FREE COINAGE OF SILVER.

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 27, 1892.

TESTIMONY OF Mr. E. O. LEECH, DIRECTOR OF THE MINT.

The committee met at 10:30 a. m. for the purpose of hearing the Director of the Mint on the free-coinage bill. Mr. Leech stated that he was present on the invitation of the committee, not for the purpose of making any speech or argument on the silver question, but to furnish the committee any information in his possession bearing on the subject. He submitted some tables on the production, movement, and use of gold and silver for recent periods.

The CHAIRMAN. Any gentlemen desiring to ask Mr. Leech any questions are at liberty to do so.

Mr. BARTINE. I would like to ask Mr. Leech if he has any data or information which affords an explanation of the extraordinary fall in the price of silver in the face of the increased purchases by the United States?

Mr. LEECH. It is difficult to tell. In my judgment it is on account of the increased product and lack of demand for silver over and above that which the United States buys. It is said that a large amount of Australian silver is being placed on the European market. About twelve or fifteen million ounces were produced in Australia last year from lead ores. That silver goes to the European markets, and it has had a tendency to glut those markets. There is not enough active demand for silver in Europe, and that has had a tendency to lower the price.

Mr. BARTINE. Can you tell anything about the present amount of silver in sight?

Mr. LEECH. I can tell you from the report from the New York Stock Exchange the amount of silver in sight; that is, the silver on deposit with the American Security and Trust Company, and upon which it issues certificates. The amount to be a little over 3,000,000 ounces.

Mr. BARTINE. That is all you know about it?

Mr. LEECH. That is all in sight; how much more there is no one can tell.

Mr. BARTINE. The amount is smaller than it was a year ago?

Mr. LEECH. It has not changed materially, recently. It goes down to about 3,000,000 ounces after the Government has completed its monthly purchases, and then goes up to 4,000,000 ounces in the interim before purchases are renewed. It is a little less now than it was a year ago. On July 1, 1890, it was 6,000,000 ounces. On July 1, 1891, it was 5,000,000 ounces.

Mr. BARTINE. Suppose that there were none at all on the market, would that have an effect upon the price?

Mr. LEECH. I think it would have a decided effect.

Mr. BARTINE. Suppose that our purchases had been sufficient in amount to completely absorb all the silver product of the world, what would have been the effect on the price?

Mr. LEECH. The price would be higher.

Mr. BARTINE. What would have been the maximum price in that case?

Mr. LEECH. I would not like to say absolutely. It would depend somewhat upon how that affected the demand for silver from other quarters.

Mr. BARTINE. I am assuming that we would purchase a sufficient amount to take it all.

Mr. LEECH. If we were to buy all the silver and pay gold for it, it would probably remain at the price we paid for it.

Mr. BARTINE. I mean to buy it just as we buy it now.

Mr. LEECH. We are paying gold for it now.

Mr. BARTINE. We are paying notes now.

Mr. LEECH. Well, notes redeemable in gold on presentation.
Mr. BARTINE. That is a question.
Mr. LEECH. The man who sells knows it to be so.
Mr. BARTINE. Suppose we bought all of the supply; what would be the price of it?
Mr. LEECH. Just as long as we could pay gold for it——
Mr. BARTINE (interposing). I mean, just as long as we pay for it as we are now paying.
Mr. LEECH. We are now paying gold for it.
Mr. BARTINE. Suppose we take it all in some other way; would it not then be out of the way?
Mr. LEECH. What other way?
Mr. BARTINE. In any way by which the market would be relieved of the surplus.
Mr. LEECH. Can you suggest a way?
Mr. BARTINE. Well, by free coinage, for instance.
Mr. LEECH. As long as we can pay $1.29 an ounce in gold for it——
Mr. BARTINE (interposing). Just so long will we maintain the parity of silver with gold.
Mr. LEECH. Yes, sir; at our rates.
The CHAIRMAN. I do not dispute your proposition that we are practically paying gold for silver bullion. I want to know if that of itself is not making a greater demand upon gold and increasing the price of it, as compared to silver bullion?
Mr. LEECH. You mean the fact that we are paying for silver bullion in gold? That is a matter of argument.
The CHAIRMAN. In other words, if the $54,000,000 of paper that we are now issuing is redeemable in gold, and not silver to be redeemed in gold, we are increasing to that extent the demands for gold for redemption purposes, are we not?
Mr. LEECH. I think we are increasing the amount of legal-tender money to the relief of gold.
The CHAIRMAN. But do you suppose it is a relief of the gold to issue paper redeemable in gold?
Mr. LEECH. Yes, sir; as long as we have a gold standard.
The CHAIRMAN. You take the position that hoarding gold for redemption purposes is not making a demand for gold.
Mr. LEECH. We are not hoarding for redemption purposes.
The CHAIRMAN. There are now $100,000,000 of gold in the Treasury.
Mr. LEECH. It was put there to redeem United States notes, to keep specie payments in the United States.
The CHAIRMAN. Is it not held for redemption purposes?
Mr. LEECH. I do not consider that that gold is held there for any purpose, except to maintain gold payments.
The CHAIRMAN. It makes an increased demand for gold.
Mr. LEECH. I do not see how it makes any present demand for gold, because it has been there since 1878.
The CHAIRMAN. The Secretary of the Treasury, in his statement before the New York Chamber of Commerce, spoke of these silver bullion certificates being redeemable in gold, and he claimed that he had authority at any time, under the act authorizing the issue of those Treasury or bullion notes, to procure gold for their redemption, even if he was compelled to sell bonds.
Mr. LEECH. As I understand the Secretary's position, it is that all gold in the Treasury of the United States is available for any of the obligations of the Government for which gold payment is demanded, and that he would use any gold in the Treasury to meet any obligation for which gold is demanded; and that if the amount of gold in the Treasury should get too low to maintain gold payments, he could, in his judgment, under existing law, sell bonds to secure more for that purpose.
The CHAIRMAN. You take the position that that does not necessarily of itself make a new demand for gold?
Mr. LEECH. I do not think it does. I think we have plenty of gold in the Treasury.
The CHAIRMAN. Do you think if you undertook to carry out the proposition of paying gold for the redemption of these notes, that that would raise the price of gold?
Mr. LEECH. Do you mean that if we go into the market and sell bonds?
The CHAIRMAN. Yes, sir.
Mr. LEECH. It might. They might give us greenbacks. In my judgment, if we sold bonds for gold it would not affect the quality of the United States legal-tender note at all.
The CHAIRMAN. If a holder of one of these notes should present it and demand gold, would the Secretary pay in gold or in greenbacks?
Mr. LEECH. He would pay in gold if the party demanded gold.
The CHAIRMAN. If he sold bonds for the purpose of procuring gold he would hold the gold?
Mr. LEECH. What would be the difference? They could draw it out again with legal-tender notes.

Mr. WILLIAMS, of Illinois. If it is not in the Treasury they could not pay it out.
Mr. LEECH. But it would be there, practically.
Mr. WILLIAMS, of Illinois. You are not going to buy, are you?
Mr. LEECH. We are not going to buy until we need it. I think the Secretary would buy just as soon as the stock of gold in the Treasury got so low that anybody would have a reasonable doubt of our ability to redeem in gold on demand
The CHAIRMAN. According to your view, it makes no difference if all of this bullion was recoined and those notes were redeemed?
Mr. LEECH. It makes no difference as to the amount of gold the Treasury holds.
The CHAIRMAN. If all that bullion was coined into standard silver dollars and notes were issued upon it and redeemed in silver, would not that of itself relieve the strain that is made upon the gold for redemption and reduce the value of gold as compared with silver?
Mr. LEECH. If there is any strain it would reduce it; but I do not think there is any strain.
The CHAIRMAN. If we make our money redeemable in gold and not silver would that tend to raise the price of gold and reduce that of silver?
Mr. LEECH. It would have a tendency to make a divergence between gold and silver.
The CHAIRMAN. The divergence has nothing to do with it.
Mr. LEECH. Not in this country, so long as our money is all interconvertible into gold.
The CHAIRMAN. Why not in this as well as in any other country?
Mr. LEECH. Because everybody in this country is satisfied that the Government will always redeem in gold or its equivalent.
The CHAIRMAN. Does not that very fact very greatly increase the divergence between gold and silver bullion?
Mr. LEECH. I do not think it has anything to do with it. I think the price of silver bullion is fixed entirely by the quantity on the market and the demand for it, and not by anything else.
The CHAIRMAN. You think primary money has nothing to do with it?
Mr. LEECH. I think it has not.
The CHAIRMAN. You think that if we coined silver dollars enough to redeem every piece of paper and every bond, and if it was so used, that gold would still retain its value as to silver?
Mr. LEECH. Do you mean if we had free coinage?
The CHAIRMAN. I do not care, but if we coined sufficient silver for that purpose.
Mr. LEECH. I believe that whenever the people of this country are satisfied that the obligations of the Government will only be redeemed in silver dollars that gold will go to a premium. The purchasing power of the silver dollar will then be lower.
The CHAIRMAN. If we coined sufficient silver for all redemption purposes, and it was understood that all our obligations would be redeemed in silver instead of gold, would not that of itself serve to some extent to lessen the strain upon gold?
Mr. LEECH. I think it would have a tendency to immediately put gold at a premium.
The CHAIRMAN. You think gold would go to a premium, as compared with silver?
Mr. LEECH. I think so.
The CHAIRMAN. How would it be as compared to commodities?
Mr. LEECH. Well, you are now going into a pretty broad field. I do not profess to be an expert on commodities. In my judgment the price of commodities is determined more by other causes than the relative value of gold and silver.
The CHAIRMAN. Is it not a fact that silver bullion and commodities usually rise and fall together?
Mr. LEECH. No, sir. I am very certain it is not. The price of silver bullion under the operation of this act has fluctuated from 91 cents to $1.20 an ounce, while the price of commodities has been higher the last year than in 1889 and 1890.
The CHAIRMAN. Some commodities have been higher.
Mr. LEECH. The general range of commodities has been higher.
Mr. BARTINE. Have not the fluctuations which have taken place during the last year upon prices been unusual and extraordinary—has it not been the result of speculation?
Mr. LEECH. I do not know what it has been the result of. Doubtless there has been speculation. Just how far that has affected prices I can not say.
Mr. BARTINE. You have expressed the opinion that the price of silver bullion is owing to the amount of surplus on the market. In that I fully agree with you. Of course, you understand, and we all understand, that the price of that product is measured in gold. Now, if in any way the value of gold is raised, does it not necessarily depress the price of silver?
Mr. LEECH. As an economic principle that is true.
The CHAIRMAN. Do you claim that since 1873—I believe it is generally admitted that silver has fallen about 30 per cent, or gold has risen by that much; that all other

commodities, or most commodities, as measured by gold, have fallen in the same proportion?

Mr. LEECH. There is no question but that prices have fallen since 1873. Silver has fallen considerably more than some other commodities.

The CHAIRMAN. Is it not a fact, as shown by most statistics, that since 1873 silver bullion, as well as all commodities, has fallen in the same ratio as compared with gold?

Mr. LEECH. I do not think they have fallen in the same ratio. Silver has fallen more.

The CHAIRMAN. I want to know if, according to statistics, the fall of silver and other commodities has not been the same as the rise in gold?

Mr. LEECH. There has not been any uniform range.

The CHAIRMAN. There are different ranges in different periods. Take the average, say fifteen or twenty years, is it not about the same?

Mr. LEECH. The price of silver bullion is lower to-day than it ever has been in modern history, and yet the prices of commodities are higher than they were a few years ago, in 1889.

The CHAIRMAN. That may be. I am not taking a period of six months or a year, but a longer time.

Mr. LEECH. I do not profess to be an expert on the prices of commodities.

The CHAIRMAN. We should confine ourselves, not to this country, but to the general level of international prices. Prices might abnormally rise here, as they have done in some articles of agriculture.

Mr. LEECH. The prices of commodities are fixed in the markets of the world, and not in our market.

The CHAIRMAN. I do not understand that in the world in general there has been any increase in the prices of commodities.

Mr. LEECH. Within the last year there has been.

The CHAIRMAN. There may have been in some years, but not on the average. I think if you take cotton, there has been a decided fall in the price.

Mr. LEECH. Yes; and wheat and other products have risen.

The CHAIRMAN. Any recent period of six months or a year is not a fair test.

Mr. WILLIAMS, of Illinois. If the value of the Treasury notes depends on the confidence of the people that they will be redeemed by the nation in gold, why not issue more greenbacks instead of buying silver?

Mr. LEECH. We buy silver under a law of Congress.

Mr. WILLIAMS, of Illinois. Why would not paper money be just as good?

Mr. LEECH. The absorption of this large amount of silver by the Government has had a tendency to steady the price of silver. Moreover, it shows a disposition on the part of this republic to help sustain silver in the hope of a restoration of bimetallic money.

Mr. WILLIAMS, of Illinois. If we take silver, should we not also redeem in silver?

Mr. LEECH. I think it might make a decided difference in the value of the notes.

Mr. WILLIAMS, of Illinois. Would it not make a positive difference between silver and gold bullion as to their value?

Mr. LEECH. I do not think it would increase the price of silver bullion.

Mr. WILLIAMS, of Illinois. How can the fact that we simply issue notes for silver, and that those notes are redeemable in gold raise the price of silver any more than if we should issue greenbacks?

Mr. LEECH. It is a question of supply and demand. By purchasing a large amount we reduce the supply or increase the demand.

Mr. WILLIAMS, of Illinois. You mean supply of gold?

Mr. LEECH. No, silver.

Mr. TAYLOR. You said that in a certain time gold would go to a premium. What did you mean by that?

Mr. LEECH. If we undertook to buy all the silver that was offered at our coinage rate in gold, we would not have gold enough to do it, and gold would go to a premium, because our legal-tender money could only be redeemed in silver, and we would be on a silver basis.

Mr. TAYLOR. Do you mean that gold would go higher in the markets of the world?

Mr. LEECH. Certainly not. I mean that it would go out of circulation in this country, and would be at a premium as compared with our other money.

The CHAIRMAN. You mean silver would be at a discount?

Mr. LEECH. Yes, sir; that is the same proposition.

Mr. WILLIAMS, of Illinois. That is assuming that gold has a fixed value, and that everything else is changeable. That is a disputed proposition.

The CHAIRMAN. I believe you gave us a table giving the amount of circulation.

Mr. LEECH. Yes, sir.

The CHAIRMAN. I wanted to take the amount of money outstanding that would be considered in circulation.

Mr. LEECH. The table which I gave you, showing the approximate stock of gold and silver in the world, has never before been made up for publication in its exact present form.

The CHAIRMAN. Without taking the time to foot up the amount redeemable in gold, I find that in the United States the paper money approximates $900,000,000, taking the greenbacks, national-bank notes, and gold and silver certificates.

Mr. LEECH. You should leave out the national-bank notes, because they are sustained by bonds put up and not by the gold in the Treasury.

The CHAIRMAN. What are the bonds sustained by?

Mr. LEECH. By the credit of the Government.

The CHAIRMAN. And what is the credit of the Government sustained by?

Mr. LEECH. Well, we might go on and enlarge upon that proposition until we would ask what is the world sustained by.

The CHAIRMAN. Well, what is it sustained by?

Mr. LEECH. The bonds are sustained by the credit of the Government, and it represents the borrowing power of this people.

The CHAIRMAN. In what does the Government pay?

Mr. LEECH. That is a matter for future development.

The CHAIRMAN. Does it pay in coin?

Mr. LEECH. Yes, or checks; just as we pay for our silver.

The CHAIRMAN. I understand your position to be, and you stated awhile ago, that the policy of the Government was to redeem these bullion notes in gold?

Mr. LEECH. The policy is to redeem them in gold if anybody insists upon it.

The CHAIRMAN. Then all our money is redeemable in gold?

Mr. LEECH. Practically.

The CHAIRMAN. If the national-bank notes must be redeemed in gold, and every thing else is paid in gold (because we propose to pay it in gold), then you have $900,000,000 issued, and you have only $100,000,000 to redeem with.

Mr. LEECH. We have more than $270,000,000.

The CHAIRMAN. You do not claim that there is any particular part of that set apart as a redemption fund?

Mr. LEECH. I do not. Others do.

The CHAIRMAN. How much have you in excess?

Mr. LEECH. We have about $120,000,000 of free gold.

Mr. PIERCE. In regard to the promise to pay and as to what is back of the promise to pay, does that make it good?

Mr. LEECH. When we can borrow money at 2 per cent it is pretty good.

Mr. PIERCE. If that is the case why is not a piece of paper promising to pay money equally as good?

Mr. LEECH. It is pretty near as good. There is a dollar's fiat in one and 25 cents of fiat in the other.

Mr. PIERCE. Do you prefer the fiat?

Mr. LEECH. I do not say so.

The CHAIRMAN. It seems to me that greenbacks are as good as bonds if both rest on faith.

Mr. PIERCE. Do I understand it to be your position that the bond is made good by the promise of the United States to pay?

Mr. LEECH. Yes, sir. It is the borrowing power of the Government.

Mr. TAYLOR. It is good, provided our credit is not carried too far?

Mr. LEECH. I do not think that we could place our bonds at 25 per cent if we were on a silver basis.

Mr. BARTINE. Of course you do not come here as an expert on the general subject of political economy, but there is one question I would like to have you answer before you go, because it is a monetary question and bears directly upon what we are considering. We have been speaking of the surplus bullion upon the market, as fixing the price of silver bullion and furnishing the market quotations. Now I care not in what way that bullion was taken off the market; if it had all been taken off and converted into coin, whether by America or by any other country, what would the market quotations of silver be based upon?

Mr. LEECH. It would probably be based upon the coining rate of some country if there was no bullion on the market.

Mr. BARTINE. The value of that silver would fix the value of all silver.

Mr. LEECH. If one country alone should undertake to pay gold for all the silver——

Mr. BARTINE. I am speaking of simply taking the bullion off the market.

Mr. LEECH. How take it off? You have got to pay for it.

Mr. BARTINE. Suppose there were open mints. I am putting a hypothetical question. The silver simply flows into the mints. There is nothing left on the market in the form of bullion; and I ask you, in that case, upon what the market price of silver would be based?

Mr. LEECH. Just as soon as we did other countries who wanted to get on a gold standard would sell silver.

Mr. BARTINE. That is assuming that some country has silver and is so anxious to get rid of it that they would submit to a loss?

Mr. LEECH. Yes, sir; that is what it means.

Mr. BARTINE. Is it not a fact that the great objection to silver is based upon its assumed depreciation?

Mr. LEECH. Yes, sir.

Mr. BARTINE. If it is all taken off the market in any way, depreciation disappears.

Mr. LEECH. Coining it into silver dollars does not take it off the market.

Mr. BARTINE. Why not?

Mr. LEECH. It has not taken it off in Mexico and other countries which have free coinage.

Mr. BARTINE. Do I understand you to say that the United States and Mexico furnish parallel cases?

Mr. LEECH. Mexico has open mints.

Mr. BARTINE. Mexico is a silver-standard country. There is a connecting link between the two metals?

Mr. LEECH. It is a silver-standard country. So that all comes back to the effect of redeeming in gold.

Mr. BARTINE. The whole theory of bimetallism is this, is it not? That under free coinage both metals, being coined, are thrown into the common reservior of the currency, and just as long as they remain interconvertible parity is maintained.

Mr. LEECH. I have no doubt that if several nations did that, that would practically be the case.

Mr. WILLIAMS, of Illinois. You say there were 193 millions of dollars of gold in the Treasury on the 1st of December?

Mr. LEECH. There are $270,000,000 in the Treasury in gold.

Mr. WILLIAMS, of Illinois. How much of that is represented by gold certificates?

Mr. LEECH. All except $120,000,000.

Mr. WILLIAMS, of Illinois. In figuring on this matter, you do not count both the gold in the Treasury and the certificates issued upon it?

Mr. LEECH. No; we have separate columns, and there is no duplication.

Mr. WILLIAMS, of Illinois. You would not count both as money in figuring upon the amount of currency in the United States, whether in circulation or not?

Mr. LEECH. No, sir; there is no duplication.

Mr. WILLIAMS. Is it the policy of the Government to redeem silver certificates in gold?

Mr. LEECH. We practically do.

Mr. WILLIAMS. Do you say that they have been redeemed in gold?

Mr. LEECH. Yes, sir; practically. So long as we receive them in payment for the obligations of the Government that is practically paying them in gold.

Mr. WILLIAMS. There is nothing in the law or the certificates to that effect?

Mr. LEECH. No, sir. It is on its face a promise to pay the silver dollar.

Mr. WILLIAMS. Do you know what amount of the new Treasury notes have been redeemed in gold?

Mr. LEECH. I speak without any positive knowledge, but I would say about $5,000,000 or $6,000,000. We do not use that term in the same sense that you do. We speak of redemption as destruction.

Mr. BARTINE. What do you mean by the new Treasury notes?

Mr. LEECH. The notes of 1890. We have redeemed them over the counter in gold to the extent of four or five millions of dollars. As a rule they figure in the settlement of clearing-house balances in New York.

Mr. BARTINE. What is done with those when redeemed in gold?

Mr. LEECH. They are paid out again. The law requires that.

The CHAIRMAN. You say the silver certificates are practically redeemed in gold because the Government takes them at par?

Mr. LEECH. Yes, sir.

The CHAIRMAN. If we had the free coinage of silver would not the same result follow?

Mr. LEECH. Do you mean that they would then be redeemed in gold?

The CHAIRMAN. Yes, sir.

Mr. LEECH. As long as we had any gold they would be.

The CHAIRMAN. They are practically redeemed in gold because the Government receives them for its dues?

Mr. LEECH. Yes, sir. The Government pays all its obligations in gold if so demanded.

The CHAIRMAN. The amount that would be added to it by free coinage would not do away with that arrangement?

Mr. LEECH. In connection with the fact that the Government pays all its obligations in gold I think it would.

The CHAIRMAN. That is, the fact that the Government receives silver and silver certificates for all of its dues and taxes, and also pays gold when demanded, makes it all gold money?

Mr. LEECH. Practically it is token money redeemable in gold.

The CHAIRMAN. Suppose we had free coinage of silver, what difference would that make?

Mr. LEECH. As long as we could keep all our money at par it would be all right.

The CHAIRMAN. It would still be redeemable in gold?

Mr. LEECH. As long as we had the gold to redeem it with it would.

The CHAIRMAN. Suppose all our silver dollars and certificates were at par with gold, would you call that gold redemption?

Mr. LEECH. I say practically we have a gold standard in this country now.

The CHAIRMAN. The question I ask is if, under free coinage, the silver dollar and the silver certificate being at par, would you still claim that the Government, by receiving them for all its debts, dues, and taxes, would be maintaining the gold standard?

Mr. LEECH. Yes, sir; as long as it paid all of its demand obligations in gold.

The CHAIRHAN. It is a mere matter of speculation as to how much silver certificates might be issued, whether it would displace gold?

Mr. LEECH. Yes, sir.

Mr. MCKEIGHAN. I want to know if before resumption the Secretary did not announce that he would receive Treasury notes or other greenbacks.

Mr. LEECH. Yes, sir; I believe he did.

Mr. MCKEIGHAN. Will you state what the object of the Secretary was in that?

Mr. LEECH. It was partly to get some of them out of the way by making them interchangeable with gold on demand. We were reaching around to see how we were going to make all our money as good as the gold dollar, and that was a step in that direction.

Mr. MCKEIGHAN. Excuse me for saying that your answer may be well intended, but it does not answer me fully. Is not the receivability of that paper dollar for customs what enhanced its value?

Mr. LEECH. Undoubtedly.

Mr. MCKEIGHAN. In speaking of trade balances did you state to the committee what England does when she finds the balance of trade against her as a nation?

Mr. LEECH. It is a question with individuals and not with a nation.

Mr. MCKEIGHAN. Does not the Bank of England usually take some action in case of that kind?

Mr. LEECH. The Bank of England raises the rate of discount.

Mr. MCKEIGHAN. What effect does that have?

Mr. LEECH. It has the effect to draw money to London or prevent its leaving there.

Mr. MCKEIGHAN. It raises the price of money?

Mr. LEECH. It raises the rate of interest.

Mr. MCKEIGHAN. The point I wish to bring out is whether the raising of the rate of discount does not make commodities in England cheaper?

