

The Free Coinage of Silver.

Graduating Thesis of
Fannie Carnell.

Class of '97.

The Free Coinage of Silver.

432

It is important to understand clearly and exactly what the free coinage of silver under present conditions means. It is the right of any one to deposit silver at the United States mint and have every $371\frac{1}{4}$ grains of pure silver stamped free of charge, One Dollar, which dollar shall be full legal tender at its face value in payment of debts and obligations of all kinds, public and private in the United States.

Why do we need this free and unlimited coinage of silver?

Is it going to benefit the American people?
If so, how?

Let us first consider how it will benefit the West.

There are a great many reasons peculiar to its resources and environment which justify the desire of the west for free silver.

The term "The West" comprises by far the vaster portion of the union, teeming with unbounded natural resources, and occupied by millions of enterprising and industrious peoples. Conceded to be the granary of the world, it is at once the metallic treasure-house of the nation and the principal source of food supply. Its

annual yield of grain, livestock, wool, and metals, is far in excess of two billion dollars. It furnishes the great lines of transportation with the bulk of their business and equips our manufactures with much of the raw material essential to their continued operation. There was a time when the miner, the farmer, and the ranchman thrived apace. Employment was furnished for all who cared work. The valleys gave their harvests, and the plains their flocks to the sustenance of the people, and the mountains yielded their gold and silver to be coined into money whose value was kept steady and constant by the restrictions of nature upon the sources of supply with the growth of product and population. Content smiled upon a section which seemed blessed with all that nature and free government could bestow.

But these conditions were not destined to long duration. Although nature continued to be as bountiful as ever, and man's energy and capacity for toil flagged not; the sower still reaped his harvests, the herds of the stockgrower increased and waxed fat; the mines yielded their continual measures of metallic wealth, yet prices fell, markets dwindled, and exchanges became stagnant. The yearly balance appeared on the wrong side of the ledger, the torpor of hard times retarded

everything but taxes and the interest on the mortgage, and their persistent demands for payment compelled resorts to fresh loans and increased ratio of interest. What was the cause of all this? There were other minor causes no doubt but the great and underlying cause of these forced and unnatural conditions was the radical transformation of our monetary system in 1873 and the ultimate demonitization of silver.

The people of the west, prostrate under these conditions, desire the free and unlimited coinage of silver because they are honest and want to pay their debts. In past times they borrowed money and agreed to pay the same with interest, but between the date of loan and the date of payment money has become the equivalent of gold. Their property has shrunk in value and the debtor is becoming bankrupt. They see but one remedy for themselves and their country. The restoration of silver, the indiscriminate use of both metals as money redemption, and government issue based thereon. Given this sort of a currency system he can pay his creditors in dollars which are worth one hundred cents each, the price of his products will yield him a profit, the mortgage will cease to be his principal ornament, and

the old days of thrift and happiness will come again.

The west desires free coinage because the unrestricted use of gold and silver coined by the public mints will make contraction difficult and the curbing of the money volume impossible.

Silver can only be used for coins of small denominations. It does the work of the common peoples.

It goes too and remains among them, it is the measure of their small but innumerable transactions.

It does not seek the great financial centers of the land to be held in reserve or utilized in the adjustment of balances, but does the monetary work of the world, when specie is used at all. It cannot be gathered by the few and stored away to the disaster of the peoples and the confusion of governments. It cannot be utilized by syndicates for sale to panic stricken debtors or to governments which they first control and then debauch. Its use relieves the pressure on gold and brass with the latter the common burden of the hour. It steadies value, makes a secure basis for paper circulation, and prevents the acquisition by private interests of the sovereign power to furnish the people with such kinds and amounts of money as in their judgement may be necessary and or

expedient, to be expanded or contracted at their pleasure.

The west desires the free coinage of silver because it is opposed to the further expansion of debt, and sees no other way to avoid it. Why should we beg for loans from the accumulated treasures of Europe when we can dig from the hills the silver and gold from which money has from time immemorial been coined? With the restoration of its money function to silver and its admission to the mints on equal terms with gold, this republic would begin a career of commercial and industrial glory without parallel in its past and with no limit to its future.

The west bears the greater portion of the peoples burdens. If we had the free coinage of silver, enterprise would be encouraged and labor given employment and reward. The marts of exchange and trade should be made to renew their old life and bustle. But these changes can never come with shrunken money volume and falling markets, with bond issues in time of peace, and gold and greenbacks the chief subject of bargain and sale.

What wonder that agriculture languishes like a stricken thing; that farm lands are passing

into the hands of mortgagees; that a tenant class is rapidly springing up. Until the reunion of silver with gold, until the hemispheres shall be reunited in the bonds of bimetallism, there can be no true prosperity for the great producing classes of the west.

The South also wants the free and unlimited coinage of silver. Every one must admit that the money of a country must increase as its business increases. This is the only way to keep a parity between products and money, between debtor and creditor, between man and the dollar.

If any class of peoples of a country must be hurt for the benefit of others, let it be under the principle of the greatest good to the greatest number. Hence is it not better to have twice too much money than twice too little.

The South wants all money to be coined or issued by the government, and wants every dollar to be a dollar without having to be redeemed by another dollar. A dollar that has to be redeemed by another is not a dollar. There is no excuse for the government to coin two dollars and then require that one of these dollars shall be redeemed in another dollar. Whenever this is done it

is for the benefit of the money lender and gambler and at the expense of those who make the products that cloth and feed mankind.

The South wants the free and unlimited coinage of silver as it was before 1873. This will make twice as much money as when gold alone or silver alone were coined in full legal tender dollars.

The South wants as many dollars as the business of the country needs and wants every one of them in real dollars, each one standing on its own bottom. A thing short of this is dishonest and means robbery to the great majority of our peoples for the benefit of the few.

