

else a premium is exacted for the gold. It operates in an entirely different manner from the Bank of England and the effects of its action are borne by an entirely different class of people.

The parties desiring the gold may have ample funds and do not wish to borrow. They are simply made to pay the penalty for dealing in French money and, as Mr. Conant testified at the hearings, in consequence of this practice, a large part of the world's international transactions has been driven from Paris to London.

Effect of Free Coinage

The most serious, however, of Mr. White's incorrect statements were concerning the value of silver if free coinage existed at the ratio of 16 to 1.

"Mr. Gaines (page 47): I say give silver the same privilege given gold now—in other words the same privilege both had before demonetization in 1873, and you had a chunk of silver 412½ grains of standard silver, would you sell it at 49 cents?"

"Mr. White: Oh, no. I would send it to the mint of course and a vast number of others would do the same.

"Why would you do that?"

"Mr. White: Because I could get the mint price.

"Mr. Gaines: Then giving it free coinage would raise it from 49 cents to a dollar?"

"Mr. White: It would raise an ounce, but that it would raise all the silver in the world I deny.

"Mr. Gaines: I am not talking about all the silver in the world."

"This is my final question, Mr. Chairman, and I want to get it fully answered and I know Mr. White can do it and I thank him for his free answers.

"You would not sell your chunk of silver I have described for 49 cents?"

"Mr. White: No.

"Mr. Gaines: Would not giving it the legal right to be coined raise it from its bullion value of 49 cents to its coinage value of \$1?"

"Mr. White: It would enable me to use that particular piece at the value of a dollar."

It scarcely seems possible that Mr. White seriously intended that his answers should authorize the construction which they clearly carry.

The distinction he endeavors to make between silver here and silver all over the world, is not justified.

If the value of the particular chunk in question would be raised by free coinage from 49 cents to 100 cents, why would not that be the case with every other similar chunk or any number of chunks anywhere?

The idea is preposterous.

What the exact result of free coinage might be is a matter of conjecture only and any definite statement made concerning it should be taken only as an expression of individual opinion. It

would create financial anarchy in the United States and almost anything could be predicted. Under certain conditions, it may be granted, that for a temporary period the bullion price of silver would be advanced, but even this is not absolutely certain. It would all depend upon the manner in which the business of the country would accept the situation.

When the legal tender act was passed in 1862 and irredeemable paper notes were issued by the government, the people of the Pacific states and territories refused to accept them as money. They were legal tender there as well as everywhere else in the United States, but the so-called law of unlimited demand for legal tender money which, it is claimed, will maintain the value of such money, had no force upon the Pacific coast. Business continued to be conducted there upon the gold standard and the greenbacks were treated as a commodity and bought and sold at a varying discount.

The entire country in 1862, even if so disposed, could not then have followed the course adopted by the Pacific country for the reason that it did not possess sufficient gold to supply the need for a circulating medium of exchange. But that condition does not exist at this time, and it could now continue to do business upon the gold standard notwithstanding the free coinage law. This being the case, silver coin would be no more valuable than silver bullion, and it is by no means certain that the coinage of silver would be greatly increased. It might thus follow that no material change would occur in the price of silver, and Mr. White's chunk of 412½ grains would still only go for 49 cents.

But no matter what the result might be, the idea is wild and visionary which suggests the belief that an act of legislation by the United States could increase the value of moneyed capital to the extent indicated by Mr. White's replies.

HENRY W. YATES.

Omaha, Neb., Feb. 26, 1901.

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