Mr. LEECH. I do not think the raising of the rate of discount affects the price of commodities particularly at that moment.

Mr. MCKEIGHAN. How does it bring money into England?

Mr. LEECH. By paying a higher rate of interest for it.

Mr. MCKEIGHAN. Speaking of the balances of trade, India sells more than she buys, but I do not take that as an evidence of India's prosperity, but exactly the opposite, for the people of other countries buy of her because she sells cheaper.

Mr. LEECH. I believe it is generally conceded that a country which has a larger balance of trade in its favor is in a prosperous condition.

Mr. MCKEIGHAN. And yet the fact remains that when the balance of trade was in our favor the condition of our people was such that we had to cushion the bumpers on our trains in order to carry the tramps.

Mr. LEECH. That may be. I don't know about that.

Mr. STONE. Do the papers which you have presented show the average price paid for silver during the past year?

Mr. LEECH. It was 98$\frac{2}{11}$ cents per fine ounce.

Mr. STONE. What is it to-day?

Mr. LEECH. It is 91$\frac{1}{2}$.

MR. STONE. Does that paper which you have presented show the average price paid for silver during the past year?

Mr. LEECH. Yes, sir. It was 98$\frac{2}{11}$.

Mr. STONE. What is it to-day?

Mr. LEECH. It is 91$\frac{1}{2}$ cents.

Mr. WILLIAMS, of Illinois. Your papers show the annual production of the world's silver since 1873?

Mr. LEECH. Yes, sir.

Mr. WILLIAMS. Have you any means of knowing how much of those metals has been consumed during that time, and what proportion has been coined by each country?

Mr. LEECH. My report has a table showing the coinage of each country for several years back, and also a table of recoinages. I have another paper, which I will send to the members if desired, which contains the only answer which I can give to that question as to the amount used in the arts.

Mr. WILLIAMS. You have estimated the amount of silver consumed in different ways?

Mr. LEECH. I have made a compilation from such foreign statistics as have been furnished as to the amount used in the arts. It contains nothing very reliable, except so far as this country is concerned. We collect accurate statistics on this subject, and the other countries do not. The amount of silver used annually in the arts and industries is supposed to be about $25,000,000; maybe more.

Mr. WILLIAMS. I wish you would send me a copy of your report.

Mr. LEECH. I will send a copy to each member of the committee.

Mr. WILLIAMS, of Massachusetts. When you gave your answer concerning the probable surplus of silver in the world, which might come here in case we opened our mints to the free and unlimited coinage of silver, you must assume always, must you not, that all the other governments of the world will continue on their present monetary basis. That is true, is it not?

Mr. LEECH. Yes, sir.

Mr. WILLIAMS. Therefore any calculation which you or any person may make may be absolutely overthrown by a change in the monetary system of any single important country in the world?

Mr. LEECH. That is true.

Mr. WILLIAMS. Was not the deliberate change on the part of Germany from a silver standard to a gold standard the cause which closed the mints of the Latin Union and closed every open mint on the continent of Europe?

Mr. LEECH. That is true.

Mr. WILLIAMS. Is it not true that at that time it was the purpose of France to do just the thing which Germany did—to put itself on a gold basis?

Mr. LEECH. I am not sure about that. I doubt whether that was the intention of France at that time.

Mr. WILLIAMS. I suppose that there has been testimony to the effect, in the monetary conferences that have been held, that France and the other nations of the Latin Union were hoping and expecting that they might thus be placed upon a gold basis.

Mr. LEECH. It was the intention of some people in France and a good many in Belgium.

Mr. WILLIAMS. The result is that Germany actually did put its purpose into execution first.

Mr. LEECH. Yes, sir.

Mr. WILLIAMS. Is it not also true that the mere sale of about thirty or forty millions of dollars worth of silver in the open market by Germany was sufficient to close the free mints of the Latin Union?

Mr. BARTINE. You mean pounds sterling?

Mr. WILLIAMS. No, I mean dollars. I mean to ask if the closure of those mints to the free and unlimited coinage of silver was not on account of the fear of Germany?

Mr. LEECH. They undoubtedly closed for fear of Germany's silver.

Mr. WILLIAMS. It was not because their mints were flooded with silver?

Mr. LEECH. No, it was because of fear they would be.

Mr. WILLIAMS. Are you aware of the fact that in 1871-'72 (if my memory serves me correctly, and if not, I trust Mr. Bartine will suggest a correction) there were about 15,000,000 francs offered for coinage in Belgium and about 15,000,000 francs offered in the French mints; that after the demonetization of silver by Germany began, the silver offered for coinage in the Belgium and French mints amounted to some 266,000,000 of francs for those two countries alone, whereas in 1871-'72 they had amounted to only about 38,000,000 francs.

Mr. LEECH. That is possibly true. I do not remember the figures.

Mr. WILLIAMS. Therefore, the flooding of the mints of the Latin Union was contemporaneous with the sale, or the beginning of the sale, by Germany of its silver?

Mr. LEECH. There is no question but what Germany's silver went immediately to the French and Belgian mints.

Mr. WILLIAMS. It is also true, is it not, that that same thing compelled Holland to close her mint?

Mr. LEECH. She did close her mints for that reason.

Mr. WILLIAMS. Do you know whether Germany completed her proposed demonetization of silver, and whether it is completed to-day?

Mr. LEECH. It is not completed, I believe.

Mr. WILLIAMS. Does not Germany still possess a large amount of German thalers which she desires to put upon the market and get gold in return?

Mr. LEECH. Yes, sir; she has about $100,000,000 worth of them.

Mr. BARTINE. Did not Secretary Windom, in his annual report, in which he advocated the adoption of the so-called Windom plan, make the distinct statement that Germany had no more silver to dispose of?

Mr. LEECH. No, sir; he said she had no more melted bars to dispose of.

Mr. BARTINE. Did not Germany sell all of her silver a few years ago.

Mr. LEECH. All the silver she had melted.

Mr. BARTINE. Was not the Secretary's remark that "Germany had no more silver to dispose of?"

Mr. LEECH. There is no question as to the fact? The fact is that Germany has disposed of all the silver she redeemed, and she has $100,000,000 worth of old thalers left in circulation.

Mr. BARTINE. Does she propose to sell them?

Mr. LEECH. I do not know.

Mr. BARTINE. They are in circulation?

Mr. LEECH. Yes, sir. Austria, it is said, wants to call in the Union thalers, bearing her imprint, amounting to about $23,000,000.

The CHAIRMAN. I will read a little extract from Mr. Windom's report. I will not read it all, but will insert it in the record more fully. It is as follows:

"From the above it will be seen that the annual surplus product of silver, which would probably be deposited at the mints of the United States, approximates $51,000,000 (coining) value, corresponding to 39,445,312 fine ounces, worth, at the present market price of silver ($0.96), $37,867,500.

"At the present price of silver $4,000,000 will purchase 4,166,666 fine ounces, or for the year 50,000,000 fine ounces, an excess of 10,554,688 fine ounces above the estimated surplus.

"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 coined 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."

Mr. LEECH. That is true.

The CHAIRMAN. When was it that Germany demonetized silver?

Mr. LEECH. The law was passed in 1871 and took effect in 1873.

The CHAIRMAN. The next question is, When was the first limitation put upon coinage by France?

Mr. LEECH. It was in 1874.

The CHAIRMAN. Was it not in 1873 that we stopped coinage?

Mr. LEECH. How much had we been coining?

The CHAIRMAN. My question is this: Is it not a fact that no closure of the French mints took place until 1874, when we stopped, and can you claim, as a matter of fact, that France was intimidated alone by Germany, or was it because of the action both of this country and Germany?

Mr. LEECH. It was by Germany alone, according to the testimony of her financiers.

The CHAIRMAN. Did we not begin to coin silver before the closure of our mints in 1873?

Mr. LEECH. Possibly; but it went abroad immediately and was melted.

The CHAIRMAN. Then it is not true, as stated, that we had coined no silver dollars at that time?

Mr. LEECH. We had coined about $8,000,000.

The CHAIRMAN. We coined a million dollars two months prior to the passage of that act.

Mr. LEECH. After 1873 we immediately went into the market as a large purchaser of silver. We were also coining the trade dollar. Our purchase of silver and coinage from 1873 to 1878 was enormous.

Mr. WILLIAMS, of Illinois. There was a limit?

Mr. LEECH. There was no limit to the trade dollar.

Mr. WILLIAMS. Can you say what the effect upon France was? Their testimony is that they did not want Germany's silver.

Mr. LEECH. That is their testimony. France did not close her mints because we did. They did not pay any attention to us, because we were on a paper basis, and not using metallic money.

Mr. WILLIAMS, of Massachusetts. I suppose the chairman took up the examination on the assumption that I was finished, and I will take it up where I left off. The chairman has already asked some of the questions I intended to propound. There is no doubt, then, that it was simply the legislative action of one leading nation on the continent of Europe which stopped the free coinage of silver there?

Mr. LEECH. I have no doubt on that subject.

Mr. WILLIAMS. Following some of the suggestions of the chairman, I will ask if there is any doubt in your mind that if the Latin Union had closed or limited its coinage at the rate of 15½ to 1 and that the American mints had been open at the ratio of 16 to 1 at that time, that all of that silver would have found its way into our mints, and that we would have furnished gold to Germany in exchange for silver under our free-coinage plan?

Mr. LEECH. I do not know. We had no gold then, as we were on a paper basis. I do not think we could have sent them anything but legal-tender money. I do not think it would have cut much figure in the matter.

Mr. WILLIAMS. Suppose that we had had a free-coinage law that provided for the free coinage of gold and silver at a fixed ratio which should be authorized legal-tender coins of the United States?

Mr. LEECH. We did have at that time.

Mr. WILLIAMS. Of course this ratio of 15½ to 1 would take the silver of France as soon as her mints were opened?

Mr. LEECH. Yes, sir.

Mr. WILLIAMS. Have you any reason to suppose, from your knowledge of this financial question, that any of the so-called bimetallic countries of Europe are necessarily bound to their present systems?

Mr. LEECH. No, I think they would be glad to get away from them.

Mr. WILLIAMS. There has been some talk of an international agreement. What effect, if any, would the passage of a free coinage act have on that question?

Mr. LEECH. I think it would very seriously affect the possibility of securing one. I think this agitation is a great drawback in that direction. They desire free coinage by us in order that they may get all the gold they want to relieve them of their difficulties.

Mr. WILLIAMS. They could only get it at a loss.

Mr. LEECH. There might be a slight loss, but they need it, and would submit to the loss.

Mr. WILLIAMS. You think they would bring their silver here?

Mr. LEECH. I have no doubt of it.

Mr. PIERCE. Did not the United States demonetize silver first?

Mr. LEECH. The legislation in Germany was enacted in 1871.

Mr. PIERCE. Germany did not demonetize it until 1874?

Mr. LEECH. Yes, sir, in 1871; but the law did not take effect until later, 1873.

The hour of 12 m. having arrived, the committee adjourned until Wednesday February 3, 1892.

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
Washington, D. C., Wednesday, February 3, 1892.

The committee met at 10 a. m., all the members present.

TESTIMONY OF E. O. LEECH, DIRECTOR OF THE MINT.

Mr. STONE. What was the amount of coinage in this country from 1873 to 1878 as compared with previous years?

Mr. LEECH. We coined more in that period than in the eighteen years previous; including the trade-dollar coinage we coined more than in the thirty years previous.

Mr. STONE. During those years the mints of the United States were free, so far as the coinage of the trade dollar was concerned?

Mr. LEECH. Yes, except there was a small coinage charge.

Mr. STONE. The amount of silver in circulation in this country is about $60,000,000?

Mr. LEECH. Yes, sir; the amount of silver dollars in bodily circulation.

Mr. STONE. How has the actual circulation of silver in this country been affected by the immense increase in the coinage of silver? To what extent has it increased?

Mr. LEECH. The amount of silver dollars has not increased at all in recent years.

Mr. STONE. Then the large amount of coin turned out from the mint is simply stored in the vaults of the Treasury?

Mr. LEECH. Yes, and certificates issued against it.

Mr. STONE. You do not issue the coin itself?

Mr. LEECH. The coin itself is stored.

Mr. STONE. Are you informed as to the extent of the coinage of France?

Mr. LEECH. Yes, sir; France has coined no silver except change money.

Mr. STONE. What nations of the world, if any, besides the United States have a system of paper money based on silver coinage?

Mr. LEECH. I should say that no country had, unless it be some of the South American countries. None of the European countries have. Russia has a silver standard theoretically, and so has Austria. Practically, Russia has a paper currency based upon gold, because she discriminates against her own silver coin as to the limit of tender. There is no considerable quantity of silver in Russia, either in banks or in circulation. Austria recently has adopted the gold standard, or is preparing to do so.

Mr. BARTINE. When you state that there is no country which uses paper currency based upon silver, I suppose you mean that there is no country that issues certificates as we do upon deposits?

Mr. LEECH. No, sir; I mean that there is no European country which issues paper money redeemable exclusively in silver coin.

Mr. STONE. In your judgment, what would be the effect of opening our mints to the free and unlimited coinage of silver upon the adoption of a bimetallic standard by the leading countries of the world?

Mr. LEECH. I think it would seriously embarrass the consideration of that subject, which at present is in very fair shape.

Mr. STONE. What is the view, if you know, of leading advocates of bimetallism in the leading European countries as to the effect of opening the mints of the United States, independent of any agreement with any other nation?

Mr. LEECH. Without exception they are all of the opinion, and have so expressed themselves, that it would be disastrous to the cause. All the economists and writers on silver in Europe have expressed that opinion. I could furnish extracts from their writers, but probably the members of the committee are as familiar with them as I am.

Mr. STONE. To your knowledge, is there any difference of opinion among the leading and eminent advocates of bimetallism in European countries on that point?

Mr. LEECH. I do not know of one who does not hold that view.

Mr. STONE. What is the percentage of silver used in the arts and sciences in the United States, as near as it can be ascertained?

Mr. LEECH. We used last year about $9,000,000 worth of silver in this country in the arts and manufactures, of which about $7,000,000 worth consisted of new bullion; the rest was old material and coin.

Mr. STONE. What was the production of silver in the United States last year?

Mr. LEECH. I would put the minimum amount roughly at 58,000,000 ounces. It was 54,500,000 ounces in 1890. I see that Wells, Fargo & Co. and the Mining Engineers' Journal place it at a very much larger amount.

Mr. STONE. If you deduct from the total production of the United States last year the silver used in the arts and sciences, the balance going into coinage would be less than the amount the Government has purchased. In other words, the Government is now purchasing more than the amount of American silver available for coinage, after deducting the amount used in the arts and sciences.

Mr. LEECH. More than the amount produced from our own mines available for monetary purposes.

Mr. STONE. What is the amount of currency per capita in this country of all kinds in circulation?

Mr. LEECH. Outside of the Treasury, in banks and circulation, there are about $24.50.

Mr. STONE. How does that compare with the per capita amount in circulation in other countries?

Mr. LEECH. It is larger than in other commercial countries, except France.

Mr. STONE. How does it compare with that of Great Britain?

Mr. LEECH. It is larger. There is a table in my report that gives the circulation of the principal countries of Europe.

Mr. STONE. I believe in Great Britain it is about $18 per capita?

Mr. LEECH. That is my recollection.

Mr. STONE. Is there, in your judgment, any lack of a circulating medium in this country?

Mr. LEECH. No, sir.

Mr. STONE. Will you state the facts?

Mr. LEECH. New York banks hold about $35,000,000 of money over and above their lawful reserves.

Mr. STONE. What is the rate of interest?

Mr. LEECH. It is from 1½ to 2 per cent on call loans.

The CHAIRMAN. Do I understand you to say that there is no paper money in circulation in European countries based upon silver?

Mr. LEECH. That was not the shape in which the question was put to me. I said that there was no country in Europe whose paper money was redeemable solely in silver.

The CHAIRMAN. I see from the report of Secretary Windom, made in 1889, that he gives the amount of silver in European countries at a late date, and the notes issued against them, which shows that the Bank of England had £19,519,659 of notes in circulation.

Mr. LEECH. The question was whether the circulation was based on silver, and not as to the amount of notes.

The CHAIRMAN. In England it is based on gold. The Bank of France had £51,930,000 of gold, and £50,247,000 of silver.

Mr. LEECH. I did not say that there were no countries whose notes were not redeemed in either.

The CHAIRMAN. Mr. Windom gives a table exhibiting at a late date the amount of gold and silver coined in certain countries, which are mentioned.

Mr. LEECH. The question is whether the notes are based exclusively upon silver. Mr. Stone's question was whether, outside of the United States, there were any countries which had paper money based upon silver.

The CHAIRMAN. It gives the amount in the Imperial Bank of Germany at £26,746,000 in gold, and £11,000,000 in silver.

Mr. LEECH. There is no question about that.

The CHAIRMAN. It foots up £73,094,000 of silver in European countries against which there are notes.

Mr. LEECH. Notes against both gold and silver; I did not deny that.

Mr. WILLIAMS, of Illinois. In speaking about the amount of silver which was coined from 1873 to 1878, can you tell the committee how much was coined per month during the last six months preceding the act which was passed demonetizing silver?

Mr. LEECH. I could not tell that from memory. I could furnish it to you.

Mr. WILLIAMS, of Illinois. Do you know whether silver coinage was increasing then in the United States?

Mr. LEECH. Mr. Bland stated that about a million of silver dollars had been coined just prior to the passage of that act.

The CHAIRMAN. I think that during the months of February and March something over $900,000 in silver had been coined. I think that $3,000,000 had been coined in the six months previous.

Mr. BARTINE. That would be the natural effect as the price of silver gravitated toward $1.29.

Mr. WILLIAMS, of Illinois. Do you regard it as any objection to the free coinage of silver that silver certificates have been issued instead of issuing the silver dollar?

Mr. LEECH. No, sir.

Mr. WILLIAMS, of Illinois. Then the fact that they are in the Treasury and represented by certificates would be no objection to them?

Mr. LEECH. Possibly it is preferable that they should be represented by certificates.

The CHAIRMAN. You find the same circumstances in regard to gold.

Mr. LEECH. Not to the same extent.

The CHAIRMAN. Is not nearly all the gold in this country coined in $20 pieces for the convenience of bankers?

Mr. LEECH. We have about $690,000,000 worth of gold in the United States, and of this about $270,000,000 are in the Treasury. The other $420,000,000 are supposed to be somewhere in the country in banks and in circulation. Of the $270,000,000 in the Treasury, about $150,000,000 are represented by gold certificates outstanding.

The CHAIRMAN. The question I was asking is, whether in the coinage of gold it is not a fact that nearly all the gold coinage is in $20 gold pieces, and made so for the accommodation of bankers?

Mr. LEECH. In the West we coin $20 gold pieces principally; but in the East we coin eagles and half eagles.

The CHAIRMAN. Could you give the percentage in pieces above fives and tens?

Mr. LEECH. No, sir; I could not.

The CHAIRMAN. I remember that when Mr. Burchard was Director of the Mint, there was a complaint that the larger gold pieces did not get into circulation.

Mr. LEECH. Mr. Burchard favored the small gold coinage, as he had an idea that it would circulate better.

Mr. WILLIAMS, of Illinois. Do you think for the free coinage of silver in the United States any foreign coin would come to our mints?

Mr. LEECH. I believe an immense amount of it would.

Mr. WILLIAMS, of Illinois. In what way would it be brought here?

Mr. LEECH. I think it would come here in shiploads just as fast as they could bring it.

Mr. WILLIAMS, of Illinois. Who would bring it?

Mr. LEECH. I think the Bank of France would sell her silver to start with, which amounts to some $250,000,000. I think Belgium would immediately sell hers.

Mr. WILLIAMS, of Illinois. Would the people of France send it here? Why would it come?

Mr. LEECH. While there is a large amount of silver in France, it cuts no figure in foreign commerce. It is rejected even in domestic circulation and gravitates gradually into the vaults of the large banks, where it is used as a reserve for paper money. It has no actual value to the Government which issued it over and above its commercial value as bullion, and the Bank of France, for instance, could issue a larger amount of paper money safely on $240,000,000 worth of gold than they could on $250,000,000 worth of silver. All Europe is practically committed to the gold standard, partly from choice and partly from necessity; and the nations of Europe are inclined to adapt themselves to the prevailing standard. It facilitates their business better and I do not believe any loss of a small percentage would stand in the way of their selling their silver. Besides that, they believe that we could not permanently maintain the price at our coinage rate, that it would be an experiment on the part of this country which must fail, and they would take advantage of our experiment to take our gold in exchange for their silver. That is substantially the view held by the financiers in Europe on this subject.

The CHAIRMAN. I would like to read again from the report of the Secretary of the Treasury: "The States of the Latin Union in Spain, which have 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 the silver coins which are at par with gold coins, and deposit them at our mints for the payment of the bullion in notes."

Mr. LEECH. Mr. Windom's plan was an entirely different proposition from free coinage.

The CHAIRMAN. You claim that they would send their silver here by the shiploads; why would they do it?

Mr. LEECH. They would do it to get our gold and to buy gold exchange.

The CHAIRMAN. How much gold would they get?

Mr. LEECH. They would take it as long as they could get it. When it was not profitable, they would cease to send it here.

The CHAIRMAN. Do you claim that we would be compelled to give them gold for silver?

Mr. LEECH. I do.

The CHAIRMAN. Why?

Mr. LEECH. Because we would have to pay them by check or in legal-tender money, which is practically interconvertible with gold in this country.

The CHAIRMAN. If gold, according to your opinion, would go abroad, and if your view of it is correct and gold would be more valuable than silver, do you suppose that our people would exchange their gold for that silver?

Mr. LEECH. We would, unless it went to a premium. It would be a question of exchange. Here is a man who has $100,000 in silver and he wants gold for it. He goes to his banker and says, "Give me $100,000 in gold certificates." What difference does that make?

The CHAIRMAN. Is the banker compelled to give him gold?

Mr. LEECH. No; but he would do it as a matter of business.

The CHAIRMAN. Then as a matter of business a banker in this country would be swindled into that transaction?

Mr. LEECH. No, sir; the banker would do it to accommodate him.

The CHAIRMAN. You think gold would go immediately to a premium?

Mr. LEECH. I think it would either go to a premium or go abroad.

The CHAIRMAN. If it did not go to a premium it would not matter.

Mr. LEECH. I think it would. I think our silver money would not stay at par with gold.

The CHAIRMAN. That is a matter of opinion.

Mr. LEECH. All these things are matters of opinion.

The CHAIRMAN. What I want to get at is this: If all the silver in Europe came here, it would have to come here for some purpose.

Mr. LEECH. It would come here for its value in gold or in products.

The CHAIRMAN. We have not got as much gold as France has silver.

Mr. LEECH. They would send it here as long as they could get $1.29 in gold for it.

The CHAIRMAN. Could we pay for a shipload of it?

Mr. LEECH. We could pay for a good many shiploads, as silver is very bulky.

The CHAIRMAN. Have we got gold enough to buy a shipload of silver?

Mr. LEECH. Some people think we have enough to buy the stock and product of the world.

The CHAIRMAN. In order to part with it they would have to come here, where they can not buy as much as they could get at home for it.

Mr. LEECH. They bring it now at a loss from its nominal value of from 30 to 40 per cent.

The CHAIRMAN. Full coins?

Mr. LEECH. Yes; South American and Mexican coins. Austria-Hungary is proposing to melt her coins.

The CHAIRMAN. How much has she sent here?

Mr. LEECH. She is contemplating selling $23,000,000 worth. Roumania, too, sold $5,000,000 worth recently. The transaction is not completed by Austria-Hungary. She proposed to redeem $23,000,000 worth of thalers.

The CHAIRMAN. Germany proposed to do something of that sort, and was stopped.

Mr. WILLIAMS, of Illinois. Do you think silver coin in circulation among the people would come here under free coinage?

Mr. LEECH. I think it would have a tendency to come here from the banks. I think it would accumulate in the banks for gold. For instance if the Bank of France should sell its silver, it would offer the 5-franc pieces and get gold for them.

Mr. WILLIAMS, of Illinois. That could only go on while gold and silver are at par.

