 100 cents. They represent the greedy silver producer as taking 75 cents worth of silver to the mint, getting a coin dollar for it, thus cheating the mint out of 25 cents; then passing it off as 100 cents to some poor laborer and cheating him again out of 25 cents; and foreigners will bring 75 cents worth of silver here and compel us to pay them a gold dollar for it.

The imbecility or hypocrisy, for I will not mince words, betrayed by such twaddle (and it constitutes the staple of the argument from that side) consists in a disregard of the fundamental propositions above laid down and the travel in the vicious circle of money words. Moreover, such views assume that the chief business of money is to buy other money with, foreign or domestic; according to which view a fixed par with what is euphemistically called "best money" "honest money" becomes the criterion of legislative duty and the test of commercial honor, whereas that employment of it does not constitute a thousandth part of the uses of money, and so cuts no figure as a force determinant of its value any more than a bucket-shop ticker determines the value of stocks. The real force is found just where money is functioning in its supreme office of swapping with goods. In that office, not parity with foreign money, but *stability* and *constancy* in value, or at least no continuous or permanent appreciation, is the desideratum in monetary legislation. As before stated, that is the same fact as stability of prices. Such a constitution of money secures equity in time contracts, gives confidence to enterprise, occupation to the willing, opportunity, and encouragement to the wealth-creating energies.

As constituted for the last eighteen years, that has not been the behavior of money of gold. The inconsequent thinking, above exposed, crops out here again by such comment as this: "Oh, yes, prices have fallen about one-third, and so of course a dollar will buy more than it used to. But this imports no change in gold, for goods are produced more cheaply and have become more abundant." These gentlemen do not know that by admitting a fall of one-third in prices they confess an appreciation of 50 per cent in the value of money. But not attempting to carry our argument by definition alone, we reply, suppose that *pari passu* with this increase of goods there had been a corresponding increase of standard money. Suppose all this time the mint had been open to silver, and so silver had become the pricing instrument, could prices have so fallen? No competent intelligence will affirm it.

A practical proof and illustration is furnished in the case of British India. There is no great country and people on the globe with whom in the last twenty years there has been a more rapid advancement in the arts and appliances of production than in India. She has enormously increased her production of the great staples for food and fabric and has become our most formidable competitor in European markets. She has in that time become a formidable competitor in manufactured products, cutting into England's fabric trade with China. With all this rapid advancement prices have *not* fallen in India. The rupee, a freely-coined silver money, has been and is still constant as an instrument of valuation and has given to that country's industries a marvelous growth; and industrial India is prosperous. Will any one pretend that if our money were put back upon a silver basis it would not raise prices? Why, one of the stock objections to free coinage is, that it will enormously inflate prices. This confesses our claim with a large margin of exaggeration.

What is the supreme excellence of a money? With one accord the answer comes, constancy or stability of value. This statement is so much a common place in monetary discussion that it easily, almost flippantly, gains assent; but the first step taken in its application and the argument is mired in the slough of popular misapprehension as to just what that word constancy in value as applied to a dollar means. Till we know what value is, and how a value change in money or a standard metal is to be ascertained, and how expressed, discourse is vain. It is thought by these incompetents that "100 cents" adequately defines and fixes the value of a dollar and 20 shillings a pound. As though an affirmation that a real thing-dollar, had any more or any less than 100 cents in it was not a fellonious assault upon our decimal notation and an insult put upon the dictionary. The crucible may tell you the chemical composition and the scales the weight of a coin, but you can never know its value but by going to the market and seeing how much you can swap it for of something that is not money. From that verdict there is no appeal.

Therefore, it is that the merits of free coinage is not to be tested by the way one dollar will swap for another, or submitted to the umpirage of gold. The gist of our complaint is that gold, under a monometallic policy, has become an inequitable and extortionate valuing instrument alike to silver and all goods, and we impeach its assumed sovereignty in that office. Having by the act of 1873 usurped the throne when it pronounces judgment against silver as a short, a cheap, a dishonest money, we decline to abide by that judgment. We deny that that piece of legislation is the very Lord's anointed with divine right of perpetual succession.

