

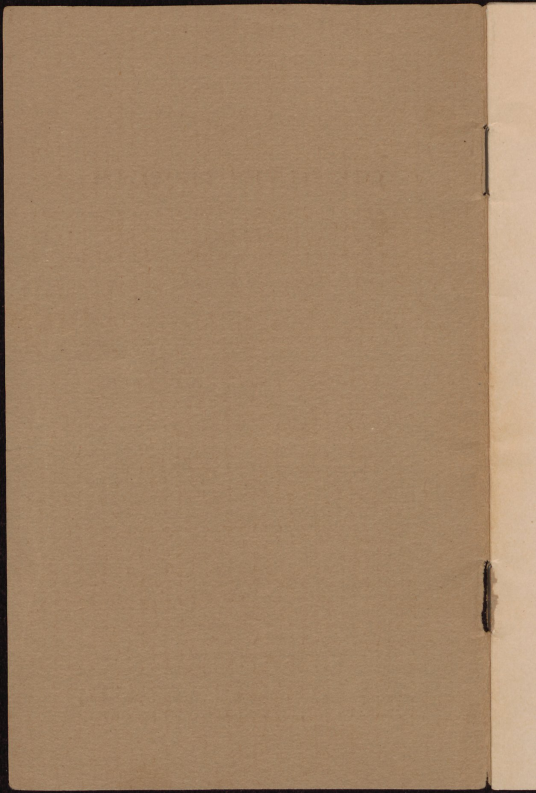
THE  
**SILVER PROBLEM.**

SOME  
QUESTIONS AND REPLIES.

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WASHINGTON, D. C.  
THE CHURCH NEWS PUBLISHING CO.

1898.



## THE SILVER PROBLEM.

What is the greatest problem yet unsolved by civilization?

The problem of finance.

To what an extent is it a factor in the affairs of men?

It is paramount; for out of it civilization itself has grown. Without some knowledge of the subject the world to-day would have been little better than barbarous.

Is it yet a recognized science?

No.

How, then, are we to deal with it?

Not after the manner of doctrinaires (as has characterized it since 1873), but in the light of past experience.

What lessons are we to draw from that experience?

That whenever the world's volume of money is contracted mankind retrograde towards barbarism, and, conversely, that whenever the world's volume of money is increased the human race turns to progress and enlightenment.

Mention some eras of expanding currency.

Rome, when the tribute money of the Orient flowed into her coffers; Europe, after the discovery of the silver mines of the new world, and the great stimulus which the whole race received upon the discovery of gold and silver in California and Australia.

Give some instances of a contracting currency and its effect upon mankind.

Rome, when her money flowed out of her for Oriental luxuries; the Mediæval Ages, when through a lack of currency mankind had set steadily towards decadence; Europe, generally, when the Spanish-American colonies re-

belled from Spain and stopped the exportation of silver. This crisis finally culminated in the terrible times of 1846, which were relieved, however, in 1850 by the mines of California and Nevada, and precipitated again in 1873, when by demonetizing silver the world deliberately destroyed one-half of its money metal.

What are the relations of the United States and India as to wheat and cotton?

They are competitive—that is, both countries seek a market for their cotton and wheat in the great food buying countries, England and Germany.

What are the relations of the United States and India as to silver?

They are mutual—that is, the United States are the greatest producers of silver in the world, and India the greatest buyer of silver in the world.

What is the capacity of India to absorb silver?

It is practically unlimited.

Can you give some reason for this large absorption of silver?

It is due to the fact that the Indians are great hoarders of the white metal. Even the poorest ryot melts up his coins into anklets, ear rings, and bracelets with which to adorn his person. Immense amounts are therefore withdrawn from circulation, and in the more isolated parts of the country money is so scarce that transactions have to be carried on by barter.

Is there another country so anxious for our silver as to be willing to pay gold prices for it?

Yes; China. China takes \$50,000,000 worth of opium from India every year (England forced China to do this, you remember, at the cannon's mouth), not a dollar of which ever returns to the Flowery Kingdom. So China, from this source alone, would need \$50,000,000 of silver an-

nually to keep stable the volume of her currency, allowing no increase whatever.

Surely the amount of silver mined in the world per annum must be enormous, since it does not rise in the face of this tremendous demand?

No; it is not large. According to Soetbeer, the great gold writer, it is about \$150,000,000 per annum, and, as the annual consumption is \$91,000,000 there remain available for monetary purposes only about \$61,000,000 yearly.