Mr. LEECH. It would go on as long as they could get paid in gold for it. You must recollect that the debtor States of the Latin Union owe France a great deal of money in these 5-franc silver pieces which she holds. Under the terms of the compact, those 5-franc pieces are redeemable in gold by the debtor countries at the end of any year. The Bank of France can call on Belgium to redeem her 5-franc pieces at any time in gold. Belgium could not redeem unless she sold her silver. The press of Belgium has been urging that country to do that for some years.

Mr. WILLIAMS, of Illinois. Are not the silver coins now at par with gold coins in France?

Mr. LEECH. Undoubtedly.

Mr. WILLIAMS, of Illinois. Do you think the free coinage of silver in the United States would tend to weaken the confidence of the European powers in our silver coin?

Mr. LEECH. I have expressed my views on that subject fully. I believe that European financiers, bankers, and statesmen believe that we can not sustain the price of silver at a parity with gold, and that they would take advantage of our experimental trial to rid themselves of the embarrassment now existing from the use of silver coin. That is my belief.

The CHAIRMAN. Do you believe that our attempting free coinage would relieve them of their embarrassment?

Mr. LEECH. It would increase our embarrassment and relieve theirs.

Mr. WILLIAMS, of Illinois. How much longer can we continue increasing our currency as rapidly as we are now doing?

Mr. LEECH. That is a problem. It depends largely upon other conditions. If our crop conditions should be favorable, we can continue for a considerable period of time; but if our crop conditions should be unfavorable, we might not be able to continue very long.

Mr. WILLIAMS, of Illinois. Then your remedy would be for the Government to issue bonds and buy gold, if we need it?

Mr. LEECH. I do not propose any remedy. I think we have the power legally to do that.

Mr. WILLIAMS, of Illinois. That is what I gathered from your suggestion when you were before the committee last.

Mr. LEECH. I never suggested that. I think we have the power to sustain gold payments in this country by selling bonds, and I believe that power would be wisely exercised.

Mr. BARTINE. What did you say the agreement was between the States of the Latin Union whereby they mutually agreed to redeem silver coins in gold?

Mr. LEECH. If you will look into the testimony of the last session you will find the agreement.

Mr. BARTINE. I do not read it as you do. If I understand the English language correctly the agreement is that those States can redeem in 5-franc pieces or in gold or checks.

Mr. LEECH. They must redeem in gold. There is no question about that. The understanding is that all the 5-franc pieces held by one belonging to the other must be redeemed in gold or its equivalent.

Mr. BARTINE. It reads: "Or in drafts payable in either."

Mr. LEECH. I do not think it says that. The fact is that under the terms of the Latin Union the debtor countries must redeem their 5-franc pieces in gold.

The CHAIRMAN. Mr. Williams, of Massachusetts, indicated a desire to question Mr. Leech during the meeting. He is here now, and can do so, if he desires.

Mr. WILLIAMS, of Massachusetts. I notice on page 8 of the report that there are some mistakes in the figures which I think I did not use in asking the question. It is on page 8, about a dozen lines before the end of the page. I am quoted as saying that about 15,000,000 francs were offered for coinage in Belgium and about 15,000,000 francs were offered for coinage in the French mints. What I did say was, that 5,000,000 were offered in Belgium and 33,000,000 in the French mints, and I understand that that is what the stenographer's notes show. I was not in when you began, and I will ask if you have stated whether or not envoys of Austria-Hungary are now in London in connection with this business.

Mr. LEECH. I did not go into details. I stated that Austria-Hungary had decided to adopt the gold standard and had sent envoys to Germany to ask her to call in all the thalers bearing the Austrian stamp. It is believed that she is accumulating gold for redemption purposes.

Mr. WILLIAMS (of Massachusetts). Are you aware that the London press has already taken up the question of the efforts of Austria to put itself upon a gold standard?

Mr. LEECH. I have seen some articles in the Economist.

Mr. WILLIAMS (of Massachusetts). Have you seen any reports or articles in the London Daily News?

Mr. LEECH. No, sir.

Mr. WILLIAMS (of Massachusetts). Referring to the fact that the envoys of that Government are now present in London trying to secure gold in order that Austria-Hungary may be put on a gold basis, I see by your table that Austria-Hungary has $90,000,000 of full legal-tender silver.

Mr. LEECH. Yes, sir.

Mr. WILLIAMS (of Massachusetts). Have you any question that, if this Government now had its mints open to free coinage of silver, Austria-Hungary would send that silver here and secure gold for it?

Mr. LEECH. I believe it would. I have no question in my mind on that point.

Mr. WILLIAMS, of Massachusetts. Is it not true that Germany when she decided to put herself on a gold standard began to sell her silver at $59\frac{5}{16}$ pence, and did she not end by selling it finally at 50 pence an ounce?

Mr. LEECH. It declined 9 pence, about 16 per cent.

Mr. WILLIAMS, of Massachusetts. Germany still continued to sell at that sacrifice?

Mr. LEECH. Yes, sir.

Mr. WILLIAMS, of Massachusetts. You say that Belgium, if these figures are correct, has $55,000,000 of silver.

Mr. LEECH. Yes, sir.

Mr. WILLIAMS, of Massachusetts. And the same would be true, in your judgment, of Belgium?

Mr. LEECH. Yes, sir. In addition to that, the Bank of France owns some $20,000,000 worth of Belgian 5-franc pieces.

Mr. WILLIAMS, of Massachusetts. Have you any question in your mind that if this country should undertake a free coinage of silver, that substantially all the bimetallic countries of Europe would at once take advantage of their opportunity to send their silver here, even at a great sacrifice, and secure gold instead?

Mr. LEECH. There is no question in my mind of that.

Mr. WILLIAMS, of Massachusetts. I believe you disclaim having proposed that bonds should be sold in order to keep a parity between gold and silver coin; but I believe your superior, the Secretary of the Treasury, has advanced that proposition publicly, has he not?

Mr. LEECH. I would rather he would answer for himself. These are matters I do not care to speak of.

Mr. WILLIAMS, of Massachusetts. Have you statistics with reference to the movement of money in this country?

Mr. LEECH. You suggested to my secretary that you would like some data on that subject, and I have procured some through the kindness of the editor of the New York Commercial Bulletin and other friends. I have here statements which I will leave with the committee showing the currency movements from New York to the West and the South during the crop season and back again. The total amount shipped by the express companies for individuals, according to this table in 1891, was $68,000,000, while the amount shipped by the express companies for the Treasury Department, which was for four New York banks, was about $50,000,000, making the total amount $118,000,000, which actually went to move the crops this last yaar. We offered the banks of New York that we would supply their customers in the West with currency at our rate, which is cheaper than theirs. We shipped $49,000,000 worth and the other banks about $68,000,000 worth. The total shipments for the first six months of 1891 was $82,000,000, of which $36,000,000 was shipped by the Treasury. From July to December the total amount shipped by individuals was $48,000,000, and by the Treasury $52,000,000.

The CHAIRMAN. You will have no objections to having those printed?

Mr. LEECH. No, sir. The statement shows also where the money went, how much went West, how much went to Philadelphia and the South, and how much to San Francisco. I will leave these papers with you. I have brought also some interesting tables compiled by the Comptroller of the Currency. These tables have never been published, and they are valuable and instructive. They were prepared by him for his fiscal report, but were crowded out. There are other tables showing the amount of cash—gold, silver, and paper money—held by all the national banks in the United States at the several dates named, and the classification of the same. These tables are for different dates, February 28, May 17, July 18, October 17, and December 19. He divides the amount between gold and silver certificates, bank notes, and United States notes, showing the changes in the amount held by the banks, and the cash at those different dates; it also shows what was held in Western States, in the Middle States, in the Southern States, and in the Pacific States and Territories, in the New England States, in Chicago, in Boston, and in the city of New York. We have always thought that the farmers required a large amount in their pockets at certain seasons of the year. These tables show that the actual amount of money, cash, in the banks does not change materially during the crop seasons.

The CHAIRMAN. Did no money come from other countries to help move the crops?

Mr. LEECH. Possibly the money came from abroad.

Mr. JOHNSON. Has this Government now agents employed in Europe in the interest of an international bimetallic standard?

Mr. LEECH. We hardly have what might be called agents. The Secretary of the Treasury requested certain gentlemen who were going to travel in Europe, and who had the social and financial standing to do it, to talk with leading financiers, bankers, and others and get their views in regard to the probability or possibility of some international conference; that is, ascertain the disposition in Europe on that subject. They had letters from the Secretary of the Treasury. There was no compensation paid them or anything like that offered. These gentlemen have written to the Secretary letters embodying the results of these conversations. Those letters have been placed in the hands of the President.

Mr. JOHNSON. How recently?

Mr. LEECH. They have covered a period of the last three or four months?

Mr. TRACEY. You are somewhat encouraged to believe that something of that kind may eventually be effected?

Mr. LEECH. We are.

Mr. TRACEY. What reason have you for supposing that these several governments would desire to do that?

Mr. LEECH. England has shown a favorable disposition toward silver; just to what extent I could not say.

Mr. TRACEY. What advantage would it be to her?

Mr. LEECH. It would be a great benefit, I think, to all mankind.

Mr. TRACEY. Would not they receive more benefit from it if we were to act alone in this country? Suppose a free-coinage bill were passed and gold went to a premium, would it not be to their interest to have that done?

Mr. LEECH. Possibly. It would be largely to their interest. Just which would be more to their interests I would not like to say.

Mr. TRACEY. Assuming that we would not be able to bring gold and silver to a parity.

Mr. LEECH. I think they might prefer free silver coinage here.

Mr. TRACEY. That might be regarded as an inducement for them to hold off.

Mr. LEECH. Yes, sir; it would be.

The CHAIRMAN. Is it not a fact that these international agreements, and the talk about them generally arises about the time we get to work on the silver question here, and get to talking about a free-coinage bill?

Mr. LEECH. No, sir. I think we have been working quietly on this matter while you gentlemen were at home.

The CHAIRMAN. Whenever we undertake to legislate on this subject, we hear about international agreements. I have been waiting now twenty years, and I do not see anything like it yet.

Mr. WILLIAMS, of Illinois. I desire to ask a question, which I hardly think Mr. Leech answered on last Wednesday. I asked him if the Treasury notes depend on the confidence of the people that they will be redeemed by the nation in gold, why should we not issue greenbacks as well, to which he answered, "We buy silver under a law of Congress." I then asked him why would not paper money be just as good, and he answered the absorption of these large amounts of silver. (To Mr. Leech.) Can you tell me what injury will be sustained by silver by the issue of legal-tender notes without regard to the effect upon silver.

Mr. LEECH. What would we issue greenbacks for? We have to buy something to issue money.

Mr. WILLIAMS, of Illinois. You could issue greenbacks under an act of Congress.

Mr. LEECH. If we had fifty laws we could not issue money unless we could buy something for the money. We must issue it in payment for something.

Mr. WILLIAMS, of Illinois. How was it issued during the war?

Mr. LEECH. It was issued to buy supplies to carry on the war, to buy powder and muskets, and to pay the troops.

Mr. WILLIAMS, of Illinois. Could it not be paid for pensions.

Mr. LEECH. We have got enough money to pay pensions with.

Mr. WILLIAMS, of Illinois. According to your theory there is no difference in that money.

Mr. LEECH. I hold that the new Treasury notes and the old legal-tender notes are substantially the same.

Mr. WILLIAMS, of Illinois. Then the Government has used that at the price of silver bullion?

Mr. LEECH. It has purchased the bullion with them.

Mr. WILLIAMS, of Illinois. You might use it sometimes.

Mr. MCKEIGHAN. What is the difference? Suppose you held wheat or grain, or anything of that kind.

Mr. LEECH. Wheat and grain are not yet used for money purposes; they may be, some day.

The CHAIRMAN. If a deficit should occur in the Treasury or some extraordinary demand for money that would require the issue of Treasury notes, how would it be in that case?

Mr. LEECH. They would be treated just the same as legal-tender notes.

Mr. WILLIAMS, of Illinois. Why not issue greenbacks in lieu of these?

Mr. LEECH. These are legal-tender notes. I see no reason for not lumping them both together.

Mr. WILLIAMS, of Illinois. The law does provide that they shall be redeemable in silver.

Mr. LEECH. No, sir; they shall be redeemable in coin, at the discretion of the Secretary of the Treasury. That is the same provision in regard to the old legal-tender notes.

Mr. WILLIAMS, of Illinois. At the option of the Government?

Mr. LEECH. Yes, sir.

The CHAIRMAN. You claim that all our gold is a basis for that circulation?

Mr. LEECH. I do.

Mr. MCKEIGHAN. Is it not a fact that silver is held simply as so much assets?

Mr. LEECH. It is part of the assets of the Government. We have gold and silver coin and bullion and paper money among the assets. This silver is money or can be made into money.

Mr. MCKEIGHAN. It is assets for proper redemption.

Mr. LEECH. We can not lawfully redeem in silver bullion, nor can we in gold bullion.

Mr. MCKEIGHAN. Is it not held there as part of the assets of the Government, just the same as other property is?

Mr. LEECH. It is held just the same as all other money is held in the Treasury.

TABLES FURNISHED THE COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES, BY E. O. LEECH, DIRECTOR OF THE MINT.

Table exhibiting approximately the stock of gold and silver in the principal countries of the world.

Countries.	Stock of gold.	Stock of silver.		
		Full legal tender.	Limited tender.	Total.
United States	*$686,815,000	†$465,512,000	$76,566,000	$542,078,000
United Kingdom	550,000,000		100,000,000	100,000,000
France	900,000,000	650,000,000	50,000,000	700,000,000
Germany	500,000,000	102,000,000	102,000,000	204,000,000
Belgium	65,000,000	48,400,000	6,600,000	55,000,000
Italy	140,000,000	25,800,000	34,200,000	60,000,000
Switzerland	15,000,000	11,400,000	3,600,000	15,000,000
Greece	2,000,000	1,800,000	2,200,000	4,000,000
Spain	100,000,000	90,000,000	35,000,000	125,000,000
Portugal	40,000,000		10,000,000	10,000,000
Austria-Hungary	40,000,000	90,000,000		90,000,000
Netherlands	25,000,000	61,800,000	3,200,000	65,000,000
Scandinavian Union	32,000,000		10,000,000	10,000,000
Russia	190,000,000	22,000,000	38,000,000	60,000,000
Turkey	50,000,000		45,000,000	45,000,000
Australia	100,000,000		7,000,000	7,000,000
Egypt	100,000,000		15,000,000	15,000,000
Mexico	5,000,000	50,000,000		50,000,000
Central America		500,000		500,000
South America	45,000,000	25,000,000		25,000,000
Japan	90,000,000	50,000,000		50,000,000
India		900,000,000		900,000,000
China		700,000,000		700,090,000
The Straits		100,000,000		100,000,000
Canada	16,000,000		5,000,000	5,000,000
Cuba, Haiti, etc	20,000,000	1,200,000	800,000	2,000,000
Total	3,711,845,000	3,395,412,000	544,166,000	3,939,578,000

* Includes $82,212,000 in gold bars. † Includes $53,969,000 in silver bars.

Production of gold from the mines in the United States, 1880–'91.

Calendar year.	Fine ounces.	Value.	Calendar year.	Fine ounces.	Value.
1880	1,741,500	$36,000,000	1886	1,693,125	$35,000,000
1881	1,678,612	34,700,000	1887	1,596,375	33,000,000
1882	1,572,187	32,500,000	1888	1,604,841	33,175,000
1883	1,451,250	30,000,000	1889	1,587,000	32,800,000
1884	1,489,950	30,800,000	1890	1,588,880	32,845,000
1885	1,538,325	31,800,000	1891	1,596,037	33,000,000

Product of silver from the mines in the United States, 1873–'91.

Calendar year.	Fine ounces.	Commercial value.	Coining value.	Calendar year.	Fine ounces.	Commercial value.	Coining value.
1873	27,650,000	$35,750,000	$35,750,000	1883	35,730,000	$39,660,000	$46,200,000
1874	28,849,000	36,869,000	37,300,000	1884	37,800,000	42,070,000	48,800,000
1875	24,518,000	30,549,000	31,700,000	1885	39,910,000	42,500,000	51,600,000
1876	30,009,000	34,690,000	38,800,000	1886	39,440,000	39,230,000	51,000,000
1877	30,783,000	36,970,000	39,800,000	1887	41,260,000	40,410,000	53,350,000
1878	34,960,000	40,270,000	45,200,000	1888	45,780,000	43,020,000	59,195,000
1879	31,550,000	35,430,000	40,800,000	1889	50,000,000	46,750,000	64,646,464
1880	30,320,000	34,720,000	39,200,000	1890	54,500,000	57,225,000	70,464,645
1881	33,260,000	37,850,000	43,000,000	1891*	58,000,000	57,304,000	74,989,898
1882	36,200,000	41,120,000	46,800,000				

* Estimated.

Product of gold and silver in the world, calendar years 1873–'90.

Calendar year.	Gold.	Silver.		
		Fine ounces (troy).	Commercial value.	Coining value.
1873	$96,200,000	63,267,000	$82,120,000	$81,800,000
1874	90,750,000	55,300,000	70,673,000	71,500,000
1875	97,500,000	62,262,000	77,578,000	80,500,000
1876	103,700,000	67,753,000	78,322,000	87,600,000
1877	114,000,000	62,648,000	75,240,000	81,000,000
1878	119,000,000	73,476,000	84,644,000	95,000,000
1879	109,000,000	74,250,000	83,383,000	96,000,000
1880	106,500,000	74,791,000	85,636,000	96,700,000
1881	103,000,000	78,890,000	89,777,000	102,000,000
1882	102,000,000	86,470,000	98,230,000	111,800,000
1883	95,400,000	89,177,000	98,986,000	115,300,000
1884	101,700,000	81,597,000	90,817,000	105,500,000
1885	108,400,000	91,652,000	97,564,000	118,500,000
1886	106,000,000	93,276,000	92,772,000	120,600,000
1887	105,775,000	96,124,000	94,031,000	124,281,000
1888	110,197,000	108,827,000	102,185,000	140,706,000
1889	122,438,500	123,500,000	115,487,000	159,678,000
1890	116,009,000	128,914,000	134,886,000	166,677,000

Silver bullion purchased under act of 1878 ....fine ounces..	291,272,108.57
Cost of silver bullion purchased under act of 1878	$308,199,261.71
Average cost per ounce fine	$1.058
Silver bullion purchased under act of 1890 ....fine ounces..	80,134,600
Cost of silver bullion purchased under act of 1890	$81,501,187
Average cost per ounce fine	$1.017
Silver dollars coined:	
Act of 1878	378,166,793
Act of 1890	28,298,455
From trade-dollar bullion	5,078,472
	411,543,720
Silver dollars in Treasury	350,735,737
Silver dollars in circulation	60,807,983
In Treasury, covered by certificates	319,481,048
In Treasury not covered by certificates	31,254,689
In Treasury which can not be covered by certificates	23,520,536
In Treasury upon which certificates can be issued	7,734,153
Profits on coinage of 1890 bullion	$4,777,919.39
Silver certificates in Treasury, cash	$5,963,970.00

JANUARY 21, 1892.

Amounts of gold and silver coins and certificates, United States notes, and national-bank notes in circulation January 1, 1892.

	General stock, coined or issued.	In Treasury.	Amount in circulation Jan. 1, 1892.	Amount in circulation Jan. 1, 1891.
Gold coin	$604,633,241	$196,634,061	$407,999,180	$411,080,597
Standard silver dollars	411,543,740	349,217,549	62,326,191	67,547,023
Subsidiary silver	76,566,155	13,789,325	62,776,830	58,651,154
Gold certificates	165,578,839	17,472,720	148,106,119	144,047,279
Silver certificates	324,772,318	3,954,750	320,817,568	308,289,463
Treasury notes, act July 14, 1890	77,327,102	2,031,045	75,296,057	21,896,783
United States notes	346,681,016	12,913,665	333,767,351	343,485,385
Currency certificates, act June 8, 1872	9,465,000	200,000	9,265,000	
National-bank notes	173,078,585	4,651,152	168,427,433	173,938,259
Total	2,189,645,996	600,864,267	1,588,781,729	1,528,935,949

Population of the United States January 1, 1892, estimated at 64,800,000; circulation per capita, $24.52.

Comparative statement showing the changes in circulation during December, 1891.

	In circulation Dec. 1, 1891.	In circulation Jan. 1, 1892.	Decrease.	Increase.
Gold coin	$405,931,402	$407,999,180		$2,067,778
Standard silver dollars	62,697,204	62,326,191	$371,013	
Subsidiary silver	62,845,437	62,776,830	68,607	
Gold certificates	142,649,969	148,106,119		5,456,150
Silver certificates	320,873,610	320,817,568	56,042	
Treasury notes, act July 14, 1890	70,983,286	75,296,057		4,312,771
United States notes	333,364,309	333,767,351		403,042
Currency certificates, act June 8, 1872	9,765,000	9,265,000	500,000	
National-bank notes	168,151,853	168,427,433		275,580
Total	1,577,262,070	1,588,781,729	995,662	12,515,321

Net increase, $11,519,659.

Comparative statement of changes in money and bullion in Treasury during December, 1891.

	In Treasury December 1, 1891.	In Treasury January 1, 1892.	Decrease.	Increase.
Gold coin	$193,412,689	$196,634,061		$3,221,372
Standard silver dollars	348,191,920	349,217,549		1,025,629
Subsidiary silver	14,389,585	13,789,325	$600,260	
Treasury notes, act July 14, 1890	1,976,366	2,031,045		54,679
United States notes	13,316,707	12,913,665	403,042	
National-bank notes	4,841,754	4,651,152	190,602	
	576,129,021	579,236,797	1,193,904	4,301,680
Gold bullion	78,430,504	82,212,689		3,782,185
Silver bullion	49,794,302	53,969,468		4,175,166
Trade dollars as bullion	522,534		522,534	
Total	704,876,361	715,418,954	1,716,438	12,259,031

Net increase, $10,542,593.

Gold certificates held in cash........ $17,472,720......Decrease since December 1, 1891...... $1,729,450
Silver certificates held in cash...... 3,954,750......Increase since December 1, 1891...... 553,442
Currency certificates held in cash... 200,000......Decrease since December 1, 1891...... 170,000

[From Sharps and Wilkins' Bullion Circular, January 1, 1892.]

The reduction of shipments of silver to India and China has amounted to nearly three millions sterling. Nothwithstanding the large purchases of silver which have been made by the United States Government in accordance with their silver legislation, America has been a frequent seller of silver to Europe, the net exports to this side for the year being more than four millions sterling.

* * * * * * *

Our exports of silver to Spain and Portugal have been about three and one-half millions sterling in excess of those of 1890 and to Japan more than one and a quarter millions in excess.

* * * * * * *

Exports of silver from London to India and China for six months ending December 31, 1890 and December 31, 1891.

Years.	Amount.	Equivalent in United States money.
1890	£3,144,552	$15,722,760
1891	1,944,853	9,464,627
Decrease	1,199,699	6,258,133

Cost of coinage at each mint, 1891.

Location of mint.	Pieces coined.	Pieces coined, exclusive of minor coins.	Expenses for salaries, wages, and incidentals.	Cost per piece, including minor coinage.	Cost per piece, exclusive of minor coinage.
Philadelphia	94, 749, 632	31, 409, 082	$552, 099. 07	$0. 00582+	$0. 0175+
San Francisco	12, 542, 565	12, 542, 565	299, 585. 31		. 0239—
New Orleans	9, 870, 913	9, 870, 913	201, 163. 76		. 0203+
Carson	2, 384, 767	2, 384, 767	134, 667. 25		. 0564+
Total and average	119, 547, 877	56, 207, 327	1, 187, 515. 39	0. 00992+	. 0211+

Statement showing by months amount and cost of silver bullion purchased during the calendar year 1891.