There are many other reasons for wanting the free coinage of silver besides those of the west and south.

From historical accounts it is plainly seen that any nation producing the greatest amount of the precious metals has always been able to control the ratio and fix the relative value of the metals. England's production of silver is less than two mills on the dollar of the total production. Instead of being able to dictate the value of silver bullion she ought not to be consulted at all. She should have no voice in the matter. It would be an

act of imbecility for America producing as it does more than three fourths of the silver in the world, and more than ten times as much as Europe, to allow Europe to fix the price of our silver bullion. Europe does not produce enough to supply her demand. It is to her interest to buy as low as possible. After consuming all the silver outside of America she will be compelled to buy from us if we will only fix a price. Is there any danger of getting too much silver money in the United States? The report of the Director of the Mint published in 1893 shows that ^{the} total amount of silver coin now in existence is \$4,042,700,000. If we had all of it, it would only make a per capita circulation of about \$38.00 for our present population. Is that too much money for the business interests of our country? No.

It is insisted by some that silver is too heavy and bulky to be used as money, that the silver we now have will not circulate, and that the government has impoverished itself already in building vaults in which to store it.

So far as circulation is concerned we now have a law allowing any person who has ten or more ^{silver} dollars to deposit them with the United

States treasurer and receive silver certificates, therefore. The people now prefer the certificates. All the silver in the world could be put in a single room of sixty cubic feet.

But what is the probability of the United States becoming the dumping ground of all the cheap silver in the world? About one half of the silver in the world is in India and China.

They are heavy consumers of silver. In order to obtain the amount of silver required by them they have established a ratio of 15 to 1. Every ounce of silver they have costs them \$1.37. This certainly is not cheap silver. Not a dollars worth of their silver could be brought to the United States without a loss of 70% to the shipper, besides the cost of transportation.

Europe has a ratio of $15\frac{1}{2}$ to 1. None of European silver is cheap silver, and none could be shipped to this country without a loss of three percent to the shipper, besides the cost of transportation.

Besides, ^{Europe} has no silver to spare as she does not now produce sufficient for her own circulating medium. Hence the United States would become in the future as in the past, a large exporter of silver.

Would free Silver drive gold from our

country.? Under the Bland Act gold men said our gold would leave us. But it did not do so. When the Bland Act became a law there was but \$213,000,000 in gold in the United States. Instead of driving gold out there was a steady stream of gold flowing into our country.

It is frequently urged that free silver will interfere with our foreign trade; our money will not be good in Europe they say, if they have the gold standard and we free silver. It is not necessary that our money be good in Europe; foreign commerce is carried on by means of bills of exchange. Balances are settled with commodities, when gold is used it is used as a commodity, not as money, as bullion, not as coin. It would be used the same way no matter what sort of home currency we have. A change to free silver will make our demand for silver greater than the demand in Europe.

Until wages rise in equal proportion with the rise of prices, free silver will give our manufactures a greater advantage in foreign markets than they now possess. But when conditions can have time to adjust themselves they will show very little change in consequence of free silver. In respect to the use

of money in other lands, there is little doubt that after gold and silver have reached an equilibrium our money will be taken in Europe at the same value it has here; and if it were not so it will be always easy to obtain letters of credit, which are now in fact the ordinary means of obtaining funds and making payments while journeying in foreign lands.

Another objection to free silver is that it will produce a great disturbance, possibly a panic, and ~~that~~ it is the first step in a campaign of anarchy and ruin. This may be, as a small group of great capitalists can by acting in concert at any time, in the withdrawal of loans, tying up money, manipulating stocks, bonds, and gold, flooding the market with securities, produce a panic. Or if capital believes free silver will cause a panic, that is one of the strongest reasons to fear that it may cause a panic.

At the worst however a panic would not last, the rise of prices would speedily check it and turn the tide of affairs toward prosperity.

Ex-President Harrison and others tell us that free silver will give us a fifty cent dollar, but that is not true. The silver in a dollar is worth fifty three cents now and will be worth

more when the demand of silver is increased by adding an unlimited monetary demand to the present commercial demand.

When the mints of India closed to silver it fell from seventy cents to fifty cents. Now if they reopened their mints again it would go back to the old level. Its effects will be the same with us. The free silver coined will buy as much dollar for dollar as any part of our present currency and the bullion price will rise to \$1.29 per ounce.

As the volume of the currency is increased by free silver and the issue of paper money based on it, prices will begin to rise, the value of the dollar will begin to fall, and this will continue until prices have risen to the level of four or five years ago and the dollar has fallen to eighty or eighty five percent of its present value.

It is said that labor will be the loser by the free coinage of silver. This is untrue. When prices go up wages will also rise and employment will become more continuous and secure. The resulting stimulation of business will call for more labor, mills and factories will run on full time, and many not at work will be able to find employment; the result will be that a years wages will buy a great deal more

than at present; and finally as the increased demand for labor and the diminution of competition through the employment of the unemployed; there will be a double advantage for labor; better employment and more wages.

The free coinage of silver will put our money on a level with other free silver countries and elevate our prices to theirs. In free silver countries prices have been more stable; they have not declined one half, equity has been maintained between debtor and creditor, the taxpayer, the interest gatherer, the office holder, the mortgagee, and every monopoly has not absorbed a double tribute from the people as they have with us by reason of the gold standard, where by they have made tenants and tramps, who would have been possessed of happy homes entirely out of debt, and living with their families in comfort.

In conclusion let me say that one of the strongest arguments for the free coinage of silver is that it will put in office the representatives of the producing classes, and happiness and contentment will be found in many homes where poverty now abides.

Fannie Carnell.