"Well, gold is the world's standard anyway, and we can't help it." We do not legislate a money constitution for the world, but only for this country, is our reply. "But why disturb and unsettle everything now since the price range has become adjusted to a gold level?" We are reminded of the reply of the fishwoman, when remonstrated with for the cruelty of skinning her eels alive; it was, "Oh, yes; it used to seem cruel when I first began, but now the eels have kinder got used to it and don't seem to mind it." The income classes may think everything is lovely, but a gold "level" of prices is no level. It is a down grade toward a bottom whose depth no man has sounded. It is no adjustment, it is a maladjustment and a continuing spoliation of the producing classes. They have long felt that something was wrong, and they are beginning to understand now what it is that hurt them, and the feeling of patient endurance as of a hardship is now assuming the form of a sense of wrong, demanding redress, and it will not be put off by a promise of an international palaver.

We are threatened by our adversaries with a gold premium and nebulous calamities; just what, we are not informed, but it will be something awful. But in all seriousness we ask, What useful industry, what honest vocation will be hurt by a gold premium, and how will it come? Will some person give us a coherent and reasoned answer to that question? Every attempt at it I have met with (and it has been my vocation to read them all attentively), every one of them, runs into absurdities and self-stultification similar to those referred to above. The value changes of everything else are computed and expressed in gold money, but the value changes of gold are measured by itself and it is found to have no value changes at all! By that method anything—iron, putty, or nutmegs—can be shown to be unchanging in value.

But if by a redundant volume of silver money all our gold should go abroad, the entire six hundred millions, if it should bring home an equivalent of our securities it would be a good thing for us. As to our having money to pay international balances in that event, if our output of gold and silver is insufficient to pay an adverse balance, that would be a good time to stop having an adverse balance.

In case gold should go to a premium and hold a varying ratio to our silver money, if we are correct in our claim of superior stability of silver, those countries which still keep their domestic industries and commerce upon a fluctuating gold basis must be at a disadvantage.

But since we are having perpetually cast up before us as a bugaboo a gold premium, a word or two on that point. Of course it is like all other economic problems, a question of quantities, and no careful student would affirm aggregate results while the principal factors can not be ascertained with an approximate definiteness. But assuming that there will come to our mint for certification into money two hundred millions the first year and from seventy-five to one hundred millions annually thereafter, I should say that not for ten years to come could there accrue to gold any greater premium than would suffice to determine it as the metal to pay international balances rather than silver, *i. e.*, say one-half of 1 per cent.

This assumes that no increase of uncovered legal-tender paper will take place; a rash assumption, perhaps, from the present indications. Any considerable increase of national or state bank money would, of course, complicate the problem very much; but I trust the day for that sort of money has gone by.

I thank you, gentlemen, for your courteous hearing, and shall be most happy now, or any time here or elsewhere, to answer any questions that may be put so far as I am able to.

Mr. WILLIAMS, of Massachusetts. As I gather from hearing your article read, you look forward without any feelings of discomfort to the sending abroad of all our gold?

Mr. STARK. Yes, sir. I say that if we get a full return for it when it goes.

Mr. WILLIAMS. You have no apprehension that any trouble will arise from all our gold going away?

Mr. STARK. No, sir.

Mr. WILLIAMS. In other words, I suppose you mean by that that you desire a silver standard for this country and the abandonment of any bimetallic standard?

Mr. STARK. I believe in having a legal right to use both metals. That is what constitutes a double standard.

Mr. WILLIAMS. What do you mean by that; "the legal right to use both metals?"

Mr. STARK. I mean free, open mints; that is what I understand to be the double standard.

Mr. WILLIAMS. You would, in conjunction with that, give the legal-tender quality to both?

Mr. STARK. Yes, sir; that is what I mean.

Mr. WILLIAMS. I understand, also, that you have no apprehension from what is called a premium on gold?

Mr. STARK. Not at all. I do not think there is any danger in it.

Mr. WILLIAMS. You think it would be a good thing?

Mr. STARK. My notion is that there would not be any such thing. I have no apprehension of any harm in case it should.

Mr. WILLIAMS. You can not see that anybody would be injured by that?

Mr. STARK. I can conceive of a possibility that some people's interests might be affected. Every change will affect somebody; for example, a speculator on margins. I can not comprehend any injury to any great industry of ours, or to any useful or honest occupation.