Month.	Fine ounces.	Cost.	Month.	Fine ounces.	Cost.
January	4, 569, 382, 647	$4, 814, 131. 79	August	4, 499, 297, 640	$4, 499, 628. 73
February	4, 369, 314, 501	4, 391, 025. 55	September	4, 447, 299, 348	4, 370, 661. 54
March	4, 547, 195, 019	4, 495, 578. 04	October	4, 599, 885, 699	4, 472, 874. 61
April	4, 677, 575, 400	4, 582, 384. 32	November	4, 542, 208, 857	4, 315, 968. 21
May	4, 120, 103, 133	4, 043, 551. 85	December	4, 518, 265, 167	4, 315, 041. 94
June	4, 853, 860, 263	4, 789, 522. 96			
July	4, 649, 524, 866	4, 706, 463. 80	Total	54, 393, 912, 540	53, 796, 833. 34

Average cost per ounce fine $0.989.

Coinage executed at United States mints during calendar year ended December 31, 1891.

Denominations.	Philadelphia.		San Francisco.	
	Pieces.	Value.	Pieces.	Value.
GOLD.				
Double eagles	1, 442	$28, 840. 00	1, 288, 125	$25, 762, 500. 00
Eagles	91, 868	918, 680. 00		
Half eagles	61, 413	306, 065. 00		
Quarter eagles	11, 040	27, 600. 00		
Total	165, 763	1, 282, 185. 00	1, 288, 125	25, 762, 500. 00
SILVER.				
Dollars:				
Act February 28, 1878				
Act July 14, 1890	7, 150, 350	7, 150, 350. 00	5, 296, 000	5, 296, 000. 00
Act March 3, 1891 (trade dollar bullion)	1, 543, 856	1, 543, 856. 00		
Total	8, 694, 206	8, 694, 206. 00	5, 296, 000	5, 296, 000. 00
Subsidiary:				
Half dollars	200, 600	100, 300. 00		
Quarter dollars	3, 920, 600	980, 150. 00	2, 216, 000	554, 000. 00
Dimes	15, 310, 600	1, 531, 060. 00	3, 196, 116	319, 611. 60
Total subsidiary	19, 431, 800	2, 611, 510. 00	5, 412, 116	873, 611. 60
Total silver	28, 126, 006	11, 305, 716. 00	10, 708, 116	6, 169, 611. 60
Five cents	16, 834, 350	841, 717. 50		
One cent	47, 072, 350	470, 723. 50		
Total nickel	63, 906, 700	1, 312, 441. 00		
Total coinage	92, 198, 469	13, 900, 342. 00	11, 996, 241	31, 932, 111. 60

Coinage executed at United States mints, etc.—Continued.

Denominations.	Carson City.		New Orleans.		Total.	
	Pieces.	Value.	Pieces.	Value.	Pieces.	Value.
GOLD.						
Double eagles	5,000	$100,000			1,294,567	$25,891,340.00
Eagles	103,732	1,037,320			195,600	1,956,000.00
Half eagles	208,000	1,040,000			269,413	1,347,065.00
Quarter eagles					11,040	27,600.00
Total	316,732	2,177,320			1,770,620	29,222,005.00
SILVER.						
Dollars:						
Act February 28, 1878			1,919,913	$1,919,913	1,919,913	1,919,913.00
Act July 14, 1890	1,618,000	1,618,000	2,500,000	2,500,000	16,564,350	16,564,350.00
Act March 3, 1891 (trade dollar bullion)			3,534,616	3,534,616	5,078,472	5,078,472.00
Total	1,618,000	1,618,000	7,954,529	7,954,529	23,562,735	23,562,735.00
Subsidiary:						
Half dollars					200,600	100,300.00
Quarter dollars			68,000	17,000	6,204,600	1,551,150.00
Dimes			4,540,000	454,000	23,046,716	2,304,671.60
Total subsidiary			4,608,000	471,000	29,451,916	3,956,121.60
Total silver	1,618,000	1,618,000	12,562,529	8,425,529	53,014,651	27,518,856.60
Five cents					16,834,350	841,717.50
One cent					47,072,350	470,723.50
Total nickel					63,906,700	1,312,441.00
Total coinage	1,934,732	3,795,320	12,562,529	8,425,529	118,691,971	58,053,302.60

Imports and exports of gold, calendar year 1891.

Months.	Imports.				Exports.			
	Bullion.	Coin.	Ore.	Total.	Bullion.	Coin.	Ore.	Total.
January	$204,634	$1,193,284	$3,420	$1,401,338	$48,048	$680,198	$175	$728,421
February	148,820	416,484	7,143	572,447	3,012,204	997,942		4,010,146
March	143,123	471,047	6,316	620,486	720,232	4,435,504		5,155,736
April	123,288	110,030	20,979	254,297	32,740	14,130,376		14,163,116
May	145,108	67,540	44,087	256,735	289,338	30,291,422		30,580,760
June	187,198	95,708	34,885	317,791	37,128	15,785,272		15,822,400
July	141,184	887,964	38,268	1,067,416	52,415	6,610,259	22	6,662,696
August	169,034	1,225,721	23,386	1,418,141	15,344	156,824		172,168
September	940,580	6,510,848	10,771	7,462,199	79,265	266,025		345,290
October	2,786,684	14,111,263	15,095	16,913,042	127,202	682,393	3,885	813,480
November	3,338,564	5,533,153	8,254	8,879,971	50,172	331,777	671	382,620
December	2,486,486	3,532,365	9,043	6,027,894	47,298	208,934	100	256,332
Total	10,814,703	34,155,407	221,647	45,191,757	4,511,386	74,576,926	4,853	79,093,165

Imports and exports of silver, calendar year 1891.

Months.	Imports.				Exports.			
	Bullion.	Coin.	Ore.	Total.	Bullion.	Coin.	Ore.	Total.
January	$455,196	$863,457	$596,988	$1,915,641	$941,900	$676,564	$43,998	$1,662,462
February	451,095	525,871	759,077	1,736,043	1,003,202	619,834	10,226	1,633,262
March	420,755	628,913	769,119	1,818,787	1,529,463	540,777	12,215	2,082,455
April	418,157	412,796	712,083	1,543,036	1,399,595	693,023	11,758	2,104,376
May	416,839	724,497	929,472	2,070,808	124,196	593,546	13,931	731,673
June	350,296	675,363	968,316	1,993,975	862,664	686,842	2,900	1,552,406
July	446,819	1,458,323	880,803	2,785,945	637,190	1,023,544	22,650	1,683,384
August	416,759	1,244,009	929,528	2,590,296	493,974	2,655,509	2,520	3,152,003
September	408,507	1,172,898	825,671	2,407,076	1,134,549	1,400,024	82,777	2,617,350
October	580,608	1,842,419	821,472	3,244,499	1,643,894	1,586,851	7,451	3,238,196
November	468,936	1,729,583	798,527	2,997,046	1,811,903	2,797,810	13,687	4,623,400
December	388,266	1,692,388	740,650	2,821,304	1,177,589	1,661,494		2,839,083
Total	5,222,233	12,970,517	9,731,706	27,924,456	12,760,119	14,935,818	224,113	27,920,050

Currency movements from New York from July 1 to December 31, 1890 and 1891.

UNITED STATES SUBTREASURY.

	1890.	1891.
West and Northwest	$19,858,000	$34,146,000
New Orleans and South	13,473,000	13,779,000
Philadelphia and other	5,829,000	1,741,000
San Francisco	1,250,000	100,000
Total	$40,410,000	$49,766,000

Financial chronicle estimates—shipments from January 1 to December 31, 1891.

Total, (including Treasury)	$117,355,000
Same, 1890	104,729,000

Chronicle estimates—receipts of currency by banks.

January 1, 1891, to December 31, 1891	81,095,000
January 1, 1890, to December 31, 1890	58,782,000

Provisional monthly statement of stock of gold and silver coin in the United States to February 1, 1982, by the Director of the Mint.

Date.	Gold coin.	Silver coin.			Total gold and silver coin.
		Full legal tender.	Subsidiary.	Total silver.	
Last official statement, July 1, 1891	$585,140,050	$405,659,268	$77,848,700	$483,507,968	$1,068,648,018
Gain or loss subsequent to above statement (estimated).	21,147,147	6,210,472	937,887	5,272,585	26,419,732
Estimate for February 1, 1892	606,287,197	411,869,740	76,910,813	488,780,553	1,095,067,750
	Gold bullion.			Silver bullion.	Total bullion.
Add— Bullion at mints and assay offices (silver at coining rate)	84,299,689			74,913,157	159,212,846
Total coin and bullion	690,586,886			563,693,710	1,254,280,596

TREASURY DEPARTMENT,
BUREAU OF THE MINT, *February 1, 1892.*

E. O. LEECH, *Director of the Mint.*

The SECRETARY OF THE TREASURY.

Amount of cash held by all national banks in the United States, at several dates named, and classification of same.

Date.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U. S. notes.	Total.
Feb. 28, 1890	$72,286,956.05	$12,072,559.85	$82,425,560	$14,761,061	$21,318,480	$95,381,602	$298,246,219.80
May 17, 1890	72,601,180.24	10,077,467.19	80,484,720	15,002,127	19,813,670	96,223,992	294,203,156.43
July 18, 1890	73,989,092.34	11,318,553.22	77,431,100	15,865,318	21,184,428	102,305,469	302,093,960.56
Oct. 2, 1890	74,664,828.34	10,810,141.50	96,804,605	13,629,284	18,492,392	86,759,731	301,160,981.84
Dec. 19, 1890	77,325,784.30	11,647,203.90	85,605,980	15,484,038	18,832,221	87,937,126	296,832,353.20
Feb. 26, 1891	82,050,509.31	13,181,694.51	88,610,000	17,397,259	19,076,085	101,055,399	321,371,446.82
May 4, 1891	82,891,098.98	12,037,071.73	81,738,460	18,272,781	20,456,257	107,890,249	323,285,917.71
July 9, 1891	87,695,142.11	12,655,390.35	70,616,310	19,802,695	21,418,977	119,244,811	331,433,325.46
Sept. 25, 1891	84,464,347.24	11,167,323.67	67,473,670	20,409,735	19,991,167	113,335,608	316,841,850.91

Amount of cash held by the national banks in the Middle States, at several dates named, and classification of same (exclusive of the cities of New York and Philadelphia).

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U. S. notes.	Total.
Feb. 28, 1890	$10,983,833.74	$2,365,108.80	$6,159,920	$2,254,782	$3,174,765	$15,144,258	$40,082,667.54
May 17, 1890	10,035,036.92	1,921,416.93	5,581,650	2,240,306	2,791,932	15,014,548	37,584,889.85
July 18, 1890	11,287,585.54	2,260,182.55	6,420,170	2,696,954	3,447,899	14,980,153	41,092,944.09
Oct. 2, 1890	11,565,175.80	2,382,208.13	6,867,640	2,582,692	2,886,621	14,138,388	40,422,724.93
Dec. 19, 1890	11,782,680.50	2,468,035.90	5,695,860	2,828,845	2,772,593	14,631,719	40,179,733.40
Feb. 26, 1891	12,272,885.92	2,634,574.80	7,033,830	3,007,215	3,004,769	14,909,102	42,862,376.72
May 4, 1891	12,819,913.25	2,419,175.65	6,252,650	3,109,380	3,157,434	14,826,942	42,585,494.90
July 9, 1891	13,789,250.49	2,545,359.36	5,076,860	3,515,464	3,510,076	16,470,534	44,907,543.85
Sept. 25, 1891	12,812,987.42	2,367,654.54	5,524,960	3,361,779	2,940,592	10,073,655	45,081,627.96

Amount of cash held by the national banks in the Southern States, at several dates named, and classification of same.

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certicates.	Bank notes.	U. S. notes.	Total.
Feb. 28, 1890	$3, 473, 893. 54	$2, 418, 573. 74	$1, 355, 490	$2, 048, 178	$3, 193, 726	$12, 693, 228	$25, 183, 089. 28
May 17, 1890	3, 515, 215. 37	2, 024, 594. 76	802, 370	1, 801, 862	2, 554, 516	10, 716, 487	21, 415, 045. 13
July 18, 1890	3, 516, 345. 03	2, 144, 404. 75	583, 630	1, 848, 482	2, 212, 611	10, 015, 870	20, 321, 342. 78
Oct. 2, 1890	3, 936, 449. 22	1, 728, 463. 99	878, 710	1, 440, 317	2, 315, 715	9, 649, 472	19, 949, 127. 21
Dec. 19, 1890	6, 163, 785. 87	1, 908, 380. 03	1, 057, 510	1, 351, 425	2, 373, 849	9, 940, 221	22, 795, 170. 90
Feb. 26, 1891	6, 691, 507. 42	2, 775, 801. 14	1, 323, 860	1, 592, 794	2, 497, 442	10, 026, 847	24, 908, 251. 56
May 4, 1891	5, 350, 625. 82	2, 417, 306. 92	1, 053, 260	1, 508, 157	2, 107, 428	9, 442, 031	21, 878, 808. 74
July 9, 1891	4, 884, 834. 36	2, 448, 653. 01	1, 011, 260	1, 422, 673	2, 139, 623	9, 091, 382	20, 998, 425. 37
Sept. 25, 1891	4, 347, 454. 30	1, 827, 989. 97	655, 760	1, 777, 731	1, 986, 203	9, 549, 986	20, 145, 124. 27

Amount of cash held by the national banks in the Pacific States and Territories, at several dates named, and classification of same.

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U.S. notes.	Total.
Feb. 28, 1890	$9, 932, 339. 07	$887, 724. 86	$260, 330	$147, 195	$944, 545	$2, 610, 405	$14, 782, 538. 93
May 7, 1890	9, 500, 134. 49	678, 787. 12	755, 510	150, 938	981, 432	2, 592, 728	14, 659, 529. 61
July 18, 1890	8, 763, 461. 95	658, 435. 01	396, 870	236, 233	1, 125, 582	2, 646, 595	13, 827. 176. 96
Oct. 2, 1890	9, 239, 509. 66	629. 587. 54	652, 990	222, 907	1, 155, 598	2, 844, 585	14, 745, 177. 20
Dec. 19, 1890	10, 483, 896. 35	840, 923. 20	378, 480	219, 194	1, 175, 830	2, 658, 230	15, 756, 553. 55
Feb. 26, 1891	10, 809, 241. 60	965, 843. 71	574, 640	246, 986	1, 010, 312	2, 924, 524	16, 531, 547. 31
May 4, 1891	10, 663, 901. 99	955, 151. 73	998, 810	236, 241	984, 559	2, 813. 208	16, 656, 872. 72
July 9, 1891	9, 858, 339. 22	1, 000, 287. 13	619, 270	226, 661	1, 001, 585	2, 519, 903	15, 226, 035. 36
Sept. 25, 1891	9, 423, 476. 42	871, 057. 10	927, 470	215, 680	995, 248	2, 348, 812	14, 781, 743. 52

Amount of cash held by the national banks in the New England States, at several dates named, and classification of same (exclusive of the city of Boston).

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U.S. notes.	Totals.
Feb. 28, 1890	$5, 033, 365. 64	$1, 105, 751. 32	$697, 580	$769, 778	$2, 403, 140	$3, 897, 762	$13, 907, 376. 96
May 17, 1890	5, 039, 939. 43	961, 960. 58	705, 190	733, 577	2, 169, 543	3, 650, 131	13, 260, 341. 01
July 18, 1890	5, 251, 475. 59	1, 120, 274. 90	748, 350	1, 000, 378	2, 792, 491	4, 244, 100	15, 157, 069. 49
Oct. 2, 1890	5, 282, 557. 97	1, 144, 872. 18	833, 030	946, 235	2, 262, 944	3, 976, 227	14, 445, 866. 15
Dec. 19, 1890	5, 095, 712. 98	1, 117, 759. 56	818, 910	1, 096, 035	2, 308, 665	4, 006, 364	14, 443, 446. 54
Feb. 26, 1891	5, 282, 467. 50	1, 164, 271. 87	853, 160	1, 034, 660	2, 082, 313	3, 699, 674	14, 116, 546. 37
May 4, 1891	5, 416, 203. 38	1, 094, 430. 54	859, 870	1, 051, 686	2, 265, 272	3, 689, 468	14, 376, 929. 92
July 9, 1891	5, 602, 513. 95	1, 257, 435. 27	984, 470	1, 206. 723	2, 774, 541	4, 337, 338	16, 163, 016. 22
Sept. 25, 1891	5, 691, 974. 29	1, 088, 238. 50	923, 030	1, 198, 786	2, 368, 526	3, 887, 897	15, 158, 451. 79

Amount of cash held by the national banks in the city of Chicago, at several dates named, and classification of same.

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U.S. notes.	Total.
Feb. 28, 1890	$9, 807, 577. 00	$425, 698. 23	$3, 208, 100	$1, 379, 139	$876, 955	$8, 313, 292	$24, 010, 761. 23
May 17, 1890	11, 234, 604. 10	353, 713. 48	3 031, 100	1, 685, 003	1, 279, 800	11, 001, 961	28, 586, 181. 58
July 18, 1890	10, 276, 191. 30	390, 831. 18	2, 812, 250	810, 464	1, 043, 811	9, 738, 402	25, 471, 949. 48
Oct. 2, 1890	10, 849, 786. 50	413, 956. 72	5, 215, 400	527, 516	586. 340	7, 790, 603	25, 383, 602. 22
Dec. 19, 1890	9, 874, 730. 50	489, 050. 22	4, 606, 000	718, 546	584, 257	7, 386, 876	23, 659, 459. 72
Feb. 26, 1891	10, 990, 932. 00	409, 537. 08	4, 997, 000	743, 389	1, 072, 143	8, 651, 912	26, 864, 913. 08
May 4, 1891	11, 745, 642. 50	412, 888. 55	5, 591, 980	1, 962, 137	2, 407, 461	12, 749, 976	34, 870, 085. 05
July 9, 1891	12, 691, 500. 50	383, 389. 90	5, 219, 000	983, 031	1, 408, 668	9, 135, 360	29, 820, 949. 40
Sept. 25, 1891	13, 018, 145. 50	424, 376. 25	5, 449, 500	1, 250, 591	1, 153, 643	11, 024, 540	32, 320, 795. 75

Amount of cash held by the national banks in the city of Philadelphia, at several dates named, and classification of same.

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U. S. notes.	Total.
Feb. 28, 1890	$1,705,672.00	$507,136.45	$6,376,280	$782,411	$253,044	$5,189,832	$14,814,375.45
May 17, 1890	1,515,090.50	410,591.34	7,974,260	855,126	253,808	4,774,643	15,783,518.84
July 18, 1890	1,713,513.50	537,754.99	7,236,400	1,136,706	222,318	5,965,552	16,812,244.49
Oct. 2, 1890	1,731,829.50	597,913.31	6,300,210	923,777	239,519	5,720,538	15,513,786.81
Dec. 19, 1890	2,199,374.50	617,236.27	6,378,830	1,035,527	169,866	5,189,531	15,590,364.77
Feb. 26, 1891	1,849,893.00	613,793.68	8,911,670	1,207,098	191,549	5,242,546	18,016,549.68
May 4, 1891	1,812,274.50	461,536.76	11,889,690	1,176,015	217,631	6,322,572	21,879,719.26
July 9, 1891	2,111,693.00	649,327.82	10,648,840	1,586,172	249,841	6,452,688	21,698,561.82
Sept. 25, 1891	1,872,449.00	533,419.55	8,415,720	1,651,178	235,969	7,374,827	20,083,562.55

Amount of cash held by the national banks in the city of Boston, at several dates named and classification of same.

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U. S. notes.	Totals.
Feb. 28, 1890	$3,871,130.00	$189,998.54	$5,123,500	$881,048	$759,595	$4,351,229	$15,176,500.54
May 17, 1890	4,054,967.00	148,534.42	6,601,380	920,201	760,000	3,632,780	16,117,862.42
July 18, 1890	3,830,229.00	188,569.93	5,061,170	1,363,629	1,036,895	4,381,453	15,861,945.93
Oct. 2, 1890	3,651,524.50	172,270.01	6,538,790	996,026	832,858	3,629,328	15,820,796.51
Dec. 19, 1890	3,293,251.00	196,159.89	6,571,610	1,467,959	904,210	4,768,091	17,201,280.89
Feb. 26, 1891	3,193,194.50	198,825.49	5,977,620	1,081,972	644,282	4,087,543	15,183,436.99
May 4, 1891	3,215,621.50	189,354.43	6,517,500	1,209,464	720,447	3,713,294	15,565,680.93
July 9, 1891	3,375,228.00	225,081.05	4,607,360	1,649,287	953,287	5,114,292	15,924,535.05
Sept. 25, 1891	3,414,499.35	195,384.95	3,835,130	1,481,759	1,008,138	6,840,705	16,775,616.30

Amount of cash held by the national banks in the Western States, at several dates named, and classification of same (exclusive of the city of Chicago).

Dates.	Gold coin.	Silver coin.	Gold certificates.	Silver certificates.	Bank notes.	U. S. notes.	Totals.
Feb. 28, 1890	$18,472,048.96	$3,548,685.53	$3,449,860	$2,274,845	$8,206,746	$24,815,353	$60,767,538.49
May 17, 1890	18,789,569.83	3,039,002.43	3,743,640	2,131,408	7,523,909	25,242,122	60,469,671.26
July 18, 1890	20,483,383.28	3,532,852.24	3,467,070	2,249,012	7,885,323	26,286,591	63,904,231.52
Oct. 2, 1890	19,776,997.19	3,145,267.59	3,966,240	2,308,069	7,522,544	25,150,491	61,869,608.78
Dec. 19, 1890	21,014,341.10	3,407,248.94	4,577,220	2,144,705	7,309,799	23,250,492	61,703,806.04
Feb. 26, 1891	23,241,751.37	3,856,907.24	3,657,300	2,303,722	7,118,770	23,738,717	63,917,167.61
May 4, 1891	23,759,126.29	2,585,034.48	3,942,140	2,667,949	7,275,325	24,853,506	66,083,080.77
July 9, 1891	25,366,071.40	3,626,341.43	4,151,130	2,492,831	7,740,464	23,031,954	66,408,791.83
Sept. 25, 1891	24,038,243.96	3,302,419.32	4,218,740	3,600,600	8,007,720	22,248,956	65,416,679.28

Amount of cash held by the national banks in New York City, at several dates named, and classification of same.

Dates.	Gold coin.	Silver coil.	Gold certificates.	Silver certificates.	Bank notes.	U. S. notes.	Totals.
Feb. 28, 1890	$9,007,097.00	$623,882.37	$55,794,500	$4,224,685	$1,505,964	$18,366,243	$89,522,371.37
May 17, 1890	8,916,602.60	538,866.13	51,289,620	4,483,706	1,498,730	19,598,592	86,326,116.73
July 18, 1890	8,448,907.15	485,247.67	50,705,190	4,523,460	1,417,498	24,046,753	89,627,055.82
Oct. 2, 1890	8,631,003.00	595,602.03	65,551,590	3,681,745	690,253	13,860,099	93,010,292.03
Dec. 19, 1890	7,418,011.50	602,409.89	55,521,560	4,621,802	1,233,152	16,105,602	85,502,537.39
Feb. 26, 1891	7,718,627.00	562,139.50	55,281,820	6,179,423	1,454,505	27,774,534	98,971,048.50
May 4, 1891	8,107,789.75	502,192.27	44,632,560	5,351,752	1,320,700	29,474,251	89,389,245.02
July 9, 1891	10,015,721.18	519,515.38	38,298,120	6,719,853	1,640,892	43,091,365	100,285,466.56
Sep. 25, 1891	9,845,117.00	556,783.49	37,523,360	5,871,631	1,295,128	31,986,230	87,078,249.49

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.

STATEMENT OF FRANCIS G. NEWLANDS, OF NEVADA.

ROOM OF COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
Monday, February 8, 1892.

The committee was called together at 10:30 o'clock.

The CHAIRMAN (Mr. Bland). I suppose if Mr. Newlands is ready, we might as well proceed.

INTERNATIONAL CONFERENCE.

Mr. NEWLANDS. Mr. Chairman and gentlemen of the committee: I intend to address myself simply to the question as to whether it is possible by international conference to effect the restoration of silver to its old place. You are all aware that there have been three monetary conferences within the past twenty-four years which embraced the principal commercial nations of the world. The first was held in 1867; the second in 1878; and the third in 1881. These conferences embraced all the principal nations of Europe and the United States of America.

