

# **To Establish a Bimetallic System of Currency**

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**HEARING**  
**BEFORE A**  
**SUBCOMMITTEE OF THE**  
**COMMITTEE ON FINANCE**  
**UNITED STATES SENATE**  
**SEVENTY-SECOND CONGRESS**

**FIRST SESSION**

**ON**

**S. 2487**

**A BILL TO ESTABLISH A BIMETALLIC SYSTEM OF CUR-  
RENCY, EMPLOYING GOLD AND SILVER, TO FIX THE  
RELATIVE VALUE OF GOLD AND SILVER, TO PROVIDE  
FOR THE FREE COINAGE OF SILVER AS WELL AS GOLD  
AND FOR OTHER PURPOSES**

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**PART 1**

**FEBRUARY 6, 1932**

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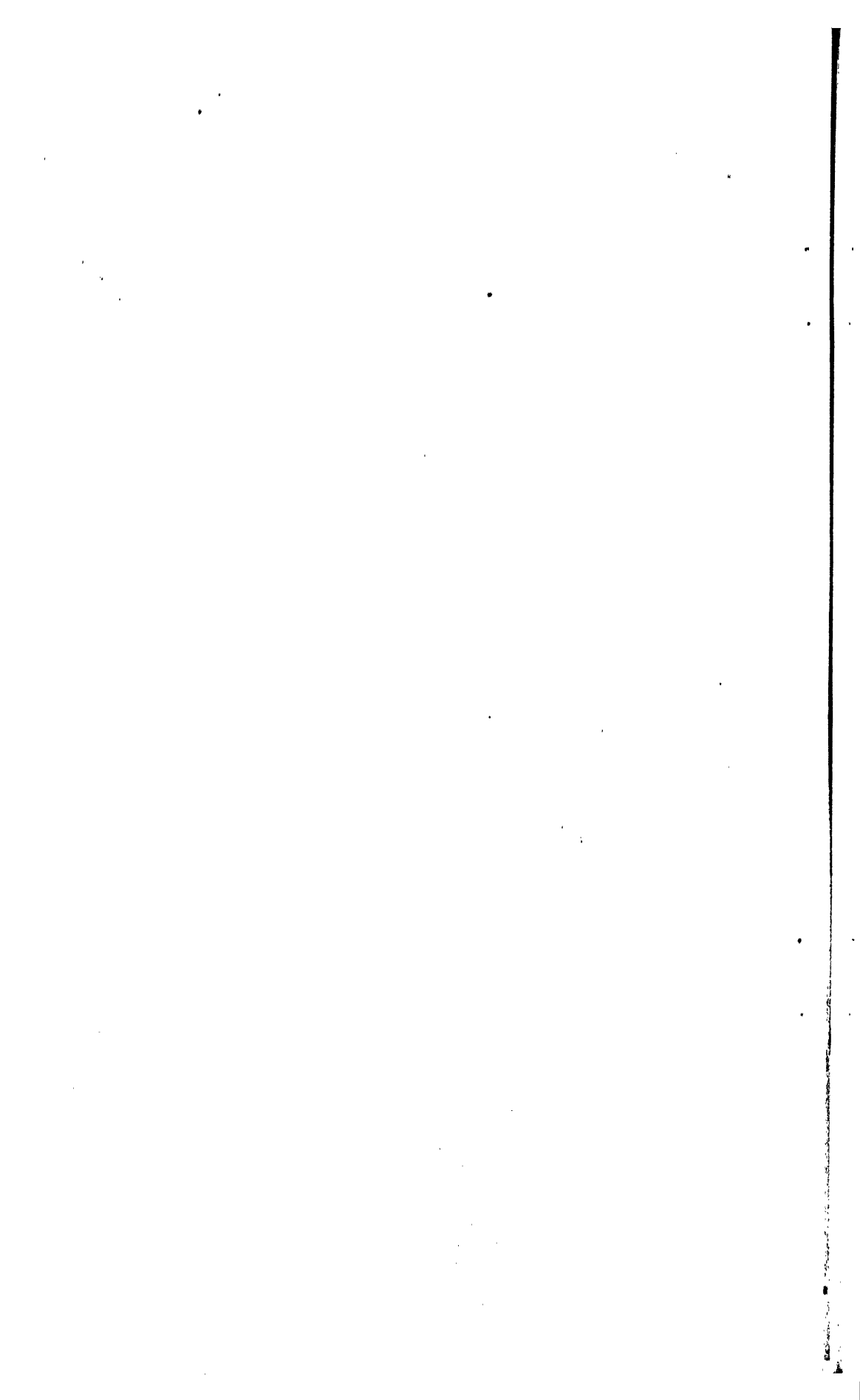
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# TO ESTABLISH A BIMETALLIC SYSTEM OF CURRENCY

SATURDAY, FEBRUARY 6, 1932

UNITED STATES SENATE,  
SUBCOMMITTEE OF COMMITTEE ON FINANCE,  
Washington, D. C.

The subcommittee met, pursuant to call, at 10 o'clock a. m., in the hearing room of the Finance Committee, Senate Office Building, Senator Henry W. Keyes presiding.

Present: Senators Keyes (chairman of the subcommittee), Thomas of Idaho, and Barkley.

Present also: Senators Wheeler and Walsh of Montana, King of Utah, and Pittman of Nevada.

Senator KEYES. The subcommittee will come to order. This meeting has been called for the purpose of affording a hearing on S. 2487, introduced in the Senate by Senator Wheeler, which is as follows [reading]:

A BILL To establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proportional value of silver to gold in all coins which are by law current as money within the United States shall be as sixteen to one, according to quantity in weight, of pure silver or pure gold; that is to say, every sixteen pounds weight of pure silver shall be of equal value in all payments with one pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.*

SEC. 2. There shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 3. The dollar consisting of twenty-five and eight-tenths grains of gold nine-tenths fine, or of four hundred and twelve and one-half grains of silver nine-tenths fine, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

I understand that we have before us a delegation of farmers from a number of our Western States. I regret very much that it is impossible for the full membership of the Finance Committee to be present at this hearing. We all realize that the subject matter is one of great importance, and although the full committee could not be present this morning, it has been arranged for a subcommittee to be here and attend to what you may have to say relative to this proposed legislation. I can assure you that we are all interested, and we want to give you ample time and every opportunity

to present your views to the Finance Committee of the Senate and to the Congress.

I understand that there are several men who perhaps will represent the group. If I am correctly informed, Mr. Simpson, Mr. Pummer, and Mr. Hyde will be the spokesmen for the group; and of course, if there are others who do not agree with what these gentlemen have to say, we will try to give them an opportunity to express their own views. But in view of the shortness of time and the fact that all members of the Finance Committee are extremely busy, we hope you will be as brief as you can in presenting your case.

I will ask if Mr. Simpson is present.

Mr. SIMPSON. Yes, Mr. Chairman.

Senator KEYES. If you will just take a seat opposite the committee reporter, please. We will be glad for you to state your name, occupation, and residence.

**STATEMENT OF JOHN A. SIMPSON, OKLAHOMA CITY, OKLA.,  
PRESIDENT OF THE NATIONAL FARMERS UNION**

Mr. SIMPSON. Mr. Chairman and gentlemen of the subcommittee, the group you see present are all farmers, and practically all small home-owning farmers. They come from nine States. They are all members of the National Farmers Union. The nine States are North Dakota, South Dakota, Nebraska, Oklahoma, Colorado, Minnesota, Wisconsin, Iowa, and Illinois.

I wish to say that there is no dissension in our group on the bill introduced in the Senate by Senator Wheeler.

Senator THOMAS of Idaho. Mr. Simpson, for the purpose of the record, let me ask you: How many States are represented in your entire membership?

Mr. SIMPSON. As national president of the National Farmers Union I represent members in 26 States.

Senator THOMAS of Idaho. How many members are there in your entire organization?

Mr. SIMPSON. About half a million members.

Senator KEYES. You may proceed.

Mr. SIMPSON. I wish to present this thought to the subcommittee: Money is a crop just like wheat is a crop, and just like cotton is a crop. The value of any crop depends on the size of the crop. The value of a unit of a crop depends on the number of units of that crop. This is recognized in all business. It is recognized by the Department of Agriculture, that the size of the wheat crop, for instance, will largely determine the value of the unit of measure of the wheat crop, a bushel; that the size of the cotton crop will largely determine the value of the unit of measure of that crop, the pound. And so, money being a crop, just like agricultural products, the value of its unit of measure, the dollar, is determined by the size of the crop.

Senator WHEELER. I am not a member of this subcommittee, but if I might ask a question right there for the purpose of clarification.

Senator KEYES. Certainly, Senator Wheeler.

Senator WHEELER. By that do you mean it is the quantity of money or the quantity of wheat or the quantity of anything that fixes its relative value?

Mr. SIMPSON. Yes. And I am using my own illustration to state that quantity determines value.

Senator WHEELER. All right.

Senator KEYES. You may proceed, Mr. Simpson.

Mr. SIMPSON. The most important crop of all crops is the money crop. He or they who can control the money crop has or have the greatest power of any group in our country. The Constitution of the United States provides that Congress shall control the crop of money. The Constitution of the United States provides that Congress shall coin and issue money and regulate the value thereof. But in the national bank act and the Federal reserve act that power has been transferred to a handful of bankers, and we have the situation that the power of regulating the crop of money and thereby the value of money is now in control of a few international bankers.

This group of farmers present here this morning are here to sponsor this bill, and to say that we are for it for the reason that we believe that by its passage more than any other one thing the Congress could do you would take from the power of the international bankers control of the volume and value of money.

The single gold standard is probably the condition under which it is easier for the international bankers to control the value of money, more so than under any other condition. We know that they oppose bitterly such measures as these, because to have a bimetallic standard, to have two metals with equal privileges from a money standpoint, would make it much more difficult for the international bankers to control the crop of money and the value of it.

Senator BARKLEY. Mr. Simpson, would you mind enlarging upon that thought, with reference to the power of the so-called international bankers? In what way do they control the volume and the value of money? In what proportions are the money and the credit that are used in this country controlled by the so-called international bankers?

Mr. SIMPSON. Almost exclusively. And as a good illustration, I should say that you might observe the kind of money you have in your possession day after day, the bills that you get—\$5 bills, \$10 bills, \$20 bills—and see if nine-tenths of that money is not either national bank notes or Federal reserve notes. There is practically no other money in use among the people, except bankers' money, other than the small change and the dollar bills.

Senator BARKLEY. I was asking, however, with reference to your statement that the value and volume of money is controlled by the so-called international bankers. We have had a long hearing in this committee with reference to the operations of the so called international bankers during the last month, and—

Mr. SIMPSON (interposing). And you got some terrible revelations, too, didn't you?

Senator BARKLEY. Well, we did in one respect. But I am not quite clear as to what you mean when you say the international bankers control the volume and the value of money.

Mr. SIMPSON. I mean that about the only provision for putting out a crop of money is in the hands of the Federal reserve banks and the national banks, which are dominated by the international bankers. That is the only way that the crop of money can be increased to-day or can be decreased to-day. When they want to put out a big crop

of money they can put it out. On the other hand, if they want to destroy it or decrease the crop of money in circulation, they can bring it back and destroy it.

Senator BARKLEY. But they can not put it out unless the member banks need money and put up security to secure the issue of Federal reserve notes. The Federal Reserve Board does not of itself, necessarily, initiate an issue of new money under the Federal reserve system.

Mr. SIMPSON. But they have that power. That is their authority.

Senator BARKLEY. In so far as they may have gold upon which to base an issue. But so far as money is expanded or contracted with respect to acceptable rediscountable paper; it must be up to the national banks.

Mr. SIMPSON. I was over at the office of the Comptroller of the Currency recently, and I saw \$8,000,000,000 of money that had been destroyed in the last 10 years, thus reducing the crop of money in circulation. Senators ought to go over there and see it.

Senator BARKLEY. Oh, well, that is well known to all of us, of course.

Senator WHEELER. But they have that power, have they not, Mr. Simpson?

Mr. SIMPSON. Yes; they have the power to destroy money or to make more money, and that power ought to be taken away from them.

Senator BARKLEY. Is it your theory that every \$5, \$10, or \$100 bill issued by the Government or by the Federal Reserve Board, should remain in circulation forever and not be withdrawn or the volume in circulation contracted?

Mr. SIMPSON. I think there ought to be a different place for this control to rest, and it should not be at the whim of the international bankers as to whether or not we need more money or less money.

Senator BARKLEY. Mr. Simpson, you understand these questions are not propounded by me with the idea of raising any controversy. I am merely trying to get your viewpoint and the basis for your viewpoint.

Mr. SIMPSON. Oh, yes, Senator Barkley; I understand that.

Senator WHEELER. Let me ask a question right there, although I am not a member of this subcommittee.

Senator KEYES. That is all right, Senator Wheeler. You may proceed.

Senator WHEELER. As I understand the situation there are about three or four ways by which Federal reserve banks can inflate or deflate the volume of money in circulation, is there not?

Mr. SIMPSON. Yes, sir.

Senator WHEELER. One is to go into the open market and either buy or sell securities, and thereby either inflating or deflating the situation as they see fit.

Mr. SIMPSON. Yes, sir.

Senator WHEELER. Of course, there is a certain limitation upon that by reason of the amount of gold that they have and which in a way checks the amount of credit which they can extend. But likewise they can either increase or decrease the discount rate, which has the effect of either inflating or deflating conditions.

Mr. SIMPSON. Yes, sir.



Senator WHEELER. And then, of course, they can do what they are seeking to do now by means of propaganda, get the various member banks to bring them securities and issue money in return for those securities.

Mr. SIMPSON. I can make very plain by a personal statement of how the crop of money is controlled by national banks——

Senator WHEELER (interposing). Let me ask you a question right there: You have been in the banking business yourself, have you not?

Mr. SIMPSON. In a small bank; yes, sir.

Senator BARKLEY. Was it a national bank?

Mr. SIMPSON. Yes, sir. I was president of the First National Bank of Weatherford, Okla., for a number of years, and had a controlling interest in it, and here is my personal experience in that connection, and it shows you how national bankers have special privileges with this Government under the national bank act: As president of the First National Bank of Weatherford, Okla., I purchased for that bank, or I might say that I loaned to the Government \$25,000, and received the Government's note, which was a bond of the Government for \$25,000. And it so happens that at that particular time, if my memory serves me right, that I bought it at par. Sometimes you buy them at above par and sometimes below par, but it is all on the same principle. I immediately sent that note of Uncle Sam's to the Treasury Department here and said to them, "Send me blank national-bank notes." They politely bowed to me as the president of the little bank out in Weatherford, Okla., and said, "You are a fine gentleman and we will do it," and so they ran off the printing presses \$25,000 in brand new 5's, 10's, and 20's, and sent them to me. All that they lacked of being money was for me to sign my name "John A. Simpson" over the place where it said "President First National Bank of Weatherford, Okla.," and then I had the same amount of money to loan out to business men and farmers around that little town that I had before I loaned Uncle Sam the \$25,000, and I had Uncle Sam's note on which he sent me every three months the interest.

Senator BARKLEY. That is one——

Mr. SIMPSON (continuing). And that is your national-bank system.