Mr. WILLIAMS. To your mind it is a very powerful argument for the free coinage of silver that India has progressed easily under it. Do I understand that to be your position—that because India has flourished, therefore it would be a desirable thing for us.

Mr. STARK. I mean India industrially considered. There are two Indias: there is a debtor India and a productive India. The former has been in great stress, her debts being sterling debts, but industrially and productively India is prosperous under her present monetary situation.

Mr. WILLIAMS. Those two are not separated on the map.

Mr. STARK. They are distinct in all competent thinking on this subject.

Mr. TAYLOR. If the gold in this country should go abroad it would take from us much of our circulation.

Mr. STARK. It would not go abroad until it is displaced.

Mr. TAYLOR. But suppose it should go abroad?

Mr. STARK. It will go abroad only by reason of silver coming here to take its place. If it went abroad by reason of a redundant circulation it would be a good thing to the country.

Mr. WILLIAMS, of Massachusetts. Your proposition is that you would consider it a fortunate thing for us if our gold went away and we got silver in return?

Mr. STARK. Yes, sir; provided our money volume remained ample.

Mr. TAYLOR. Where and how is the price of cotton, wheat, and grain fixed?

Mr. STARK. There is an erroneous idea about somebody "fixing" the price of everything. The price is fixed by the two parties who agree on a price.

Mr. TAYLOR. Is not the price governed and controlled by the market price at Liverpool?

Mr. STARK. No, sir; the price is not controlled there. It is controlled by the cotton fields and the seats of production generally.

Mr. TAYLOR. Are not the prices fixed in Liverpool?

Mr. STARK. They register the price in Liverpool, but that is not the controlling force in setting the price.

Mr. TAYLOR. Do not they look over the field and see how much cotton is being produced?

Mr. STARK. If they fix the price wisely they fix it by reference to conditions, and the *pricing* money is a controlling factor.

Mr. TAYLOR. How are we going to fix prices if this country be put on a silver basis?

Mr. STARK. You are making a confusion there by having in your mind two kinds of money which are assumed to have a disparity in value simultaneously with identity. If we had free coinage the price would be in silver, wherever gold may go. Then prices would all be in silver in this country.

Mr. TAYLOR. You take the ground that one dollar worth 70 cents and another dollar worth 100 cents will circulate together?

Mr. STARK. No; there is a confusion in that question.

Mr. TAYLOR. I mean in the markets of the world.

Mr. STARK. I say if a gold dollar shall be commercially worth a quarter more than a silver dollar, it will buy a quarter's worth more of everything.

Mr. TAYLOR. They would not float side by side?

Mr. STARK. They would not nominally be at par.

Mr. TAYLOR. One would have to go out of circulation?

