

**SILVER IN ITS RELATION TO  
INDUSTRY AND  
TRADE: THE DANGER OF  
DEMONETIZING IT, PP. 1-131**

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Silver in Its Relation to Industry and Trade: The Danger of Demonetizing It, pp. 1-131 by  
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**WILLIAM BROWN**

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# SILVER

IN 178

## RELATION TO INDUSTRY AND TRADE :

THE DANGER OF DEMONETIZING IT.

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The United States Monetary Commission of 1876 :

REVIEW OF PROF. FRANCIS BOWEN'S MINORITY REPORT.

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BY WILLIAM BROWN.

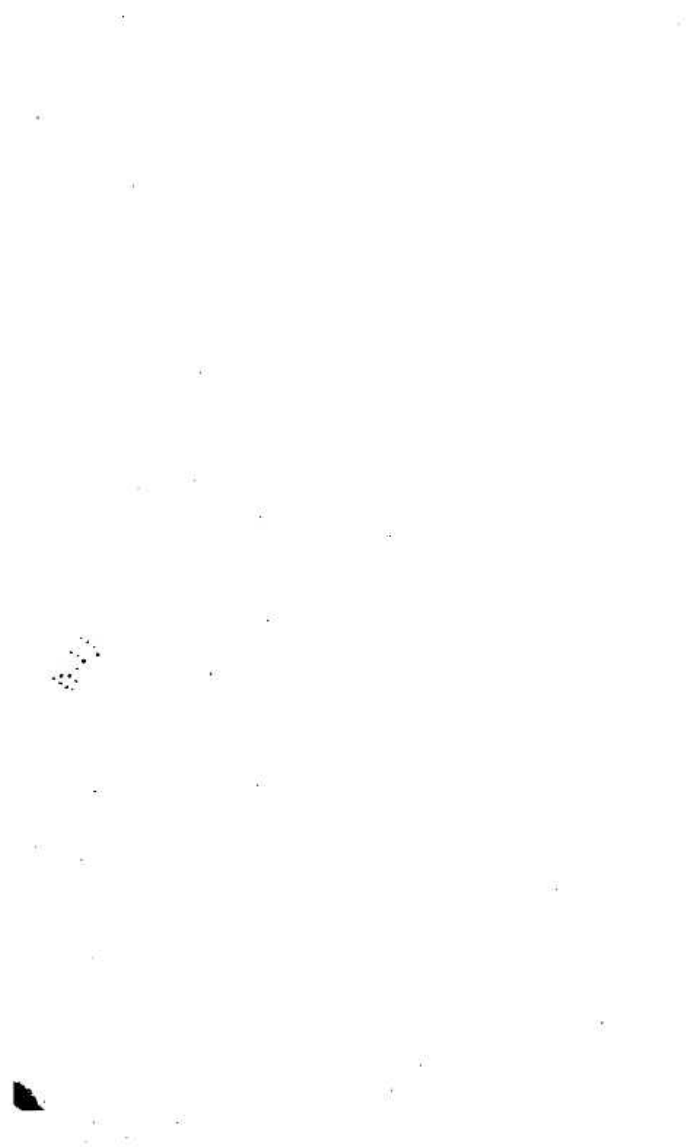
"The time will come when circumstances, and perhaps serious losses, will compel both England and America to reconsider the whole question of the Silver Currency, and to accept at last of what nature teaches on the subject."—*Thoughts on Paper Currency and Lending on Interest*, 1872.



Montreal :

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1880.

