"Coin's Financial School."

Frank Leslie Magazine.

A correspondent in Genesee, Illinois, asks us to reply to a book called "Coin's Financial School," which he says, is making as many converts to free silver as "Uncle Tom's Cabin" made to the anti slavery cause. "Coin's Financial School" seems a smart book to a person who is wholly unacquainted with the facts of which it purports to treat. It's chief fallacy consists in assuming that silver has been chiefly, if not wholly, affected in its price by the act of Congress of 1873, dropping the standard silver dollar from the list of coins of the United States, and making the gold dollar the unit of American coinage. This is false and impossible, for so many reasons that a few of them only need be cited.

Merely dropping a coin from the coinage of a particular country, or declaring that coin of a different metal shall be the unity of that country, does not lessen the value of the metal of which that coin is made. Jefferson, when President, ordered the coinage of the standard silver dollar stopped in 1805, and none was coined until 1836. It did not affect the price of silver. England stopped the coinage of innumerable coins at various times, and changed standards once or twice. India changed her standard from gold to silver in 1835 without affecting the value of gold; Holland, Belgium, and Portugal denied free coinage to gold between 1852 and 1858, when gold was the cheaper metal, but no such act exercised any influence over the price of bullion of either metal. To affect the value of a money metal something must occur which either increases or lessens the use of the metal, or its supply or its cost of production. Merely passing a statute may set in motion interests whose operation will in time increase the demand for the metal, dimish the supply, or lower or raise the cost. If either of these consequences occur as an effect of the statue, then these consequences may become the causes of a change of value. But in such case the pertinent fact to show is the very cause itself, *i, e.*, the diminished demand or increased supply; but to cite the statute itself is as idle as to cite the song of a black bird.

"Coin" never attempts to show in what degree the act of 1873 lessened the demand for silver or increased the supply. Hence the author traces no sequence between the statute and the fall in silver, because there is none. In fact, silver had been worth from two to five cents more than gold from 1853 to the enactment of the statue twenty years ago. Hence, whoever would have taken silver to the mint to be coined durin that twenty years would have lost from three to five cents per dollar on every dollar he got coined. This raises a strong presumption that no person took any silver to the mint to be coined, not a dollar's worth during the twenty years preceeding the suspension of privilege. So far as any was coined it must have been the act of the government itself in coining into new Americans coins some of the old foreign silver coins which it received in payment of duties. About five millions in eight years and only eight millions in eighty years had been so coined. Hence the privilege of free coinage of silver in the United States had not been worth a cent to the government nor to any holder of silver in twenty years, and it had had no value which had influenced or been capable of influencing, the price of silver at any time. At the time its coinage was suspended America was on a greenback basis, and continued so for seven years thereafter. Silver was practically hidden out of sight by a double shield. **The greenback issues had kept it for twelve years at an average premium of thirty per cent over paper, and it was so much dearer than gold that it was regared as certain that when we should resume specie payments it would be in gold and not in silver, as being the cheaper metal.**

We were producing almost no silver, and had no silver party. Meanwhile Germany, France, and India were all doing acts which tended to greatly lessen the demand for silver and increase the demand for gold. Germany had been through a great war with France in 1870-1, and had exacted the payment in 1871 of one billion sixty-three million dollars in gold. France had paid part and was paying the rest when Germany resolved to withdraw one billion four hundred millions marks in silver from circulation and sell it as metal, and to coin up one billion four hundred and sixty million marks of gold. An idea of the effect of this transaction on the market may be formed when we say that it meant that Germany turned from coin into commodity twenty-five thousand three hundred and seventy-five tons of silver, and called in from the gold market, one thousand six hundred and ninety-two tons of gold bullion and converted it into coin. This is no idle work resting in mere printer's ink. It is hard, concrete tonnage of silver thrown on the market, such as could not have been drawn by a procession of oxen and carts thirty-six miles long, occupying five yards in length for every team carrying two tons of silver. It amounted to a tenth of all the coined silver in the world