Mr. STARK. Not necessarily, but one probably would.
Mr. TAYLOR. I should not think there would be any probability about it.
Mr. STARK. All men are at liberty to do as their interests dictate in that matter.
Mr. WILLIAMS, of Massachusetts. What do you say in reference to Senator Stewart's accusation that the bankers and tradesmen of England have been combining to depress the price of silver in order that they can have advantage in trade with India?
Mr. STARK. I have no opinion of that. That is alleged, but I am not competent to answer that question.
Mr. WILLIAMS. You are aware that Senator Stewart has raised it?
Mr. STARK. He has said that.
Mr. WILLIAMS. You say it has been your business to study this subject?
Mr. STARK. It has been my business almost exclusively for a number of years.
Mr. WILLIAMS. In what capacity?
Mr. STARK. I have followed it perhaps for fifteen years as a side business with the practice of law, and for the last three years I have devoted almost my entire attention to its study and have made it a business to read everything that I could find on the other side.
Mr. WILLIAMS. Are you doing this for yourself or are you acting in anyone's interest?
Mr. STARK. I have purely and simply a public interest in it. I have no other interest. I never had any mine, and never expect to have; none whatever. I will say very frankly that I am not bearing my own expenses. Some persons have made small contributions to my expenses, but I am a sincere advocate in this matter.
Mr. WILLIAMS. You are a lawyer by profession?
Mr. STARK. Yes, sir.
Mr. WILLIAMS. Do you consider that you are in anyone's service?
Mr. STARK. I speak entirely for myself.
Mr. WILLIAMS. Are your expenses borne by any organization or combination?
Mr. STARK. Yes, sir.
Mr. WILLIAMS. What, may I ask?
Mr. STARK. I am paid a sum by the National Silver Committee.
Mr. WILLIAMS. I suppose you have given Senator Stewart's proposition some consideration, having made it your business to study the subject?
Mr. STARK. Yes, sir; but I always distrust the imputations made by one interest by way of attributing improper motives to those on the other side.
Mr. WILLIAMS. You will excuse me, but I was not asking questions with the view of imputing motives to any one, but merely to ascertain the fact as to whether in your judgment Senator Stewart is right in saying that parties in England have purchased council bills for the purpose of depressing silver in India with the object of getting it cheaper.
Mr. STARK. I understand that is the motive.
Mr. WILLIAMS. I ask for the fact merely.
Mr. STARK. I do not know that that is done.
Mr. WILLIAMS. You do not know that that is done?
Mr. STARK. I can easily see how it might be so.
Mr. WILLIAMS. Have you followed the sales of these silver council bills?
Mr. STARK. Yes, sir; I have understood the operation of them somewhat.
Mr. WILLIAMS. Have you found any indications such as Senator Stewart has found, that the sales of those paper securities for silver have been directed to the depreciation of the prices of silver in India?
Mr. STARK. I can see how it would operate that way.
Mr. WILLIAMS. Have you found that sales were actually made and that the object was to depress silver?
Mr. STARK. I have supposed that they have been made for that purpose with a view to getting a commercial advantage. I can easily see how importing England would be benefited.
Mr. WILLIAMS. I ask you whether you have seen, in the sales of those council bills, any indication that sales have been made for the purpose of depressing the price of silver in India?
Mr. STARK. There are some indications—I do not say conclusively.
Mr. WILLIAMS. Where do you find it and when?
Mr. STARK. If they can make these council bills serve their purposes they will do it.
Mr. WILLIAMS. I am asking when and where you have seen any actual indications that those sales have been made for the purpose of depressing the price of silver?
Mr. STARK.—No further than the fact that they have been made. I do not pretend to impute to any one improper purposes.
Mr. WILLIAMS.—If you did not know anything about the sale of these council bills that would make it different; but if you have studied these sales, being interested in this question and an advocate on one side of it, you ought to be able to state

whether, watching the course of the market, you have seen any indication that they have been sold for the purpose of depressing silver.

Mr. STARK.—I have said to you that I understand that sales of those bills would tend to depress the price of silver.

Mr. WILLIAMS.—That is all you know about it?

Mr. STARK.—That is all I intended to say. I can not answer you any further.

Mr. BARTINE.—If, instead of sending $60,000,000 a year in silver direct and bodily to India, these council bills had been sold, you can see that that would depress the price of silver.

Mr. STARK.—Precisely; it would have that effect.

The CHAIRMAN.—Mr. Newlands desires to be heard, and if the committee want to hear him we can indicate the time. We have from now until next Wednesday for that purpose. What is the pleasure of the committee?

Mr. WILLIAMS (of Illinois).—I move that we meet on Monday next at 10:30 o'clock.

The CHAIRMAN.—If there is no objection the committee will stand adjourned until 10:30 o'clock Monday next.

COMMITTEE ROOM ON COINAGE, WEIGHTS, AND MEASURES,
February 9, 1892.

The committee met at 10:30 o'clock.

STATEMENT OF LEONARD RHONE, OF CENTER HALL, PA.

Mr. RHONE said:

Mr. Chairman and gentlemen of the committee, I appear before you in behalf of the legislation committee of the National Grange, an organization of farmers in this country that extends throughout every State and Territory in this Union. It is not often that farmers appear before legislative bodies to advocate their claims. This is not owing to a lack of patriotism, but it is on account of the peculiar situation that surrounds the farmer. It is true that they represent a great deal of wealth, but it is divided up into small parcels and holdings, which makes it expensive for the farmers to appear at the Capitol of our great nation and advocate their interests. With the other interests of our country that have centralized wealth it is comparatively easy for them to appear before you to advocate that which may be of special interest to their industries.

