editor's note: This paper was transcribed from a handwritten cursive copy with various difficulties. For a perfect rendition, the reader might wish to consult the original, itself a copy, in the volume entitled *Literary Club Papers*, Dec 20, 1890 to May 30, 1891)

A Raid on the Treasury

Upon the reassembling of Congress, one of the first tasks of the Republican Party, set for them by the President in his message was the passage of Mr. Lodge's Federal [ ] Bill, commonly called the Force Bill, no bill in the last decade has probably aroused so much adverse criticism but the stubbornness of its supporters seems likely to result in one great benefit, to wit, the defeat of the Stewart Free Coinage amendment. On the decisive vote that disposed at once of the closure and the Force Bills, the Republican Senators from the so-called Silver States stood with the Democrats. It is charged that this is the result of an unholy alliance with the Democrats whose ultimate object is a "free coinage" law. Such a measure has passed the Senate, and now is in the House Committee, where, by reason of the indignation of the "straight out" Republicans at the renegade action of their brethren in the Senate, it seems likely to remain. However if defeated by delay in this Congress, it is sure to come up in the next where the silver men can be relied upon to control the Senate, and where the Democrats, who are very shaky on silver, will have an enormous majority in the house, so that it is a reasonably certain that the presidential veto is all that stands in the way of free coinage of silver.

Whatever honest differences of opinion may exist as to a single silver standard, national or international bimetallism, the "free coinage" as at present demanded by the representatives of silver, means legalized robbery. It is the grossest piece of class legislation in the interest of speculation, that has ever been attempted in the country, except perhaps, the previous attempts in the same interest. The inequalities and iniquities of the protective tariff sink into insignificance when compared with this gigantic steal, and yet the demand for "free coinage" seems steadily to gain ground and it is our duty as citizens to arouse our selves to the danger that threatens us. Each of the great political parties is trading to gain the silver support and nothing can be expected from them.

What therefore does the impending of "free coinage" measure provide? Simply that any person who will take to the mint of the United States 371 1/4 grains of pure silver shall receive in exchange therefor a dollar containing 371 1/4 grains of pure silver (412 1/2 grains 9/10 pure) no deduction being made for the cost of coinage and alloy. Silver as an article of commerce is worth today about $1.05 per troy ounce, or one dollar will purchase 457 1/7 grains of pure silver. A silver man will therefore take to the mint 371 and quarter grains of pure silver and get back a silver dollar, which he can use at once to purchase 457 1/7 grains of the same metal, a profit for him of about 86 grains of pure silver or to put it in another form, the amount of silver in a silver dollar 871 1/4 grains pure) can be bought in the bullion market for 81 1/5 cents. Therefore a silver speculator can take 81 1/5 cents buy with it 371 1/4 grains of silver, take it to the mint and obtain a dollar or 100 cents a prophet to him of 18 4/5 cents.

And what is the justification for such an iniquity? It is claimed that the amount of silver in the dollar is actually worth a dollar but that the demonitization of silver in 1873 caused gold to appreciate rather than silver to depreciate and that a complete restoration of silver by “free coinage” would bring about that dream of the bimetalist, – a double standard, where both gold and silver perform their functions as money, neither driving the other from its rightful position in the coinage.

If this position is the true one it would necessarily follow that before the demonitization of 1878 gold and silver always stood on a parity. But what are the facts? First the value of gold as shown by its power to purchase other commodities has not risen but silver has fallen very much as compared with other products as well as with gold. And this state of facts has brought about what will always follow any attempt to use two standards of value at a fixed ratio, when the real ratio is constantly changing. When the gold in a gold dollar is worth more for mechanical purchases than the silver in a silver dollar, people will use the silver for money, and turn the gold into the melting pots of the jeweler and when the silver in the dollar rises in value above the gold in the dollar, away goes the silver from the coinage and gold coins alone remain. When a gold dollar is worth more than a dollar for making gold rings, it will be made into gold rings, and gold will disappear from the coinage. In other words, by Gresham's law, “Bad money drives out good money.”