Germany's passing over from a silver to a solid gold basis kept her mints very busy from 1871 to 1874. When it began silver was dearer than gold, but by 1874 the premium on silver had disappeared and silver was at a slight discount. Owing to this discount the thirty six miles of cart loads of silver she was releasing and putting on the market for sale as a commodity began to come over into France in large quantities, to seek re coinage into French francs under the double-standard system which France had always maintained. In one year (1873) the offers of silver at the French mint rose from an average of eleven million francs when silver was not at a discount, to offers of one hundred and 19 million francs when silver had passed to a slight discount. This looked to France as if, as the discount grew, the whole flood of Germany's cheap silver would be presented to her to convert into gold. France became alarmed at the quantity of silver offered her, and stopped the further free coinage of silver in 1874.

Meanwhile, also, about a fourth of the world's annual product of silver had for the century preceding 1871 been drawn off to India in payment of the average balance of trade to that country from Europe, arising from the fact that India sold to Europe more than she bought. But in 1871 the great loans which England had been making in India so increased the interest due from India to England on these loans that no drain of silver to India was called for. This also lessened the demand for silver in Europe, and the two metals began to widen seriously in value.

Had France and the United States both continued the double standard and free coinage, France might have checked the downward tendency of silver by submitting to have her gold drawn away from her by gradual exchanges of her gold for the silver of Germany. In 1871, however, the reserves in gold and silver together of the Bank of France had been drawn down to only seventy-nine million dollars, and this was more largely of silver than of gold Hence her supply of gold would have been drawn off probably within a year, and she then would have been reduced to buying silver bullion with her own silver coin, which would have sent her silver coin to the same discount as the bullion.

The United States could not have held up silver by free coinage for a day, because in 1873 it had in the treasury no gold coin, nor even any silver coin worth speaking of, to sustain free coinage with. It was getting in customs duties just enough specie to pay coin interest on its bonded debt, and no more.

It will thus be seen that what "Coin's Financial School" treats as the whole cause of the fall in silver, viz., the act of our American Congress in 1873 dropping the standard silver dollar from coinage, did not lessen the demand for silver by a grain, nor increase the supply, nor lower the cost of production. It was as powerless to hurt silver as a chipmunk. But there were causes operating in other countries adequate to depress the value of silver very greatly. These the United States could not have controlled even by continuing the free coinage of silver until compelled to suspend it. For so to continue the free coinage of silver she must have had a stock of gold coin on hand sufficient to purchase all the silver offered for coinage. In default of this she could only have offered coined silver for uncoined, and this would have driven our silver coin to the same discount as the bullion. Free coinage of the trade dollar, which was legal tender up to five dollars, was by the act of 1873 substituted for free coinage of the standard dollar, and so continued until October, 1877, only five months before coinage under the law of 1878 was resumed at a rate never before equaled. Hence there was no actual suspension of free coinage of silver dollars of some kind except for five months in the winter of 1877-8, at which time silver had fallen to forty six cents per ounce, and the bullion value of a dollar to about eighty cents.

There are many other fallicies in "Coin's Financial School," such as that demonitization of silver occasioned a contraction in the volume of money, whereas the volume of silver money has never in the history of the world increased so rapidly as since silver was demonetized. Its actual coinage since free coinage ceased has amounted for the world to thirteen hundred million dollars, addition of nearly fifty per cent to the whole silver supply, and for the United States to about five hundred and fifty-eight million dollars which is sixty fold as many standard dollars as we have coined in a century Hence, instead of a contraction of silver sending down prices, we have had an enormous inflation of silver fully adequate to send prices up and make times prosperous if silver would do it.

To meet this known fact the doctrine has been invented that prices of commodities so far as affected by money, depend on the volume of money of final redemption only, instead of all means of payment available for the purchase of commodities. It is sufficient to say that no such a doctrine has ever been held by any economist of great or little repute, living or dead. It has been invented to meet the known fact that we have been passing through a vast inflation of coined silver since the free coinage of silver was suppressed, and hence on the theory that prices are regulated by volume of money, prices ought to have gone up.