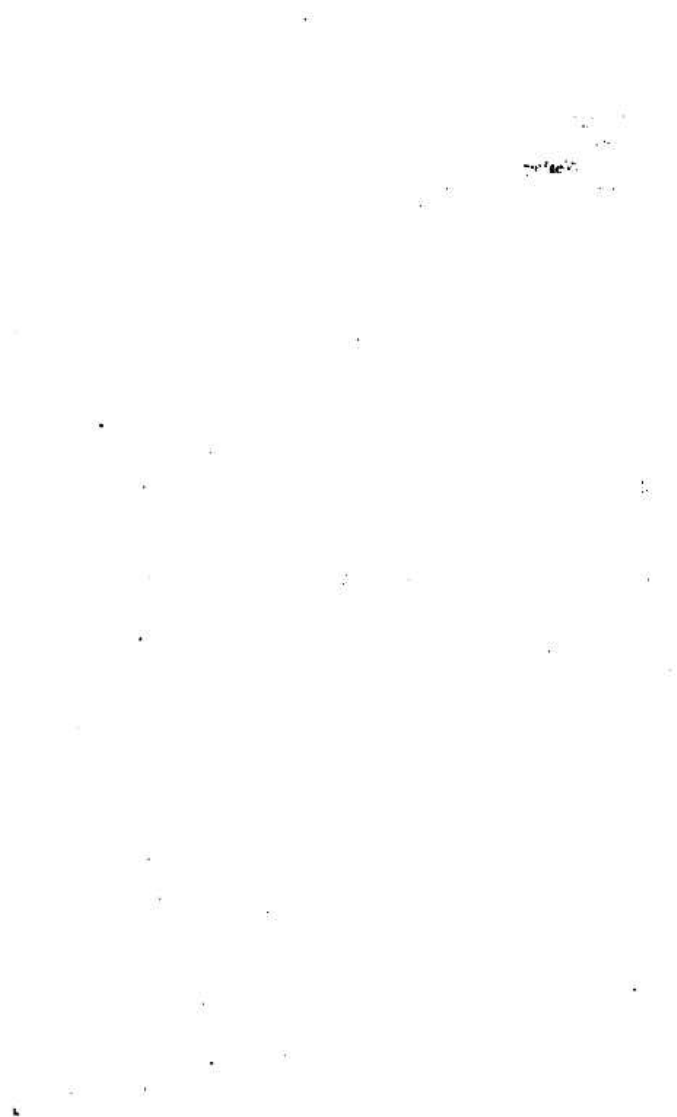


## PREFACE.

THE title of this book proclaims to the reader, at the outset, that it deals with questions of the deepest interest to our race. As a defence of the money of industry—of that money which the hand of industry provides for its own exchanges—it appeals to the men who create our wealth as well as to the men who are engaged in the distribution of that wealth. Farmers and merchants, manufacturers and tradesmen, artisans and working men, are all equally interested in the discussion of these monetary problems. A thorough knowledge of the great principles of monetary science is especially incumbent on young men just entering on the active pursuits of life. They, of all men, ought not to rest satisfied with that which is dubious and doubtful in matters so closely connected with their daily avocations. If there is a wrong way, it will, if followed, be a wrong way for all, and must eventually bring disaster and ruin upon all—if there is a right way, it must be a right way for all, and must bring comfort and prosperity to all. In a popular sense, and in view of the greatness of its range, Political Economy may not inaptly be called the science of human well-being. Its doctrines, if rightly applied, will rob no man of a single necessary, a single comfort, or even of a luxury. That there is ample justification for the statement frequently made that monetary science appears to be a very abstruse and complicated affair, and beyond the reach of ordinary minds, no one can deny. But it is not true that there is, in the science itself, any justification for such a charge. And my hope is that the reader who, with but ordinary attention, follows me through these pages, will be free to agree with me in this opinion when he closes the volume. I have written the work in the endeavour, principally, that interest in such a momentous subject should not be left entirely in the hands of experts and scientific men, but may be transmitted, if possible, to the people at large. It is emphatically a people's question, and will never be settled till the people take it up and settle it for themselves.

W. B.

Montreal, Dec., 1879.





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# SILVER

IN THE

## RELATION TO INDUSTRY AND TRADE.

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In August, 1876, by a joint resolution of the United States Senate and House of Representatives, a Monetary Commission was appointed, to consist of three members of the Senate, three of the House, and experts not exceeding three in number, for the purpose of inquiring into and reporting on the following subjects.

First. Into the change which has taken place in the relative value of gold and silver; the causes thereof, whether permanent or otherwise; the effects thereof upon trade, commerce, finance, and the productive interests of the country, and upon the standard of value in this and foreign countries.

Second. Into the policy of the restoration of the double standard in this country; and, if restored, what the legal relation between the two coins, silver and gold, should be.

Third. Into the policy of continuing legal tender notes concurrently with the metallic standards, and the effects thereof upon the labour, industries, and wealth of the country; and,

Fourth. Into the best means of providing for the resumption of specie payments.