The farmers are interested in this question of the free coinage of silver for two reasons. First, because they believe that an increase in the volume of currency will enhance the prices of their products in the markets of our own country. When money is scarce, prices depreciate: when money is plentiful, prices advance; consequently, the farmer must be directly affected in this particular. Of course, they have no silver or stocks to sell upon the market, but they have various products which are affected in the markets of the world by the policy, not only of our country, but that of other countries. The farmers are interested in this question in the first place for the reason that since 1873, when silver was demonetized by the United States, England immediately demonetized gold in India. Russia was always a silver standard nation. England in turn demonetized silver in England for the purpose of protecting her Indian possessions.

What is the effect to-day when the American farmer goes into the Liverpool or London markets? He may possibly realize $1.10 a bushel for his wheat. The Indian or Russian farmer arriving in the London or Liverpool markets will realize $1.30 for his wheat in silver; thus placing the Indian and Russian farmer in an advantageous position in the foreign markets.

Now, for this reason the farmer asks you to restore silver to the position which it occupied prior to 1873, believing if the United States Government will do this that it will go a great way toward advancing the price of silver to a parity with gold, and thus placing the American farmer on an equality in the foreign markets of the world with the silver-standard nations. From 1847 to 1860 silver was the dearer metal in this country; in fact from 1872 to 1873——

Mr. WILLIAMS, of Illinois. 1792.

Mr. RHONE. From 1792 to 1873 silver was nearly always at a par with gold, and, consequently, we realized remunerative prices for our products in this country. The price of wheat and cotton in this country is fixed by the prices we obtain in foreign markets. Of course, this does not apply to products which we do not export. It does and must apply to products that are exported, because the surplus which we export must fix the price in this country.

I will read to you the resolution of the National Grange, which was not hastily adopted, for this matter has been under consideration for the last ten years, and was fully and fairly discussed on the floor of the National Grange. This was reported from the committee on national finance:

"Whereas the National Grange does not believe that we now have sufficient currency in the nation for the legitimate purposes of trade, and to meet necessary obligations: Therefore, be it

"*Resolved,* That this National Grange declares and expresses its opinion in favor of free and unlimited coinage of both silver and gold, just as it existed from almost the foundation of the Government up to 1873, when silver was demonetized.

"2. That we believe that the Government alone should issue money, and that we do demand that a sufficiency of legal-tender notes be issued."

That is, to meet the business requirements of the country. There is just one other point upon which the National Grange has expressed itself, and that is on the legal-standard qualification of the currency of the United States. A farmer now finds himself confronted by the money-lenders, who require that all his bonded or mortgage indebtedness shall be payable in gold. Owing to the depressed condition of agriculture and the mortgaged condition of our farms, they are at the mercy of the money-lender, and therefore appeal to you in the hope that the National Government will take some action in protecting the legal-tender qualifications of the money issued by the General Government, believing that it is as much treason to our country to dishonor its currency as it is to dishonor the American flag.

The National Grange has passed the following resolutions upon this question:

"*Resolved,* 1. It is right and just, both to the debtor and the creditor, that *all legal-tender money* should stand upon equal footing in its capacity and power to pay debts.

"2. It is unjust and burdensome to permit any creditor to contract with his debtor to compel him to pay in only one form of legal-tender money.

"3. It is the duty of all the States to give equal value and recognition to all the forms of lawful money made legal tender by the United States, and the power to contract to debase one form thereof is unpatriotic and practically nullifies the power to coin money given by the Constitution exclusively to the General Government.

"S. L. WILSON, *Chairman.*"

Now, as I said in the opening of my remarks, I do not come before you to argue in detail the general questions involved, but to present to you the sentiments of the farmers of this country, and of an organization whose membership is made up from l political persuasions, and that is not partisan or political in character.

Our people are in earnest about this matter. If the farmers are wrong it is because e markets of Liverpool and London have led them into that error. We believe if silver is remonetized it will soon come up to a parity with gold, which will place us on an equality with Russia and India.

I thank you very much for permission to appear before you, and trust that you will give this matter such consideration as may be necessary and as the agricultural interests in this country require.

Mr. TAYLOR. I would like to ask you a question. The grain that comes from India is paid for in silver, is it not?