Senator BARKLEY. Not altogether. That was the basis of national-bank currency prior to the enactment of the Federal reserve act. It was recognized that that sort of system meant that the currency was not flexible; that it depended on the amount of money the United States owed on its public debt; and in order to meet the demands of commerce, industry, and agriculture a more flexible system was needed; that the amount of money outstanding ought not to depend on how much money the Government owed but upon commercial discounts of the country and of all different sections of the country. For that reason the Federal reserve act discouraged the further use of national indebtedness as a basis for currency and substituted what was thought to be a more flexible system of basing the currency upon the gold reserve, upon the commercial paper that was acceptable through the rediscount system of the Federal reserve act. Since that time hasn't this national-bank currency, notes issued by national banks, decreased in circulation very materially?

Mr. SIMPSON. To some extent; yes, sir. But, Senator Barkley, you are correct in that what you state about the Federal reserve act is

true in theory and yet not in practice. In other words, the flexibility is in the hands of the wrong persons. It is rubber money, all right, but—

Senator BARKLEY (interposing). That may be. I am speaking of the intention of those who wrote the act, and I happened to be here at the time.

Mr. SIMPSON. But it works out in just the opposite way. It was intended to stretch or contract as the demands of business required, but instead of that it is the folks who have control from the top down who manipulate the stretching, and they stretch it in the interest of the creditors instead of in the interest of the debtors. We have rubber money but iron debts.

Senator BARKLEY. Well, I should like to have some rubber money right now to see if it would stretch a little further.

Mr. SIMPSON. It won't stretch now for you, not unless you are an international banker.

Senator THOMAS of Idaho. At the present time it is impossible for a country banking institution to get much assistance from the Federal reserve, is it not?

Mr. SIMPSON. Absolutely.

Senator THOMAS of Idaho. Take the case of your own bank in Oklahoma, that you are president of, at the time of the creation of the Federal reserve system you always carried quite a lot of rediscountable paper, did you not?

Mr. SIMPSON. Yes, sir.

Senator THOMAS of Idaho. And if you needed some additional credit for your community you would go to the Federal reserve and use that paper as collateral, and have some Federal reserve notes issued to take care of the situation. But to-day with the country bank it has no rediscountable paper in its pouch at all, has it?

Mr. SIMPSON. At least no rediscountable agricultural paper, as a basis for loans from the Federal reserve system. Agricultural paper is not the basis for loans.

Senator KEYS. You may proceed with your statement.

Mr. SIMPSON. Well, I wanted to finish with my own personal experience: When the last coupon falls due, and it will be two years yet, on that note where the First National Bank of Weatherford loaned \$25,000 to the Government, when the last coupon has been paid then this Government will have paid to the First National Bank of Weatherford, Okla., over \$25,000 in interest, to have me sign my name to the \$25,000 of national-bank notes sent me.

Now, these farmers that appear before you say this is a ridiculous system. And we say that this bill will be one of the hardest blows to that system that you could deal it. And we say it is high time that we deal these international bankers a few blows.

Senator BARKLEY. Let me ask you a question right there: What have the so-called international bankers to do with that? What have they to do with the issuance of this national-bank currency? What would any international banker have to do with your lending to the United States Government \$25,000 and getting back a bond for that loan, and then your sticking that bond back through the window and getting from Uncle Sam \$25,000 more in the shape of money to lend to your people?

Mr. SIMPSON. Well, in response to that question, I will say this: Times have changed a good deal since about 1907 in the banking business so far as it relates to the small banker, the small bank out in the country. He is not to-day the free moral agent that he was 25 years ago. He is a slave to-day, just as much as these farmers are slaves, and he gets his orders from above; and about all that he has to do is to collect the interest, and sometimes they will let him retain enough interest to keep his bank open and pay his running expenses. All the rest goes through Kansas City and Chicago on up to Wall Street and to the international bankers. The interest debt of this Nation, now \$13,000,000,000, flows into the hands of a few, and they are your international bankers.

Senator BARKLEY. Of course, I do not care anything about the so-called international banker, but I should like to get from you really a distinction as to the field he occupies. It has been shown here that the amount of money loaned by bankers, and you may call them international bankers or whatever you like, to different countries is rather small in proportion to the total amount of money loaned in the United States. Undoubtedly there have been a lot of shady transactions in the lending of money and the floating of bonds in this country by men engaged in banking between nations, and especially international banking; but the amount of that money in proportion to the total amount of credit used in this country is more or less insignificant.

Mr. SIMPSON. Well, Senator Borah stated in an article that appeared in Collier's of July 18 that the international bankers within the last 10 years have loaned to foreign countries over \$17,000,000,000. That is certainly not an infinitesimal sum.

Senator BARKLEY. No; but it is not a large sum compared to the total turnover of credit in the United States for domestic purposes. What I am trying to get at is whether the enactment of this bill into law will have anything to do in relation to the leading of money to foreign countries, whether it will in any way affect the vocation of the international banker, and if it would, to what extent and what effect that will have upon the stability of currency and its value in this country.

Mr. SIMPSON. It would have more to do with it than any other one thing that could be done.

Senator BARKLEY. Very well; in what way?

Mr. SIMPSON. In placing our basic money upon two legs instead of one, and therefore make it harder for them to push the finances of the country over than when you have but one leg. It is easier to topple over a one-legged man than a man who has two legs. The international bankers are not going to have as easy a job in pushing the business of this country over any time they desire when our money system has two legs as they have now.

Now, speaking of the other thing, credit: That is another thing the international bankers have control of. They told thousands of these little banks out in the country to quit taking agricultural credits and to take foreign securities, and they palmed off on unsuspecting friends, friendly country banks, I mean, millions of dollars of these foreign securities. And the big banks made their commissions. I noticed by the hearings before the Senate Finance Committee some of them made as much as \$14,000,000 commissions.

Senator BARKLEY. That is true, Mr. Simpson, but how will the enactment of this bill into law prevent that? If some foreign corporation or foreign country wants to borrow money in this country, and they come over and make arrangements with some banker, whether he was theretofore an international banker or not, or had ever been, I suppose he would become an international banker as soon as he negotiated such a loan; and suppose they are able to float that loan in this country, and suppose it is all loaned, suppose there are enough gullible people in this country to take it up, how are you going to prevent that?

Mr. SIMPSON. Well, in the first place, I do not think they can sell those foreign bonds any more. They will have to have a new gold brick.

Senator BARKLEY. But how are you going to control that by this proposed legislation?

Senator WHEELER. About two-thirds of the gold of the world is controlled either by the Bank of France or the French Government and the Federal Reserve Bank of the United States. I take it that your theory is, when you speak of international bankers, that you speak of the big New York banks as practically controlling and dominating the Federal reserve system to-day. And my own candid judgment is that anybody who examines the Federal reserve set-up to-day in this country can not help coming to the conclusion, whether you call them international bankers or the House of Morgan or the National City Bank or not; I say, I think any person, who seriously reflects upon the situation as it exists to-day, will realize that the Federal reserve system to-day is, to a large extent if not in total, dominated and controlled by the large banking interests of the United States, and these banking interests have been, of course, dealing with international finance. So that sometimes we call them international bankers.

Mr. SIMPSON. Yes. And sometimes, Senator Wheeler, the part of the world's supply of gold in France and this country has run as high as 85 per cent.

Senator BARKLEY. And that is partly due at the present time to the fact that the nations that buy from us can not pay us in anything except gold, and that the nations that owe us anything can not pay us except in gold; but the channels of international trade have been so choked up that if we get anything in payment from any foreign country for anything we have to sell, or for anything they have to pay us, it must be paid in gold.

Mr. SIMPSON. I am glad you mentioned that, for it gives me the opportunity to say what I might otherwise have overlooked, that the very gold standard we are on is interfering with our trade with foreign countries. As soon as England got off the gold standard and the dollar in Canada went down to about 75 cents, Canada began shipping her butter and milk and other things into the United States and paying the tariff, which had been a barrier to such trade before.

Senator WHEELER. And the same thing is true in the case of China and other countries.

Mr. SIMPSON. Yes. And that is the reason we need to get off the single gold standard and at least have a bimetallic basis in this country. We can not trade with a country that has cheap money. Now, as to credit and cash: We have such a small volume of money

in this country that to-day for every dollar of business done on a cash basis about \$100 of business has to be done on a credit basis. We have such a small volume of money in this country to-day that Senator Thomas of Oklahoma stated, over in the Committee on Agriculture and Forestry, day before yesterday, that the last report of the Comptroller of the Currency showed over \$50,000,000,000 of deposits in all of the banks of the United States, and yet less than \$1,000,000,000 of actual money in the banks. Gentlemen of the subcommittee, if just one person in fifty, one-fiftieth of the depositors, were to go and ask for their money to-day from the banks there would be nothing left to do business on.

Senator BARKLEY. Are you speaking of commercial banks? You do not include savings banks in that general statement, do you?

Mr. SIMPSON. Well, that was Senator Thomas's statement as to what the report of the Comptroller of the Currency shows. It does not make any difference whether you include the savings banks or not, that is not a sound situation.

Senator BARKLEY. The reason I asked that question is this, that there are about \$10,000,000,000 of deposits in savings banks in the United States. That is supposed to represent real money, but of course \$1 will go round and round and pay a lot of debts.

Mr. SIMPSON. I do not think the savings banks keep as much money on hand as do the banks of deposit.

Senator BARKLEY. That is, you mean the savings banks have less money in their vaults?

Mr. SIMPSON. Yes; I should think so. So that situation would increase a good deal the divergence between deposits and cash.

Senator WHEELER. What this bill would do would be to increase the primary money of the world. At the present time gold is the primary money, and this would increase the amount of primary money, would it not?

Mr. SIMPSON. Yes, sir.

Senator WHEELER. Do you know what proportion of the people of the world to-day are using silver as practically their own yardstick of values?

Mr. SIMPSON. No; I do not. But if you have that data I wish you would furnish it for the record here.

Senator WHEELER. Of course it is a large amount.

Mr. SIMPSON. Yes, sir.

Senator WHEELER. China, with her millions, and India to-day are using silver practically as their only yardstick; also Mexico, and the most of the South American countries.

Mr. SIMPSON. I have heard it stated as 75 per cent.

Senator WHEELER. I have heard it stated as high as 80 per cent. But I have not checked up definitely to see whether it is 75 or 80 per cent. However, for us to remonetize silver would increase the primary money in this country and likewise throughout the world, would it not?

Mr. SIMPSON. Yes, sir.

Senator WHEELER. And it would increase the buying power of all these Latin-American countries so that they would be able to do what they are not now able to do, buy our manufactured products and our farm products, which they can not now buy by reason of the rate of exchange.

**Mr. SIMPSON.** It will increase their buying power. The gold standard increases their opportunity to sell to us, but decreases our opportunity to sell to them.

**Senator WHEELER.** To-day, by reason of the depreciated value of silver, the bullion value of silver, China, India, and all countries off the gold standard, find it practically impossible to do any business with us at all, isn't that correct?

**Mr. SIMPSON.** Yes, sir. If we had bimetallism we would not have to sell them wheat on time. They would pay for it in silver.

**Senator WHEELER.** Likewise foreign countries, instead of having to repudiate their indebtedness to us, would be able to pay us back with dollars that are approximately of the same value as the dollar that they borrowed from us, is that correct?

**Mr. SIMPSON.** Yes, sir. And in return these farmers could pay their mortgages in a dollars worth approximately the same as the dollar was worth when they borrowed the money.

**Senator WHEELER.** At the present time when a farmer sells wheat or cotton he has to sell it upon the world market.

**Mr. SIMPSON.** Yes.

**Senator WHEELER.** And when he gets a pound sterling for his cotton in England or for his wheat in England, and he brings that dollar back to the United States of America, that is discounted in this country 25 or 30 per cent.

**Mr. SIMPSON.** Yes, sir.

**Senator WHEELER.** But when it goes to Australia, or when it goes to Canada, it is not so discounted, so that the farmer in Australia, or in the Argentine or in Canada, where the money he receives for his products is not discounted, is able to pay off from 25 to 33 per cent and even 50 per cent more of his indebtedness than is the American farmer.

**Mr. SIMPSON.** Yes, sir.

**Senator WHEELER.** I want to emphasize this: That every time the international bankers say we need to increase the volume of money they do it on the basis of the taxpayers having to pay interest to them, is that right?

**Mr. SIMPSON.** Yes, sir.

**Senator WHEELER.** Go ahead.

**Mr. SIMPSON.** And the plan covered by this bill will probably put \$2,000,000,000 of increased circulating medium to work in this country without anybody paying any interest on it. We will not have to pay taxes in order to pay interest. And then, too, it is a permanent money, a money that can not be taken away.

**Senator WHEELER.** And it would make it much more difficult for any group of bankers to control or to hoard all the gold in the world as is being done at the present time.

**Mr. SIMPSON.** Yes, sir. And that is the reason why they are against your bill, because it makes it more difficult for them to control the circulating medium.

**Senator BARKLEY.** Have you given sufficient study to the silver question to have an opinion as to why the value of silver had declined so rapidly, more especially in view of the reduction in the production of silver in the world?

**Mr. SIMPSON.** Because there has been no demand for it.

Senator BARKLEY. But on the contrary, there has been such a demand for its uses in the sciences that coins have been melted up and turned into commercial silver.

Mr. SIMPSON. I do not see why that need be done when they can buy \$5 in bar silver to-day for \$1 of coin, and certainly use it just as easily, or more so, than the other.

Senator BARKLEY. I am talking about the situation in India and China.

Mr. SIMPSON. That is not being done in this country.

Senator BARKLEY. Oh, no.

Senator WHEELER. In the first place, India was forced to go on the gold standard by the British Government. When she was forced to go on the gold standard that, of course, helped to drive down the price of silver. Now, of course, they are off the gold standard, and likewise Great Britain, and all countries. When all the countries of the world, practically speaking, are on a gold basis it naturally had a tendency to press down the price of silver, and to increase the demand for gold in the world by all of the countries that were using gold. And when they all started in to making a scramble for gold it made it impossible for the countries of the world to get enough gold to carry on—not their domestic and internal business but even their international business. That is the reason why England and all the rest of the countries of the world were forced off the gold standard and practically are all on a paper standard. I think it is conceded, is it not, Mr. Simpson, that there is not gold enough in the world at the present time to transact the commercial business of the world?

Mr. SIMPSON. Absolutely not.

Senator WHEELER. I do not know of any economist or any man who has made any study of the question at all or who has written on the subject, but who admits freely to-day that there is not enough gold in the world so that the countries could remain on the gold standard and properly transact their business?

Mr. SIMPSON. I was in a conference where there were about 80 economists from the big universities all over the country. This conference was called by the Chicago University and was held at the Chicago University. They discussed different questions, and among them was the money question. It was the unanimous decision of those economists that our gold standard is one of the causes of the awful condition which we find the people of this country in to-day, and that there is not enough money to do business with, and that the gold standard is not a correct basis to be used as a foundation for money. You can find economists employed by private concerns who might give the opposite view to that, but economists who are free to speak their own opinions, like in the universities, and so forth, that is their opinion. I do not believe you could get an economist in any university to say that we have an ideal condition in a monetary way through the use of the gold standard.

Senator BARKLEY. Are they all free to speak their own views always?

Mr. SIMPSON. Well, they do pretty well when they meet behind closed doors. And this was behind closed doors.