This Commission went assiduously to work, collected a great store of facts and information, and examined many witnesses conversant with the important questions submitted for its consideration. As early as March, 1877, the report was presented to Congress by Senator J. P. Jones, and has been for some time before the country in the form of a printed document of 208 pages.

One hundred and twenty-eight pages are occupied with the Report of the majority of the Commissioners, to which the following names are attached:

JOHN P. JONES.  
LEWIS V. BOGY.  
GEORGE WILLARD.  
R. P. BLAND.  
WM. S. GROESBECK.

This Report is an elaborate, able, and exhaustive document, and well deserves careful study. These gentlemen have performed a great and important service on behalf of industry, and their names are worthy of being held in grateful remembrance. Their Report is, in substance, an unanswerable argument in defence of our silver money, and for the preservation of what is known as the double standard of gold and silver. They correctly attribute the late panic in the London bullion market—the so-called “fall” of silver—to certain specified and effective forces clearly shewn to have been at work in causing the late divergence between silver and gold. Their language on this head is: “The causes of the recent change in the relative value of gold and silver are mainly the demonetization of silver by Germany, the United States, and the Scandinavian States, and the closure of all the Mints in Europe against its coinage. These principal causes were aided by a contemporaneous diminution of the Asiatic demand for silver, and by enormous exaggerations of the actual and prospective yield of the Nevada silver mines. The effect of all these causes, principal and accessory, reached its culminating point in the panic of July, 1876, in the London silver market.” In this opinion they agree with the British Silver Commission of 1876, who state that “the conclusion seems justified, that a review of the relations of the metals in times past shows that the fall in the price of silver is not due to any excessive production as compared with gold.” The importance of these conclusions, advanced from such a source, will be manifest when we bear in mind that the most strenuous efforts are continually put forth for the demonetization, or destruction as full money, of our silver coin, on the alleged ground of the uncertain and erratic production of silver from the mines. This Commission has established, beyond contradiction, that the supply of gold is, in its nature, more erratic and uncertain than the supply of silver. A glance at the various tables of quantities and supply contained in the Report itself does not leave a doubt upon the point.

I quote the following sentences from the “conclusions” of this portion of the Report:

“In the opinion of the Commission, if the United States restore the double standard, the spread of the movement in favour of a single standard of gold will be decisively checked. The effects of the demonetizations so far accomplished, and of the resulting disturbance of the relative value of gold and silver, upon trade, commerce, finance, and productive interests in this

country and throughout the commercial world, have been signally disastrous, and especially to the countries which have recently demonetized silver, or in which the gold standard was already established. In all commercial countries the same phenomena are simultaneously presented, of falling prices of commodities and real estate; diminishing public revenues; starving, poorly-paid, and unemployed labourers; and rapidly multiplying bankruptcies. These facts existing everywhere must arise from some cause operating everywhere, and no such cause is or can be pointed out except the decrease of the metallic supplies from the mines, and, consequently, the decrease of metallic money relatively to population and commerce since about 1865, and the larger and more sudden decrease of metallic money, caused by the partial destruction of the money functions of one of the precious metals. The distress dates with the law of the United States of February 12, 1873, and the law of Germany of July, 1873, giving practical effect to a previous decree of that Empire of December 4, 1871, for the establishment of a single gold standard. The stationary or declining production of the metals had already produced a stringency in the metallic money markets of the world, and, as money stringency and panic are near neighbours, the demonetization of one of the metals broke down the partition between them. The demonstration of the mischief seems complete. What the world has witnessed immediately following a concerted movement to demonetize silver is that fall in prices, ruin of productive interests, and increase in the absorbing power of moneyed capital, which could not fail to attend a sudden narrowing of the measure of value. Prior to 1873, prices were regulated by the general existence of a measure of values consisting of the two metals, of about equal proportions in the world's stock. To annihilate the monetary function of one must greatly increase the purchasing power of the other, and greatly reduce prices. As all debts, public and private, in Europe and America, had been contracted while the double standard was in practical operation, their weight, always burdensome, became crushing when made solvable exclusively in one metal. Silver, to the amount of three thousand million dollars in coin, the accumulation of fifty centuries, is so worked into the web and woof of the world's commerce, that it cannot be discarded without entailing the most serious consequences, social, industrial, political and commercial. The evil is enormously aggravated by selecting gold as the metal to be retained, and silver as the metal to be rejected."