At the first conference in 1867, which was called, I believe, at the instance of France, the sole question under discussion was the adoption of a uniform monetary standard of all the world. The powers there represented, including the United States, unanimously declared themselves in favor of the single gold standard. The debates contain no suggestion of the now familiar axiom of monetary science that the value of each unit of money depends upon the quantity in circulation, not upon the quality; that if the quantity of units is increased the purchasing power of each unit is diminished, and that if the quantity of units is diminished the purchasing power of each unit, its control over debts and products, is increased.

GOLD BECOMING TOO SCARCE.

There was no suggestion that gold was becoming too scarce for sole use as money. There seemed to be a general acquiescence that there should be a single standard of value, just as there was a single standard of weight or bulk or measurement. But they lost sight of the fact that money is not only the standard of value, the term in which the value of other things is expressed, but is itself the one thing that is exchangeable for all other things. The yardstick or the peck measure is not exchanged for the thing it measures. The accuracy of the yardstick as a standard of measure is not dependent upon the quantity of yardsticks in existence. But the value of the dollar, its purchasing power, is dependent upon the number of dollars in existence. An increase in the number of dollars means expansion and higher prices for commodities. A reduction in number means contraction, and consequently lower prices of commodities and higher value of money.

The argument proceeded entirely upon the idea that gold was more portable, convenient, and valuable, and it never seemed to enter into the consideration of any mind there, according to my reading of the report of that conference, that a metal might be too scarce to use as money.

CONFERENCE OF 1867.

It is evident that master minds controlled this conference of 1867, and that powerful interests backed it. It is true that people then had not learned the lessons in monetary science which hard experience has taught us, but it seems incredible that the members of that conference could have been ignorant of the effects of the international policy which they then outlined.

As the result of that conference we find there was a movement in this country headed by Mr. John Jay Knox, Comptroller of the Currency, and Senator Sherman to put this country upon a gold standard. Similar movements went on in Europe, all doubtless the result of the concerted influence of the money-lending classes.

FINANCIAL OPERATIONS OF GERMANY.

In 1871 Germany took a partial step toward the gold standard by remonetizing gold. Prior to that, in 1857, you will recollect that she had put herself upon a monometallic silver basis, in obedience to the fears of that class of writers upon monetary science who declare that as the result of the discovery and opening of the gold fields in Australia and California gold was becoming too plentiful, and that the safety of the creditor nations demanded that they should put themselves upon a monometallic silver basis. But in 1871 Germany partly reversed her course by restoring gold to its old place side by side with silver as the money of the country. She did not demonetize silver at that time, but simply put herself upon a bimetallic basis instead of remaining upon the monometallic silver basis.

LEAD OF THE UNITED STATES IN DEMONETIZATION.

The first nation of the world which followed the advice of the conference of 1867, though it did so ignorantly and without the knowledge that it passed the fatal act, was the United States of America. In February, 1873, she not only denied silver the right of coinage in her mints, but also destroyed its quality as a legal tender, and thus deprived herself of the utilization in the payment of her debts of the vast body of silver, which together with gold, constituted the money of the world. The result of the action of the United States was, that two or three months later, Germany demonetized silver, and later on the Latin Union, consisting of France, Belgium, Switzerland, and Italy, finding that Germany was throwing her silver upon their mints, limited the coinage of silver, and finally stopped it altogether.

FINANCIAL DEPRESSION FOLLOWS DEMONETIZATION.

You all recollect the financial depression from 1873 to 1878, which led to a great agitation of the silver question in this country, and the result was a bill, called the Bland-Allison bill, passed in 1878, which fully restored silver as a legal tender, and partially restored the coinage of silver in the mints.

SECOND INTERNATIONAL CONFERENCE.

During that year, at the instance of the United States, a conference was held in France in which all the nations, I think, which had participated in the conference of 1867, took part. That conference resulted in nothing. The nations refused to take international action upon the subject.

THIRD INTERNATIONAL CONFERENCE.

Another conference was held in 1881, with the same results, and it is humiliating to an American to read over the proceedings of those conferences and find America in the position of a suppliant begging European nations to help her to restore silver, which she was first to strike down.

THE ATKINSON MISSION.

Later on, in 1886, Mr. Edward Atkinson was sent by President Cleveland to Europe as a commissioner to make inquiry as to the condition of public sentiment there, and ascertain whether it would be wise to bring about another international conference. He reported that no sentiment existed in Europe which would warrant our calling a conference.

TESTIMONY OF THE PRESIDENT.

President Harrison also, in his last annual message, said he had kept a close observation of public sentiment of European nations on the question of bimetallism, and had not found it to be such as to justify him in pressing an international conference.

Notwithstanding these statements certain gentlemen on the Republican side who had always opposed free silver coinage, and certain Democrats who were active in attacks on the Republican party last year for delay in restoring silver, were urging a postponement of free silver legislation to await an international conference.

So that we find nothing in the experience of past conferences, nothing in the experience of President Cleveland and his advisers, and nothing in the observation or judgment of President Harrison and his advisers, to warrant us in the hope that an international conference will accomplish anything.

Now there are many reasons why an international conference will utterly fail to adjust this question.

THE AGE OF TRUSTS AND COMBINES.

We all realize that this is the age of combines, corners, and trusts. The effort of the wealth-seekers of the world had been to accumulate some product, either natural or manufactured, which mankind universally needs or desires, and then by limiting the production to raise the price and clear a profit. Such have been the corners, trusts, and combines relating to sugar, iron, steel, oil, and wheat. All such combines have been successful, where, the demand remaining the same, production was limited. All have been unsuccessful where nature or man's energy has broken the corner by increasing the production.

The evidence is indisputable that prior to 1873 the greatest combine, trust, and corner known to history was organized in Europe. Its purpose was not only to limit the production of money in the future, but to destroy the efficiency of half the money of the world by taking from silver its legal tender quality, and thus increase the value of the other half in the shape of gold, of which, represented either by cash or by interest-bearing gold obligations, the members of the combine were the owners. The world was to be deprived not only of its annual crop of money from the silver mines, but one-half of its store collected through the ages was to be destroyed.

THE INTERESTS OF CREDITOR NATIONS.

The nations of Europe, the gold-owning nations of the world, were the creditor nations of the world. Those communities are all built up; their populations are fixed; there is little need of development in any of those countries, and hence the accumulations of their citizens were invested in the development of other countries, in interest-bearing bonds and securities. As the owners of moneys it was to their interest to make money more valuable, and the only way they could make it more valuable was by limiting its quantity. The easiest way of limiting its quantity was, first, to prevent the coinage of silver by the mints, and second, to destroy the legal-tender quality of the silver then existing in the world. They succeeded in accomplishing this in this country. They also succeeded in accomplishing it in Germany, and finally in France, and the other small nations of Europe (which are hardly worth considering, for those mentioned are the leading financial nations) followed their example.

FORCED APPRECIATION OF GOLD.

The object, doubtless, was to make money more valuable, and to make gold the only money and thus limit the quantity. The store of gold is being diminished every day by the demands of arts and dentistry. It is estimated that the natural product of the gold mines is not sufficient to satisfy these demands, and that the store of gold in the shape of coin is now being invaded for those purposes. On the contrary, silver was somewhat increasing in quantity.

Now, then, these nations are owners of gold to-day, and they succeeded in the perfection of this gold trust at a time when three of the greatest nations of the world, the United States, Germany, and France had just passed through exhausting wars, and had contracted large war debts. The money owners of the world, therefore, had received a great advantage by limiting the quantity of money, and thus increasing the burden of those obligations.

ENGLAND AND THE UNITED STATES COMPARED.

Let us compare the condition of England with that of the United States. We consider ourselves a very wealthy nation, and we are in everything but money. England's wealth consists principally in money. England is a creditor nation. We are a debtor nation. England has money scattered all over the world, loaned out on interest-bearing bonds. We have no money whatever loaned to any other country. We not only utilize the money which we own in this country in the development of our own country, but we also utilize all the money that we can borrow from England, Germany, and France, and to-day we owe those countries many times the entire volume of money that now exists in this country. We have in this country only $1,500,000,000 in money.

OUR INDEBTEDNESS TO EUROPE.

A large portion of our national bonds are owned abroad. Our State, municipal, and railroad bonds, and the other bonds that are given in our various enterprises, are also largely owned abroad, and amount to very much more than the volume of money which at present exists in this country. The fact is, the money that exists in this country to-day is largely borrowed money. We have about $500,000,000 in gold in this country, but we owe it abroad, and it can be called for at any time. It may be said that we owe all this money on bonds which have many years to run before maturing, but you must recollect that whenever any emergency occurs in Europe which tightens the money market, either England, Germany, or France, can immediately call upon this country for her money, by selling those bonds, and we are obliged to absorb them, for unless our moneyed men in this country, our men of property, sustain the bonds of the enterprises in which they are interested, there would be a general destruction of values.

Mr. BARTINE. You are referring to bonds of private enterprises.

Mr. NEWLANDS. Yes, sir; bonds of private enterprises, and United States bonds also. They can market the United States bonds here at any time and can take away the money from the country. We had an illustration of that one year ago.

THE BARINGS' DIFFICULTY.

The English had invested quite heavily in Argentine securities, and those investments had reduced England's bank reserves. The English were also loaning out their money very largely to other countries. In this condition of things Russia made a sudden call upon the Barings for £5,000,000, and precipitated a panic. England was not able to replenish her bank reserves quickly enough by calling on her debtors for money, so she had to borrow money from France to tide over the emergency, but she soon commenced to realize upon other securities in this country. Seventy-five million dollars of American securities were sold by England in America within six months, and $75,000,000 of gold was withdrawn from this country. Now, you all recollect the effect of that upon the enterprises of this country. Remember before that cloud appeared in the English sky, there was no trouble whatever in the United States. We were in a prosperous condition, our crops were good, business was on a good basis, and our enterprises were being pursued with energy, everthing was prosperous, but as soon as this scarcity of money appeared in England a wave of contraction spread across our entire continent, and the result was a panic. It would have resulted in universal bankruptcy had England been compelled to call for more money—more than $75,000,000.

SUSPENSION OF NEW YORK BANKS.

The banks of New York were practically in suspension. They were compelled to issue a kind of emergency money, called clearing-house certificates, which were simply certificates by clearing-houses that they held so much valuable property of these banks in the shape of negotiable notes, etc., which certificate passed the banks by common consent as money because the common danger compelled their acceptance.

In a discussion which I had with Mr. Horace White, of the New York Evening Post, who is a decided monometalist, he told me there were more bankruptcies last year in the United States than there were in any year since 1873.

PERIL OF THE UNITED STATES.

No one can imagine the general destruction of values that would have taken place, had England called on us for more, and yet our $500,000,000 in gold can be called for whenever a tightness in Europe occurs. Every business man knows the perils of the man who conducts large enterprises with money borrowed on call.

That is the position of the United States with reference to these creditor nations, notably England and Germany, and to a less degree, France.

IMPOSSIBILITY OF INTERNATIONAL ACTION.

The reason why international action is impossible is apparent upon reflection. No international agreement is contemplated which does not embrace one or all of the principal commercial nations of Europe—England, France, or Germany.

Why should they join us? Their positions are entirely different. With reference to all other nations they are creditor nations, and the United States is a debtor nation. They are interested in having money dear and products cheap. We rely upon good prices for our products to pay our debts. Our interests are diametrically opposite. They have a call on us for all the money we have in our country. They have gained an advantage for their money by our legislation, which, in connection with the legislation of other countries, has largely enhanced the value of gold.

Was it ever known that a debtor, by a mere conference with his creditor, could induce him to forego his advantage? The only way a debtor can bring his creditor to terms is by going into bankruptcy. Are we prepared to go into bankruptcy and to repudiate our obligations in order to bring about a successful conference with our creditors?

What reason can we give to England for urging her to join us in restoring silver? That it will take from gold its enhanced value. Her answer will be, We own more gold than any nation in the world. We wish to maintain its enhanced value. The last declaration of England was the utterance of her royal commission which inquired into the cause of the fall of prices, and which found as a fact that that cause was the demonetization of silver. They say in their report:

"It must be remembered that this country is largely a creditor country of debts payable in gold, and any change which involves a rise in the price of commodities generally—that is to say, a diminution of the purchasing power of gold—would be to her disadvantage."

England knows what is to the interest of a creditor nation even though the United States does not know what is to the interest of a debtor nation.

ENGLAND ON THE VERGE OF A PANIC.

But we were told that England was upon the verge of a panic one year ago because of an insufficiency of money. The answer is that she had loaned her money to other countries. She had her investments in the shape of bonds and securities all over the world, in Africa, South America, India, China, and particularly the United States. She had loaned out to advantage all this money, and when the stringency came she could not quickly call it in and was obliged to borrow from France. She, however, relieved herself of this temporary loan and of all financial difficulty by calling upon us for a part of what we owed her. Seventy-five millions of gold went from this country in response to her call, and we were close upon the shoals of bankruptcy. As a creditor nation England can make her local money volume what she pleases by calling upon her debtors. The United States is best able to respond, and will always be called upon in an emergency.

We stand in the position, with reference to England and Germany, of a debtor owing money on call. The entire six hundred millions of gold in this country are really owing to England and Germany, and can at any time be taken away by their sale of American securities. No one could measure the panic that would follow. Our financial system puts us at the mercy of every European storm. We do not have England's advantage. England is built up and populated. It is a finished country. The accumulations of her people are invested in other lands. We employ not only all the money we have in developing our country but all we can borrow, and when a stringency comes the only relief we have is to borrow more, and that is difficult, sometimes impossible. Yet our President in his message said that he knew no more effectual way of promoting a favorable sentiment to silver in Europe than by accumulating gold here; that a scarcity of gold in the European reserves would be the most persuasive argument for the use of silver there.

In other words, we are to distress Europe by borrowing more gold of her, and borrowing it substantially on call responsive to any demand she may make in an emergency. One is at a loss to understand how a debtor can get a creditor under his control by borrowing more money of him. It should be remembered always that the bank reserves of England were low simply because she loaned her money out; that this money could be recalled at almost any time, and the volume indefinitely increased. Such also was the case with Germany. Germany is a creditor nation and and is now the commercial rival of England in South America, Asia, and Africa. She owns a large amount of American sureties payable in gold.

Why should she join in legislation which would diminish the value of her gold and increase the value of our products? She at any time could increase her money volume by calling upon her debtors.

SUPERIOR CONDITION OF FRANCE.

France also is a creditor nation, though in a less degree. What argument can we address to her—the scarcity of her money volume? No. She had $57 per capita in circulation, while we had only $24. She has maintained this large money volume for years, and it has been the principal cause of her stability. What necessity was there for her to throw her mints open to the free coinage of silver? Can she not rightfully say that for forty years she, in conjunction with three inferior European states, sustained the silver of the world, and that we, with 60,000,000 of population, with a vast amount of property, great resources, and unexplored country requiring development, could easily afford to stand where she did for so long a time until our per capita circulation should be made at least equal to hers.

THE TRUE POLICY OF THE UNITED STATES.

We find, then, that we are the only one of these great nations which is interested in increasing the money volume. We are the only debtor nation; we are the only nation that is suffering from a permanent scarcity of money, which can only be relieved by borrowing. The question is whether we shall continue to borrow with all the harassing dangers which the borrower on call is subject to, or whether we shall avail ourselves of the beneficence of nature and make our money out of the acknowledged money metal of the world—a money metal which is now used by nine-tenths of the people of the world as against the one-tenth which constitutes the population of monometallic gold countries.

WORLD'S PRODUCTION OF SILVER.

Mr. Leech, in his statistics, states that the whole world's product of silver last year was $166,000,000, that its coinage value was $166,000,000. The number of ounces produced was about 134,000,000. Now, if we restore free coinage in this country, how much of the world's annual product shall we expect to coin? How much of this money will be taken by other countries? Mr. Leech's statistics, I think, show, that of the world's population of over 1,200,000,000, bimetallic countries have 244,000,000, the gold-standard countries 160,000,000, and the silver-standard countries 831,000,000, showing that very nearly nine-tenths of that population either use silver exclusively, or use it in connection with gold.

Now, it is true, silver is used largely by nations which have not reached a very high degree of civilization. They have not, as yet, learned the importance of the function of money; that it is as essential to civilization as language is. Language conveys ideas; money conveys values; but they have not learned to use money, as we have, and they may not absorb, and will not absorb it, as much as a country like the United States, which knows what an important factor in the development of the enterprises and advancement of civilization money is.

I assume out of this world's product of $166,000,000 the arts call for $25,000,000; that India and China call for $25,000,000, which makes $50,000,000, and that would leave $116,000,000 to be absorbed by the United States, assuming that no other nations but India and China absorb any.

PROBABLE USE OF SILVER BY THE UNITED STATES.

Can we absorb $116,000,000 annually without inflation? First, what is necessary in order to maintain our per capita? We all know that the national-bank notes are being retired at the rate of about $30,000,000 per annum, and unless some other money takes the place of that circulation within six years, if the retirement goes on at the present ratio, $180,000,000 of money will have disappeared from the country. We can, therefore, use $30,000,000 of money in taking the place of these national-bank notes. In addition to that, our population is increasing at the rate of about 2,500,000 per annum. In order to maintain our present per capita of $24 per head, we shall have to absorb about $60,000,000. That would make $90,000,000 of the $116,000,000, leaving about $26,000,000, which could go to the increasing of our per capita at the rate of about 40 cents per annum. Thus in six years, the period covered by the retirement of the national-bank notes, we would have our per capita only increased by absorbing all the world's product of silver, except that absorbed by the arts, and India and China, to only $26.40 per head.

EUROPEAN SILVER COIN.

But it is said that we shall not only be called upon to absorb the entire product of the mines, but we shall also be compelled to absorb the bullion which is produced from the silver coin of Europe, which, it is said, will be thrown upon the market, and displace our gold. With reference to that, I have simply to say, that it is impossible to believe that the nations of Europe will dispose of their silver, which now commands $1.33 per ounce at a loss of from 4 to 5 per cent besides the cost of double shipment across the sea. Silver is firmly intrenched in their circulation, and it would be almost impossible to withdraw it. It can only be withdrawn at a loss; but if you are called upon to legislate with reference to these fears, it would be very easy to provide that no bullion shall be admitted to our mints which is the product of the melting pot.

OUR ABILITY TO PROTECT OURSELVES.

By pursuing this course we could compel Europe to continue her present limited bimetallism and at the same time avail ourselves of the annual product of all the mines of the world to swell our money volume and secure our financial independence from Europe.

With reference to the practicability of this I have only to say, that in a conversation with Secretary Windom, I called attention to a portion of one of his reports in which he declares:

TESTIMONY OF SECRETARY WINDOM.

"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."

I asked him what he meant by that term "ample safeguards." He said that it would be easy to prevent bullion which is the product of coins from coming into our mints. I asked him how he could distinguish between the two. He said that that would be very easy; that the Treasury Department could adopt regulations which would trace silver bullion from the mines themselves to the mint, by a perfect chain of evidence, thus enabling the mints to reject all silver bullion derived from the coins which Europe might gather together to throw upon and embarrass us.

If you will only think for a moment you will recall the various Treasury regulations with reference to customs, etc., which are no more difficult of enforcement than would be the regulations which Secretary Windom suggested. I say, then, there is no danger that the large store of European silver which is now in the shape of coin will be precipitated upon us, because the nations who have that silver can not spare it from daily use, and could only throw it upon us at a heavy loss; and, second, because it will be perfectly easy to compel them to retain that silver by opening our mints only to the bullion that comes fresh from the mines of the world, and denying foreign coins or bullion the product of foreign coins the privileges of our mints by means of the Treasury regulations suggested by Mr. Windom.

Mr. BARTINE. Before you leave that subject, Mr. Newlands, I wish you would explain to us how we pay for this silver. You say we absorb silver from other countries. How are we to pay for it?

Mr. NEWLANDS. Well, we would simply give the privilege to every owner of silver bullion which is the product of the mines of the world to have it turned into coin of a certain weight and fineness. If he wishes to have the silver coined into silver dollars, or to receive treasury notes for it, he has his choice. Whether these owners of silver bullion in foreign countries, in Australia, South America, and elsewhere will avail themselves of the privilege, remains to be seen.

Mr. BARTINE. You do not suppose that these countries will avail themselves of this privilege?

Mr. NEWLANDS. I do not think so to any great extent.

Mr. BARTINE. Then, there would not be any danger ofaqt·

Mr. NEWLANDS. No, sir. My figures are addressed to the question as to whether free silver coinage will attract to this country more silver than we can safely absorb without inflation; and assuming the worst possible case, viz, that we shall be compelled to take all the world's annual product from the mines except that which goes into the arts, besides what is taken by China and India, I say that it will barely maintain our present per capita. I do not mean to say, however, that we shall be able to get all this silver. I don't think we shall get under free coinage as much as we ought in order to maintain a proper money volume.

Mr. TAYLOR. You would not be in favor of buying it with gold?

Mr. NEWLANDS. Oh, no.

The CHAIRMAN. I will ask you, Mr. Newlands, if we do not pay for all our imports in products and in labor, and if this silver should come here, if it would not be exchanged for our corn, wheat, and cotton? Do we not really pay for it in that way?

Mr. NEWLANDS. Yes, sir.

Mr. TAYLOR. Why didn't we pay for those ds that they sent back last year?

Mr. NEWLANDS. We did.

Mr. TAYLOR. You say we paid for them in gold?

Mr. NEWLANDS. Yes; we did.

Mr. TAYLOR. Well, we did not pay for them in that way.

Mr. BLAND. Do you not remember it takes labor to buy gold as well as silver?

Mr. NEWLANDS. Yes, sir.

Mr. TAYLOR. Your idea is, if we should pass a free-coinage measure, that it would bring the two metals, gold and silver, together.

Mr. NEWLANDS. Yes, sir.

Mr. TAYLOR. That they would be of equal value?

Mr. NEWLANDS. Yes; in a certain ratio.

Mr. TAYLOR. Would it raise the price of silver?

Mr. NEWLANDS. The silver that is now in Europe in the shape of coin? Its value to-day is from $1.29 to $1.33 an ounce, and the only silver that is selling for less than that is the annual product of the mines.

Mr. TAYLOR. Would it increase the value of silver or lessen the price of the value of gold—one or the other?

Mr. NEWLANDS. It would increase the bullion value of silver to $1.29 an ounce.

Mr. TAYLOR. In gold?

Mr. NEWLANDS, Yes; it would have the effect of increasing the value of silver and of diminishing to some extent the purchasing power of gold.

Mr. TAYLOR. It would raise the price of silver from 91 cents to $1.29, in round numbers?

Mr. NEWLANDS. Yes; to $1.29.

Mr. TAYLOR. How much gold have we in the Treasury that can be used for purchasing anything, that is not covered by certificates?

Mr. NEWLANDS. I think we have only about $100,000,000, or $120,000,000.

Mr. TAYLOR. How much silver. What is it estimated that the world's supply of silver is?

Mr. NEWLANDS. The world's supply of silver is estimated, according to Mr. Leech, to be about $3,800,000,000. The world's supply of gold is about the same.

Mr. TAYLOR. Then you think by the passage of a free-coinage act that that act in itself would raise the value of this 4,000,000,000, substantially four thousand million dollars, in round numbers, to 38 cents?

Mr. NEWLANDS. I think as to that $3,800,000,000 of silver that is in the shape of coin in the world, that its value to-day is $1.29—from $1.29 to $1.33—that is its exchangeable value for products, and that the only silver in the world to-day that is worth any less is about $3,000,000 of surplus in the New York market.

Mr. TAYLOR. The world's balance is worth that?

Mr. NEWLANDS. Its purchasing power is from $1.29 to $1.33 now.

Mr. WILLIAMS, of Massachusetts. That is a very different proposition from the one that you first laid down—that silver is sold, all except the annual product, at $1.33 an ounce. That is the proposition that you stated here.

Mr. NEWLANDS. I mean to say that all the silver in the world, with the exception of this annual product, or this surplus that now exists in the shape of bullion, is exchangeable for other products at the rate of from $1.29 to $1.33 an ounce.

Mr. WILLIAMS, of Massachusetts. Is that true outside of any country where the silver is held?

Mr. NEWLANDS. Well, really, I can not say as to that; I do not know.

Mr. WILLIAMS, of Massachusetts. Can you tell me a country where silver will sell to-day above the market price as bullion, except in a particular country where that silver is in the shape of coin?