What is the amount of money in the world, both gold and silver?

x Fifteen thousand millions of dollars, one-half gold and one-half silver. Sixty-one millions, then, the silver increase, is less than one per cent. of the total silver stock. Yet the monomets tell us that silver is "dishonest money," because it is too plentiful, despite, too, what Mulhall, the greatest of the gold advocates, says on that subject: "If the metals were regulated in value according to existing stocks," he says, "silver would be worth \$2.04 per ounce instead of 94, as now." (1885.)

But why, then, is silver low? Your argument would prove that silver is really scarce, and hence should be worth a good figure.

Silver is low, because it is the policy of England to keep it low.

Why should England want cheap silver?

In the first place, because she is a buyer and not a producer of silver; and in the second place, because India furnishes England with much of her food supply and raw material for her factories. India being subject to the authority of England, must accept silver in payment of these products, and thus, of course, it is to England's interest to buy silver as cheap as possible.

How does England manage her Indian finances?

England charges India an immense sum annually for governing her; amounting in the

x See page 16.

end to quite as much as the balance of trade in India's favor. By this means England can keep silver as dear as she wishes in India, and as cheap as she pleases in London. Indeed, by drawing upon the debt which India pays England for governing her (called Home Charges), England can prevent any silver whatever from entering India.

What are those drafts called which England draws and sells in London against the amount due her from India?

Council drafts. If the Secretary of State for India, in London, issues more of these drafts than he can dispose of, and he has authority so to do, he blocks the market, drives silver down, and buys it at his own figure. A more iniquitous system of thus gambling with one-half of the world's currency cannot be conceived.

Where does England buy the greater portion of her silver?

In this country.

It is England's interest, then, to keep silver cheap in the United States?

Undoubtedly; and the present arrangement suits her very well. We sell her a certain quantity of silver for, let us say, 25 cents. She takes that amount, coins it into a rupee which, when sent to India to buy wheat, cotton, etc., has a purchasing power of 48 cents. Now, as Indian wheat and cotton competes with American wheat and cotton, England practically buys for 25 cents 48 cents' worth of American wheat and cotton.

What, then, would the free coinage of silver do for American farmers?

They would get 48 cents instead of 25 cents for 48 cents' worth of wheat and cotton.

It appears, then, that Great Britain has two kinds of honest money and two kinds of dishonest money?

Yes; in England gold is honest and silver dishonest, while in India her Majesty, the Queen, speaking for the bond-holding classes,

declares that gold is dishonest and silver honest money.

Under such circumstances, where should our silver go?

To the east—to China and India, where it is wanted and where it would bring 100 cents on the dollar?

Would such an arrangement be opposed in the United States?

Undoubtedly; first, by the high tariff men; and second, by the ubiquitous American banker, because it would interfere with the existing very profitable arrangement between him and the foreign money lenders.

England, then, who is a buyer of food and raw material for her factories, is interested in keeping silver down?

Beyond a doubt, for with the present arrangement she has the industrial classes of the whole world working for her.

And we have apparently little to hope from her?

You have evidently not forgotten the treaty of Assiento, when early in the eighteenth century England extorted from Spain the exclusive right to sell African slaves to the Spanish-American colonies. From a nation whose finances are built upon blood money we can indeed hope for little.

How did England acquire the power of naming the price of American silver?

Through the demonitization of silver in 1873.

How was that accomplished?

The money-element of our eastern cities are agents for the great food-buying countries—England and Germany. Agents, you know, generally do the bidding of their principals, and as it was to the interest of the principals to have cheap silver, their agents, the money-element of our eastern cities, engineered through Congress in 1873 the bill that demonetized silver.

Could England and Germany have thus long retained their hostile policy to our silver with-

out the connivance of the United States Government?

No; the law that created the public debt of this country provided that the duties should be collected in gold and silver, and that the interest (6 per cent.) and the sinking fund (1 per cent.) should be paid out of such revenue in gold and silver. The policy was to tax this generation only 7 per cent. of the principal; but the bondholders induced the Government to pass a law that the interest should be paid in gold alone. The Government even went further. So anxious was it, it seems, to supply the bondholders with gold that each year for the past twenty years it has actually redeemed unmatured bonds to the extent of nearly 30,000,000, thus driving out of the country in that time some \$500,000,000 in gold, which amount would have made us one of the greatest gold-holding countries in the world; instead, this idiotic policy of the Government has made us one of the smallest holders of that metal, and reduced prices to the level of the dark times of 1846. The plea that the anticipation of these bonds was a saving to the country is pure idiocy, in the light of the present condition of the treasury and the industrial classes of the United States. The debts of the world amount to about \$35,000,000,000. They were contracted when both gold and silver was money. They are to be paid now in gold alone. Is there an intellect in the country (except that of an American banker) so muddled as to deny that this arrangement gives absolute authority to the bondholding classes—an authority as autocratic as was ever established by any Government? I think not.