Senator KEYES. Proceed with your statement, Mr. Simpson, unless you have stated all that you care to.

Mr. SIMPSON. Well, I think through the different questions propounded here we have covered the things pretty well. But I want to emphasize as a fundamental proposition that there is not enough money in this country to do the business of the country, and not enough in the world to do the business of the world, and that this bill would increase the volume of money to an extent that would be of great value in bringing up the price of commodities and bringing down the price of the dollar, which must be done.

Gentlemen of the subcommittee, on the present prices of things we are a bankrupt outfit. You could not sell every bit of property in the United States under present conditions and pay the debts. Anyone who will look into the situation will find this a true statement. The interest debt and the tax debt of the Nation now are \$28,000,000,000 a year, and that is more than the new wealth created each year.

Senator BARKLEY. Then we better declare a moratorium and start all over again.

Mr. SIMPSON. Well, we may have to even do that.

Senator KEYES. Do you think the remedy lies entirely with the Congress?

Mr. SIMPSON. Absolutely. You gentlemen need to realize that you are the greatest power in this Nation so far as government is concerned. You need to realize that the Constitution provides you do not have to ask the President or anybody else whether or not you can enact laws. You are just about in the position of the farmer: You are a sleeping giant. Congressmen and Senators sometimes ask me: Do you think if we passed this or that bill the President would sign it? Gentlemen, you need not ask that question. Go ahead and pass it, and if the President does not sign it, then pass it over his veto. That is what the people want you to do. They want you to be a real Congress. They want you to legislate. And we believe there is a higher percentage of good hearts and good intentions under the vests of Congressmen and Senators than in any other department of the Government. We hope that all of you will realize what your powers are, and then will get up and exercise those powers.

Senator BARKLEY. A statement like that is a shelf of rock in a weary land.

Senator WHEELER. It is frequently stated that there is overproduction in this country and throughout the world. What do you say about it?

Mr. SIMPSON. There can not be overproduction when there are millions underfed and underclothed. And I am now thinking about agricultural products.

Senator WHEELER. And it is true of everything else as well, is it not?

Mr. SIMPSON. Yes. For instance, we do not have enough radios in this land when one-half of the homes do not contain radios, and those that do have them out on the farms can not operate them. They are letting them run down to the point where they are of no service. You know that I broadcast two weeks ago to-day over an N. B. C. hook-up. I received over 17,000 letters, and you folks no doubt got some too. I had hundreds of those letters tell about how their radio batteries were down and they could not afford to put in new ones,



and so they drove over 6 miles to a neighbor's house who did have a radio that was in working order, and there was held a little party to listen in. It has fast come to the condition where the farmer can not listen in over the radio any more.

Senator WHEELER. And it is not because there isn't any demand for the farmer's products?

Mr. SIMPSON. No.

Senator WHEELER. The reason the factories are closed and can not sell is because of the fact that there isn't money enough in the world to-day to transact the business of the world, and particularly is that true in the United States. Isn't that correct?

Mr. SIMPSON. We are in the worst shape in the United States of any nation, in my opinion—of any of the white nations. I do not know about China and such countries as that. But I traveled all through Europe less than a year ago, and the impression I got there was that there is less suffering in the poorest countries of Europe than in this country, much less. And, of course, much less of indebtedness, for they have wiped out their domestic indebtedness. France has no domestic indebtedness to speak of and Germany doesn't have any domestic indebtedness either.

Senator BARKLEY. They paid it off with depreciated currency and then stabilized their currency afterwards, as I understand the situation.

Mr. SIMPSON. France still has a depreciated currency. Her franc is worth 4 cents.

Senator BARKLEY. It is stabilized at 4 cents for a franc.

Mr. SIMPSON. Yes, sir.

Senator BARKLEY. Germany paid her debt with depreciated currency and then she stabilized it.

Mr. SIMPSON. Yes. And in this country they made a big crop of money when the farmers were borrowing, and then made a small crop when the time came to pay off, which made it much harder for the farmer to pay off.

Senator WHEELER. And all debtors in this country are required to pay back money that they borrowed a few years ago with a dollar that is to-day worth 50 cents as compared to \$1.50 before. I made that statement and a banker in Iowa wrote to me and said: "No; we have to pay it back with a dollar that was worth \$2 as compared with labor and products and service at this time."

Mr. SIMPSON. When the deflation started in May of 1920, and that is when it started, and it did not just happen but was deliberately planned, wheat was worth \$3 a bushel, and to-day it is about 50 cents a bushel. That means that the farmer's debt has gone up six times. It takes six times as many bushels of wheat for the farmer to pay off his mortgage now as then when he made it. Cotton was then 40 cents a pound in New Orleans, and to-day it is about 6 cents a pound. It takes about sixteen times as many pounds of cotton to pay off a mortgage to-day as it did in May of 1920. These are facts. Eggs to-day are selling for 9 cents a dozen in the United States on the average. We have farmers in here to-day from nine States, and as they will be able to tell you there are lots of places out in the mid-west where the merchant refuses to buy eggs. They tell the farmer they have no place to sell them.

Senator BARKLEY. I am in very great sympathy with what you are trying to accomplish, and I know the situation which you have described from my own experience and observation is pretty accurate. But the relationship between money and me has not been very intimate, and I do not attempt to qualify as a monetary expert. I am seeking information and light on this subject, and if you know I should like to ask you how much additional money would this bill put into circulation if it were enacted into law.

Mr. SIMPSON. Well, I am sure it would increase the actual money in circulation not less than \$2,000,000,000 in a very short time.

Senator BARKLEY. In your statement at the beginning you compared money with crops, and said that the theory of it depended upon volume and demand.

Mr. SIMPSON. Yes, sir.

Senator BARKLEY. Do you believe that it is a wise governmental policy to fix the price of money by law?

Mr. SIMPSON. Well, from the standpoint of volume absolutely they must fix the value, because fixing the volume does fix the value.

Senator BARKLEY. How will the Government fix the volume? It can fix the volume of silver to be coined into money, but it can not fix the volume of silver produced. Of course, this bill fixes an arbitrary price so far as it relates to money and in its relationship to gold, that 16 pounds of silver is worth as much as 1 pound of gold.

Mr. SIMPSON. That fixes the price of silver.

Senator BARKLEY. For coinage purposes.

Mr. SIMPSON. It does not fix the price of money.

Senator BARKLEY. It does not fix the price of silver for commercial purposes necessarily, although it would probably influence it.

Mr. SIMPSON. It does not fix the value of the unit dollar in our country by saying: We will make a dollar in silver have a certain size, and anybody who will bring silver in can have it coined free of charge. That does not fix the value of the dollar. But it is the volume of silver that would fix the value of the dollar. In other words, how many pounds of pork, or bushels of wheat, or pounds of cotton a dollar could buy would be determined by the volume of silver coined into money.

Senator BARKLEY. Would the increase of the amount of silver in circulation have any effect upon the stabilization of prices, other than the amount of paper money?

Mr. SIMPSON. Yes. I should say with \$2,000,000,000 of silver money put into circulation, that is to be permanent and that nobody controls, and that you do not have to pay any taxes in order to raise interest to pay bankers, is worth four or five billion dollars of paper money put in from the standpoint of the prosperity of the country.

Senator WHEELER. You spoke of fixing the price of silver and fixing the price of money. Of course, at the present time, we fix the price of gold because of the fact that we open the mints of the world to gold and thereby we artificially fix the price of gold. Isn't that correct?

Mr. SIMPSON. But not the value of gold in purchasing.

Senator WHEELER. But we artificially fix it as a monetary value.

Mr. SIMPSON. Yes; as to how many grains it takes to make a dollar.

Senator WHEELER. And if gold were not used as money the price of gold bullion would immediately break because the demand for gold would go down tremendously, isn't that so?

Mr. SIMPSON. Yes, sir.

Senator WHEELER. Over a period of something like 500 years the production of gold and the production of silver has been on a ratio of approximately one to a little less than 14, has it not?

Mr. SIMPSON. I think that is the ratio.

Senator WHEELER. And that was over a period of something like 500 years. I think Senator King is better informed on that than I am.

Mr. SIMPSON. Yes.

Senator KING. And, indeed, before that time the ratio for 1,500 to 2,000 years was 12 to 1. And the Roman Empire for a thousand years had a ratio of 12 to 1.

Senator WHEELER. When people talk about flooding this country or the world with silver I respond, you can not flood this country with silver the same as you can flood it with wheat, because the good Lord has limited the amount of silver in the world, the same as gold. And every time you take an ounce of silver out of a mine you can not replace it again. And one of the troubles at the present time in the world is that they have not been producing enough gold, and there have been no new discoveries of gold to amount to anything since the South African discoveries, and gold is going down in quantity being produced and not keeping pace with either the increase of population of the world or the increase in business of the world.

Mr. SIMPSON. No. And it is more influenced by the business of the world than the population. A thousand families to-day with the needs and things we have to-day do ten times the business that a thousand families did in our grandfather's day.

Senator WHEELER. And, of course, with the radio and the automobile and all other inventions that have been made, and with mass production, there has not been a production of gold, which is the primary base upon which all credits of the world are founded, or limited or extended. I say that production of gold has not kept pace with the increase in population or the increased demand created by our new inventions.

Mr. SIMPSON. That is true. But, members of the committee, I do not want you to get the understanding that if this bill were enacted into law I think we would not need some paper money too. I think we would.

Senator KING. You mean by that, if I may interrupt you, although I am not a member of the subcommittee; that the unlimited coinage of silver does not necessarily mean that it shall be put into coin, but that silver certificates may be issued to represent same, just as gold certificates are now issued to represent gold.

Mr. SIMPSON. Yes. But I am not talking about that kind of paper money now. That is the same as silver or gold certificates as the case may be. But I am of opinion that with gold and silver both free and unlimited as to coinage that we would not have sufficient volume of money, and that we would need to have paper money, and that you ought not to base it on the proposition of paying interest to bankers when you issue that money, that it ought to be issued on some other basis. I think one of the most splendid

bases for the issuance of noninterest bearing bonds as you might call them, which you could have as legal tender, would be on public improvements. It is a shame and a disgrace that every time you want to add to the national wealth you have to make a debt to international bankers. It is a shame and a disgrace that whenever they build a schoolhouse in your town that people who never turn a shovel full of dirt, and I am now quoting from Edison, and who never furnished a pound of material in that schoolhouse, get in the way of interest more from the taxpayers than those who furnished all the material and did all the work.

And now, so far as the farmers union that I represent is concerned, we are proud to stand before you and say that we are against that system of paying interest to bankers every time you want to build some roads in your State or county, or to build a courthouse, or to build a schoolhouse, or Government improvements. It is a shame that you base it on the proposition of paying more in the way of interest to the fellows who never see the improvement, never use the improvement, never furnish anything for it, than you do to those who do all the work and furnish all the material.

So we say that when your county wants to build a courthouse, instead of issuing bonds and paying interest, they should issue a bond direct to the Government, and the Government should furnish the money to pay the labor and material for that; and then, when you tax, you just raise enough money to pay what the building actually cost, instead of raising from one and one-half to two times that much, in order to cover the interest, too. That kind of a system would be the proper flexible currency, in which it would depend on how much new public wealth was needed.

Mr. J. B. REED (Seattle, Wash.). May I speak a minute? There was a bill that was introduced along the lines you suggest, and that was H. R. 5857.

Senator KEYES. Was this bill introduced in the Senate?

Mr. REED. There is the bill that will provide what we want [producing paper].

Mr. SIMPSON. I have never seen the bill, but I presume it fits my case.

Senator WHEELER. Senator Barkley asked you if this bill was passed, how much silver it would put in circulation. It would make silver one of the primary moneys.

Mr. SIMPSON. Yes, sir.

Senator WHEELER. And upon that credits would be based, the same as they are based upon gold, on the ratio of 16 to 1 for silver. That is correct, is it not?

Mr. SIMPSON. Yes.

Senator WHEELER. Thereby increasing the circulation. Do you know of any way that farm-commodity prices, such as wheat, cotton, and other things that have to be sold upon the world market, can be brought up to the level, say, of 1929, except by the remonetization of silver, or by going off the gold standard, and going practically upon a paper standard?

Mr. SIMPSON. I think that there is no other way to have assurance that there will be a permanent prosperity, except there is some means

found by Congress to see that we have a permanent larger volume of money. That is one of the essential things.

This is my firm opinion—and I am tolerably gray, past 60. I was a Bryan follower in 1896 on the money question, and I followed him on many things. You have had a great many remedies that have been brought to you from “up above.” They say, “Now, Congress, do this, and prosperity is here.” You have tried a lot of them, and prices go a little lower the next day after you try them.

If it were announced that just as fast as legislation could be gotten through Congress this bill was going to pass, the minute that was announced, and the minute people believed it was going to happen, prosperity would commence.

They talk about the hoarded money in the country. Whatever was hoarded would begin to come out of hiding. Why? Because at the present time a dollar is the most valuable thing there is. A bushel of wheat is nothing. A bushel of potatoes is only 10 cents. Who cares about a bushel of potatoes? Let them rot; let them freeze. A dollar is getting bigger and bigger all the time. There is no place to put it, except to hide it somewhere. If somebody gave me \$100,000 to-day, I would not know what to do with it, to be sure that a week from to-day I would still have \$100,000. The fellow who has his money is afraid, and you can not blame him for being afraid to do anything with it, because if he attempts to do something with it he finds out, a week from now, that it has gone down 50 per cent. If he could be assured that you were going to make money cheap by remonetization of silver, his money would come out, and he would say, “There is something I want to buy. I believe I will take a farm.” He could go to some of these life-insurance companies and say, “I believe a farm is a good proposition. Money is going to be cheap. Farms are going to be worth something, and farm products are going to be worth something.” It would bring out of hiding all this hoarded money. It would start the wheels of industry, and prosperity would commence if it were announced this bill was to pass.

Senator KEYES. I was not quite clear from what you said whether you are still in the banking business or not.

Mr. SIMPSON. No, sir. I sold out in 1911, and have had no bank stock since, for all of which I am glad.

Senator BARKLEY. Is that bank still open?

Mr. SIMPSON. It is open.

Senator BARKLEY. Congratulations.

Mr. SIMPSON. I was connected with 4 banks at that time, 3 State banks and 1 national bank, and they are all running, so I had the foundation pretty well laid.

Senator BARKLEY. Was that in Oklahoma at the time?

Mr. SIMPSON. Yes.

Senator BARKLEY. You have lived out there for a number of years?

Mr. SIMPSON. For 30 years.

Senator KEYES. We are very much obliged to you, Mr. Simpson, for your interesting statement.

Senator KEYES. Is Mr. Plummer present?

**STATEMENT OF JOE PLUMMER, STATE PRESIDENT COLORADO FARMERS UNION, AKRON, COLO.**

Senator KEYES. Will you please give the reporter your name, address, and occupation?

Mr. PLUMMER. Joe Plummer, Akron, Colo. I am a farmer and State president of the Colorado Farmers' Union.

Senator KEYES. You may make such statement as you desire, Mr. Plummer, with reference to this bill.