Mr. NEWLANDS. Well, I imagine that in England to-day a banker would not hesitate to take $1,000 of our silver certificates or United States Treasury notes at a very slight discount.

Mr. WILLIAMS, of Massachusetts. That is not silver. I am talking about silver, and that is what you are talking about. Now, stick to silver. Tell me a single country——

Mr. NEWLANDS. But silver certificates represent silver.

Mr. WILLIAMS, of Massachusetts. I am talking about silver; not about silver certificates in any form, or bank notes, or Treasury notes, or anything of kind. I am talking about silver.

Mr. NEWLANDS. Well, what do you mean? Silver bullion or silver coin?

Mr. WILLIAMS, of Massachusetts. I am asking you what you mean when you refer to silver. What did you refer to? You made a statement here that silver all over the world sells for $1.33, except the annual product of the mines.

Mr. NEWLANDS. I do not think I made exactly that statement.

Mr. WILLIAMS, of Massachusetts. I think if you will look at the notes of the stenographer you will find that you used substantially those words.

(The stenographer read the words referred to.)

Mr. WILLIAMS, of Massachusetts. You said that silver was selling in the world for $1.33 an ounce. There is no occasion for any misunderstanding.

Mr. NEWLANDS. I said in silver coin.

Mr. WILLIAMS, of Massachusetts. You said silver was selling for that.

Mr. NEWLANDS. What do you refer to—silver bullion?

Mr. WILLIAMS, of Massachusetts. I refer to silver. I do not care what form it is in. You said it was selling for $1.33 an ounce.

Mr. NEWLANDS. I think my statement is a clear one.

Mr. WILLIAMS, of Massachusetts. Well, then, you do not wish to change it.

Mr. NEWLANDS. No; it is all right.

Mr. WILLIAMS, of Massachusetts. All right.

Mr. TAYLOR. I understand your statement to be that of the silver in the world none of it is worth but $1.29 an ounce, except two or three million ounces ever here in New York. What do you mean by that statement?

Mr. NEWLANDS. I mean to say that the silver in the world is either in the shape of coin or of bullion; that that portion of it which is in the shape of coin is worth to-day, and is exchangeable in value for, from $1.29 to $1.33 an ounce; that that portion of it which is in bullion, and which all authorities agree, I believe, amounts to a very small sum, is valued at what is called the market rate I believe, which I think is 91 cents now.

Mr. WILLIAMS, of Massachusetts. I want to follow up that point. Is that true in

India? In other words, can you exchange for $1.33 in gold an ounce in silver in India.

Mr. NEWLANDS. Oh, there you are getting back to the bullion question.

Mr. WILLIAMS, of Massachusetts. No, sir; I am asking you about silver in any form. I do not care what form it is in.

Mr. NEWLANDS. What I mean to say is this, the silver rupee of India has the same purchasing power that it always had.

Mr. WILLIAMS, of Massachusetts. Has it any more than the purchasing power of bullion. Can you get 1 cent more for a rupee than you can get for the bullion that is in it in London, save of course the question of transportation.

Mr. NEWLANDS. Will you please repeat the question?

Mr. WILLIAMS, of Massachusetts. Please read the question, Mr. Stenographer. (The stenographer read the question.)

Mr. NEWLANDS. Well, my understanding is, that in India the silver rupee will buy as much of the products of that country as it ever would, and that indicates that there has been no change in its value at all, but that gold has appreciated.

Mr. WILLIAMS, of Massachusetts. You mean to say that there is no depreciation in the value of silver as bullion.

Mr. NEWLANDS. Yes, sir; that is what I understand to be the case in India.

Mr. WILLIAMS, of Massachusetts. You have not heard the universal, the almost universal complaint in India of the decline in silver, have you?

Mr. NEWLANDS. Yes, sir; I have heard of complaints from certain classes there.

Mr. WILLIAMS, of Massachusetts. This is true, is it not—and is universally claimed by gentlemen who are interested in the free coinage of silver—that that which India owes the rest of the world costs them more to pay to-day than it ever did before.

Mr. NEWLANDS. When she makes the exchange into gold.

Mr. WILLIAMS, of Massachusetts. She has to pay her debts in gold, practically, does she not?

Mr. NEWLANDS. Yes, sir.

Mr. WILLIAMS, of Massachusetts. So that to that extent you certainly will admit that the silver standard has injured her.

Mr. NEWLANDS. In the relations existing between the Indian government and the British Government, the Indian government has a right to complain of the demonetization of silver, because, when she pays England in gold she has to turn her silver into bullion and sell it at the gold price, and thereby loses in the transaction. I do not think she has any reason to complain of the silver standard. What she has a right to complain of is the demonetization of silver, which has injured its bullion value.

Mr. WILLIAMS, of Massachusetts. But she has to turn her rupees into bullion in order to pay England, and to sell that bullion at a gold price.

Mr. NEWLANDS. Yes, sir; sell that bullion at a gold price.

Mr. WILLIAMS, of Massachusetts. I will ask you this question: When India pays England, you say she turns her rupees into bullion?

Mr. NEWLANDS. Yes.

Mr. WILLIAMS, of Massachusetts. What is that for?

Mr. NEWLANDS. Because England demands gold.

Mr. WILLIAMS, of Massachusetts. Can she not buy gold with rupees, just as well as she can with bullion?

Mr. NEWLANDS. I presume she can with rupees at their bullion value.

Mr. WILLIAMS, of Massachusetts. Does India send any silver to London with which to pay her debts.

Mr. NEWLANDS. Really, I can not say; I presume she does. If she does she sends it at its gold value. But I imagine she does not send any rupees.

Mr. WILLIAMS, of Massachusetts. Now, to your mind, if in order to pay her debts she has to pay more silver than she ever did before, that is no indication that the purchasing power of India's silver has decreased.

Mr. NEWLANDS. Yes; I think that the power of silver bullion to purchase gold bullion has decreased.

Mr. WILLIAMS, of Massachusetts. Now, that is not an answer to my question. That is no indication to you that the purchasing power of Indian silver, rupees or bullion, has decreased.

Mr. WILLIAMS, of Illinois. In India, you mean?

Mr. WILLIAMS, of Massachusetts. Anywhere; I do not care where.

Mr. NEWLANDS. Well, I mean to say that in India ——

Mr. WILLIAMS, of Massachusetts. Can you answer the question, Mr. Newlands? Of course, I am willing that you should answer it in your own way, but it is a simple question.

Mr. NEWLANDS. Well, I think your question is put in a way almost to mislead—not intentionally, possibly—and that the plain answer "yes" or "no" can not be made to it.

Mr. WILLIAMS, of Massachusetts. Well, answer it in your own way then.

Mr. NEWLANDS. I mean to say, that in the domestic commerce of India, which of course covers the great bulk of the transaction, silver has its old purchasing power, and that the use of silver there has been a great blessing instead of a great curse, because otherwise there would have been a great scarcity of money, which would have brought about universal distress.

The CHAIRMAN. In this connection I desire to ask you a question: Is it not a fact which is thoroughly proven by statistics, that not only in Europe, but the world over, silver bullion will purchase as much of the commodities of life now, and more than it would in 1873, more than it has for the last seven years.

Mr. NEWLANDS. The statisticians claim that, and I think they prove it. I am not a statistician myself, but I have read strong tables to that effect.

The CHAIRMAN. Well, is it not a fact that the British Royal Commission examining into that subject has found that there has been no depreciation in the purchasing power of silver?

Mr. NEWLANDS. The appreciation has been in the value of gold.

The CHAIRMAN. Not a depreciation of silver?

Mr. NEWLANDS. Not to the same extent as the appreciation in gold.

The CHAIRMAN. Did they not claim that there has been a slight appreciation in silver by the British Royal Commission?

Mr. NEWLANDS. I do not recollect that, Mr. Chairman.

The CHAIRMAN. Well, I recollect it.

Mr. WILLIAMS, of Illinois. What do you mean when you state that India had a right to complain of the demonetization of silver?

Mr. NEWLANDS. Because it compels her to pay her bullion balances in gold, and in order to, do that she has to part with her silver at a discount.

Mr. WILLIAMS, of Illinois. Then in your view it is only in an international relation that she has been injured?

Mr. NEWLANDS. In the domestic relation she has been benefited. Let me correct it; it is only in an international relation that she has been hurt by the demonetization of silver. The existence of silver as money in that country has been a great blessing to her.

The CHAIRMAN. In that connection allow me to ask you a question: Is it not true, and is so alleged by political economists, that the fact that India may lose on exchange of her silver for British gold, that instead of exporting her money she exports her wheat, corn, and other commodities, which exports come into competition with our own?

Mr. NEWLANDS. It increases their exports largely. Those exports would be diminished probably if silver was restored to a parity with gold.

Mr. BARTINE. Mr. Williams's question is calculated to leave, I think, this matter in just a little obscurity. Do you think India has suffered internationally in her dealing with silver-using countries in consequence of the change; or when you say internationally, do you mean really to state only the debtor and creditor relation existing between the Indian and the English governments?

Mr. NEWLANDS. When I speak of internationally, I refer to the relation of debtor and creditor. I do not know exactly what the relation is between silver-using countries.

Mr. BARTINE. It could not make any difference, could it? The fall is relatively to gold?

Mr. NEWLANDS. I should think not.

Mr. BARTINE. As I understand you your position is this: that the Indian rupee will buy as much of cotton, or rice, or any commodity of India as it ever would; and the fall is only relatively to gold?

Mr. NEWLANDS. Oh, yes.

Mr. WILLIAMS, of Illinois: If India should suspend the coinage of the rupee would it make it come easier to pay this debt to England, or would it make it more difficult?

Mr. NEWLANDS. It would make it more difficult, because it would take away to that extent the world's use of silver, and thereby further diminish the value of silver and increase the value of gold, and hence in settling her balances with England she would have to buy gold at a higher rate.

Mr. WILLIAMS, of Massachusetts. Then the result of your experience on this question is, that silver is not affected much in a specific country, where silver is the basis; but that it is a depreciated currency with reference to international trade.

Mr. NEWLANDS. Well, my answer is, that the bullion value of that silver in terms of gold of course is reduced by its demonetization; and that, so far as the silver using country has the relations of a debtor to a gold-using country, it is compelled to part with its silver at a discount in order to pay its gold obligations.

Mr. WILLIAMS, of Massachusetts. Then, Mr. Newlands, is not this the logical result, that India has, in your judgment, continued to use silver in its domestic business without loss, whereas the moment it goes outside of its own boundaries to purchase anything of a foreign country its rupees are worth no more than that amount of bullion?

Mr. NEWLANDS. That is true.

Mr. WILLIAMS, of Massachusetts. If that is true, therefore, the rupee is no more useful and no more valuable in an international business than the same amount of bullion.

Mr. NEWLANDS. Yes; that is true. But you must recollect that this international balance amounts to very little as compared with domestic transactions.

Mr. WILLIAMS, of Illinois. If you were a resident of England and had 100,000,000 of our standard silver dollars, that are worth here in the United States as much as gold dollars, would you be willing to sell them there in England at a very large discount?

Mr. NEWLANDS. No; I would not.

Mr. WILLIAMS, of Illinois. Not if you could get a dollar for them in the United States?

Mr. NEWLANDS. No; I would not. If I should turn them into bullion, I would get less there.

Mr. WILLIAMS, of Illinois. If you should turn them into bullion?

Mr. NEWLANDS. But as silver coins they would be worth more than the bullion value.

Mr. WILLIAMS, of Massachusetts. Mr. Newlands, you have referred to the fact that certain members of the Republican party—I think you said in the Senate——

Mr. NEWLANDS. No, I did not speak of the Senate.

Mr. WILLIAMS, of Massachusetts. Well, in the House. You say that certain members of the Republican party and certain members of the Democratic party have been tending toward the idea of the plan of having an international conference.

Mr. NEWLANDS. Yes, sir.

Mr. WILLIAMS, of Massachusetts. That is something rather new. You refer to that as something rather new?

Mr. NEWLANDS. Well, it is an old idea, but it is a new suggestion from Democrats, I think.

Mr. WILLIAMS, of Massachusetts. Well, did you not say that Republicans who had formerly been favorable to silver legislation were now rather hostile to it.

Mr. NEWLANDS. No; Democrats who had been favorable.

Mr. WILLIAMS, of Massachusetts. I understood you to say Republicans. How about Senator Teller? Is it not a fact that he introduced and advocated and now advocates a plan for an international conference?

Mr. NEWLANDS. I understand that he has introduced a measure with that in view, but I do not understand that he has abandoned at all his advocacy of the immediate resumption of silver coinage by this country.

Mr. WILLIAMS, of Massachusetts. Has he not distinctly stated that the reason he favors an international conference at the present time is that it is certain there can be no free coinage law passed.

Mr. NEWLANDS. I really do not know whether he said that or not.

Mr. WILLIAMS, of Massachusetts. I make the statement that he has so stated.

Mr. NEWLANDS. There is a general feeling that no free coinage bill will pass at this session and become a law; that while it may pass Congress, it would be vetoed by the President.

Mr. WILLIAMS, of Massachusetts. I take it, you may or would agree that the true solution of this whole question would be an international agreement; that is, including some of the leading nations of the world, who would agree to fix a ratio between gold and silver and maintain it. That would be economically the true solution, would it not?

Mr. NEWLANDS. It would be a satisfactory solution.

Mr. WILLIAMS, of Massachusetts. Would it not be the best solution beyond any question whatever?

Mr. NEWLANDS. Well, I am not prepared to say that, for I am pretty confident that the adoption of free coinage by this country will restore silver to its old value.

Mr. WILLIAMS, of Massachusetts. If you are right in that judgment, is it not much more certain that that end will be accomplished if the bimetallic countries of Europe join in accomplishing the same result?

Mr. NEWLANDS. Well, what countries in Europe do you call bimetallic?

Mr. WILLIAMS, of Massachusetts. Well, sir, if you wish them stated I would include France, Belgium, Holland, Switzerland, Italy, and Greece.

Mr. WILLIAMS, of Illinois. You would not include England in that conference?

Mr. WILLIAMS, of Massachusetts. Not in that conference; but that was not the question. He asked me what I would include as bimetallic countries. That was the question, was it not, Mr. Newlands?

Mr. NEWLANDS. Yes, sir. My understanding is that Belgium and Holland are both on a monometallic gold standard.

Mr. WILLIAMS, of Massachusetts. They are using silver just as France is, are they not? They are using a large amount of legal tender silver in conjunction with gold, just as France is doing to-day.

Mr. NEWLANDS. In that sense they are.

Mr. WILLIAMS, of Massachusetts. Well, it is only in that sense that France is a bimetallic nation, as I understand it?

Mr. NEWLANDS. Yes, sir.

Mr. WILLIAMS, of Massachusetts. Do you understand me.

Mr. NEWLANDS. Yes; I understand you.

Mr. WILLIAMS, of Massachusetts. Have you any question, but that the problem would be the much easier if those countries would join the United States in fixing the ratios.

Mr. NEWLANDS. Oh, I think it would create more public confidence. It would create no more confidence in my mind, for I am just as confident as I can be that the United States can accomplish that result as easily as it can in conjunction with those nations.

Mr. WILLIAMS, of Massachusetts. You are aware that economists and bankers and others do not agree with you on that?

Mr. NEWLANDS. It would increase the general confidence.

Mr. WILLIAMS, of Massachusetts. And you will also admit, I presume, that the element of confidence in the result is a very important one?

Mr. NEWLANDS. Undoubtedly.

MR. WILLIAMS, of Mas-achusetts. Now, then, if you could secure those other nations, together with the United States, the probabilities of success would be very much increased, would they not?

Mr. NEWLANDS. Yes

Mr. WILLIAMS, of Massachusetts. I want now to ask you this question: whether the monetary system in the world has ever offered a parallel to the present monetary conditions? Do you understand that part of the question?

Mr. NEWLANDS. I think not. I understand by that, that you refer to the destruction of the parity between gold and silver by the demonetization of silver.

Mr. WILLIAMS, of Massachusetts. Precisely. I do not think there has ever been such a monetary revolution in the world as there has been since 1873, and never in the history of the world has there been a time when the mints of the leading commercial nations of the world were closed to the coinage of silver.

Mr. NEWLANDS. No.

Mr. WILLIAMS, of Massachusetts. Now, therefore, you can draw no histori al or analogical lesson from the past. The problem, in other words, is a new one.

Mr. NEWLANDS. Yes; it is a new one. I think, however, that we could safely assume that as silver has been the acknowledged money of the world——

The CHAIRMAN. You do not mean to say that from the past you can not reckon as to the future? Is it not a fact that France has opened her mints for over forty years, and as a historical precedent kept the two metals together at 15½ to 1?

Mr. NEWLANDS. That is so; but we have no precedent in this country. We have had none whatever since silver was demonetized.

The CHAIRMAN. We are speaking of the light of the history of the past. Mr. Williams says we have nothing to go by. Is not the action of France a very good example?

Mr. WILLIAMS, of Massachusetts. What is that question?

The CHAIRMAN. I say that you spoke of the light of the history of the past as giving no guide for our information. Now, I desire to know whether France, that has kept the ratio of 15½ to 1 for nearly seventy years, and also kept the two metals at par, has not some bearing upon the situation?

Mr. NEWLANDS. I think so.

Mr. TAYLOR. I want to ask you one question which was drawn out by Mr. Williams. I understood you to say that our coined silver is worth more in England than bullion?

Mr. NEWLANDS. Yes, because they know there that a coined silver dollar will buy as much here as a gold dollar.

Mr. TAYLOR. It would be redeemed, according to your theory, in silver, would it not?

Mr. TAYLOR. Wh would it be worth any more? Do you not know, Mr. Newlands, that all gold coin and all silver coin are taken in England by weight and their value is computed the same as bullion?

Mr. NEWLANDS. I do not know whether that is the case or not.

Mr. TAYLOR. Certainly it is. It is taken no other way.

Mr. WILLIAMS, of Illinois. There is no money sold at that.

Mr. TAYLOR. Every gold dollar that is shipped from the other side is weighed and computed.

Mr. WILLIAMS, of Illinois. Let me ask you a question. Suppose you were in England with $100,000 United States standard silver dollars and wanted to sell them, what discount would you sell them at in England? Would you discount them 5 cents on the dollar?

Mr. TAYLOR. I could sell them on a gold basis if this country was paying gold for silver.

Mr. BLAND. Gentlemen, it is time for the House to meet. The committee must adjourn.

The committee adjourned at 12 o'clock m.

STATEMENT OF MR. E. M. BURCHARD, OF WASHINGTON, D. C.

He said:

Mr. Chairman and gentlemen of the committee: Being well aware of the value of your time, and disposed as I am to trench upon your patience as little as possible, I shall confine what I have to say at this time to a single aspect of the question. It is urged by some, who I fear are not friendly to the free coinage of silver, that the United States should forbear action upon that question until report can be had from another international conference which shall be called at some future time to talk over again, as in the past, the irreconcilable differences of interest and of opinion which separate nation from nation and make them competitors rather than comrades in the journey of life.

That this purpose is not wise; that it is a step backward and not forward; that it is fraught with the dangers of delay, and is hopeless of success, I firmly believe, and shall undertake to show by evidence that can not be opposed. Did I propose to argue for the free coinage of silver simply, it could be very briefly done, so briefly, indeed, that it will hardly detain you to present here and now all that is essential to the argument.

In modern society the production of wealth, the existence of money, and the extension of credit are ever present and controlling factors.

All just considerations require that these three factors maintain a due proportion to each other.

If wealth production outstrip money production, the money of the rich obtains increased power over the products of labor If credit extends faster than the supply of money will warrant, it becomes insecure—tends toward panic and destruction. Production naturally increases with population and invention; and credit is forced to supply *all lack of money*. The sole source of natural increase of money is the product of the mint, and is limited to gold and silver. The free use of these two metals never yet increased money out of proportion to production of wealth; and they are powerless to do so to-day.

The most extravagant estimate of the product of the world's mines will not appear a due relative proportion of the most conservative estimate of the product of the world's labor.

Therefore if the free mintage of the money metals is insufficient to do justice to labor, and to maintain the proper balance between wealth production, money, and credit extension, restricted coinage *becomes a crime*. I challenge the members of this committee to show wherein the premises are opposed to fact, the reasoning unsound, or the conclusion other than unavoidable.

But men's minds are not now open to argument upon the general question. Their opinions are crystallized by prejudice and interest; and where reason has not already entered at the open door she is hopeless of admission.

Now let me return to the object which has brought me here, and affirm it one worthy of your attention.

Why should the United States seek an international agreement as to how she shall make use of her own? Has she not already twice sought counsel from her distant rivals across the sea; and has she not been already twice told that the European nations will look out for their own interests while she is free to mind her own business and guard her own interests as best she may?

If a reasonable request be made once and refused, it carries no reproach; if it be made again and refused, it cuts the thin skin of self-respect to the quick; but will someone tell me how the same request can be made a third time and then be kept out of it the tone that always distinguishes the subdued whine of the beggar?

I can easily understand how the Wall street banker, who lives upon the commissions paid to him by European investors, can doff the hat and crook the knee to the source of his profit; but I can not understand how a representative of the American people, chosen to uphold the dignity and honor of this great nation in its Congress, can propose, much less consent to an act so well calculated to bring it into contempt.

If the nations of Europe ever come to feel the need of an international agreement upon the subject of coinage or any other, we are justified in the belief that they will also be able to remember our post-office address.

We are told that if we remonetize silver it will cause the abandonment of the gold standard and degrade us as a people to the level of the effete nations of the Old World and the semibarbarous ones of the new. To lift up silver will be to drag ourselves down. According to this doctrine the man who pays a bill with a piece of gold is ennobled by the act, and approximates in character to the exalted level of the British banker; on the contrary, if he pay the same bill with a piece of silver he sinks by insensible degrees and approaches the true Chinese type of character.

What is true in particular must be true in general, and national use of silver becomes national degradation. In the light of this wonderful discovery how grateful become the American people for the vast hoard of silver in the Treasury. What an inconceivable amount of possible degradation do those millions represent. What if we had spent it all—used it as money. Doubtless by this time we should have discarded plug hats, if not collars and neckties; work upon the National Library building would have ceased, and we should all be engaged in raising pyramidal monuments to the memory of the dead kings of finance.

Now we understand why, in all ages past, civilization has dragged its weary length along with many a painful halt and long delay. Men would use silver.

This was the unbreakable chain that tied humanity fast to the lower levels of existence. It was the malign influences of the shining white metal that rendered futile alike the superhuman power of the Christian religion, and the kindly influences of human nature. The present is anno auri 19.

In the year 1873 the new dispensation was ushered in—the golden age of the world when nations shall not use silver any more; and the mighty heavings of popular unrest which have marked the recent years are but birth throes of the coming millennium.

I would beg pardon for bringing such stuff before the committee if it were not that it passes current in the halls of legislation, and wins the well paid praise of a venial press.

But if such a matter can be treated seriously, how does the remonetization of silver place us on an exclusively silver basis? The nation stands to-day, financially speaking, upon its golden leg, with its silver member in a sling, much as you have seen a baulky horse prepared for travel.

It is claimed that if we cut the bonds so that we can put both feet upon the ground the European nations will immediately run away with our golden leg, leaving us as one-legged as ever. I venture the prediction that once the United States gets both feet upon the ground whoever tries to take one of them will gain new ideas of the weight and standing of the United States.

Our security will not then depend upon the miserly clutching of a little hoard of gold, but upon our ability to command the entire metal money of the world. Whence comes this insane delusion of the nations of Europe? In their very anxiety to get money they first throw away one-half of the common stock and then engage in a wild scramble for the remainder.

The most successful enemies that the United States ever met on land or sea are those who forced her to despise her treasures of silver and grovel in unseemly strife for the possession of the world's meager stock of gold.

If we give Europe an even chance she will take our gold and leave our silver. Well, when choice is freely offered it is expected that it will be freely accepted. But are not we equally free? If Europe is free to take gold, are we not equally free to make her take silver? But she will take pay for her debts in gold and sell us goods only at a higher price for silver. Not until we become imbeciles. If she forces a difference in price, I am prepared to guarantee that the United States will have the wit to pay her debts in the cheaper metal and buy her goods with the dearer one. Our dependence upon Europe has been iterated to the sickening point. Europe buys our food for her hungry millions, and we get in return articles of luxury to gratify the pride of the rich and the refuse of her cities to swell the ranks of our poor. Beyond these, except for the *financial advice* imported duty free, Europe, so far as our comfort is concerned might as well be sunk beneath the ocean. She would carry down little of moment to us except a few chance travelers and some thousands of millions of bonds and securities, which latter loss would not cost us a single tear.