But why should demonetizing silver make it fall in price?

Demand for any article fixes the price for that article. Take away the demand and the price falls. The bill of 1873 took away the demand for silver as money by making it legal tender for small amounts only, and in obedience to the



laws of trade it fell in price. Suppose we could legislate against wheat as food. Why, the demand for wheat would, to a great extent, cease, and wheat would fall in price just as silver has done.

Did Congress deliberately kill silver in 1873?

No; it was accomplished by fraud. President Grant himself, who signed the bill, had no idea that it demonetized silver, as six months after he affixed his signature to it he wrote to a friend in New York expressing the hope that the American people would now begin to hoard silver against the tight money-market and crises hatched in Wall street.

Was it not a terrible oversight on the part of Congress and the President?

It was; and, strange to say, it was not discovered till several years after. Specie was then, and in fact until 1879, suspended, and because there was no specie in use by the people, they, as has just been asserted, failed to discover the fraud.

In what did the surprise and indignation of the people result when they became aware of the deception?

In the monetization of the silver dollar by the Bland Act of the 28th of February, 1878.

Did this restore the free coinage of silver?

No; the influences of the bondholding classes prevailed to such an extent that the act simply remonetized the standard silver dollar then in existence and failed to provide, as did the act of 1873, for the *continued* coinage of the standard dollar.

Has anything been done since that time by Congress touching the silver question?

Nothing, except by the act of July, 1890, to direct the purchase of 4,500,000 ounces of silver per month by the Government, and the repeal of this purchasing clause at the late extra session of Congress. Silver is now completely demonetized, and occupies the position of subsidiary coin.

According to the gold advocates, bimetallism is a new thing—a late craze of the silver men. What are the facts?

Bimetallism was established in England in 1717 by Sir Isaac Newton, master of the English mint, and worked admirably in that country. It was established in France by Napoleon in 1803, and continued in force down to 1873. The French mint was open from 1803 to 1873 for the unrestricted coinage of either or both metals; 15½ ounces of silver or 1 ounce of gold was coined into an equal sum of money. Except at a fixed ratio of value between them you cannot keep the two metals in circulation as money in a country, and the truth of this is proved by the fact that from 1803 to 1873 the ratio of gold to silver did not vary. It remained practically immutable—15½ to 1.

Bimetallism, then, does not mean a double standard?

No; there can be no such thing as a double standard; neither can a thing which changes in length, breadth, thickness, or value be justly called a standard.

A fixed ratio is, then, the standard of value under a bimetallic system?

Yes; and experience proves that there can be no unchangeable standard under any other system.

How is it with gold?

Gold, like any other commodity, obeys the laws of supply and demand, and, like any other commodity, can be cornered by speculators.

Is not silver open to the same objection?

Yes, but to a far less extent, because there is more silver than gold in circulation among the people; but either metal taken alone will not answer. Hence the necessity of the bimetallic system. The standard of value under this system is an unchangeable ratio; it is a yardstick which does not increase to a yard and a half and yet is called a yard; it is a gallon which does not augment to six quarts and yet is called a gallon.

You mean, then, to say that our standard, gold, is an ever increasing standard or yardstick?

Yes; many of the monomets even admit that gold has advanced in value. The fact is about 50 per cent. since 1873. The corollary, then, is equally true that the purchasing power of a gold dollar has increased  $66\frac{2}{3}$  per cent. See if this is not true. Try to purchase gold, the standard, with any class of property or belongings you have and you will find that it will take  $66\frac{2}{3}$  per cent. more of your property to purchase a dollar than it took in 1873. And this, by the by, is ample proof that the silver dollar is yet worth 100 cents. If the gold dollar has a purchasing power of 150 cents (and we have just seen that it has), and a silver dollar is worth (according to the gold bugs)  $66\frac{2}{3}$  per cent. of a gold dollar, then it takes but an elementary consideration to see that  $66\frac{2}{3}$  per cent. of 150 cents is 100 cents. Take the index numbers of forty-five of the chief commodities of the world, and you will find that they have kept pace with silver in price. Can any sensible man then say that everything in the world *but gold* has fallen in value, and that gold alone has remained immutable, unchangeable in defiance of the law of supply and demand; that gold despite the terrible struggle for it does not go up in value? None but an American banker would take such a position as this.