Mr. PLUMMER. I want to state to this committee that I have not any prepared statement, because I only knew about two minutes before Mr. Simpson appeared before you that I was going to be called. Mr. Simpson and you gentlemen have thoroughly covered the necessities, as we see it, for the enactment of this bimetallic bill. All that I can do is to just state my views along some of the lines that have already been covered.

As brought out by our president, Mr. Simpson, all of us believe, not only our organization but so far as I know all farm organizations of the Middle West and West, that money is a crop; that a greater per cent of money, and especially actually money in circulation, will cheapen the price of money and raise the price of agricultural commodities and all other property. The scarcer a commodity is, as Mr. Simpson mentioned, such as wheat and the like, the higher the price. Therefore the scarcer the supply of money, the lower the price of commodities that generally circulate through the channels of trade. Then property of all kinds and descriptions begins to depreciate along with the prices of commodities produced in the country, and naturally they must follow. Eventually all industrial goods must follow the trend of prices.

Just what group can benefit by the scarcity of money? The international bankers were mentioned. I would like to state further, before I go into that, that if we take the history of the world for 2,000 years back and follow the trend of prices down to the present time we will find that these statements that we have made have been true all through the ages. But as we are living at the present time, I hardly think it is worth while to go back that far.

As to the interests of the international bankers, I would just take their own words. They told us at one time that the single gold standard, with the scarcity of money, the flexible, rubber money, as our president called it, would be of some advantage to them. That was when they met some 40 or 41 years ago, I think, last month, and they agreed in that meeting to do all in their power to do away with the use of silver as a money, stating in their resolution passed at that time that that coin, once in circulation among the common herd—that was the statement they used—was a money that they could not control. But they said, "We will have it replaced by the right of issue, such as increasing the national bank issues, and other issues, money that we can control."

Senator BARKLEY. Would you mind stating where that conference was held?

Mr. PLUMMER. In New York or Philadelphia—New York, I believe.

Senator BARKLEY. In what year?

Mr. PLUMMER. 1890. Then, we come on down to the spring of 1893. If my memory serves me right, I think it was January, or perhaps February of that year, when they met and came to the agreement that they would urge the bankers of the country to solicit Congressmen and Senators to use all their influence to get the President, who at that time was Grover Cleveland, to call an extra session of Congress for the unconditional repeal of the Sherman Act, which you gentlemen know was the last act on the statute books providing for the purchase and the coinage of any great amount of silver. They sent a letter at that time to the country bankers. I think that was known as their "blue letter," asking them to use their influence to bring about this extra session of Congress.

We know what happened just following the repeal of the Sherman Act. Now, when did we begin to get any relief? Wasn't it just about the time that these issues began to come into existence that we began to get relief, and about the same time the Klondike gold discovery put millions of dollars in circulation immediately, that nobody had dreamed of? There was also the Spanish-American War.

Taking their own plans as laid down, 8 or 10 years before that, having this money replaced by what our President described as a rubber money, a currency issue—and we do not know whether we would have fared as well as we did over as long a period of time had it not been for the World War, that perhaps delayed the deflation period until 1920, then this same group, before the action was taken by the Federal Reserve Board, met and made a request for the calling in and cancelling of certain issues. I do not remember the dates, but the minutes of their meeting is now a matter of congressional record. They were read into the Congressional Record in the spring of 1924. The issues I refer to are those mentioned by our President and you gentlemen, they were issued to take care of loans made to member banks.

Apparently there has been a gentlemen's agreement made, behind closed doors, to approve certain loans and when they desire to approve of certain securities, it is an easy matter to find a reason for approving them. But in 1920 they decided to call the loans, and the loans were called and the currency canceled. The farmer was forced to dispose of his wheat at a third of what he could have gotten for the same wheat three months before, or 40 days before. In my case, I got 40 per cent of what I could have gotten 40 days before. But we were compelled to haul in that wheat, or drive in the cattle, or take the hogs to market, and take up that note that was deposited with the Federal reserve bank.

Then what began to happen? The banks could not stand it. The examiners went out. They did not take the banker's word. They picked out this note here, and that note there, and said, "Collect it." If the banker undertook to argue with them that the note was good, they said, "If it is good, collect it." That was all the satisfaction he got. Therefore, there was a great number of such notes collected, by the millions, all over the country.

Eventually what happened? The banks began to tumble, and they are still tumbling. Our little bank, the First National Bank of Akron, was closed, to say nothing about that class of notes or class

of currency that had been canceled because of the collection of such notes. They still owed the Federal reserve \$131,000—a little country bank out on the plains. Of course, when the bank closed that was preferred security. It was paid 100 cents on the dollar, and there was \$131,000 of currency canceled when those notes were paid. That has been going on all this time.

Now, it seems to me that that is one reason why we need bi-metalism, and a double standard, a money that is harder to control. As the international bankers said, using their own language, when it is in circulation among the common herd, it is harder to control. Until money is in circulation among the common group, the farmers and the laborers, we will never create purchasing power that will use up this so-called surplus.

We contend, and we think we can prove, by taking the records for 40 or 50 years back—and we are not worried so much about what happened very much farther back—that with the increased population, and increased business, there is no surplus. But there is a tremendous lack of purchasing power, with 7,000,000 people out of employment, and another 7,000,000 employed part time, representing some 30,000,000 of our working people without purchasing power, and practically all the farmers have ceased to be consumers, for this reason. Their commodities only pay the cost of harvesting and delivering to market. It does not pay the interest, and in a great many instances does not even pay the taxes.

This is not overdrawn. It is an actual fact. We see no permanent remedy, except an increase in our circulating medium—substantial money.

So far as the ratio is concerned, I have learned since I have been in Washington the last few days that certain people don't like the 16 to 1 idea. They do not like to hear it, but, nevertheless, it is the correct ratio, or approximately so. Until the discovery of America, for 2,000 years, the ratio of production, to say nothing of coinage—the ratio of production of the world had been 12 and a fraction to 1. Since that time, owing to a little larger production in the United States of silver, the ratio has been within a fraction of 14 to 1. So if there should be a change in the ratio, which we do not advocate, it certainly should not be, as has been advocated by some, 20 or 25 to 1, because there is no real reason for that. If there was a change, it should be 14 to 1.

Would there be a chance to flood this country with silver? Absolutely not, when at the present time over 75 per cent of the people of the world are using silver as money. If the free and unlimited coinage were adopted in the United States, I do not believe that any serious-thinking man or woman thinks that there would be any country holding out—not even France. They would all come in, and we would have the double standard. In a short time we would increase our standard money, perhaps not 50 per cent, but to a great extent; and if silver were money, the same as gold, there would be no reason why the same greenbacks could not be issued against the silver bullion on deposits at the same ratio as gold.

Senator WHEELER. If you will pardon the interruption, let me say to you that I have in my hand a statement that was issued by J. F. Darling, one of the directors of the Midland Bank of England, in



which he advocates the remonetization of silver by England alone. He points out—

Senator KING. You mean Great Britain and her Dominions?

Senator WHEELER. Yes. He says, "Britain can do it," and he points out how they could do it, and that there would be no dumping of silver. He speaks of an international agreement with reference to it, and he says that he believes it is impossible to get an international understanding about it, but that Britain can do it herself with her colonies.

Mr. PLUMMER. Senator, if Britain could—and I think you agree with me that she could—we could, too, could we not?

Senator WHEELER. I do not think there is any doubt about it.

Senator KING. May I interrupt a moment?

Mr. PLUMMER. Surely.

Senator KING. Mr. Darling quite recently, I think, in connection with his activities upon that great silver commission which is formed in Great Britain, takes the position that if his country and the United States can not join, an international conference could be called or would be called, and would be productive of the results which so many desire. I think he has not abandoned the idea of an international conference. He desires it, but if none can be called, he is in favor of Great Britain proceeding alone for the remonetization of silver and emitting what he calls the "Rex" coin.

Senator WHEELER. Whom do you speak of?

Senator KING. Mr. Darling.

Senator WHEELER. He says here, "Britain can do it." How is this to be done?

There is no time for an international conference. Nor would it be likely to achieve success. The official policy of the United States and France is to act as a unit in upholding the gold standard. Nor is this surprising seeing that they hold the greater part of the world's gold.

Britain, however, through her relationship with India, which is the largest silver-using country in the world, is in a position to restore the value of silver unaided. It can be done in the simplest way by authorizing the Bank of England to hold rupees, or their silver content, in the metallic reserves against Bank of England notes at a value equal to the exchange value of 1s. 6d. per rupee.

The relationship between the pound and the rupee is already very close, for last summer the Prime Minister, in effect, gave Britain's guaranty to maintain the value of the rupee at 1s. 6d. But the silver value of the rupee is now only 7d. It used to be 2s. before the Indian mints were closed to the free coinage of silver in 1893. India had then an honest rupee with its intrinsic value equal to its exchange value. India should be given this again.

Were Britain to be called upon to implement her guaranty it would be under conditions equally ruinous to both Britain and India. But were Britain to anticipate her guaranty and boldly declare to the world that India's mints would be reopened to the unrestricted coinage of rupees, and that these rupees, or their silver content, would be received by the Bank of England—in other words, would become part of the metallic basis for the money of Britain—she would not only do much to restore tranquility in India but could save the world from imminent economic and social disaster.

If this were done forthwith the value to be imparted to silver, even should sterling ultimately rise to the old gold parity, would be approximately one-twentieth that of gold, which would still be well within its production or natural value. The sterling price of silver would be raised from 19d. to 48d. per standard ounce and definitely stabilized at that. The gold price would be raised from about 80 United States cents to about 70 cents per fine ounce, on the present gold value of sterling, and would rise as sterling rose. So recently as the beginning of 1926 the gold price of silver was also about 70 cents.

What now would be the effect upon the world? Not merely would the silver-mine owners be enriched and the basis for credit enlarged, with an effect upon world purchasing power analogous to vast new discoveries of gold, but the value of the great mass of silver already in existence in the world, held in India, China, and elsewhere, would be substantially enhanced, and with it the well-being of perhaps the greater part of the population of the globe who hold that silver.

Now this could not take place on the scale that is here contemplated without reacting on the world values of all commodities and securities. The restorative effect on all values would be immediate and world-wide, enabling buying and selling, borrowing and lending, to resume their normal course, and business to become profitable once again. Further, this result would be achieved without adding to the already onerous burden of world indebtedness, which, as a consequence of the rise in commodity prices, will be greatly lightened.

In the remonetization of silver, therefore, we have readily available a dynamic power provided by nature capable of restoring world values, which is a condition precedent to world recovery. So far as I can see, under existing conditions, there is no other power capable of doing so.

**Mr. PLUMMER.** You should increase the supply of money, and therefore raise the price of commodities and property to the point where people would be desirous of becoming owners of property, owners of homes.

This is serious, gentlemen. The young people who are married nowadays, as a rule, have no desire to become home owners. It is not profitable to own that home, or to own that farm. The parents, perhaps on both sides, have sacrificed the savings of a lifetime, and in their old age they must walk out and leave the home that for years they have been led to believe they owned. Is it any wonder that the rising generation has no desire to become home owners? But if it were profitable to own that home, that desire would be immediately re-created in all the minds of both young and old.

While I think of it there is one thing I would like to get in the record. We from the Central West and Western States, refer to Illinois, Indiana, and so forth, as the East. But I find back here that they call that out West. In supporting this Wheeler bill we are not thinking in terms of opening silver mines in my State and others. While, of course, that would create employment and would be a relief so far as the unemployment problem is concerned, yet we are thinking principally in terms of an increased volume of money that would advance the price of commodities.

**Senator WHEELER.** When you speak of money you mean primary money?

**Mr. PLUMMER.** Primary money; yes.

**Senator KING.** You are not so much interested in doing something for silver as in having silver do something for the world?

**Mr. PLUMMER.** Do something for the citizens of this country. That is right.

Here are just a few figures, and then I am through. I used these before another committee, and I thought they might be of interest to you gentlemen, as they were mentioned by one of the Senators during President Simpson's testimony.

Some of you stated that money meant to us what it bought. I will put it this way. Our agricultural commodities mean to us and to this country—not only the farmer, but the country, the business man, the laboring man, and everybody—what they will buy for us.

We have some tables in Colorado, made up from the National Industrial Board's report and our Colorado Yearbook, as to what the different agricultural commodities bought in the way of farm implements in the pre-war years, and from 1920 to 1928, not considering the years during the World War, and then I have added the present year. Those are my own figures, but the others are not.

I will just take wheat and a few agricultural implements, to expedite matters, and not take too much of your time. According to the yearbook, if we take the average price of an 8-foot binder, such as is used there, in the five pre-war years, at the price of wheat in Colorado, that binder would have cost if paid for in wheat, 169 bushels. If paid for in wheat at the average price of the binder and of the wheat from 1920 to 1928, it would have cost 293 bushels, or 124 bushels more wheat than in the five pre-war years. If paid for out of the 1931 crop of wheat at the average price paid at Colorado elevators, it would have cost 900 bushels, or 731 bushels more than in the five pre-war years.

A mower such as is generally in use in the alfalfa section there would have cost 62 bushels of wheat in the five pre-war years, or 114 bushels of wheat from 1920 to 1928, or 52 more than in the five pre-war years. If paid for out of the 1931 crop, it would have cost 298 bushels more wheat than the average of the five pre-war years.

In the case of a disk such as is generally used there it would have cost 52 bushels in the five pre-war years, or 96 bushels from 1920 to 1928, or 44 bushels more than the five pre-war years. It would cost 241 bushels more now than in the five pre-war years.

Gentlemen, that gives you an idea of why the farmers were not in a financial position to stand a crop failure over this country without being distressed and driven from their homes, and why they can not afford to produce crops at an actual loss for even one or two years.

If there are any questions, I shall be glad to try to answer them.

Senator KEYES. Does the committee desire to ask any questions? (No response.) Very well. We thank you very much, Mr. Plummer.

#### **STATEMENT OF WILLIAM LEMKE, FORMER ATTORNEY GENERAL OF NORTH DAKOTA, FARGO, N. DAK.**

Senator KEYES. Please give the reporter your name, address, and occupation.

Mr. LEMKE. William Lemke; Fargo, N. Dak. I am an attorney.

Senator KEYES. You may make such statement as you desire.

Senator WHEELER. You were formerly attorney general of North Dakota?

Mr. LEMKE. Yes, sir.

Senator KEYES. Are you a member of the farmers' union?

Mr. LEMKE. I am attorney for the farmers union, and I have been connected, at various times, I believe, with all the farm movements that were ever in existence in the northwestern part of the United States. I was elected attorney general by the Nonpartisan League of North Dakota at one time, and was connected with that farm organization when it had a membership in 13 States, as one of the

national executive committee, in 1918; also with other farm organizations, such as the Equity Cooperative Exchange, and others.

Mr. SIMPSON. I will say this, that the farmers' union is responsible for what he says. He is our attorney.

Senator KEYES. He speaks for you!

Mr. SIMPSON. He speaks for us.

Mr. LEMKE. The question under consideration is the money question. It may be well for us to consider that different materials were used for money during different periods of civilization. At one time mulberry bark was considered as sacred by the people who lived then, as gold is to-day. Later they used seashells, and I believe in some of the backward nations of the world seashells are still used as a medium of exchange, and as legal tender. Later the goat became legal tender in some of the nations of the world, and later cattle, and, for all practical purposes, in the early New England days, I presume tobacco was the medium of exchange, or the unit of exchange.