Mr. RHONE. Yes, sir.

Mr. TAYLOR. Could you not get the same amount of silver for your grain if you would always take silver in money exchanges between England and the United States?

Mr. RHONE. If we take silver.

Mr. TAYLOR. If you take anything in silver, would you not get the same for it?

Mr. RHONE. If you have silver bullion come to this country, you would have to sell it.

Mr. TAYLOR. Everything is measured in bullion in London. You can get just as much silver for your grain as the Indian gets for his, can you not?

Mr. RHONE. Yes, sir.

Mr. TAYLOR. Well, then, what is the difference?

Mr. MCKEIGHAN. Let me ask the gentleman a question. If you bring your silver home here, is it placed at a disadvantage by being dishonored here?

Mr. RHONE. That is precisely the situation. We must sell the silver in order to bring it back upon the market, and take what the market pays. If we sell our grain in the United States market for a silver dollar, why the silver dollar is worth as much as the gold dollar.

Mr TAYLOR. What makes it worth as much as the gold dollar?

Mr. RHONE. Why, the stamp of the United States, I suppose.

Mr. TAYLOR. Is it not because it is redeemable in gold?

Mr. RHONE. It is not redeemable in gold.

Mr. TAYLOR. Listen to me.

Mr. RHONE. It is redeemable in silver certificates.

Mr. TAYLOR. They are redeemable in gold too, are they not?

Mr. RHONE. Not always.

Mr. TAYLOR. They are redeemable in gold.

Mr. WILLIAMS, of Illinois. How do you make a silver certificate redeemable in gold?

Mr. TAYLOR. A silver dollar is always redeemable in gold.

Mr. RHONE. They are redeemable in silver certificates.

The CHAIRMAN. You could not get a dollar in gold for it.

Mr. RHONE. You understand if an American farmer goes into the Liverpool market he can get either silver or gold bullion for his wheat, but when he comes to the American market he must sell that bullion.

Mr. TAYLOR. When he gets here he can sell his gold or silver.

Mr. BARTINE. He can get just as much silver bullion as the Indian can for his wheat?

Mr. RHONE. But it is not worth as much. When the Indian farmer goes home with his silver bullion, that being the currency of that country, he can exchange it for grain or coin.

Mr. TAYLOR. No; it is not so. When he goes back he can not buy any more grain than he could get here.

Mr. RHONE. That has been proved the other way, Mr. Taylor.

Mr. TAYLOR. I guess not.

Mr. RHONE. It is different when the Indian farmer goes home with his silver. He can get it coined, and it is worth more to him than any other metal.

Mr. TAYLOR. Are you in favor then of putting this Government on the same basis as India?

Mr. RHONE. I should think if silver was coined here free it would go a great way toward bringing it up to a parity with gold.

Mr. TAYLOR. That does not answer my question. Are you in favor of putting this country on the same basis as India—on a silver basis?

Mr. RHONE. Of course, if you go back to 1865, when we had an inflated currency, and when a farmer realized in that currency $2 a bushel for his wheat, you will find there has been no time in the history of this country when the farmers were so prosperous.

Mr. TAYLOR. Well, I did not ask you for a speech. I asked you a question that you could answer. Are you in favor of putting this country on a silver basis, the same as India?

Mr. WILLIAMS (of Illinois). Do you mean on a silver basis or a gold and silver basis?

Mr. RHONE. On a gold and silver basis.

Mr. WILLIAMS (of Illinois). That is what I supposed.

Mr. RHONE. Put the metals on a parity with each other.

The CHAIRMAN. Free coinage of both.

Mr. TAYLOR. Mr. Newlands said yesterday that all silver coming to this country from a foreign country would be purchased in silver, and not in gold. Do you agree with him?

Mr. RHONE. I would not like to answer Mr. Newlands' question.

Mr. TAYLOR. This is my question. Is that your position, that we would purchase it with silver. That is, the bullion that comes here from a foreign country, we would pay for it out of the Treasury in silver dollars, would we not?

Mr. RHONE. That would be entirely fair.

Mr. TAYLOR. You say it would be fair. Is that what you would do? Is that the way it would operate.

Mr. RHONE. It would operate in this way: You could get either silver or gold for it.