What is the present condition of the gold countries?

They are in a chronic state of panic, and trade with them is practically dead. It is hardly an exaggeration to say that a loss of \$50,000,000 in gold to either London or Berlin would precipitate a crisis in England or Germany.

Would not the effect be the same in Paris?

I can best answer that question by putting another to you. Did the loss of \$1,200,000,000 in gold after the Franco-German war bring on a crisis in France, and did the immense sum of

gold which France recently loaned to England to tide her over her troubles tighten money in the French capital?

Why did not France feel this?

Because she had plenty of silver at home which had not been demonetized. Mr. Giffin, "the militant monometallist," as he is styled, actually admits that "the course of the money market since 1871, when the German Government began to draw gold from London, has been full of stringencies. The crises of '73 and '75 were precipitated by it, and since '76, in almost every year, there has been a severity, directly traceable to the extraordinary demands for gold." Mr. Goschen, the great English financial authority, states that "gold has appreciated in price, while the greater quantity of commodities has remained stationary."

But is it not a fact that silver was demonetized in 1873 because it was cheap?

The fact is that silver was demonetized in 1873 when, by reason of its greater convenience as money, it was at a slight premium.

Why, then, was it demonetized?

In reply to this I shall quote from a speech of Sir R. N. Fowler, ex-lord mayor of London, delivered in that city in 1887 before the British and colonial council of trade. In speaking in opposition to a resolution for the restoration of the bimetallic standard he said: "If we continue the present gold policy a few years longer we shall ruin the wheat and cotton industries of the United States, and build up India, the chief exporter of these staples." Mr. I. C. Fielden, a great corn dealer, testifying before the Royal Commission on Silver and Gold, said: "Wheat, all wheat, would be worth \$2.00 to \$2.50 more per quarter than it is now were silver at par." Is it not now plain why silver was demonetized? Our bankers, the agents of the foreign money lenders, did here, as they have ever done, the bidding of their principals, and silver as a money metal was destroyed.

Yet despite these facts we find men in this country, other than money lenders, who favor a gold standard. They can know nothing about the subject.

What are the chief countries upholding the gold standard?

England and Germany and very recently the United States.

How and when did Germany come to demonetize silver?

The Franco-German war was closed with the demand for \$1,200,000,000 of gold from France. Germany thought to crush her enemy completely, so she demonetized her silver, hoping to throw it into the French mints, thereby exchanging all her silver for French gold at the ratio of  $15\frac{1}{2}$  to 1. France, believing that her mints could not bear the strain, ceased to coin at the ratio of  $15\frac{1}{2}$  to 1, except with those countries now composing the Latin Union.

What has been the effect upon England and Germany?

Most disastrous. Their trade is falling of at the rate of millions per annum, and the finances of the whole world are upset. In this terrible state of affairs everybody suffers but the bondholding classes, and these are growing richer in proportion as the rest of the world grows poorer.

When did England demonetize silver?

In 1816.

Why did the world not feel her act at that time or at least did not feel it until 1873?

Because the French mint up to that time kept up the ratio of  $15\frac{1}{2}$  to 1. It is, however, now believed that France need not have closed her mints at all; that even had Germany thrown her silver into them the demand would have continued heavy enough to have absorbed the last franc.

What is the chief occupation of the American banker?

Silently lining his pockets, while noisily pro-

claiming his motto: "The thieving, lying, American dollar."

Are not English bankers guilty of the same inconsistency?

No; they have more respect for the laws of their country, for truth, and the appearance of things generally. For instance, according to English law, a crown piece is worth 120 cents, just as our American dollar, according to the laws of this country, is worth 100 cents. An Englishman would be thought a fool to contend that the crown piece is not worth 120 cents, because the metal in it, if melted up, would not bring 120 cents.

What has been the policy of the bondholders, the bankers, and the Government of the United States for the past fifteen years with reference to the standard silver dollar?

They are hand in glove with one another in boycotting it.

How with the coins of smaller denominations?

Their policy is the same. They are minted at about 6 per cent. below standard purity, and are therefore base coins. The people will not hoard them.

What is the excuse for this?

The gold advocates say that the coins would leave the country if they were of standard purity.

Why is this a mere subterfuge?

Because, at the same time, they tell us that with free coinage the cheap coins of Europe would come to us in abnormal quantities.

What is really the object of this policy?