The function of money is to be used as a medium of exchange—rather, a unit with which we measure the muscular and brain energy of a people. Consequently, there always ought to be enough units of exchange with which to measure the muscular and brain energy of a people.

The condition that exists to-day is highly unthinkable, and certainly can not be approved by intelligent people. We have in this Nation millions of people starving, millions in need of clothing, and we have 7,000,000 permanently out of employment, and several million more employed part time. We have human wants, and these millions of people out of employment are willing to prepare the things necessary to satisfy these human wants, in order to satisfy their own hunger. We have all the raw material in this country that we need to satisfy those human wants, and yet these people are starving because, in our ignorance, we do not know how to provide the unit of exchange with which to measure the muscular and brain energy of the people of the United States, because we have learned to worship the golden calf, which is not adequate to supply us with sufficient units of exchange.

We have had all kinds of explanations. Unthinking people have called it overproduction. Thinking and reasoning men and women know that it is underconsumption, and that there can be no overproduction while there is a single human being starving in this land of plenty.

Thinking and reasoning men and women, again, also know that the law of supply and demand still exists. The supply is here. The farmers in my State produce the finest potatoes that God ever permitted to grow, and sell them for 15 cents a bushel. They paid 9 cents for the sack in which to put them, and pay 3 cents for the picking of them. That is the supply. The demand is represented by the hungry people in Chicago and our other large cities, but somehow or other the law of supply and demand can not get together, because you have not sufficient units with which to measure the energy of the farmer when he produces in exchange for the product of the laborer, who produces things that the farmer needs.

I think it is fundamental, and I believe it does not take a banker to know that there is not sufficient money to transact the business of the United States. The daily papers are full of it. In my own State, the leading automobile companies are advertising tires in exchange for potatoes. Why? Because the farmer has the potatoes, and this organization has the tires, but neither party has enough money, so they trade. It is getting down to the proposition of barter and trade. We are being reduced to a Nation of Indians, to barter and trade, because there are not enough yardsticks with which to measure the muscular and brain energy of the American people.

At Fergus Falls, there is a Lutheran college. That has the education. The farmers' sons and daughters have the desire to get the education, but they have not enough money to pay the tuition. So that particular college has accepted wheat in exchange for education. There is not enough money to do business.

In eastern Montana, they have horses, and they wish to have some vegetables. In eastern North Dakota, they have the vegetables, but they have not the money. They have not the necessary unit of exchange, so the people in eastern Montana are offering horses in exchange for vegetables in eastern North Dakota. There is not enough money to transact the business.

Senator KING. I read recently about some barbers who were offering shaves for wheat.

Mr. LEMKE. Yes. A number of newspapers in my State are offering subscriptions. For a bushel of wheat, they will give you a year's subscription. There is not enough money for the newspaper business in the United States of America.

Again, in the State of Kansas, when the young men want to get married, they have not enough money to pay the preacher for performing the ceremony, so they give him a few sacks of wheat in exchange for the marriage ceremony.

Down here in West Virginia the other day a young couple wanted to get married, but they did not have the dollar to pay for the marriage license. The county clerk, apparently, was quite human, and finally dickered with the bridegroom-to-be, and accepted a basket of grapes for the fee for the marriage license, and so they got the marriage license. There was not enough money there to transact business.

This morning in Senator Frazier's office I saw a letter from a man whom I know, from Pembina County, a Mr. Thorson, who owns a half section of land, still free from mortgage, but he has been unable to pay his taxes. He writes the Senator that in the next few days, unless he can redeem it from a tax sale, his land will go. That land is still valued at \$25 an acre, but he can not borrow the money anywhere in the State of North Dakota to save his home from a tax sale, so he asks the Senator if he can not make him a loan and save the farm for him.

Senator BARKLEY. He came to the wrong place to get the loan.

Mr. LEMKE. I am afraid he did. Even at that, there is a better chance of getting it from the Senator than from these combinations of banks, although they are down here and will be here before you. They will tell this Senate committee, too, that they are still making

loans on proper security. I will suggest to you, Senators, that you find out what that proper security is.

Let me give you one illustration. I had the handling of a farmers' elevator which went into the Farmers' National Grain Corporation.

Senator KING. This child of the Farm Board?

Mr. LEMKE. Yes. This child of the Farm Board had to take up an existing mortgage which Beecher, Barrett, Lockley & Co. held. In the meantime some other elevator company got an attachment against the money that Beecher, Barrett, Lockley & Co. was to get, or against the indebtedness due the Beecher, Barrett, Lockley & Co. So the National Grain Corporation gave me a check for \$9,200, the amount Beecher, Barrett, Lockley & Co. had coming, and they said, "You take this over to the First National Bank." The president, or somebody connected with that bank, will be down here, so I am giving you the illustration.

I took that check for \$9,200 to the First National Bank. The representative of Beecher, Barrett, Lockley & Co. went with me, and we offered to put up, to secure the bank, if it would cash that check to pay the attachment against it, if the person attaching finally got a judgment. We offered to put up a bond of \$9,200 from any indemnity company that was permitted to do business in the State of Minnesota.

I want to say that that First National Bank sent us to the First Trust Co., one of these affiliates of these chain banks, and there, after an hour's conversation, the man in charge of that department refused to take that check and cash it, with a bond of any bonding company that was permitted to do business in the State of Minnesota as security. He said that was not the kind of security upon which they would make loans.

Gentlemen, that is a serious situation, when the bonding companies are no longer sufficient security for the First National Bank and its First Trust Co. of St. Paul; and I feel that those bankers come down here with poor grace when they tell us that they are still making loans to farmers or to the people who have proper security, because there is no such thing as proper security left in the United States of America to satisfy these special bankers. I am going to be frank with you. I do not blame them.

The situation is this, that these bankers have on deposit \$52,000,000,000 in the United States. They have issued deposit receipts of \$52,000,000,000, and, in all the banks in the United States, according to the Treasury report that was handed me here just the other day, there is only \$880,000,000 actual money on deposit in all those banks and trust companies. Every dollar has been redeposited sixty times, a situation that is intolerable and should not be countenanced, and is not safe for any person.

The President may talk about hoarding. The men and women who are hoarding to-day are the multimillionaires who have no confidence in the banking system they have created and established and used, as it exists to-day. It is unsafe, and the world knows it, and it is up to Congress to do something to make it safe. There is not enough money to transact business. That is why it is not safe. The banks have more on deposit than they ever had, but they will not loan it out, and can not, because it is just wind.

But real money is what we need. There is \$4,000,000,000 that we can not find. I am down here trying to find it. There is only \$880,000,000 on deposit. That is what the Treasury report shows. There is \$880,000,000 on deposit in some 22,000 banks in the United States of America, and there is out, in circulation somewhere, something over \$5,000,000,000. We are trying to find that \$4,000,000,000 that is not in the banks. I have talked to Members of Congress, and they tell me some of the wealthier people have pulled out millions and put it in safe-deposit boxes. There is hoarding in the cities of Chicago, New York, Philadelphia, and Boston, but the rest of us have no money left. We would pay our taxes if we had it, and that would be one way of circulating it, so we would not have to hoard it.

I filed with another committee the other day a paper showing the tax sales in Polk County, Iowa, where the city of Des Moines is. There were 60 solid pages of sales. Those people are not hoarding who are having their homes sold. So, if there is any hoarding, it is with the wealthy people who are getting afraid of their own system of money.

Senator KING. Mr. Lemke, if I may interrupt you, have you included in your computation, or taken into account in your computation of the \$800,000,000 which you say is in the banks, their deposits with the Federal reserve system?

Mr. LEMKE. No; I did not.

Senator KING. You know, there is substantially \$4,000,000,000 of gold in the Federal reserve system.

Mr. LEMKE. Yes; but I have not considered that as in circulation that is simply held. That is just the same as if it were not in existence at all. It serves about the same purpose as does the gold in the United States Treasury.

Senator KING. It is sterilized.

Mr. LEMKE. It is sterilized, and it would be just as well, so far as mankind is concerned, to have it sunk beneath the ocean waves. Then we would know we could get along without gold.

Senator BARKLEY. That is not exactly accurate, to this extent, that based upon that gold there is paper money now in circulation.

Mr. LEMKE. To that extent, I stand corrected, so far as it represents gold.

Senator KING. Let me interrupt you to make an inquiry, although I do not like to interrupt your very interesting statement. Do you not think that if silver were remonetized, that even though it were not put into circulation in the form of dollars, dimes, quarters, or halves, it would constitute a reserve pool, just the same as gold may be a reserve pool, so that you would have two reservoirs from which you might draw for the irrigation of the commercial lanes and fields of our country?

Mr. LEMKE. Absolutely. It does not make any difference whether that is represented by paper or what. To me money means nothing but a yardstick by which I measure energy, either muscular or brain. It has really no other existence.

The question has been raised as to the value, between gold and silver. If you demonetize gold and monetize silver, then you would find gold cheaper than silver in a short time.

Senator WHEELER. Because gold is less useful in commerce?

**Mr. LEMKE.** Yes.

**Senator KING.** Of course, you remember the fact that Germany and two other countries of Europe, after the discovery of gold in California and Australia, when the creditors wanted to screw down the debtors, proceeded to demonetize gold, because they wanted dear money and cheap commodities.

**Mr. LEMKE.** Yes. I might say, right along that line, that you can have too much money as well as too little. You have to have a yardstick, but I think Senator Wheeler will agree with me that the yardstick can now be intelligently measured by the economists, and that the amount of money required in any nation to do the nation's business can be approximated. It depends on the energy. When we got the Federal reserve bank we thought we had it, but I am going to be frank. I think the control of the Federal reserve bank was stolen from the people of the United States and is now concentrated in the hands of people who use it to stifle and throttle the American people—not intentionally, but greed has no limit.

I can not conceive of a situation with too much to eat and with the farmers losing their homes. Men and women who a few years ago in my State were worth all the way from \$5,000, \$50,000, to \$100,000 on their farms are now losing them and being thrown out of their homes in their old age.

I have a telegram here that I just got this morning from a friend whom I asked to make a report on the number of mortgage foreclosures, tax sales, and so forth within the last 10 years.

Remember that this deflation, or this crisis that the city people are now beginning to feel, started on the farm in 1921. The farmer was made the shock absorber of the deflation, and if the farmer could have carried the load, he would have carried the burden and paid for the entire war, but he broke down under the burden.

**Senator WHEELER.** Let me call your attention to this fact: Something has been said about the international bankers. In 1920 the president of the Bank of England, the president of the Federal reserve bank, and the representative of the German Government and the representative of the French Government met. I think, in Brussels, first, and they sought at that time, because practically all the countries of the world were off the gold standard and there was tremendous inflation during the war, to put all the countries back on the gold standard. They met again in Genoa in 1922, I think it was. I may have the places reversed, but in 1922 they met again, with the specific purpose in mind of putting all the countries back on the gold standard. They were warned at that time by Professor Cassels, the great Swedish economist, that if they attempted it there would be a catastrophe in the world because there was not gold enough in the world to carry on the world's business. But, notwithstanding that, they did that, and in order to put Germany back on the gold standard they loaned Germany gold. They reloaned her money to keep her there, but notwithstanding that fact they have been unable to keep the countries of the world on the gold standard because of the shortage of gold and the tremendous demand for gold when all the countries went back on the gold standard. That was in 1921 and 1922. The Federal reserve bank in this country, as you know and as I know and as every man living in the West knows, started their policy of deflation in this country which broke practi-



cally all the farmers in the West and likewise practically all the small bankers and business men throughout the Northwest.

Mr. LEMKE. I may say to you, Senator, that in December, 1921, I called on the governor of the Federal reserve bank. I was then attorney general of North Dakota. There was a resolution to investigate him introduced in Congress. I suggested to him, to stop all this talk of investigation, and so forth, by inflation again to the extent of one hundred million in every State of the Union. I said, "This thing will stop. There will be money to do the business with." He said, "How would you do it?" I said, "The Bank of North Dakota is one place where you can take up hail warrants to that extent." He frankly told me that the Federal reserve bank was never intended to serve the American people, that it was a bankers' bank. I admired the man for his frankness. He told the truth. I said at that time that I thought Congress would change that intention, and we are here now to have Congress change that intention, if possible.

This man wires me:

Thirty North Dakota official newspapers—

In North Dakota we have official newspapers.

Thirty North Dakota official newspapers report a total of 91 pages of delinquent tax sales for 1931.

There are 53 counties in the State.

Twenty-four counties report 21,488 foreclosures, 854 redemptions 10 years only.

Senator KING. Are those foreclosures increasing?

Mr. LEMKE. I will say this to the Senator: They are not increasing for the reason that the insurance companies, and even the Federal land bank, have so much land that they do not know how to farm that they are going easy, and they are hoping that something will happen. But whenever the farmer comes here and asks for anything, those same gentlemen always say it is not feasible; but it is very feasible to put a \$2,000,000,000-corporation over to take out, as we see it, these \$2,000,000,000 worth of worthless foreign bonds, out of the \$15,000,000,000 on which the international bankers made from 3 to 14 per cent commission, and which they sloughed onto the rest of the public. For the information of this committee, I want to say that those bonds were sloughed off on the public, far more than this Senate realizes, on the poor, gullible investors out in the smaller towns, the smaller banks, and so forth. For a while you could pick up any statement of the smaller banks, and even the larger banks in my State, and over one-half of their deposits were invested in bonds and stocks. In that way, the condition was brought about that the farmer could not get enough money—and he can not now—to pay his taxes.

Several years ago I had a friend who ran a national bank. This bank happened to be in Iowa. This man is now a member of the judiciary. When the national-bank examiner came to him he told him he would have to take these bonds out. At that time that bank closed its doors. That same person told me the other day that now the Treasury Department permits them to carry these bonds, no matter whether they are worth 20 cents on the dollar or not, at face

value. That is an absolute necessity to keep the financial structure from going down. It is that knowledge, that the man who has millions has, that gets him to hoard, that the average person on the street does not know about.

Senator WHEELER. I think a great many people on the streets know about it, as a matter of fact, and that is the reason why there has been such a drain upon the banks of this country.

You were speaking about foreclosures on farms. I want to say to you that I was told the other day that in Iowa they have stopped foreclosing because of the fact that when the sheriff went to sell the property, a group of farmers would meet there, and they had ropes in their hands, and nobody dared to bid on the farm.

Mr. LEMKE. I will say to the Senator that resolutions are being passed all over the Northwest, where the farmers agree not to bid on any forced sale, and not to pay any more taxes, because they can not. It is a condition that must not be tolerated, and need not be tolerated, because there are plenty of people in this Nation who know how to solve it. The only thing we need is to get a proper approach to the subject, determine what ails the child, and then apply the proper remedy.

I feel that a very limited investigation will show that there is not enough money to do the money business. The farmer is so deep in the hole now that he must have some immediate relief. Therefore, we advocate the Frazier farm relief bill. Unless that saves him, there is no use saving him, when the other fellow has his land.

Senator WHEELER. The truth about it, of course, is that all these bills that have been introduced for the relief, for instance, of the unemployed, and the relief of farmers, are only temporary propositions, and do not touch the fundamental thing that is wrong with the country at the present time?