Mr. MCKEIGHAN. It seems to me there is a misapprehension. This gentleman is asked if the Treasury would pay for it. There is no proposition under free coinage for the Treasury to buy silver.

Mr. TAYLOR. We will strike that out.

Mr. RHONE. When the American holder of gold bullion comes to the United States mint he can get his bullion exchanged for gold dollars.

Mr. TAYLOR. Do you think there is gold enough this in country to buy all the silver in the world?

The CHAIRMAN. There is property and products enough.

Mr. TAYLOR. I asked Mr. Rhone the question; not the chairman.

Mr. WILLIAMS, of Illinois. I think the cross-examination has gone entirely too far.

Mr. RHONE. I said at the beginning that I simply came here to appear before you gentlemen, and present the wishes of the farmer in this matter.

Mr. TAYLOR. I understand what you came here for.

Mr. RHONE. So far as the details in this matter are concerned, we must trust to the patriotism and wisdom of the members of Congress to adjust it. If it is just to the farmers, as well as to the bankers of this country, we shall be satisfied.

Mr. TAYLOR. I wanted to ask you whether it was to the advantage of the farmers.

That is what I want to ask. I wanted to find out whether there is gold enough in this country to purchase all the silver that would come here—purchase it in gold.

Mr. RHONE. We would not necessarily need purchase it in gold.

Mr. TAYLOR. We would purchase it in silver?

Mr. RHONE. Yes.

Mr. TAYLOR. Would it not be to our advantage to purchase it in silver?

Mr. RHONE. That depends. The United States Government now purchases $5,000,000 or more worth of silver bullion a month. Why, it is done under the direction of the Government.

Mr. TAYLOR. Well, it is not all paid for in gold?

Mr. RHONE. Yes, sir.

Mr. TAYLOR. Every dollar of it.

Mr. RHONE. It is not necessarily.

Mr. WILLIAMS, of Illinois. Mr. Taylor, you are assuming a good deal.

Mr. TAYLOR. No, I am not.

Mr. RHONE. It is paid for in silver certificates.

Mr. TAYLOR. Is it paid for in gold. Is there a dollar of it ever paid for in silver?

Mr. WILLIAMS, of Illinois. It is paid for in silver certificates.

Mr. TAYLOR. I only wanted to know. You said you had two reasons. I was trying to get out of you one of your reasons. How are you going to increase the money of this country by a free-coinage act? That is what I have been trying to get you around to, but I have not been able to as yet. I will ask you that question.

Mr. RHONE. We of course believe that. If the coinage of silver is made free, all the silver bullion mined, which is not needed for the arts, will go into silver currency.

Mr. TAYLOR. Well, I suppose you know——

Mr. RHONE. And into the vaults of the United States Treasury and coin certificates issued upon it.

Mr. TAYLOR. I suppose you know that nearly all that has been mined now has been, and silver certificates issued upon it.

Mr. RHONE. I think the market reports are correct, for immediately after the passage of the late silver act the charge was made that the claims of the silver men had not been met by the Government. There is some silver now, even, that the Government could buy.

Mr. TAYLOR. Yes; but I mean the product of this country. It has all been going into silver certificates.

Mr. RHONE. Not necessarily so.

Mr. TAYLOR. Now, so it is all to go into silver certificates?

Mr. RHONE. Of course, that is a question that you people must determine.

Mr. TAYLOR. Yes; but, my dear sir, will you not determine this question for yourself?

Mr. RHONE. We determine in this way. In the first place ——

Mr. TAYLOR. Is it going to give you any more currency?

Mr. RHONE. That is what we think it will do.

Mr. TAYLOR. You ought to agree on that and see what it is going to do.

Mr. RHONE. Besides, the experience of this Government, I think, has shown that this would be made the dumping ground for silver. Of course, it will increase the volume of currency.

Mr. TAYLOR. Undoubtedly. If you take away our gold, would that benefit us?

Mr. RHONE. It was predicted when we commenced coining silver, gold would flow to foreign countries, but we have not realized that during the last six years. I think the gold currency has been increased over $300,000,000.

Mr. WILLIAMS, of Massachusetts. It is equally true that those interested in silver, just as confidently predicted that silver would go to $1.29 an ounce?