To keep the people from hoarding, to force the money into banks, thereby centralizing capital.

Why do banks, if they can help it, never give out silver dollars, but halves, quarters, and dimes?

Because the latter are legal tender to the amount of \$5.00 only. The people, then, in-

stead of hoarding silver deposit it in the town and village banks, where it is sent to the big money centers, thereby concentrating capital.

With free coinage, would the cheap silver of Europe flood us?

If Europe has more silver than she wants why does she continue to buy from us every year? England demonetized silver in 1816; Germany about 1873. Has ever a discredited German or English silver coin found lodgment in this country in all those years? None but an American banker could have conceived such an excuse.

Upon what law does the bondholder build all his hope and argument?

Upon Sir Thomas Gresham's law.

What is it?

That dear metallic money goes abroad, and cheap metallic money stays at home.

Is it true?

By no means; else why does Europe annually send to us \$20,000,000 of her dear gold in exchange for our cheap silver?

In any other sense is it true?

Hardly; common sense teaches us that it is the cheap article that goes abroad. People generally keep what is dear to them, and send away what is cheap and what they do not want.

What is the creed of the gold class and the Government?

Dear money and a tight market.

Can you, in a word, account for the chronic unsettled state of the country's finances?

Yes; Wall-street ideas predominate in the Treasury Department at Washington. The idea of Wall street is that an exportation of gold and an importation of silver into a country is the worst curse that could befall it. (We have just seen that it did not hurt France.) When gold goes out to settle a trade balance everything must stand still; all investments and work cease till the gold comes back. Now, as

'tis certain that gold will ever continue to be used for the purpose of settling international trade balances, because of its greater value bulk for bulk than silver, we can assert with as much assurance that our finances will go from bad to worse till silver is remonetized.

But we cannot do this without an international agreement?

That is an American banker's idea, and hence must be received with a grain of allowance. Would not our ratio of 16 to 1 keep German silver (if that country had any to spare) out of the United States, and does not the ratio of 15½ to 1 satisfy all Europe? But let us grant, for the sake of argument, that Europe has silver to spare. Would she send it to us as a present? An American money-lender might take that position, but the common people would argue that Europe would send her silver to us either in exchange for goods (which having never before been brought from us, would start every mill and factory in the country) or in exchange for gold. Well, if gold were at a premium, that premium would remain in this country, and if not at a premium, there would be no inducement to ship the silver.

Have all creditor nations acted with England and Germany on the silver question?

No; France, who was our friend in the Revolution, and who furnished us with men and money, and Holland, who took our bonds on liberal terms when no other country would touch them, are friends to silver and would, no doubt, act with the United States on this question; but this Government simply plays into the hands of its former enemies, and against the interest and policy not only of the majority of its own people, but against its former friends and benefactors. The policy of France is to supply the small silver coins in great liberality. These coins embody the very smallest values. Hence in France nothing is wasted; everything, however small, can be, and is, in fact,



sold. The opportunity is thus afforded to the French of hoarding or saving, and their position in the world of finance to-day proves the beneficent result of this policy. Who paid the 1,200,000,000 gold indemnity to Germany? The free French peasantry, and that, too, within a few months after the demand was made. Could this, or indeed any other country, have done it? Preposterous! Here there is no inducement to save, because there are absolutely no legal tender or standard purity coins embodying small values. This alone will account for much of the national extravagance, but it is the policy of the Government, and the dear people must grin and bear it until they cease to hibernate their intellects.

But the great newspapers of the country tell us that we have done the very wisest thing in demonetizing silver, as it will force England back to bimetallism.

Yes—that is, par excellence, an American banker's argument. We will force her just as the mortgagor forces the mortgagee. As nearly all the gold that the rest of the world can dig out of the earth and borrow goes to England in payment of the interest which the world owes her, we of the United States are in a pretty position to dictate terms to her. In one breath the bondholders tell us that England will not consent to our policy of bimetallism; therefore it would be suicidal to adopt it, and in the next breath that we will force her into it. So the theory, then, of the American banker and the metropolitan editor is that the debtor, in that he is able to force terms upon his creditor, occupies the stronger position. In other words, that he who borrows holds the reins. This smacks of the "vote first and discuss afterwards" motto of the great New York papers, which you remember they used with such effect in disposing of the purchasing clause of the Sherman law. "Hang him first, try him afterwards;" there is as much rascality in the one