Mr. LEMKE. That is correct, Senator. The fundamental thing that is wrong, not only with this country, but with the world, is that there are not enough yardsticks of exchange to measure the muscular and brain energy of the people.

Senator WHEELER. The remonetization of silver would double the yardstick throughout the world, and would thereby, by doubling the yardstick, or perhaps more than doubling it—

Senator KING. Doubling the units of purchasing power.

Senator WHEELER. Exactly. It would double the units of purchasing power in this country, and all over the world, and thereby make it possible for people to buy more of the things that they want, and increase the business of the world.

Mr. LEMKE. I would say the Senator is correct. It would more than double it. When I say that, remember that I was brought up as a "gold bug."

Senator WHEELER. You are a Republican?

Senator BARKLEY. Would it have any effect upon our own situation, assuming that some measure like this were adopted, for the other countries, like England and Sweden, which have gone off the gold standard, to resume the gold standard and go back on it? What effect would that have, then, upon our situation?

Mr. LEMKE. You mean at present?

Senator BARKLEY. Yes; within a reasonable time. It has been stated that Great Britain went off the gold standard temporarily.

Mr. LEMKE. Yes.

Senator BARKLEY. Assuming that that is true, and that, when the situation is relieved, they will go back on it, and, in the meantime we had gone off, what effect would that have on our own situation?

Mr. LEMKE. I would say that this Nation is strong enough and big enough to live within itself; and, more and more, with your tariff walls, nations are beginning to live within themselves.

Senator BARKLEY. I am not in sympathy with the height of those tariff walls.

Mr. LEMKE. Neither am I, but the fact is that they are there, and other nations are doing the same thing. We have set a splendid example for them. It may be later that we will all have to become Chinamen, and live within our own Nation.

Senator KING. Strike out "splendid," and insert "pernicious" example.

Mr. LEMKE. I am willing to accept the substitute.

There is your situation. After all, our own people are what we want to take care of. At present I feel that I can state, without fear of contradiction, that there are between 28,000,000 and 30,000,000 men, women, and children that go to bed hungry every night, that could eat more food if they had it. I will state, without fear of successful contradiction, that in my own city of Fargo, which I consider to be one of the best cities in the United States of America, the average family now consumes from one to two pounds of butter less than it did before this depression got going.

Senator BARKLEY. You mean per week?

Mr. LEMKE. Per week. It is not because they do not want it. We were told recently by an ex-president, a year or so ago, to buy prosperity. Our pockets were empty, and we discovered we had already bought too much. In my own State, every once in a while I see some suspicious-looking character snooping around at the back of a garage, and the first thing I know, he has yanked an automobile out of there, and upon investigation I learn that that man bought one automobile too many and could not keep up his installment payments.

It is simply an intolerable condition. I feel confident that the people of the United States are able to remedy that condition, and it is no excuse to say that it is a world depression.

If you will excuse me, I will make a comparison between a Democratic panic and a world depression. When I was a boy, we used to shame the Democrats so much about the Democratic panics, that they would be ashamed to go and vote.

What is a panic? Did you ever see a panicky horse? Its ears are erect, its eyes wide open, nostrils distended. It is jumpy, but if that animal ever gets started, it is just as likely to win the race as to lose it. That is Senator Wheeler's bill here.

Now, then, what is a Republican world depression? You will excuse me. That is Herbert Clark Hoover sitting solemnly astride of a dead horse and trying to win the race; and it can not be done. [Laughter.]

Senator BARKLEY. You would rather have a panicky horse than a dead horse?

Mr. LEMKE. Yes. I have changed. I used to be a Republican. I will say that this Nation is willing to bet on a panicky horse rather

than on a dead one. I will say that this Nation is alive with intelligence and intellect, and that necessity has forced an intelligence out here among the farmers in the country that would amaze a person who has not been out there recently. I will say that at the average farmers' meeting, such as my friend Simpson calls, the farmers know more about the banking question than the delegation of bankers you have down here from the Northwest in your city now. I do not know where they keep themselves, but they will appear before you later. They will tell you that they are still making loans on proper security. They are not doing anything of the kind. At least they will not define what a proper security is.

Senator WHEELER. You can not borrow a dollar on farm lands. I do not believe you can borrow a dollar on the best farm lands in Montana and North Dakota.

Mr. LEMKE. I will go further, and say that there is a deaf man, 80 years of age, who lives in Chicago, who has a half-section near Page, N. Dak., and that there is due now, on a tax certificate, on that half-section, that was valued at \$50 an acre during the inflation, \$156, and the person who holds it can call for a deed. There is a young lady who is now teaching in the University of Wisconsin, whose parents were friends of this old deaf man. I am trying to get the \$150 from her to save that half-section of land for the old man until there is enough money again to do business, so that this man can get at least \$500 out of a half-section of land.

I filed the other day, with the other subcommittee on Agriculture, a letter showing where a person tried to borrow \$180 with which to pay an installment payment to the Federal land bank. This man had paid 10 installment payments, and never failed. He could not borrow money in his town, because the local banks were all closed. He came to Fargo. I personally went to all the banks and insurance companies in Fargo, and they said, "It is out of our territory."

If we were at war, this Congress would not tolerate that situation for two minutes, but the condition is worse than war. More people are starving and hungry than were so during the war, and if this thing continues there will be more people starve to death in this country than were killed in the world war—citizens of the United States.

That is a situation that I feel requires an intelligent approach. At the same time, let us throw away our prejudices, and stop worshipping this golden calf, or any other kind of calf. Let us get down to principles, with the American people. We need not talk about a world depression, because our forefathers left those old countries because they were not satisfied. They built a mighty Nation over here, on our own principles, and while we followed those principles, we became the leading nation of the world. We are surrendering that position now to some foreign people whom we left because we were not satisfied with them.

Senator WHEELER. The other day a newspaper editorial came to my notice, criticizing my bill and saying that I was making the same claim that was made in 1893 by those who favored the remonetization of silver, and that notwithstanding that fact, after 1896 we had prosperous times in this country. Let me ask you if the comparatively prosperous times that took place after 1896 were not caused,

first, by the tremendous discovery of gold in South Africa, and likewise in Alaska, bringing into the world a tremendous increase in the primary money of the world; and following that, of course, there was a tremendous world-wide inflation because of the World War, when practically all the nations in Europe, if not all of them, went off the gold standard, and we entered into a world inflation?

Mr. LEMKE. You are absolutely correct. The discovery of gold brought the paper money, silver money, and other money that had been hoarded, out of its hiding place. There is no question about that.

The question remains, what is money? It is a unit of exchange, a yardstick with which we measure muscular and brain energy. Consequently, in an all-intelligent government, there never can be such a thing as enforced idleness, as long as there is human want. There should not be.

Senator WHEELER. Of course, you can have two kinds of inflation. You can have just a paper inflation, where the printing presses can turn out unlimited paper currency, as they did, for instance, after the war in Germany. It is just a question of how much they want to turn out. Of, you can have it based upon some yardstick limiting the amount of currency, and have inflation in that way. This bill proposes, instead of limiting it to gold as the primary money of the world, to likewise have silver. It proposes to use gold and silver, which had been used in this country up to 1873. That would limit it, so that they could not simply take the printing presses and turn them loose and do as they did in Germany, and have unlimited paper currency.

Mr. LEMKE. You are correct, entirely. Even that unlimited paper currency was better than the condition we have to-day. There is no question about that. It, at least, wiped out the indebtedness.

Senator WHEELER. Yes. It wiped out the indebtedness of the debtor classes.

Mr. LEMKE. I happened to be in the city of Mexico when General Villa was there. About 36 different generals made money, and Villa did not have time to get money printed. He took the registers from hotels, cut them in little pieces of paper, and stamped money on them, and you could buy just as good a meal with that as you could with a gold dollar, because the government was back of it.

Senator KING. Up in Canada in the early days when it was under French control, the settlements not having any money, the three men in control took playing cards, cut them into four pieces, and wrote their names and the amounts they represented, and they circulated for years as money, and had the same purchasing power, because the units of purchasing power were as limited as if they were gold.

Mr. LEMKE. Yes. A more intelligent system would be the system the Senator suggests here. Those playing cards would wear out. You must have enough money in any nation to transact its business. The muscular and brain energy of the human race ought to be measured, and this energy ought not to be allowed to go to waste in this country.

Let me give you an illustration. My friend Simpson comes from a cotton State. He was told not long ago to destroy one-third of his

cotton. He did not follow out that advice, and I think he was wise. There are at least 100,000,000 men, women, and children that want that cotton, and that need clothing. I have heard orators say that there were not 10 per cent of the people in the audience who would not be ashamed to show their underwear, because it was full of holes. That may be an extreme statement, but there are 100,000,000 men, women, and children that need new clothes in this Nation, and yet the head of this great Nation tells us to destroy one-third of the raw material, the raw cotton that goes into clothing, when there are 14,000,000 men, women, and children that want to make it into clothing! But you have not enough yardsticks to measure their energy.

Senator KING. Don't you think it is our duty to support the Farm Board, rather, in its wise policies and recommendations?

Mr. LEMKE. I think you should change the personnel of that Farm Board as quickly as the good Lord will let you. I have very little confidence in them. When you put anybody down here in an appointive position, he will serve the ideas of those who appoint him, and the interests they want him to serve. There is the danger of all those things. That is why, in the Frazier bill, we set up machinery so that the farmers themselves take care of it.

Senator KEYES. Are there any further questions?

Senator WHEELER. You feel that the enactment of this bill of mine into law would materially help the farmers of this Nation?

Mr. LEMKE. It would increase the value of all the things the farmer would have to sell. The values of the things that he buys have already been increased, and have remained at a high level since the time we went into the war. Only within the last year a few of the commodities have come down.

Senator WHEELER. What effect would it have upon the 75 or 80 per cent of the people of the world who are using silver to-day as practically their only yardstick?

Mr. LEMKE. It would increase the consumption.

Senator WHEELER. It would tremendously increase the consumption of those people, so that they would be able to buy our manufactured goods, our automobiles, our radios, and everything of that kind.

Mr. LEMKE. Yes; and, Senator, I will make this observation. I say it with regret. Many people who are responsible for the dissemination of this information remind me of an ostrich that sticks his head in the sand and says, "Prosperity is around the corner." I say to you, deliberately, that prosperity can not return to this country until you get yardsticks with which to measure the muscular and brain energy of these people; and you have not got them.

Senator KING. Generally speaking, if I may ask one question, your theory is that there should be a proper relation, in order to prevent fluctuation in our money and your values, between your money and your production?

Mr. LEMKE. Yes.

Senator KING. And that you should not have irregular curves?

Mr. LEMKE. No.

Senator KING. Those irregular curves would be avoided by a proper monetary system that bore a substantially uniform relation to production.

Mr. LEMKE. That is correct.

Senator KING. So, you deduce from that theory, which all economists support, that because of the inadequacy of the gold to meet the needs of trade and commerce and the wants of the people, it ought to be supplemented or added to by having another monetary metallic base, to wit, silver, and that those two bases, or two pools, from which we may draw to meet the commercial needs of the people, are better than one base or one pool which, I think experience demonstrates, is inadequate to meet the needs of the people.

Mr. LEMKE. Absolutely.

Senator KING. And further you favor the remonetization of silver, giving to it the same monetary status that it had in the United States from the time that Hamilton and Jefferson drew the first act in 1792, down until 1873, when, surreptitiously, there was driven through Congress a measure to demonetize silver.

Mr. LEMKE. Senator, you are absolutely correct. I will make the further observation, of course, that at some time in the future those two may be inadequate, because I feel that no legislative body can legislate for all the future.

Senator KING. Certainly.

Mr. LEMKE. But we must meet existing conditions. We must not simply do nothing and say, "It is going to rectify itself." Unfortunately, I met one Senator the other day who felt that way. He said, "There is nothing to do." That is a dangerous situation, and he is not doing his duty to his people.

Senator WHEELER. I do not think that any of us who are in favor of the remonetization of silver feel that it may answer the purposes for all time to come. Of course, probably as population increases and commerce increases, we may have to add some other. But at the present time it would do more, in my judgment, to help the present situation, the world situation, than any other thing that could possibly happen, because it would not only raise the price of farm commodities in this country, but it would increase—it would double or treble the purchasing power of over 75 or 80 per cent of the people of the world, thereby bringing about an increase in the farm products in this country that have to be sold upon the world market.

Mr. LEMKE. That is correct.

Senator KING. An increase in price.

Senator WHEELER. An increase in price levels. It is the most practicable way.

Mr. LEMKE. It is the most practical solution. I will say this, that Congress must do something to prevent those 30,000,000 men, women, and children from going hungry. The situation requires immediate relief, as quickly as it can be gotten. There are 600,000 of them in the city of Chicago alone. You can not escape that fact. It is there.

Senator KEYES. Thank you very much, Mr. Lemke.

At this point in the record, I want to insert a letter from M. H. Dodge, foreign sales manager of the Tangleoot Co., and also a memorial from the Bi-Metallic Association of Denver, Colo.

(The statements referred to are as follows:)

THE TANGLEFOOT CO.,  
Grand Rapids, Mich., January 22, 1932.

HON. BURTON K. WHEELER,  
Senator from Montana, Washington, D. C.

DEAR SENATOR: We have just received a copy of a newspaper, The Sambar, from Zanzibar, Zanzibar Island, issue of November 22, 1931, that contains

an article that we believe will be of interest to you. We take pleasure in quoting the article.

"THE GOLD STANDARD AND THE BRITISH TRADE

"Proofs are accumulating to show that the suspension of the gold standard in England has given an extraordinary push to British trade and industry in general. The Manchester Association, Reuter says, of Importers and Exporters, have sent a statement to the Premier, Chancellor of the Exchequer, and president of the Board of Trade urging that the Government should give an assurance that there is no present intention of returning to the gold standard. It is a conundrum for economists. The fall of the sterling led to the suspension of the gold standard in England. But this fall at once reduced the prices of British manufactures by 20 to 25 per cent and placed British manufactures at a great advantage as compared with the other manufacturing countries of the world, with whom Britain was up to now unable to compete owing to her goods being much costlier. The result is that unemployment is getting reduced by leaps and bounds as claimed by the new national government, and all the business centers of Great Britain are humming with business activity. The boycott of Japanese goods in China has also come in handy. No wonder that the said Manchester association should be eager for an announcement by the Government that the gold standard would not be resumed, at least at present.

"All this leads to the shrewd suspicion that this suspension of the gold standard and such other steps taken of late by Great Britain were a very clever ruse—a very well-staged play—to find a way out of the recent falling off in British trade and industry under the camouflage of the financial stringency, which, it is claimed, led the British Government to adopt the said measures to stave off further fall in sterling and to balance the budget and so on. Whatever it may be, the suspension of the gold standard has undoubtedly done an immense good to British trade."

It is certain many heartily approve of your bill relating to the demonetization of silver, but few will take the trouble to tell you so. More power to you in your good work.

Yours respectfully,

THE TANGLEFOOT Co. (The O. & W. Thum Co.),  
M. H. DODGE, *Foreign Sales Manager.*

P. S.—Many believe that unless such action is taken it will be extremely difficult, if not impossible, to recover our export trade.