Mr. WILLIAMS, of Illinois. Not under the laws that have been passed. The enemies of free coinage did predict last year that such would be the case.

STATEMENT OF GEORGE G. MERRICK, OF DENVER, COLO.

Mr. MERRICK said:

Mr. CHAIRMAN, AND GENTLEMEN OF THE COMMITTEE: I shall treat you to no exordium. It has seemed necessary that some clean cut definitions should be put upon the record of this committee. There has been evidently here a disposition to treat the free and unlimited coinage of silver as a sale of all the silver bullion that might be offered to the mints, and as a purchase of it by the Government of the United States, or by the Treasury Department of the United States, paying in gold.

Now, there are three propositions in relation to legislation upon the coinage question in this country—free coinage, unlimited coinage, and gratuitou coinage. Free coinage may be defined as follows: That every citizen has the right to take his bullion to the mint, within a limited quantity, and have that bullion converted into pieces or coin for his use and benefit. Unlimited coinage comprises free coinage, and the tender of all bullion which anyone may acquire through the medium of his industry or through the medium of commerce, without regard to its origin, and have it converted into coins or pieces for his use and benefit, and in these propositions the ownership of the metal is in the man who deposits it and not in the Government in any sense, nor is it in any sense a purchase or sale of anything.

Gratuitous coinage does not include the metallurgical processes by which impure bullion is refined, parted, and prepared for the mint, nor is that a question at issue or under discussion at all. We have eminent authority for the statement that it is claimed that free and unlimited coinage is a purchase by the Government. It was said by Senator Sherman on March 13th, last, in a speech upon a free coinage bill:

"Should such a measure go into effect it would be notice to all the world that the United States will pay $1.29 for every ounce of silver bullion which may be offered to it from any part of the world."

Further on he says:

"The United States is bound to purchase all the bullion that is offered it at the price of $1.29, but has no option as to the mode of payment, for the option is in the hands and in the power of the owners of the bullion."

To offset that I will refer to the U. S. Treasurer's Report, on page 25, where he says in relation to gold:

"Gold coins are manufactured at the mint out of bullion brought by a private citizen, who receives back weight for weight and value for value. They charge for the work done, and to all intents and purposes the gold remains throughout the operation what it was at first, the private property of the owner."

We say that the necessities of the situation demand the free and unlimited coinage of silver, and it is only necessary to refer to what Mr. Leech said to this committee to substantiate that claim. He emphasizes the necessity by referring to the fact that money was borrowed upon call in the city of New York at 2 per cent. If true, that is the only kind of evidence this committee and this Congress need to justify them in at once passing a free and unlimited silver coinage bill. What does that single fact mean? It means shrinking prices; it means crippled industries; it means panic and financial crises if it is not remedied.

Upon the monetary conference question, I wish to say that it is a scheme for delay. and delay only. We have not any time to go into it.

Mr. Taylor. That is 2 per cent a year.

Mr. MERRICK. I understand. Two per cent a year; not 2 per cent a month.

The CHAIRMAN. That is on call.

Mr. MERRICK. No business can be conducted on that.

Mr. TAYLOR. I understand that.

Mr. MERRICK. Upon that question (international conference), the remarks of Mr. Charles Sumner upon a proposition to make all United States bonds payable in London, Paris, Amsterdam, and Berlin in pounds, francs, and thalers, are peculiarly appropriate. He said:

"I can not forget my own country, nor can I forget that great primacy which I hope to see her assume in the money markets of the world. Why should we revolve about European money centers? Let us keep our own center here at home."

This is good advice for this committee and this Congress. There is one other bit of advice to which I want to refer.

We had a President once who is credited with a vast amount of patriotism and a large degree of worldly wisdom. He is popularly spoken of as the father of his country, and in his last message, his farewell address, he advises strongly against "entangling European alliances;" and if you gentlemen can devise any more disastrous or dangerous entangling European alliances than it would be to hang the financial policy of the Government of the United States as a bob to the tail of European monetary kites, I want you to find it. With that, gentlemen, I am done, and I am within my five minutes. [Applause.]

Mr. TAYLOR. You are the first free-coinage man whom I ever saw that kept within the time.