FELLOW-SERVANTS.

Senate Labor Committee to Report a Railroad Bill.

Jefferson City, Mo., May 6.—This afternoon the Senate Labor Committee, by a vote of seven to three, reversed itself and reported an exclusive railroad fellow-servant bill, radical in its nature and conforming absolutely to the terms of the Governor's call. The bill reported reads:

"Section 1. Every corporation in this State owning or operating any railroad shall be liable for all damages sustained by any employe thereof resulting from the negligence of any other agent or employe of such corporation while engaged in the service of such corporation.

"Sec. 2. No recovery shall be had by any person by this act when the person injured shall be guilty of negligence directly contributing to such injury. Any contract by which any person may waive in advance any right he may have under this act shall be illegal and void as against public policy.

"Sec. 3. In case any person injured in the manner prescribed by this act shall die, a right of action for damages shall survive for the benefit of his heirs and such action may be instituted by his executor or his administrator."

Grover and the Triplets.

Decatur, Ind., May 6.—A few weeks ago the wife of Albert Zerkles a poor farmer, residing three miles north of here, gave birth to triplets, all girls. Acting on a suggestion of a friend, they were named Ruth, Frances and Ester, and in a rude but happy manner the father wrote Grover Cleveland telling him of the event, and christening of his babies, and asked him to buy each a new dress. Imagine the father's surprise one day last week on receiving a check for $500, signed by Grover Cleveland.

Silver in Illinois.

Springfield, Ill., May 8.—Secretary of State Hinrichen, chairman of the Democratic State committee, said to-day that twenty counties have so far held conventions, and without exception they have declared for free silver at the ratio of 16 to 1. "These twenty counties," said Mr. Hinrichsen, "have 463 of the 1,076 delegates in the state convention, so that the gold men stand a very poor show of making any fight at all in the convention. I am expecting that the State convention will declare for free silver without a dissenting vote."

Denver, Colo., May 9.—Thomas Gwillin, aged 23, employed as driver on express has received word that he fallen heir to $600,000 by the death of a distant relative in England, and that a letter so notifying him inclosed draft for $11,000 to enable him to reach home. He bought a third class ticket through to London this morning for $43, and left on the first train.

PRICE REDUCED.
SIZE INCREASED.
THE SUBSCRIPTION PRICE OF THE KANSAS CITY TIMES HAS BEEN REDUCED TO **$4.00** A YEAR. **$2.00** FOR SIX MONTHS; **$1.00** FOR THREE MONTHS.

This is not a campaign rate, but a permanent thing. THE SUNDAY TIMES enlarged to 24 pages. Think of it! About 1c a day for a first-class metropolitan newspaper. Every one can now afford to take a daily paper. Subscribe at once. The Times always leads Address,

THE KANSAS CITY TIMES
KANSAS CITY, MO.

Secretary Gresham's Condition.

Washington, D. C., May 6.—Secretary Gresham is still a very sick man, although it is said he passed a good night and was somewhat improved to day. His various complications, including pleurisy, appear to be yielding to treatment, and his friends are encouraged at the favorable symptoms. Dr. W. W. Johnson is now in charge of the case, and is hopeful of a steady improvement. The Secretary is very weak from lack of nourishment, and is still confined to his bed. He is unable to see callers, and is carefully guarded against all causes of excitement. As soon as he is able to stand the journey he will be taken to Fortress Monroe, and to some other near-by resort.

Wilhelm's Life.

Berlin, May 9.—Two Anarchists were arrested on the evidence of a woman who overheard them discussing the ease with which the Emperor might be assassinated on his way to the Temple Hoferfeld.

The woman declared that they had buried explosives in Friedrichsrin, but the police found nothing at the spot indicated and obtained no evidence confirming the woman's story. The Government papers are not likely to get much capital out of the affair to help the anti Socialist bill.