M. H. D.

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MEMORIAL

*To the Senate and House of Representatives of the United States in Congress assembled:*

Your memorialist, the Bimetallic Association, a nonprofit corporation, all of whose officers and members are citizens of the United States, respectfully represents and petitions as follows:

Whereas the single gold standard has been the basis of our national finance since 1873; and upon gold and gold credit all our issues of paper money and our commercial credit have been founded; and

Whereas the stock of gold available for money in the whole world is ten and one-half billion dollars, of which the United States holds approximately 40 per cent; and

Whereas the issuance of gold credits upon this insufficient foundation of gold reached such reckless heights in 1920 that the overweighted superstructure collapsed and the financial world was wrecked, and with the inevitable contraction, the industrial world was plunged into catastrophe; and

Whereas the governments of the world and the international financiers are still taking and giving their counsel from gold monometallism despite the tragic fact that the economic catastrophe, largely due to reckless greed, has in a little more than two years caused more human woe and loss of life and property than the world suffered during the four years of the World War; and

Whereas there are in the world, available for money, 8,000,000,000 ounces of silver, upon the purchasing power of which the vast majority of mankind is depending; and

Whereas it seems evident that the only restoration of world prosperity and the only maintenance of the people of the world is by a recovery of work



and wages for the people, and work and wages can only come in general to mankind if there shall be recovery of the power of consumption, and this recovery can be effectuated in the immediate present only by a restoration of silver to its usefulness as money;

Now, therefore, your memorialist, the Bimetallic Association, urges that the Congress of the United States shall speedily enact the Wheeler bill for the free coinage of silver as well as gold, and that the Congress, immediately and before such passage, urge the President of the United States to notify the leading governments of the world of the pending of such legislation, inviting them to enter at once upon an international conference, so that other nations may adjust their affairs in contemplation of the purpose of the United States to enact the Wheeler bill into law in order to preserve the world from utter bankruptcy.

Respectfully submitted.

[SEAL.]

BIMETALLIC ASSOCIATION,  
By FRANK J. CANNON, *President*.  
ROBERT C. LANE, *Vice President*.  
CAROLINE EVANS, *Secretary*.

Dated at DENVER, COLO., *January 25, 1932.*

Senator KEYES. Mr. Hyde, we will be glad to hear from you at this time.

**STATEMENT OF C. H. HYDE, REPRESENTING FARMERS UNION,  
ALVA, OKLA.**

Mr. HYDE. Mr. Chairman and gentlemen, I am a wheat farmer. I live on a farm. I have lived on one farm for 38 years.

We want to call the attention of the committee to the fact that in 1920 we had around \$56 per capita in circulation, and according to the 1930 census we had around \$22. Farm land decreased during that period of time \$20,000,000,000, I think due largely to not enough money.

Answering your question, Senator, as to the effect it would have on us, as wheat growers, if we went on the bimetallic basis and England should go back to the gold standard, I could sell my wheat and get gold, and come back here and it would bring me more than it would if England were on the silver and gold basis. It would be worth more to me. It would help the farmers if we were on a gold and silver basis, and England should go back to the gold basis. It would help the prices of everything we would sell to England. When we got the gold back here it would buy more for us.

As to the condition of farmers—

Senator BARKLEY. Right there, how do you harmonize that with the theory or the statement that these countries that are now on the silver basis are unable to purchase our goods, while we are on the gold standard and they are on the silver standard?

Mr. HYDE. Because their money is not good when it gets here.

Senator BARKLEY. Would ours be good when it went to England?

Mr. HYDE. Our wheat would be good. I did not say our money. We could not buy from England. We would buy in the United States, though, our products or manufactured goods, and those goods would go to England, and we would get the gold, and when we got the gold back here it would be worth more than 100 cents on the dollar.

Senator BARKLEY. You think that would be good for an exporting nation, but not good for an importing nation?

Mr. HYDE. Yes; and it would compel us to buy our home production.

Senator WHEELER. Of course, I do not agree with these international bankers, as they have been termed, who state that England will go back on the gold standard in the immediate future. In my judgment, there is no possibility of it. On the other hand, there is the greatest agitation that has ever happened in England in favor of England going upon the bimetallic standard and remaining entirely off the gold standard. But what you stated with reference to what might happen to buying in this country is happening to-day in China and India. China to-day, by reason of the depressed price of silver, is absolutely unable to buy anything in this country to amount to anything at all, and consequently industries are starting up there in China, and industries in China are booming as they have not boomed before, unless something has happened to them since the outbreak of this war.

Senator BARKLEY. Some of them are being bombed.

Mr. HYDE. And, Senator, they are shipping goods here. I live near the Santa Fe Railroad. Trainloads of Chinese eggs go through the town where I live, and we can not sell our eggs more than 8 or 9 cents a dozen. But they get gold for them, and take it back where the gold will buy a great deal more than 8 cents in their medium of exchange.

Senator THOMAS of Idaho. That is one place where the tariff is not high enough.

Senator WHEELER. We placed a tariff on peanuts. An importer in Seattle told me last summer that notwithstanding the tariff—he was very much opposed to the tariff because he said it would stop the importing business—but he said that notwithstanding the tariff, by reason of the rates of exchange in China, it did not make any difference what tariff they put on at the present time, unless they put an embargo on. By reason of the rate of exchange in China and this country, he was importing peanuts into this country and shipping them all over the country in competition with the peanut growers in this country. On the other hand, he was unable to sell any amount of our goods to them, and export them, because of the fact that it took so many bushels of their peanuts to pay for a bushel of wheat, and while those countries could export to us, they could not import from this country into their countries. If they dealt at all, they had to deal with a country that was off the gold standard. That is happening, and every export house and every import house in the United States will tell you that since these countries went off the gold standard our exports have practically ceased. Our imports will pick up, because of the fact that the United States to-day becomes a good dumping ground, but our export trade is going to be killed.

Senator THOMAS of Idaho. Then this would be no time to lower the tariff.

Senator WHEELER. I would not think so at the present time, so long as these countries are off the gold standard.

Senator BARKLEY. Getting back to eggs, we were shipping eggs into Canada until recently, and they had to raise the tariff in Canada to keep our eggs out of Canada; so that if all these walls are raised so as to keep the egg where it has been laid, there will be no international hens any longer, will there? [Laughter.]

Senator THOMAS of Idaho. There were not many eggs shipped into Canada.

Mr. HYDE. Since we had \$56 per capita circulation, and it is now down to \$22, farm land has decreased \$20,000,000,000. Wheat has gone from \$2.50 to 30 cents. Cattle have gone from 16 cents down until fat cattle are only worth 3½ to 5 cents for the top, in Oklahoma City. Hogs are down to 3 cents a pound. We do not have the money to buy at sales. The farmers can not buy because they do not have the money. The farmers are not paying their taxes because they do not have the money. Their products will not bring it.

Oklahoma has always been on a cash basis until this year. The 1st of January this year we had a little over \$8,000,000 of State warrants out, because the State did not have the money, and they could not pay their taxes. Our counties, cities, and schools cost us about \$84,000,000 a year, but more than \$40,000,000 of warrants issued during the calendar year 1931 were drawing interest January 1 this year because there are whole counties where the value of the crops did not produce enough to pay taxes at the present levels. It would take a third of all the agricultural crops in Oklahoma to pay the tax that the farmer has to pay on his land and buildings and livestock and farm machinery this year.

The mortgage companies and insurance companies have quit taking land, because it is just an additional burden. They have the taxes to pay.

Just before I came here I was invited to address a convention of the farm mortgage companies in Oklahoma. I talked with them there, and I talked with them outside the city. They said they did not want any more land, because land is not producing enough to pay the taxes. We have no money.

Senator WHEELER. Isn't it perfectly ridiculous to think that you can have any increased prosperity in this country, or a pick-up of business, until such time as the farmers of the country, the cotton producers, the cattle raisers, and the wheat growers of the Nation are able to get more than the cost of production—in other words, until their purchasing power is restored to what it was prior to the panic of 1929?

Mr. HYDE. You are right, Senator.

Senator WHEELER. Let me ask you this: There is not any way that that can be restored until there is an increase in the volume of money in this country, and there is only one way that you can get an increase of the primary money in the world, and that is either by a tremendous discovery of gold or by the remonetization of silver?

Mr. HYDE. That is true. The farmers in the United States, I think, would replace half their farm machinery with new machinery in the next two years if there was money enough for them to pay for it. We drove up here 1,500 miles in a car. I do not know how large a percentage, but a large percentage of the farm buildings needed paint. Many of them showed that they needed other repairs. I knew it was because the farmer did not have the money to do that repair work. If we had more money, I could sell my wheat. The man who raises cattle could sell his cattle, and we could buy the

products of the factories in the East. But without money, it is hopeless.

Are there any questions you want to ask?

Senator KEYES. Thank you very much, Mr. Hyde.

Gentlemen, it is half-past 12, and I am sure the witnesses have pretty well covered the subject, anyway.

Mr. SIMPSON. We want to thank you very much, Mr. Chairman, for the time and courtesy you have extended us. There may be some time in the future when you will have hearings before the full committee.

Senator KEYES. Yes.

Mr. SIMPSON. We would like to be notified, so that we will have an opportunity to be present.

Senator KEYES. Senator Wheeler will know about that.

UNITED STATES SENATE,  
February 10, 1932.

Mr. ISAAC M. STEWART,  
Clerk Senate Finance Committee.

DEAR MR. STEWART: In accordance with telephone conversation between you and my office, I am inclosing herewith brief on the Remonetization of Silver for the purpose of having incorporated in the hearings before your committee relative to silver.

Yours very truly.

JNO. THOMAS.

February 11, 1932.

Hon. JOHN THOMAS,  
United States Senate, Washington, D. C.

DEAR SENATOR THOMAS: This will acknowledge receipt of your letter of February 10, 1932, together with inclosure, the Remonetization of Silver, which we will have incorporated in the hearings before the Finance Committee relative to silver, in accordance with your request.

Yours truly,

I. M. STEWART, *Secretary.*

### THE REMONETIZATION OF SILVER

(By Charles W. Beale, attorney at law, Wallace, Idaho)

The primary cause of the business depression and unemployment in the United States is an insufficient supply of money. The undeniable facts disprove the claim, regardless from what source it comes or by whom made, that the existing supply of monetary gold is sufficient for the requirements and necessities of the people of the world.

If that supply were sufficient, why the moratorium? Why have England and European and oriental countries suspended payments in gold? Why have South American republics defaulted the interest on their gold bonds? Why have 90 per cent of the people on earth abandoned the gold standard? And why curtailed operations, decreased railroad traffic and earnings, passed dividends, bankrupt farmers, and millions of unemployed in the United States?

Certain opponents of the remonetization of silver assert that the present amount of monetary gold would be ample if there were a system of free trade. Applied to the United States, that means American tariff barriers broken down, American factories, mills, and mines closed; American workmen discharged, American breadlines lengthened, and the ranks of the American unemployed recruited in order to make the existing monetary gold adequate.

Every true American will refuse his assent to that system which will increase the poverty, hunger, suffering, and distress in this Nation.

When the voters in this country are informed upon the silver issue, as they are certain to be, they will demand that the Congress of the United States remonetize silver, thereby restoring it to its use as money such as existed in America for over 87 years.

That political party will win the next election which adopts the slogan, "We demand more silver dollars and fewer debts."

A discussion of remonetization of silver calls for an answer to the question, What is money?

Money is the creature of law.

That substance which by virtue of an act of Congress exists as money to-day, to-morrow by an act of Congress may be demonetized.

The term "legal tender" has a double meaning and a twofold application:

It is a quality given by law to a material thing that changes it into a medium of exchange for the payment of specified debts.

It is a legalized substance that a debtor can require his creditor to accept in payment of a debt that is due and owing.

The quality legal tender can by Congress be given to all lawful money, but Congress has not made all lawful money legal tender.

Gold coins of the United States are legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided by law, and when reduced in weight below such standard and tolerance are legal tender at valuation in proportion to their actual weight.

Standard silver dollars are legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract.

United States notes are legal tender in payment of all debts, public and private, except duties on imports and interest on the public debt.

Federal reserve notes are obligations of the United States and shall be receivable by the national and member banks and Federal reserve banks, and for all taxes, customs, and other public dues, but they are not legal tender.

National-bank notes, while not legal tender, shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, except duties on imports, and also for all salaries and other debts and payments owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt.

Gold certificates of the United States are legal tender in payment of all debts and dues, public and private.

While silver certificates shall be received for customs, taxes, and all public dues, they are not legal tender.

Thus it will be seen that while all of the above different kinds of money are lawful money they are not all legal tender.

However, all those varieties of money circulate and are received at their nominal value.

While the act of Congress dated March 14, 1900, makes 25.8 grains of gold 0.900 fine the standard unit of value, there are in the United States 11 different kinds of lawful money; part legal tender and part not legal tender. They are: Gold coins, gold certificates, standard silver dollars, silver certificates, subsidiary silver coins, minor coins (5-cent pieces and 1-cent pieces), United States notes, Treasury notes of 1890, Federal reserve notes, Federal reserve bank notes, national bank notes.

By act of Congress it is made the duty of the Secretary of the United States Treasury to maintain all forms of money issued or coined by the United States at a parity of value with the gold dollar.

Thus it appears, by law a gold and a silver standard unit of value can be maintained at a parity.

Governments can not function, business can not be transacted and mankind can not exist in a civilized state without money.

Business is conducted on credit.

Credit is based on money.

The volume of money fixes the prices of commodities and the wages of workers.

Increasing the volume of money increases the prices of commodities and the wages of workers.

Decreasing the volume of money decreases the prices of commodities and the wages of workers.

Increased prices and wages result in increased production and employment.

Decreased prices and wages result in decreased production and unemployment.

The employed consume the produce of the farm and the products of the factory and create prosperity.

**Unemployment causes business depression, poverty, and suffering.**

Decreased prices force the debtor to pay his debt in dollars of increased purchasing power over the dollars borrowed—to the gain of the creditor and the loss of the debtor.

For example, a farmer, having contracted a debt payable on a gold basis when his wheat sold for \$1 a bushel, must expend three times as much effort and market three times as much produce to obtain the dollars with which to pay his debt when his wheat sells for only one-third of a dollar a bushel.

When England was the creditor nation of the world her efforts to demonetize silver were prompted by the desire to limit the standard unit of value of gold and thereby give the dollars paid to her by her debtors an increased purchasing value over the dollars she had loaned to them.

Notwithstanding the United States is now the creditor nation and the citizens of the United States are the holders of a vast amount of foreign bonds payable in gold, the same argument for the maintenance of the single gold standard does not apply. England's debtors were able to pay. Now the monetary gold in the world is not sufficient even to pay those gold bonds and to discharge the debts of foreign countries owed to our country.

Under the normal conditions that prevailed when England was the creditor nation the increased purchasing power of the gold dollar enriched the English creditors. But at present conditions are so abnormal, depression and unemployment are so general, and the paying power of the debtor has been so lessened that bankers and those holding contracts payable in gold are simply destroying their ability to collect from their debtors by continuing to press for the maintenance of the single gold standard.

Their debtors have not the gold with which to pay.

Would it not be to the advantage of the Government and individual creditors if the per capita circulation of money were increased by the remonetization of silver, which would enable the debtors to discharge their debts, both to the Government and to the citizens of this Nation?