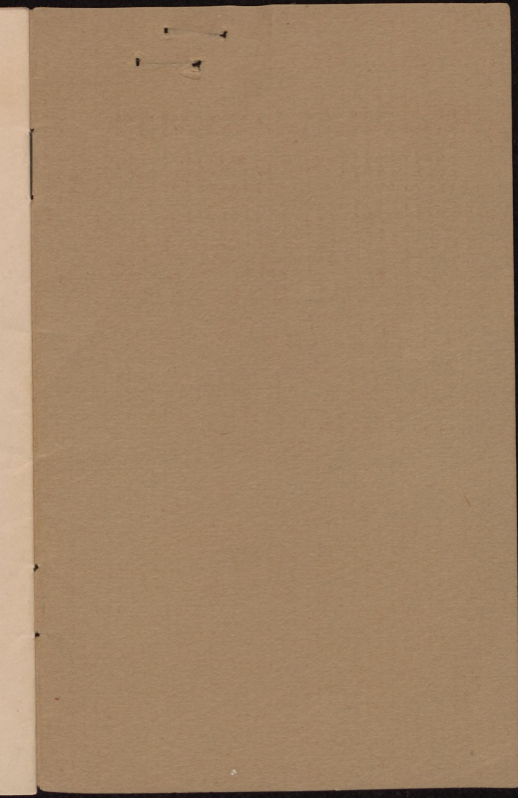
case as in the other. But let England speak for herself touching her return to the bimetallic system.

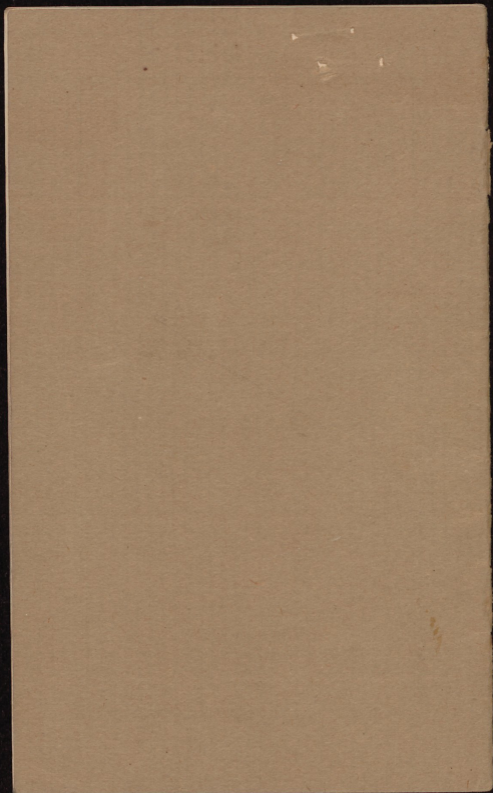
The recent declaration of the Royal Commission is as follows: "It must be remembered that this country (England) is largely a creditor of debts payable in gold, and any change which entails a rise in the price of commodities—that is to say, a diminution in the purchasing power of gold—would be greatly to our disadvantage." England's ultimatum is war to the death against the advance in price of anything but gold.

Finally, you think that every contraction of the volume of currency must be followed by a corresponding increase of the public debt?

Yes; last summer England greatly reduced the coinage of silver in India, with the result that the Indian public debt has just been increased \$50,000,000. The United States a few months ago closed her mints to silver with the result that this Congress will very likely increase our public debt by issuing bonds to the extent of \$200,000,000.

*x Should read—15,000  
millions of metal,  
gold & silver, coined  
and uncoined.*





1  
State of North Carolina  
Executive Department.  
Raleigh.

[1894]

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Repealed Fed. Election Law. Army \$450,000

Reduction of Debt, nearly a billion.

" " General Expenditures, \$28,835,989.70

It has returned to the Treas <sup>cut down</sup> \$25,205,712.65

It has <sup>They Reps</sup> appropriated less for Pensions \$14,949,780.00

Strikes off 15,520 fraudulent pensions

Has restored to people 93,000,000 acres

during Cleveland's 1st admin & the

last Congress a bill passed the House

restoring an additional 54,000,000 acres

It has upheld law & order & put down the  
mobs of anarchy.

It has repealed the law exempting Treas  
notes taxation, so now all money  
must be taxed.

It has passed the best anti-trust law  
ever put upon the statute books

2

State of North Carolina,  
Executive Department,  
Raleigh.

189.....

It has passed an Income Tax law  
that relieves a heavy burden from  
the shoulders of the poor & places it  
on the surplus wealth of the rich.  
It has redeemed more pledges in one  
year than any other party ever did  
& it will redeem them all.