The history of our country's coinage has been a practical demonstration of the futility of all attempts, by legislation, to get away from the operations of the law. The first standard as instituted in 1792 by Hamilton was a double standard. The relation of gold and silver being assumed as 15 to 1. The increased output of silver from the mines of Mexico so lowered the price of silver that this ratio in 1820 had changed to 15.7 to 1. As a result, a gold dollar was worth more as bullion than a silver dollar and long before 1820 gold had disappeared from circulation. So in 1834, the amount of gold was lowered in our coinage to a ratio of 16 to 1. This went too far in favor of gold, the true ratio being about 15 3/4 to 1. The silver dollar became worth more than the gold dollar, so that in 1840, a silver dollar was worth 102 cents in gold. The discovery of gold in California lowered the value of that metal still more so that in 1853, a silver dollar was worth 104 cents in gold in the bullion market. There had not been a silver dollar in circulation however since before 1840 and silver was too valuable for use as money at the ratio then existing. In other words it had become apparent through sixty years experience that it was impossible to keep two metals in the coinage at the same time on equal terms and in 1853, the coinage laws made no further attempt to do so. The double standard was abandoned and the gold standard practically accepted. The silver dollar is not mentioned in this act because such a coin has not been seen for a decade or more. When therefore, in 1873, the silver dollar was formerly dropped from the coinage, legislation was doing what the laws of trade had done over thirty years before. There were no silver men to complain then and for good reason; – 371 1/4 grains of pure silver, the amount that had been the theoretical silver dollar, was worth hundred four cents in gold; and could therefore be used to better advantage elsewhere than in the coinage. The gradual adoption of gold into general use in Europe, bringing about demonitization of silver and driving it out of use in Germany, Holland, France, Belgium, Switzerland, Italy, Greece, and the Scandinavian countries together with the growing conviction that gold as a medium of exchange best answered the purpose, caused silver to fall in value after 1873, and at once began the silver agitation in the midst of which we are still struggling.

Silver fell in value so that while in 1871 an ounce of gold was worth 15 1/2 ounces of silver, in 1876 it was worth 17 3/4 ounces, in 1879 almost 18 1/2, in 1883 about 18 3/4 ounces and today almost 19 1/2 ounces.

The agitation of the silver men was strong enough to pass the Bland-Allison Bill of 1878 over President Hayes's veto, by which the old silver dollar of 1837 was restored to the coinage, and the bill of last year. Neither of these bills is a “free coinage” measure but provides that the government purchase a certain quantity of silver per month at the actual market rate and turn it into silver dollars which are legal tender. As a result the silver dollar, being cheaper than the gold dollar, drove the latter out of circulation and in 1884 the gold dollar practically disappeared from the coinage. But gold is still our standard of value and the fact that a silver dollar will purchase as much as gold is due to the fiat of the government, as silver is still as low in the market of the world as before. No stronger proof can be offered of the self-evident fact that a bimetallic standard can not be maintained by one country's legislation. But in the face of this positive fact the endeavor is now made to force this country into a measure that will “bull” the market of the world for one of its commodities – silver, under a pretended mask, bimetallism. It is a shameless conspiracy to use our government credit to force a value upon a commodity, above the value assigned to it in the markets of the world. We might as well attempt to make the world raise the price of wheat above its actual value because we are heavy producers of wheat. Law cannot fix values. Silver as much as we may regret it, is disappearing from the coinage of the world. "Since 1878 the mints of Europe, without exception have been and still are closed to the coinage of full legal tender silver prices” (Director Leech, US Mint). Gold is the practical standard of the civilized world and until we can at least secure united international restoration of silver to the coinage throughout the world, which will be never, it will certainly remain so. The passage of a “free coinage” bill may for a time raise the price of silver as our government will give a dollar for what is worth but 81 1/9 cents, but when our gold, $702,000,000 worth is gone abroad in the purchase of foreign silver, there will still be over $3,000,000,000 of silver, to bring down the value of what we have bought. Silver will fall again, a dollar will cease to be a dollar and 81 1/2 cents, will be our unit of value. What will have happened in the mean time? All obligations will have been paid off at 80 cents on the dollar, our national credit will be gone, our honor sullied beyond redemption and a new basis of value established, and to balance this a few silver mine owners and speculators will have made great fortunes. This is the milk in the coco-nut. It is not a silver standard that is sought. No one pretends that silver can compete with gold as a <u>single</u> standard. Few believe in a <u>double</u> standard maintained by this country unaided by international legislation. It is the speculator alone that creates the public sentiment, and in conclusion hear how that public sentiment has been created, from the lips of Mr. Conger chairman of the House Committee on coinage.

“You cannot point to a single locality where free coinage resolutions have been adopted except you find in that locality the footprints of the silver bullion owner or his agents, or else the mark of men who are employed by them in pressing this legislation.–... Why, Mr. President, during this winter there has been about this Capitol the most persistent, courageous and audacious lobby upon the question that I have ever seen since my term of service here began..... It has been as bad all the time as it could be; and not only have these paid lobbyists been plying their vocation here, but various other means have been resorted to by the men interested in raising the price of bullion to secure the legislation they demand. Pool after pool has been organized here in the city to speculate in this metal. Money has been deposited in the banks of this country by the thousands and hundreds of thousands, lying there ready to purchase bullion with it as soon as this legislation shall pass. But they oppose our bill. Why? Simply because if our bill passes they have got to trust to the market value of their product for the profits; <u>while if free coinage passed Congress, the government of the United States fixes the value at 30% above what it is worth and they may bring in all the bullion they can buy</u>."

Charles Theodore Greve

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