Whence comes this insane dread of parting with our gold? Gold at its noblest use is but money, and money is not the good we seek, but only a means of getting it. Money is power, not enjoyment; it is expectation, not realization; it is hope rather than glad fruition. Money is unlike any other created thing; it receives a hearty welcome in every home, but it has for man none but a parting blessing.

The sole use of money is to spend. Deny the right to spend and money is shorn of its power. No poverty is so abject as is his who possesses nothing but unspendable money. No power on earth can take this gold from us except with our glad consent.

We shall not part with it until men come after and lay at our feet all the good that it is potent to command, and this not their estimate of good, but our own estimate of its value to us, and then we shall be fools not to part with it.

The enemies of silver address the American people, now as if they were children, then as if they were fools, and again as if they were oppressed by the despicable passion of the miser.

I say to these gentlemen, you are not acquainted with the American people; you judge of their intellectual resources from the result of an inventory of your own mental furnishing.

What is all this agitation about; what the question that has been gradually plowing way downward to the very subsoil of society for nearly twenty years, and that brings us face to face to-day?

It is simply the question of the restoration of silver. And why the restoration of silver? Simply and only because silver has been degraded from its time-honored place as a money metal. There is nothing wonderful or sudden or strange about this degradation of silver. We know when it commenced, how it was begun, and why it has continued. We shall never be wiser upon this subject. When we can plainly see that certain forces are driv ng a certain thing in one direction, we also see then as clearly as we ever shall that the reversal of the force and its application to the other end of the object will drive it in the other direction. Would we restore silver? Then let us reverse the operation that degraded it. We are told that the price of silver has fallen. Fallen, I ask, from whence? It has not fallen from its old-time place as a purchaser of this world's goods. That was all the place there was for it to fall from; and that it has not fallen is certain because it will buy just as much goods as ever. But it has fallen in relation to gold. Given any two things and one can always be made lower than the other by putting the other higher than it. Given a kite with a long enough string andthe top of Washington's monument can be made to stand at a lower level. Let gold be tried by the infallible test of its power over goods and you will find it to be the rogue that has not kept its place. But let us say that gold and silver have separated. When did they separate? Never until the United States drove silver from her mint. Is it any wonder that they separated from that moment?

It is use that gives power. Use your right arm alone while the other hangs inactive at your side and it will wither. The strong left arm of the nation has withered and shrunk. The Scribes and Pharisees urge us to call an international council of financial doctors; and in the din of their babbling tongues is almost lost the voice of the prophet, who says, stretch forth thine hand and it shall be restored by use. The contention is that while the small United States of twenty years ago could bear silver down by getting on top of it, the far greater United States of to-day is unable to lift it up by getting under it. It were a waste of breath to argue that point.

But why this desire for an international conference so long as we have no scheme of robbery and outrage on foot?

The universal law of life is selfishness, mitigated in individual instances by the law of human kindness.

Nations know neither love, pity, nor remorse. When did they ever unite except for plunder—some partition of Poland or kindred enormity?

And why do we wish them to unite? Can any suppose them unable to see that our sole object is to draw them into a bargain to take our silver in the payment of our debts at the same rate that they value gold?

The man who goes afishing in European waters with only this kind of bait is either a fool confessed or is only fishing for delay.

But why seek an international agreement to take our silver at its foreign gold value, when we can make Europe take it at that rate whether or no? We owe to Europe thousands of millions of dollars, and the silver dollar is the coin mentioned in the bond. Was there ever a more awful instance of idiotic imbecility than that which issues in the proposition that we should pay these thousand of millions in gold when we have not the gold? We are putting the gold into our teeth to bury with our dead, making it into wedding-rings and other adornments for the loved and the fair.

We are becoming so rich that we can not spare gold for monetary uses.

To pay this vast debt in gold we must raise great crops with which to borrow a little of that rare metal; having paid this to our loving creditors, we can borrow it over again and pay it some more; and keep on doing so to all eternity, for if fools enough to begin, what hope remains that we should ever be wise enough to stop?

This is not exactly the kind of luxury that the horny-handed sons of toil have in mind as they stand over the ballot box with the fate of politicians and of parties in their hands.

But why an international conference when there is no international business on hand? It is the sole business of nations to get what each can and to keep what each gets.

To the United States belongs the honor of being the first nation that out of the security of its strength has proposed the adoption of a nobler code of international morality.

But this great question that engages our attention to-day has nothing to do with international affairs. It is enough for one government to administer justice upon that broad domain that stretches from sea to sea. This is a question of the right of the American people to dig into the everlasting hills and bringing thence to the mint their gold and silver to use them both equally for money.

This right is rooted deep in the Constitution of the nation; and though the tree has been broken down and the fruit destroyed by means of legislation that finds no other responsible parent but the devil, the root has never ceased to be watered by the tears of a suffering people.

The last great court of appeals is the people. I come here to-day to represent the people.

The majority of the last Congress that bowed the knee to the Golden Baal—where are they?

Gentlemen, if you can afford to let this great question go over to the Fifty-third Congress so also can we.

I will only detain you long enough to present the testimony of some eminent authorities, which, however, is hardly needed, to demonstrate the folly of depending upon foreign aid in the minding of our own business.

There have been held three international monetary conferences, all in Paris, in the years 1867, 1878, and 1881.

The first was called by the French Government in pursuance of the policy which had achieved the quadruple monetary treaty of 1865, the so-called Latin Union. *Twenty states were represented.* "That conference, animated by a controlling desire to secure a uniformity of money pieces among the nations there represented, and deeming that it saw in gold monometallism the means of doing this, recommended that policy, and with very little consideration of the sacrifices it would require from production and trade."*

The conference of 1878, called by the United States, met at Paris. Twelve states were represented. The object was "to agree upon a common ratio between gold and silver for the purpose of establishing, internationally, the use of bimetallic money and securing fixity of relative value between those two metals."

Mr. Broch stated (p. 18) that "if the conference had for its exclusive object the relation to be established between gold and silver, it was clear that for the Scandinavian states, as for *all states* which have a single standard, this question could offer no practical utility." * * * The resolution upon the part of the states of Sweden and Norway to take part in the conference was formed upon the assurance that the British Government had determined to send delegates with the understanding that in doing so it did not commit itself to any conclusions which may be reached.

The result of the conference was the following expression:

(1) That it is necessary to maintain in the world the monetary functions of silver as well as those of gold, but that the selection for use of one or the other of the two metals, or of both simultaneously, should be governed by the special position of each state or group of states.

(2) That the question of the restriction of the coinage of silver should equally be left to the discretion of each state or group of states according to the particular circumstances in which they may find themselves placed, and the more so in that the disturbance produced during the recent years in the silver market has variously affected the monetary situation of the several countries.

(3) That the differences of opinion which have appeared, and the fact that even some of the states which have the double standard find it impossible to enter into a mutual engagement with regard to the free coinage of silver, *exclude the discussion* of the *adoption* of a *common ratio* between the two metals.

In regard to this declaration of the conference it was said by Count Rusconi (p. 164): "It appears, however, that in drawing up this response special care has been taken to avoid anything that might give rise to a hope, even the most vague, of a future understanding. Not a word is said which reveals the idea of a possible international agreement, and the response is limited to a statement that each one will continue to do at home everything that he pleases (p. 165, upon the same subject).

Mr. Goschen said that the instructions given by the Government of Her Britannic Majesty to its representatives would not permit them to adhere to a formula which would be in opposition to the monetary system of the United Kingdom. But as the propositions which the president had just read do not in any way attack the single gold standard, the English delegates are free to support them. * * * It would be impossible for his colleagues and himself to support any declarations in favor of the double standard (p. 166). As for the desire which has been expressed that the hope be left open that some day a fixed relation may be established between gold

* Report of Am. Com., p. 204.

and silver, and an international value be given to them, he declared that in his view it was impossible to realize this, impossible to maintain it in theory, and that it was contrary to the principles of science.

Mr. Freer-Herzog (page 160) "shared the views which had been expressed by the delegates of Belgium and of Great Britain." Page 163, Mr. Garner said: "In order to maintain silver in its monetary functions, the delegates of the United States have proposed to establish between gold and silver a fixed relation of value, and my honorable colleague, Mr. Pirmez, has demonstrated that *this means is admissible.*"

Page 166. Mr. De Thoerner said He thought it was his duty "especially to guard against the possibility of any interpretation which should be made of that answer in the *sense* of *veiled adhesion* to the system of the double standard. Russia was under the *régimé* of the single standard. Public opinion there was *absolutely opposed* to the double standard, and he thought he could say, without fear of being mistaken, that the double standard *would never be introduced* in Russia."

Page 169. The president, Mr. Say, speaking of the conference, declared that *"no active measure, no common resolution, has come forth from our discussion, and none could come."*

Page 204. The American Commission, speaking of the conference of 1878, says: "The early sessions of the conference disclosed that political complications would combine with economic objections to prevent the accomplishment of the immediate object of the act under which your Commission was constituted, namely, the establishment by international agreement of a fixed ratio in the coinage between gold and silver.

INTERNATIONAL MONETARY CONFERENCE OF 1881 AT PARIS, APRIL 19.

It is a fact full of significance that at the last international conference, that of 1881, the delegates, almost without exception, took occasion to announce at the very start that they had neither authority from their respective governments nor personal inclination to do more than play with the business as a compliment to the United States. The following are some of their expressions:

Declaration of the delegates of Germany.

The Imperial Government of Germany, in taking part in this conference, called for the object of establishing an international monetary system based upon bimetallism, does not intend by so doing to prejudice its further determination in the premises; the declaration of its delegates should not, therefore, be regarded as definitely binding on the Imperial Government, but rather as a basis for further negotiations. (Page 27) * * * Germany, * * * whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position to concede the *free coinage of silver.* Her delegates are, therefore, not able to subscribe to a proposition looking to such action. (Page 30.)

Declaration of the delegates of Great Britain.

The monetary system of the United Kingdom since 1816, that is to say, for more than sixty years, has rested upon gold as a single standard, and this system has satisfied all the needs of the country without giving rise to those disadvantages which have shown themselves elsewhere and under other monetary regulations; and for these reasons it has been accepted by the governments of all parties and by the nation.

The Government of Her Majesty could not, therefore, take part in a conference as supporting the principle of the double standard, and its answer to the invitation of France and the United States necessarily set forth the reasons which prevent it from taking part in the reunion which has been proposed. (Page 31.)

Declaration of the delegates of British India.

The Government of British India, in sending delegates to the conference, is not to be regarded as having, by this fact, admitted the adoption of the principle of bimetallism in the British Indies; and in order that it may be free from responsibility for the conclusions which might be reached by the conference, its delegates are not authorized to take part in the votes of that body. (Page 32.)

Declaration of the delegates of Canada.

I am instructed by the government of Her Britannic Majesty to state, on behalf of the government of Canada, that, while it will give the most respectful consideration to the conclusions of the conference, the government of Canada desires to reserve perfect freedom of action in respect to such conclusions.

Declaration of the delegates of Denmark.

As the Danish Government has no intention of abandoning the single gold standard introduced into the country a few years ago, I have received instructions on the part of my Government to abstain from all discussion of the manner (*quo modo*) by which the bimetallic system could be regulated. (Page 32.)

Declaration of the delegate of Portugal.

The Portuguese Government, in accepting the cordial invitation of the Governments of France and of the United States of America to be represented at this conference, desired, while fulfilling a duty of international courtesy, to give to these two Governments a proof, in all respects deserved, of consideration and deference; but it frankly stated to them that the Portuguese monetary system now in force would not allow of its entry into the bimetallic union now contemplated. (Page 33.)

Declaration of the delegate of Russia.

The Russian Government reserves to itself entirely its right of opinion upon this whole matter, and in nothing renounces its liberty of action by reason of any resolutions of the conference. So far as concerns my personal position in the midst of this assembly, I can not do better than repeat what has just been said on his own behalf by my honorable colleague the representative of Portugal. (Page 33.)

Declaration of the delegate of Greece.

The delegate of Greece, in presence of the declarations made by the honorable delegates of England, of Russia, of Portugal, etc., considers it his duty also to declare that, in his capacity of representative of a state which has adopted monometallism, he would not be able to join in any measure which might lead to a change of this system. (Page 34.)

Declaration of the delegates of Austria-Hungary.

Our attitude will therefore be chiefly one of friendly reserve, and while taking *ad referendum* the results of our deliberations, we are not able to enter into any engagement upon any particular point. And further, if any one of us should think proper to take part in the discussion, it would only be to express his personal opinions. (Page 35.)

Declaration of the delegate of Sweden.

My Government, while reserving the entire liberty of action upon the subject of its monetary system, has given permission to its delegate to take part in the discussions of the conference.

Declaration of the delegate of Norway.

The Scandinavian countries have a monetary union based upon the single standard of gold; my Government reserves all its rights, but has given me entire freedom to take part in the discussions, saving only my obligation to report to it finally. (Page 35.)

Declaration of the delegates of the Swiss Confederation.

The invitation to the new conference implying, as it does, the desire to arrive at the conclusion of an international treaty authorizing the free coinage of gold and silver as bimetallic money, the Swiss delegates will confine themselves to hearing the reasons which have moved the Governments of the United States and France in their initiation. * * * The Swiss delegates will, therefore, not take part in any decision of whatever nature it may be.

INTERNATIONAL MONETARY CONFERENCE OF 1881.

[Government Printing Office, 1887.]

Page 84. The conference of 1881 closed without any formal declaration and without making any real advance towards an international agreement.

It was held at Paris, and the invitation to European Governments was extended by France and the United States. (Page 85.)

Said Mr. Primez, of Belgium: "The gold monometallist states seem completely satisfied with their situation. In vain do bimetallists seek to alarm them by pointing out the evils from which they ought to suffer, the perils which threaten them; they continue to declare that they feel neither ill nor uneasy." (Page 46.)

Mr. Broch, of Norway, said: "I therefore persist, as I did in 1867, and as I did in 1878, in advising the states of Europe and the United States to adopt the single standard of gold." (Page 3.)

REPORT OF EDWARD ATKINSON TO THE PRESIDENT, OCTOBER 1, 1887.

In reporting this case for discussion (in Europe) my method has been as follows:

I have stated that the circumstances of the times in the United States, such as the payment of all the interest-bearing bonds which are now due, the impending contraction of the paper currency by the withdrawal of bank notes from circulation, the probable accumulation of the surplus revenue in the Treasury in the form of legal tender United States notes or coin and other influence, might soon render important legislation an absolute necessity, both in respect to our monetary system as well as to the reduction of taxation. I next called attention to the fact that in the meantime this contraction of the paper currency might or must in almost any case continue long enough to render the circulating medium of the United States insufficient for the wants of the country. (Page 4.)

(1) From the beginning of my work, early in the month of June, until the present date (October 1) I have called urgent attention to two points which I consider of paramount importance.

(2) That for reasons which will be fully given hereafter, silver had been unduly discredited and depressed in its price as bullion in Europe, while it still retained substantially its full value or purchasing power among the vast populations of other continents, among whom it is and must remain the principle and necessary money metal for use in the form of coins. (Page 5.)

I believe most fully that the bimetallism exists *de facto*, and that the use of both silver and gold as monetary metals is an absolute necessity. (Page 2.)

Having thus stated how I have endeavored to perform the duties assigned to me, I now report that in my judgment—

(1) There is no prospect of any change in the present monetary system of European states which can modify or influence the financial policy of the United States at the present time.

(2) There are no indications of any change in the policy of the financial authorities of the several states visited by me which warrant any expectation that the subject of a bimetallic treaty for a common legal tender, coupled with the free coinage of silver, will be seriously considered at the present time by them.

(3) There is no indication that the subject of bimetallism has received any intelligent or serious consideration outside of a small circle in each country named, as a probable or possible remedy for the existing causes of alleged depression in trade.

(4) There is no considerable politically organized body of influential persons in either country with whom a combination could be made, if such a combination or coöperation were desirable on the part of a similar body in the United States, for promoting any definite or practicable measures of legislation to bring about the adoption of the bimetallic theory according to the commonly accepted meaning of that term. The discussion is as yet almost wholly personal, and without any concentration of purpose or the presentation of any well devised measure capable of being acted upon. (Page 7.)

The possibility of a bimetallic treaty without the concurrence of Great Britain has been suggested, but it has apparently no prospect even of consideration in Germany, and very little elsewhere. (Page 9.)

The most important point which I beg leave to present is this:

I am convinced by my own observation, sustained by the observation of others, that it would be unwise and inexpedient for the United States again to take the initiative in promoting action for a general adoption of a bimetallic legal tender, coupled with the free coinage of silver, for the reason that such action is misconstrued and may tend to retard rather than to promote the object aimed at.

The reason is this: The general conviction among the financial men in Europe is that the United States Government is loaded with an excessive quantity of silver dollars which it can not get into circulation. * * * Any effort of the United States to promote a bimetallic treaty and to restore the free coinage of silver is not, therefore, regarded as a sincere effort to promote a better monetary system, of which all nations may share the benefit, but rather as being induced by a desire to promote the special interest of the United States at the cost of whom it may concern. (Page 10.)

So long as the present coinage of the silver dollar of the United States is continued no proposition for a bimetallic treaty for the full legal tender of silver coin can be entertained by European states, since they will not consider, under any circumstances, a proposition for the recoinage of their own silver in order to adjust it to the standard of the United States.

* * * The present coinage acts of the United States depreciate silver as compared to the European and East Indian standard. (Page 15.)

If we compute transactions, bargains, sales by number rather than by amount, silver is even now the principal money metal of the world, circulating as money more freely, fully, and widely than gold.

[Extract from President's message, Congressional Record, December 10, 1891.]

"I have endeavored, by the use of official and unofficial agencies, to keep a close observation of the state of public sentiment in Europe upon this question (bimetallism) and have not found it to be such as to justify me in proposing an international conference."

FINAL REPORT OF THE ROYAL COMMISSION.

[Senate Mis. Doc., No. 34.]

SEC. 105. We would further observe that if the question is to be entertained at all, it appears to us that it should only be on the basis of a ratio between silver and gold, approximating to the present market ratio of the two metals. It would not of course be practicable, for obvious reason to adopt, as the basis of the arrangement, what happened to be the market ratio at the day fixed for its coming into operation. It would probably be thought desirable to take the average ratio for two or three years.

SEC. 115. A further danger to be apprehended is that the nations who were parties to the bimetallic arrangement might not continue to adhere to it.

At present the action of this country is unfettered and not dependent upon the course taken by any other power. This condition of freedom would cease as soon as she became a party to an international agreement. Dangers arising from this cause would be aggravated if it were found necessary, as we think it would be, to embody in an international agreement detailed stipulations with regard to the coinage, currency, or internal financial arrangements of the several countries joining in it.

SEC. 120. Under all these circumstances, while fully impressed with the difficulties of the present situation, and more especially with those which affect the Government of India, we are not prepared to recommend that this country should proceed to negotiate with other nations a treaty embodying a bimetallic arrangement. We feel that the matter needs much more discussion and consideration in the financial world and by practical men than it has yet received, and that we are not in a position to advise with any confidence that the change could be made safely, or without the risk of creating evils exceeding those which we at present experience.

Sec. 128. It must be remembered, too, that this country is largely a creditor country of debts payable in gold, and any change which entailed a rise in the price of commodities generally; that is to say, a diminution of the purchasing power of gold, would be to our disadvantage.

STATEMENT OF MR. FRANCIS G. NEWLANDS—Continued.

Mr. WILLIAMS, of Massachusetts. I was interested, Mr. Newlands, in your statement of the amount of money invested by Europe in American securities, and you stated that those securities were many times in amount the volume of our money in circulation; have you any data on which you base that statement?

Mr. NEWLANDS. I have no exact data, but I think the correctness of my statement will be conceded.

Mr. WILLIAMS, of Massachusetts. Now, as I understand your proposition, it is, that when those countries which hold our securities need money, they will do, and can do, just what England did when the Baring embarrassment occurred, and that is, send their securities over here, sell them and realize money, if they need it, and take it away.

Mr. NEWLANDS. Yes.

Mr. WILLIAMS, of Massachusetts. Now, I want to ask you, how the free coinage of silver, or any other financial arrangement that we may make, will prevent those security holders from doing that very thing hereafter?

Mr. NEWLANDS. Well, we will then engage ourselves more in making money and less in borrowing it.

Mr. WILLIAMS, of Massachusetts. We have borrowed our money and we shall have to pay it, will we not?

Mr. NEWLANDS. Yes.

Mr. TAYLOR. Our securities are on the other side now—they are over there now.

Mr. NEWLANDS. Yes, sir.

Mr. WILLIAMS, of Massachusetts. Can you answer this question: Is there anything in any financial system which you can suggest which will prevent the holders of securities there from putting them upon our markets at such a sacrifice as they choose to make, at any time, taking money in return, and going home with it?

Mr. NEWLANDS. No, there is nothing that will prevent them from realizing upon their securities at any time. But let me answer that further. We borrow money from other nations because we need more money. Now, the free coinage of silver will give us more money of our own, and we will be compelled to borrow less and less. While we may not be able to do away entirely with borrowing, and will not as long as we have a country to develop, yet we diminish that necessity and also the danger.

Mr. TAYLOR. Please explain, right there, how it will give us more money.

Mr. NEWLANDS. I have already shown that the coinage value of the product of the mines, of the world, according to Mr. Leech's statement, is $166,000,000, and that India, China, and the arts absorb about $50,000,000.

Mr. TAYLOR. I understand all that.

Mr. NEWLANDS. This leaves a possible $116,000,000 for us to absorb. But I do not think that we will get all of this $116,000,000. It may be, however, that we will get all of it; we will certainly get more than $50,000,000, the amount that we are now getting by a limited purchase of silver.

Mr. TAYLOR. I understood you to say yesterday, Mr. Newlands, that you did not think we would get any silver, any foreign silver, simply because they will have to take silver dollars when they come here. That is what I understood you to say yesterday.

Mr. NEWLANDS. We will get none of that silver which is in the shape of silver coin.

Mr. TAYLOR. How about silver bullion?

Mr. NEWLANDS. I think we will get a portion of the world's product of the mines. We may get a portion from the Mexican, South American, and Australian mines.

Mr. TAYLOR. You said yesterday in your statement to me, and we agreed on it, that you thought we would not get any more silver from abroad.

Mr. NEWLANDS. I think if you will look over the report of my testimony that you will find that I limited that statement to that portion of the silver that is now in silver coin.

Mr. TAYLOR. Whether you did that yesterday or not, you want to do that this morning.

Mr. NEWLANDS. Yes, sir.

Mr. WILLIAMS, of Massachusetts. I would like to have you follow up that question and answer it. You can not deal with the development of the future. But you stated that there is in existence at the present time a demand by foreign security holders upon us for money, as I judge from your statement, many thousands or millions dollars of money, or whatever they may demand in payment. Does your statement offer any cure or relief against the danger of that demand being precipitated whenever the foreign holders of securities may choose to do so?

Mr. NEWLANDS. It may not diminish the danger of that demand being precipitated. It will diminish the injurious effect of it.

Mr. WILLIAMS, of Massachusetts. Well, now, how?

Mr. NEWLANDS. By giving us larger money volume.

Mr. WILLIAMS, of Massachusetts. How would it give us a larger money volume?

Mr. NEWLANDS. Under the present silver act we add about $50,000 annually to our money volume. Under free coinage, as I have shown, we might be called upon to absorb $116,000,000 annually out of a total coinage value of $166,000,000, the world's annual product. This would be a possible increase of $66,000,000 annually. Let me give an illustration of that. The Secretary of the Treasury, Mr. Foster, states that free coinage of silver, the increased volume of money issued under the present silver law of 1890, saved the country during the crisis of last year, when England took away from us about $75,000,000 in gold by selling in her markets her American securities. As it was, our business men were much cramped and great suffering and loss resulted. We might have saved our people much of this loss, if during the period of three or four years past we had absorbed annually $50,000,000 more of the world's silver.

Mr. WILLIAMS, of Massachusetts. My proposition is, whether we can prevent these things from being done at any given time. That is my question.

Mr. NEWLANDS. We can never prevent our creditors from calling on us for the money which we owe them.

Mr. WILLIAMS, of Massachusetts. Now, Mr. Newlands, is not this true, that what is more likely than anything else to precipitate such a sale of securities is a want of confidence, reasonable or unreasonable, in the minds of the owners of those securities in our financial systems.

Mr. NEWLANDS. A want of confidence in our ability to pay our debts, and a disposition to realize upon their securities, might precipitate upon us a demand for the realization of those securities. But it is my impression that no such fear exists.

Mr. WILLIAMS, of Massachusetts. Well, that is another question.

Mr. NEWLANDS. All these obligations are payable in gold; they will be paid in gold.

Mr. WILLIAMS, of Massachusetts. Are they all payable in gold?

Mr. NEWLANDS. I will correct that. The United States bonds are payable in coin, but you will find that almost all the other kind of securities that have been made of late years, railroad bonds, municipal bonds, and the bonds given in the various enterprises of the country, are made payable in gold.

Mr. WILLIAMS, of Massachusetts. That is true.

Mr. NEWLANDS. But, you must realize that you diminish the value of every unit of gold by increasing the number of the units of silver; so it makes no difference whether these obligations are payable in gold or in silver, provided we do not pay them in appreciated gold. That is what I object to. I do not object to paying gold, but I do object to paying an appreciated gold.

Mr. WILLIAMS, of Massachusetts. I suppose you are aware, Mr. Newlands, that many millions or hundreds of millions of these securities are not distinctly payable in gold.

Mr. NEWLANDS. I can not tell what proportion of them are. I presume all the national bonds are payable in coin.

Mr. WILLIAMS, of Massachusetts. Undoubtedly; but then you take the railroad securities, they answer the same purpose as the government securities for prepipitating the danger that we are now discusing, and hundreds of millions of those, I think you will agree with me, are not distinctly payable in gold coin in the United States.

Mr. NEWLANDS. I do not think so. I think, as a rule, they are payable in gold coin. That is my information, although I do not know it personally. I have no accurate knowledge.

Mr. WILLIAMS, of Massachusetts. Now, it is true, Mr. Newlands, is it not, that the ability of this country to pay its debts is a very important element in the keeping of those securities on the other side and preventing just such a general sale as you suggest?

Mr. NEWLANDS. Yes.

Mr. WILLIAMS, of Massachusetts. Is it not true that the most important element in that confidence is faith in our financial system, whatever it may be? That is true, is it not?

Mr. NEWLANDS. That is an element, yes.

Mr. WILLIAMS, of Massachusetts. That is an element, and a very important element. Now, suppose the European holders of American securities which are not payable in gold believed that this country would be precipitated to a silver basis by the enactment of a free coinage law, no matter whether you or I am right as to the judgment of the result—if they believed it, would it not tend to precipitate just the misfortune which you describe as possible?

Mr. NEWLANDS. It has a tendency to, if they believe it. I say they do not believe it. On the contrary I believe that the Europeans have more confidence in their investments in American securities than they have in any other kind.

Mr. WILLIAMS, of Massachusetts. In their investments of whatever kind, if they should have the least fear of our ability to pay gold, or our purpose to pay gold for their securities generally, payable in American money, would that not tend to bring every dollar of that security here the minute that confidence was broken?

Mr. NEWLANDS. It would have that tendency, if that belief existed. But, now let me say on the other side, by way of illustration, that a friend of mine went to London shortly after the act of demonetization in 1873, to negotiate some railroad bonds. He went to see a prominent London banker and writer on political economy, whom he expected to act as intermediary in that transaction. In the course of the conversation, this American alluded to the financial condition of the United States; that we expected soon to be in a very prosperous condition; that the mines of the West were producing rapidly, and would tend to solve all our financial difficulties and to restore us to specie payments.

This gentleman said to him "You forget that you have denied yourself the use of your mines." The American asked him what he meant. He said, "You have demonetized silver," and that was the first information this American had of the demonetization of silver in the United States, information acquired in England, too. This gentleman went on to say the effect of the demonetization would be to contract the money volume, and that he did not think it a good time to invest in American securities. So you see they realized—these thinkers, and they had more thinkers upon this subject than we had prior to the agitation of the last 10 years—they realized the effect of a money contraction and they know the effect of a moderate money expansion, which brings prosperity. I believe that among thinking men of Europe it will produce a greater confidence. I believe that England laughs at us to-day for our folly in refusing to enjoy the benefit of our own product.

Mr. WILLIAMS, of Massachusetts. One more question, Mr. Newlands. You must excuse me, but this is an opportunity for us to find out your opinion upon points which suggest themselves to us. I want to say just a word about your statement concerning the demonetization of silver by the United States. It was not known, and was not for three or four years, or until 1876, when we saw that it was beginning to affect us?

Mr. NEWLANDS. Mr. Bland can tell us about that. I think it was found out in a year or so.

The CHAIRMAN. The next year.

Mr. WILLIAMS, of Massachusetts. A year or two after, and up to that time, as near as you can get at it, nobody suspected what the operation of the law would be.

Mr. NEWLANDS. I will not say that nobody suspected.

Mr. WILLIAMS, of Massachusetts. Did you know anybody who had realized it?

Mr. NEWLANDS I think it was very well known by that time.

Mr. BARTINE. John J. Knox claims that he knew it all the time.

Mr. WILLIAMS, of Massachusetts. Excuse me, Mr. Newlands, I do not want to take up much time, if you will just——

Mr. NEWLANDS. I think that John J. Knox knew it, and I think that Senator Sherman also knew it. I do not know of any other public men who knew it.

Mr. WILLIAMS, of Massachusetts. Do you know of any public men abroad who knew it?

Mr. NEWLANDS. I have stated to you that this Englishman knew it before an American who was quite active in public affairs.

Mr. WILLIAMS, of Massachusetts. Do you know that it was appreciated anywhere what the result of that act would be? You have stated but those two men.

Mr. NEWLANDS. I do not think it was appreciated in this country at all. I believe that it was thoroughly understood by the money-lenders of Europe, and the prominent men in great banking institutions, that there would be an effort to demonetize silver and to make gold the only money, and that they were perfectly aware of that fact outside of this country.

Mr. WILLIAMS. You think, then, that all the European financiers having charge of European finances were well aware of that, and that we were so deluded that not one of our leading financial experts, except Mr. Sherman, had any idea of it—not one of them?

Mr. NEWLANDS. I have not said that. I said I know of none.

Mr. WILLIAMS, of Massachusetts. That is the result of it.

Mr. NEWLANDS. I will not say that all the leading financiers of Europe knew it; I will not say that all of them did; but I believe there was a general understanding, however, among those great houses who either loan money themselves or lend it on account of others, that a great increase in the value of Government securities, railroad securities, etc., would take place if silver could be demonetized, and that every effort was made by them to secure that result.

Mr. WILLIAMS, of Massachusetts. You do not think it was so generally understood here? It was known to England before it was to the people in the United States; that is, it was known by her financial men.

Mr. NEWLANDS. Yes, sir; but my impression with reference to Europe is that all these Governments in regard to financial matters are under the control of the great money lenders. I do not believe there is a sovereign in Europe who can do business without a banker as a partner.

The CHAIRMAN. Is it not true that Mr. Hooper reported a bill demonetizing silver, stating at that time that they had had the advice of foreign financiers in the preparation of that bill.

Mr. WILLIAMS, of Massachusetts. Mr. Chairman, he was a bimetallist, and was favorably disposed to silver.

The CHAIRMAN. I do not know anything about that. I know Mr. Hooper made that statement on the floor of the House, and it is in the Congressional Record.

Mr. NEWLANDS. It is well known that Mr. Earnest Sayd, who was supposed to represent European interests in American securities, was here, and that he was an advocate of the demonetization of silver.

The CHAIRMAN. It was so stated by Mr. Hooper, and it is in the Congressional Record.

Mr. NEWLANDS. Whether or not his work was secret, I do not know. The general impression among bimetallists is that it was secret.

Mr. WILLIAMS, of Massachusetts. Then your impression is, that the financial policy of Germany was based upon this secret unknown quantity in the bill of 1873?

Mr. NEWLANDS. Partially.

Mr. WILLIAMS, of Massachusetts. Well, now, to what extent and what authority have you for stating that it had no information whatever?

Mr. NEWLANDS. Well, we all know that prior to 1873 Germany was a silver standard country. Prior to 1871 she had gone upon the silver standard. In 1885, in obedience to that class of economists who declared that there was too much gold being produced in the world, and that it was to the interest of the money-owning classes to make silver the only standard——

Mr. WILLIAMS, of Massachusetts. Just a question. Do you not know that Germany's policy was practically announced in 1871, before the measure of 1873 had been seriously thought of in the United States.

Mr. NEWLANDS. I do not understand that it was. All that Germany did in 1871 was to restore gold. In other words, she put herself upon a bimetallic basis by her action in 1871. She never demonetized silver until two months after the United States had done so. Now I assume that the fact that the United States, which is a silver producing country, proposed to reject its own silver bullion and to throw it upon the nations of Europe was a potent factor in the determination of Germany.

Mr. WILLIAMS, of Massachusetts. You are aware, I suppose, that up to that time and within the five years previous the coinage of silver in the United States had not exceeded $3,000,000, and that the silver coinage of this country was not a factor in the coinage of the world at all?

Mr. NEWLANDS. That is true, but you must recollect that the silver dollar in America was worth $1.03, and that the holders of bullion could get more——

Mr. WILLIAMS, of Massachusetts. I understand that.

Mr. NEWLANDS. For it in Europe than they could here, and hence they sent their bullion over and it was not coined here.

Mr. WILLIAMS, of Massachusetts. And for that very reason the United States was not a factor in the question which Germany had to meet.

Mr. NEWLANDS. But recollect the product of silver was largely increasing up to that time.

Mr. WILLIAMS, of Massachusetts. Well, not in 1873.

Mr. NEWLANDS. All along there.

Mr. WILLIAMS, of Massachusetts. The great increase was made after that, was it not?

Mr. NEWLANDS. Well, I can not say——

Mr. BARTINE. It was in 1873 or 1874—it began in 1872. That was the crowning point. The great output of the Comstock lode was made in 1872.

Mr. TAYLOR. I understand you to say, Mr. Newlands, that you think to-day under a free coinage act $50,000,000 or $60,000,000 would come to this country.

Mr. NEWLANDS. I think, in all, we would be called upon to absorb between $85,000,000 and $100,000,000 annually.

Mr. TAYLOR. Well, that would be $50,000,000 or $60,000,000 from foreign countries, would it not?

Mr. NEWLANDS. We have about $50,000,000 here.

Mr. TAYLOR. Then $50,000,000?

Mr. NEWLANDS. Well, possibly $50,000,000, though I hardly think it would reach that amount.

Mr. TAYLOR. Forty millions of dollars?

Mr. NEWLANDS. But, you must recollect it is not simply an increase of the money volume, but it is also increasing——

Mr. TAYLOR. Excuse me. Wait until I get through, then you can make your speech. It would increase the circulation of this country then that much, would it not?

Mr. NEWLANDS. Yes; I wish it would increase it. I wish we could absorb $150,000,000.

Mr. TAYLOR. When they bring that silver here they will have to have something for it, will they not?

Mr. NEWLANDS. Yes, sir.

Mr. TAYLOR. What would they get for it?

Mr. NEWLANDS. They would probably take it in products at a very good price.

Mr. TAYLOR. Take things they need?

Mr. NEWLANDS. Take things they need, and we do not want.

Mr. TAYLOR. If they could not pay for it in silver, they would have to pay for it in something else, would they not?

Mr. NEWLANDS. Yes.

Mr. TAYLOR. They would have to pay for it in gold, would they not?

Mr. NEWLANDS. It might be, if they wanted to.

Mr. TAYLOR. Well, I say ——

Mr. NEWLANDS. You will find that it will simply create a new demand for our products.

Mr. TAYLOR. They would not take anything that they did not want, simply to get rid of their silver, would they?

Mr. NEWLANDS. I will show you the immediate effect of it.

Mr. TAYLOR. You can answer that question?

Mr. NEWLANDS. You say I make a speech whenever I reply. I can not answer these questions monosyllabically.

Mr. TAYLOR. You can answer the question, whether they would take anything they do not need, simply to get rid of their silver.

Mr. NEWLANDS. No, they would not take anything they do not want. But they would take things from us that they might not be able to get from other localities. Take for an instance India. Suppose we just restore the value of silver to $1.29 an ounce. England would then, instead of doing as she has heretofore, buy silver in this country at 91 cents—from 91 cents to above $1 an ounce—and then use it at its old purchasing power in India in buying wheat and cotton there, she would do away with her purchases of silver bullion here, and would purchase her wheat and cotton here. Now, that was demonstrated when the rise took place in silver after the passage of the present act. A rise to about $1.20 an ounce took place, and exports of wheat and cotton from India almost ceased. The exports of wheat and cotton from this country revived. We prospered, but India almost went into insolvency, and great distress ensued. Of course, I do not take any particular pleasure in seeing one nation benefited at the expense or destruction of another, but that it is the fate of all nations.

Mr. TAYLOR. Yes; but, under your theory, silver would go to $1.29 in India.

Mr. BARTINE. That is just exactly the same thing.

Mr. TAYLOR. I say that is out of the question.

Mr. BARTINE. Why, of course you can sell it for $1.29. There is no question about selling it.

Mr. NEWLANDS. Not one dollar's worth of bullion under free coinage of silver would be purchased by the Government here. The owner of silver bullion would simply have the right to take it to the mint and have it coined into dollars.

The CHAIRMAN. If it should go to $1.29 in India that would stop speculation in it.

Mr. NEWLANDS. For an illustration, Sir Robert Fowler, of England, formerly lord mayor of London, and afterwards a member of Parliament, a member I believe of the East India Company, declared before the Royal Commission, that it was to the interest of England to continue the demonetization of silver, for by reason of it she could purchase cheap silver in America, and utilize it buying wheat and cotton in India, and in that way build up India at the expense of America. Those men justified their conclusions with reference to these questions. It was a matter of calculation with them.

Mr. BARTINE. Mr. Williams stated to you that a large amount of these American securities held in Europe were actually payable in silver.

Mr. WILLIAMS, of Massachusetts. Oh, no, Mr. Bartine; gold and silver.

Mr. BARTINE. Now, assuming them to be payable either in gold or silver, and that Mr. Williams's statement is correct—and I am prepared to accept it—would it not, if we should pass a free-coinage bill at once, be to the interest of the holders of these securities to uphold and sustain the value of American silver coin?

Mr. NEWLANDS. I should think so, unqualifiedly.

Mr. STONE. If I understood you yesterday, when you commenced, you stated that your purpose here was, particularly, to give us some reason why an international conference would be futile of result.

Mr. NEWLANDS. Yes.

Mr. STONE. The only reason that I am able to find that you gave was that England and the European nations—England and Germany especially—were creditor nations of ours; that they hold our obligations, and that if we should go to them with a proposition for an international conference that we make to them a proposition to scale down their debts.

Mr. NEWLANDS. Yes.

Mr. STONE. Your judgment is that that is the way it would be received by them?

Mr. NEWLANDS. Yes.

Mr. STONE. And that they would regard it as a scheme to scale down the debts which we owe them to some considerable extent, sufficient to influence their judgment?

Mr. NEWLANDS. Yes.

Mr. STONE. And you think that that would be a logical and proper position for them to take? Is that not true?

Mr. NEWLANDS. Yes.

Mr. STONE. The same effect which that mode of proceedings would have upon their debts, it would have upon all debts of our own wherever held, would it not?

Mr. NEWLANDS. Yes.

Mr. STONE. That is, if it had the effect of scaling down the debt of England it would also have the effect of scaling down debts held in the United States in private enterprises? It would be a general scaling down of indebtedness.

Mr. NEWLANDS. I object to that term scaling.

Mr. STONE. I used the word you did.

Mr. NEWLANDS. I say they would regard it as such.

Mr. STONE. That is the way you expressed it. "We propose to scale down our debts." Now just let me follow it up ——

Mr. NEWLANDS. But, I would like to explain there, I do wish that expression to be put in my mouth as an original one. I do not regard this as a proposition to scale debts.

Mr. STONE. You say that is the way they would look at it.

Mr. NEWLANDS. I regard it simply as a proposition to deprive the creditor of a dishonest advantage which he has got by legislation.

Mr. STONE. That is the way they look at it, as I understand?

Mr. NEWLANDS. That is the way they would look at it.

Mr. STONE. And you think, that that would not be a fair argument in their mouths?

Mr. NEWLANDS. I do not think it would be a fair argument.

Mr. STONE. And that would apply to all other debts? How do you come to say that this would be a dishonest proposition, so far as debts that have accrued since 1873 are concerned?

Mr. NEWLANDS. Simply because the debts that have been made since 1873 have been with reference to this existing agitation which has gone on for the restoration of silver. But, all these men who are opposed to it say, "admit that it is wrong then the statute of limitations ought to prevent it." Now my answer is this, that within one year after the act demonetizing silver was passed, the opponents of that act went into court, and commenced proceedings for its reversal. They have been before the popular court ever since pressing the reversal, and the gold men can't say that the statute of limitations should protect them in the wrongful advantage they gained by legislation.

The CHAIRMAN. It is just as competent for this Congress to restore silver to free exchange, as it was for the Forty-second Congress to demonetize it?

Mr. NEWLANDS. I should think so.

Mr. STONE. Now, then, return to the proposition, Mr. Newlands. Debts created since 1873 are not specially payable in gold, are they?

Mr. NEWLANDS. I do not know about that. I make obligations payable in gold, and I do not hesitate to make them.

The CHAIRMAN. They are payable in legal tender currency.

Mr. WILLIAMS, of Massachusetts. If you should go to borrow on permanent security, would you have to pay in gold?

Mr. NEWLANDS. My view of it is this: While it is true, if I borrow money on bonds payable in gold, and if that gold is constantly appreciating in value, I will be hurt; yet I say that silver legislation will tend to deprive gold of this dishonest appreciation, and hence my bond will not call for any more value really than if they were payable simply in lawful money of the United States.

Mr. STONE. Will you answer this question, Mr. Newlands? Whatever the effect of silver coinage would have upon debts held in Europe, it would have the same effect upon every debt—municipal, railroads, corporations, or citizens of this country wherever held?

Mr. NEWLANDS. Oh, yes; and that is the reason why you will find this conflict of interest in this country. The people who live in the money centers are opposed to this legislation—the creditors are on the one side, and the borrowers and producers on the other.

Mr. STONE. Was it not Mr. Newlands purpose here to give us some reason why an international conference would be futile. This is the only reason given, and that was not the reason you gave a year ago in your testimony, Mr. Newlands, in discussing the same topic.

Mr. NEWLANDS. I do not recall what I said a year ago. I have thought a good deal upon this subject since. Possibly I have gained some new information.

Mr. STONE. Do you not remember that as a matter of fact you did not give this reason, but that you did give one single reason, and that is, as to the character of the commission who were sent by the United States to attend this conference.

Mr. NEWLANDS. I recollect that I did give that reason. We have had reason to complain of the men who were sent over to represent us.

Mr. STONE. Have you, for the purpose of putting it on record, the names of the gentlemen who represented this country in those three conferences in connection with your criticisms on their representative character.

Mr. NEWLANDS. So far as the first conference is concerned I think Mr. Groesbeck and Mr. Evarts represented us. I think no objection could be made to either of those.

The CHAIRMAN. And Mr. Sherman, also.

Mr. NEWLANDS. And Mr. Sherman. What I had in mind at that time was a later development. I refer, for instance, to the appointment of Mr. Edward Atkinson by Mr. Cleveland to go over there and represent the bimetallic interests of this country.

Mr. STONE. At a conference?

Mr. NEWLANDS. No; not at a conference, but in a diplomatic capacity.

Mr. STONE. You have talked about the reason why a conference would be futile. Now, you have given the names of the delegation to the first conference. You say there is nothing in their character that would bear out your objection. Will you give us the names of the delegates to the other conferences.

Mr. NEWLANDS. The second conference? No; I do not recollect them.

Mr. WILLIAMS, of Illinois. It is a matter of record.

Mr. STONE. Yes; it is a matter of record.

Mr. NEWLANDS. The statement might have been too sweeping, because I had not examined the proceedings of those conferences as closely as I ought to have done. There was a general feeling among the silver men that the gentlemen sent to represent this country were not thorough bimetallists, and I think the appointment of Mr. Edward F. Atkinson tended to convince them of that more than anything else.

Mr. Newlands made the following additional statement:

The United States is now thoroughly committed to silver. About one-third of her entire money volume consists of silver, or silver certificates and Treasury notes based upon silver. She must sustain silver. The question is how shall it be done? If she concludes to stop the further use of silver, then silver bullion in the world's market will decline, and the difference between the bullion value of silver and the coinage value of our silver in circulation will be emphasized. If she goes on with the present limited purchase of silver, the decline in its bullion value will be progressive. Free coinage of silver alone will restore the value of silver, for no man in the world will take less than $1.29 per ounce for his silver, provided he can have it freely turned into coin in the United States mints.

Under the present limited purchase of silver the bullion value of silver must steadily decline, for the reason that there is no real competition in the world's markets.

The demand for the world's product of silver, which amounts to about 134,000,000 ounces per annum, comes from the United States, the arts, and the purchasers made in England upon Asiatic account. England's purpose is to keep down the bullion value of silver, as by so doing she secures a large profit in her dealings with India, and she advances the use of Indian wheat and cotton. The silver product of the world is for sale in New York or London markets. The transactions are all made by a few brokers who are engaged in that business in New York and in London, and who have a perfect understanding by which the price of silver is kept down. The purchasers of silver are few, and the transactions are in large amounts. The sellers of silver are the numerous mining companies engaged in silver production. There can be no competition among them, for they are too numerous and too much dependent upon current sales for the payment of expenses. It is perfectly easy, however, to make a combination amongst the buyers of silver. That such a combination exists no observer of events can deny. The buyers of silver know that the compulsory-purchase law of the United States must be complied with. They therefore stand out of the market when the United States is a buyer. When she has secured the 4,500,000 ounces in a month required by law, it is comparatively easy to divide up the remaining 5,000,000 or 6,000,000 ounces among the few brokers who are bidding for it.

If a piece of land is for sale at auction, and there are but three bidders, and each bidder agrees with the other that he will take only one-third of the land, it will be easy for them to fix the price themselves which they are to pay. Such combinations amongst bidders at auction sales will invalidate the sale at law, and yet these combinations amongst the various buyers of silver to secure silver bullion at their own price is successful every month, and that success has resulted in the constantly continuing decline of the price of silver.

Gold would decline if it were subjected to the same conditions. The only way to restore silver is to give it the same privileges as gold. The gold-owning nations of Europe will not join in this. The United States, aided by all the Central and South American silver-using countries, aided also by silver-using Asia, aided in the future by Africa, which will call upon the world or a portion of its money in order to facilitate its exchanges, can easily restore silver to its old parity by courageous action.

There is no choice left to the United States. There is not enough gold in the world for use as money. It will only increase the gold famine to reach out for more gold. It will effectually impair the value of one-third of its currency if it does not adequately protect silver.

Mr. Newlands added by way of explanation to his answers to Mr. Williams and Mr. Taylor, that the only countries from which it was feared silver would be precipitated upon us from the existing store of silver coin were European countries. He stated that in those countries the ratio was 15½ to 1, and that the silver coin there in its exchangeable value for products was $1.33 per ounce in gold, and that hence there would be no danger that the Europeans would put this silver coin in the melting-pot and send it to America, where its coinage value would be only $1.29 per ounce. The countries which were exclusively on a silver basis had, as a rule, no other money, except, perhaps, paper, and it was clear that their silver would not come to us. Hence the only surplus silver which free coinage would have to lift up was about 3,000,000 ounces on the New York market. Free coinage would cause this to disappear and would absorb the current product of the mines, and the result would be that no silver in the world would bring less than $1.29 in gold.

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 all 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 the 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.