It is not prophecy to assert that the facts justify the belief if some monetary relief is not afforded the people, then resentment will find expression in a growing disposition toward general repudiation.

Can the creditors afford by their selfish desire to get dollars from their debtors that will purchase more than the dollars they loaned them to encourage such repudiation?

Of the \$11,250,000,000 of monetary gold in the world there are in the United States and France about \$7,000,000,000, leaving approximately \$4,250,000,000 to be divided among the people of the earth outside of those two countries, a ratio of about \$2.30 per capita.

If there be added to that glaringly insufficient \$2.30 per capita all of the annual production of gold, to wit, \$400,000,000, there would be less than an additional 22 cents per capita for distribution among those people.

England with her meager gold supply of \$650,000,000 was forced to suspend the gold standard. If she continues to be a debtor country, she may never be able to return to the single gold standard.

England having demonstrated that her economic life can not be sustained by the gold standard, Japan, Norway, Sweden, Denmark, and Finland having suspended payments in gold, Mexico having returned to the use of silver as money, the delegates from Central and South American Republics having recently resolved in favor of silver, and the necessity and demand for bimetallism having become world-wide, now is the time for the Congress of the United States to remonetize silver.

Conditions were never more favorable for remonetization since 1873 than they are now, the demand for it has never been as great since silver was demonetized as it is at present, and the voters who will control the next election did not participate in the 16 to 1 controversy of 1896 and have no prejudices growing out of that campaign.

Notwithstanding approximately \$5,000,000,000 of the monetary gold in the world are in the United States Treasury and in banks of this country, they have not furnished employment to the unemployed or relieved the business depression, and if all of the silver bullion in existence were coined into silver dollars at the ratio to gold of 16 to 1 there would not be more money, both silver and gold, than needed to meet the necessary demands for money, and such coinage would not inflate prices of produce, products, and commodities higher than required to restore prosperity, nor would it increase the purchasing

power of the dollar to be paid by the debtor over the purchasing power of the dollar when borrowed.

Certain economists and financiers have contended that a fixed ratio of bimetallicism is impracticable, that a change in the ratio of production of silver and gold would result in a change in their commercial values and the cheaper metal would replace the dearer one.

Such contention is based upon imagination and speculation and is not supported by the history of bimetallicism in the United States from 1792 to 1873. On the contrary, the commercial values of silver and gold during that period did not differ appreciably from their values as money fixed by law.

Nor is it necessary for our Government to await any agreement with England or India not to dump the silver coin and bullion of the latter country on our market, since all of the silver coin and bullion in the Indian treasury would coin not more than 600,000,000 American dollars. At this time an additional 600,000,000 American silver dollars placed in circulation in this country would greatly relieve our tax-burdened citizens.

Relief such as the remonetization of silver would afford the American people calls for immediate and independent action by the Congress of the United States.

Such remonetization would bring speedy relief to American farmers by restoring markets for and increasing the prices of their produce, thereby furnishing them with the necessary money to prevent forced sales and confiscation of their property and to increase their purchasing power.

Advocated means for the restoration of silver as money such as an international conference or negotiations with other governments looking to the suspension of their policy and practice of debasing their silver coins and selling the silver bullion resulting therefrom and suggested agreements between the owners and producers of silver in this country and the producers and owners or governments in other countries for the stabilization of the price of silver as a commodity are either impossible or, if possible, are too remote to afford relief.

An international conference for the consideration of agreements or understandings that might be obtained as to the uses and status of silver as money to be called by the President, requested by a resolution unanimously passed by the United States Senate and supported by resolutions adopted by the legislatures of 11 States, if it had been called, might have proposed silver legislation that would have helped to restore prosperity, but such conference not having been called, England being opposed to it and debtor nations not being disposed to confer with this country on any economic question save the cancellation of their debts to this Government, it is evident that such conference never will be called.

Marked changes in events and the agitation for cancellation and repudiation that have followed the moratorium have destroyed the hope for or in such conference.

When it is remembered that the countries that have debased their coins and sold the bullion resulting therefrom were forced to do so to secure money for their depleted treasuries it would seem improbable that they would enter into agreements for the purchase of silver for coinage purposes or to defer the sale of any silver bullion owned by them in this period of pronounced governmental financial stringency.

As to agreements between the owners and producers of silver in this country and owners and producers or governments elsewhere relative to the stabilization of the price of silver, such agreements would be in violation of the Sherman antitrust law. Even our Government has been unable to stabilize the price of wheat or cotton.

Therefore, if American people are to have any relief from the use of silver as money to which they are undoubtedly entitled, it must come from remonetization by the Congress of the United States.

For commercial purposes, Mexico, South American Republics, and oriental countries being on a silver basis, and England, by reason of her depreciated pound sterling, trading with them or prepared to trade with them to the elimination of the United States, has not the time arrived for Congress to remonetize silver and thereby enable the people of this Nation to improve their commercial relations with silver-using people?

The ratio of 16 to 1 would seem to be fair, and justified by the production of silver and gold for centuries past on the basis of 14 to 1 and of 12.56 to 1 during the 11 years from 1920 to 1930, inclusive.

The advantages in the use of silver and gold as money are found in their intrinsic value, their scarcity, their indestructibility, and their resistance to rust and decomposition. Such advantages have been recognized for centuries.

Confronted with a scarcity of monetary gold, and the annual production of gold decreasing, it is inconceivable upon what facts or theory the friends of gold and the enemies of silver contend for the maintenance of the single gold standard. The voice of the unemployed and that of those engaged in failing and unprofitable enterprises cry out against such contention.

Universal depression and unemployment in the United States no longer present a mere economic problem, they involve our social and political lives and relations.

Silver was the standard unit of value in America before gold. Prior to the organization of our Government and as early as 1786 the Continental Congress adopted as a monetary unit the dollar containing 375.64 grains of pure silver. Thereafter and until 1873 the silver dollar continued to be the standard unit of value in our country without limitation as to amount coined. At the present time in the United States standard silver dollars to the extent of more than half a billion dollars are legal tender at their nominal value in payment of all public and private debts, when not otherwise stipulated, and can not be redeemed.

Bimetallism, like Banquo's ghost, "will not down." National and world conditions are forcing it to the front. If its friends do not despair, but continue the conflict inspired by the hope that is in them, silver will again become the money of the people, and speedily following its rehabilitation as money there should be universal prosperity and happiness.

The existing accumulations and the annual production of silver are not sufficient to cheapen its exchange value as money.

Considering the alternative, if there ever should be a deficiency in the supply of gold and silver for money it could be met by the Government increasing the amount of printed paper money for delivery to the bankers.

A great benefit to the people in the use of silver as money will result from the large number of workers who will be engaged in the mining, milling, transporting, smelting, and refining of silver in the course of its progress from the mine to the mint. Such employees do not include the additional large number of those who will be gainfully occupied in furnishing them with supplies and equipment.

Furthermore, silver money coined from silver bullion would immediately pass into circulation and would not have to be accounted for as loans. It would belong to the employees and others who had received it in exchange for their services and commodities and would again and again be passed on to others in exchange for their services and commodities.

Instead of being hoarded in Government and bank vaults, it would furnish the means for the purchase of produce and commodities, reduce the ranks of the unemployed, and restore general prosperity.

Nor would the silver hoardings of the Indians and Chinese flood the mints of the world. Such accumulations constitute property of the natives of India and China acquired under custom and practice that have prevailed among the people of those countries for centuries. They did not dispose of their silver holdings during the war when silver sold as high as \$1.08½ an ounce, nor after the war when it sold as high as \$1.37½ an ounce and as low as 25¼ cents an ounce.

The habits of the people of the Orient continuing through generations would not be changed by the remonetization of silver by the governments of Western people.

The chief causes for the reduction of the price of silver are:

(a) The debasing by the English, French, Belgians, and Germans of their silver coins and the sale of the silver bullion resulting therefrom.

(b) The sale by the Indian Government of silver to maintain the gold standard forced upon it by England.

Before the Government of India had adopted the single gold standard, and before the market responded to the full effect of the sale of silver bullion resulting from debasement of coins, silver sold in 1924, on October 9 as high as 72½ cents per ounce, and on January 11 as low as 62¼ cents per ounce.

In 1930, after the market had been oversupplied by the dumping thereon by the Indian Government of its silver bullion, and by other countries of their silver bullion, the product of the debasement of their coins, silver sold for one day only, on January 2, as high as 46¾ cents per ounce, and sold on December 30 as low as 30¼ cents per ounce.



In 1931, on November 10, silver sold only as high as 87¼ cents per ounce, and on February 16 as low as 25¼ cents per ounce.

There has never been a surplus of silver for monetary or any other use, and the claim that its restoration as money would result in the disturbance of business and the destruction of our monetary system is wholly without justification and is propaganda of the selfish, small minority who profit and hope to profit by the continuance of the single gold standard.

Within the last two years there has been an oversupply of silver on the markets of the world by the sale of silver bullion, resulting from the debasement of coins, and the sale by the Government of India of its silver bullion.

The price even of a commodity can not be maintained when such commodity is diverted from its normal channels of distribution and uses and is dumped on the market.

Notwithstanding, by act of Congress, the gold dollar, consisting of 25.8 grains of gold 0.900 fine, has been made the standard unit of value, and that annual production of gold is about 20,000,000 ounces, about one-half of which is coined into money and the other half is consumed in the arts, in the event that gold should be demonetized and diverted from its use as money, it is not to be doubted that its selling price would be cut at least in half and would be fixed by its demand for use in the arts.

More than one-half of the people of the world use silver as their medium of exchange.

The price of silver has been cut in half and the purchasing power of such silver-using people thereby reduced 50 per cent.

Results: American exports to those people decreased, American production suspended, American unemployment increased, produce of American farms unmarketed, American factories and mines closed, and shipments and earnings of American railroads diminished.

Thereby the operations of the American farm, factory, forest, mine, and railroad have been so seriously affected as to result in idleness, suffering, and distress.

In answer to the contention that the depressed condition of our commerce is due to other causes, such as civil war in China, political unrest in India, and boycotts of foreign goods, rather than the decline in the price of silver, there is submitted the following conclusions of the subcommittee of the Foreign Relations Committee found in its report, upon which report the United States Senate, by unanimous resolution, requested the President to call an international conference for the consideration of silver as money:

"The chief cause for the abnormal and sudden decrease in our commerce with China during the latter part of 1929 and 1930 was the sudden, great, and unprecedented fall in the price of silver. Silver is the only money in China, and it is the sole measure of the wealth and purchasing power of its people. From July, 1929, to date the price of silver dropped one-half.

"In the opinion of the subcommittee, therefore, the great, sudden decline in our trade with China is due primarily to the extraordinarily depressed price of silver.

"The same cause is equally applicable to our depressed commerce with the other silver-using countries that have been designated in this report."

The silver-using countries designated in that report are: China, Mexico, Central America, South America, India, and Asia.

There is also submitted in refutation of such contention the conclusions of the British Economic Mission to the Far East, that was appointed by the Secretary of State for Foreign Affairs and the president of the board of trade, found in its published report as follows:

"302. The continued depreciation of the value of silver has enormously reduced the purchasing power of China, and if it continues will hasten the growth of industries in China, the manufactures of which will compete with imported products from Great Britain. Reduction in the value of silver also increases the difficulties of China in meeting interest on foreign loans, and so compels her to raise further revenue by increasing import duties. If the depreciation of silver were to affect the foreign loan service, much damage would be inflicted on British interests."

The conclusions of those two duly appointed investigating bodies, based upon incontestable facts, assembled after months of intensive investigation, are not answered by unsupported denials appearing in any circular letter issued by any national or international bank, or by any statement, appearing in such letter,

that the restoring of silver as money, for which there is a world-wide demand, would benefit only the silver producers.

It would seem to be indisputable that the cutting in half of the price of silver, which reduced the purchasing power of the silver-using people 50 per cent, resulting during the year 1890 in a decrease of American exports to China of 27 per cent, to India of 19 per cent, to Mexico of 13 per cent, and to South America of 37 per cent, did seriously affect the business and incomes of the exporters, the farmers, the manufacturers, and the railroads of the United States.

The commerce of this country will be lessened, if not permanently ruined, by our continuance of the single gold standard.

Already those in authority throughout the British Empire are planning to remonetize silver and thereafter make export and import agreements with the peoples of the silver-using countries to the exclusion of the United States.

Without trade relations, those silver-using peoples will be forced to build factories for the production of the commodities they have been accustomed to import from this country and elsewhere.

In either event the people of the United States will suffer.

As heretofore stated business is conducted on credit.

Why?

Because the total amount of money is not sufficient to meet the every-day demands of business and commerce. In other words, vastly more credit is loaned on which interest is paid than money on which interest is paid.

In addition to loaning their own money on interest the bankers of this country are doing business and profiting by loaning the credit of their depositors upon which loans they are also receiving interest. The loans on credit are many times more than the loans on the money of the banks.

It is safe to say under State and national laws the bankers of this Nation are receiving interest on at least 10 dollars of credit furnished by their depositors to one dollar of their own money.

Extending these credit loaning operations to the banks throughout the Nation, the amount of interest collected by the banks on loaned credits is enormous.

It is estimated the interest-bearing debts in the United States aggregate about \$150,000,000,000, upon which the annual interest provided for amounts to as much as all the money in this country.

Surely something more than money was loaned, and that something included credit furnished by depositors.

There can not be a surplus of money until the amount of money in circulation exceeds the money requirements of the business of the people.

The impossibility of the remonetization of silver creating a surplus of money in this Nation is established beyond controversy by the facts that the business of the American people demanded borrowing to the extent of \$150,000,000,000, and that there is not in existence in our country a greater amount of money than that necessary to pay one year's interest on that vast indebtedness.

Nothing herein stated can be construed to be, nor is it intended to be, an attack on the existing banking laws or the methods pursued by the bankers in their banking operations. The purpose is to emphasize the fact that the benefits and profits enjoyed under our present banking systems, State and National, are far in excess of any enrichment that would come to the owners of mines producing silver in the event of the remonetization of that metal. Nor would the enrichment of such mine owners even approximate the benefits and prosperity the people will have in consequence of the restoration of silver as money.

However, the people should not be denied the advantages of the remonetization of silver simply because the use of that metal as a circulating medium of exchange will tend to increase the price which the silver mine owners will receive for it, since the prosperity that may come to the producers of silver by its free coinage into money will be accompanied by the prosperity that such free coinage will bring to the workers, the producers, and the owners of property not connected with the silver-mining industry.

The two permanent cures for our sick and moribund business condition that will be effected by the remonetization of silver are the employment of unemployed and the advancement in prices of commodities. Such remedies as debt moratorium, bank corporation credit loans, and coordinating charities are merely palliative and do not eliminate the causes of our business illness.

Independence as understood by American citizens includes individual, political, religious, social, and financial independence. To them charity is offensive. They ask, and are entitled to ask, an opportunity to work at remunerative wages that will maintain them and their families.

Remonetization of silver in the United States will result in employment of the unemployed, consumption of commodities, advancement of the prices of produce and products, revivification of business, and the return of prosperity.

Our country being the second largest producer of silver in the world, self-interest demands that the American people return to bimetallicism—to the use of silver as money such as existed in America for 87 years.

If Congress remonetized silver, within one year thereafter that metal would be restored as money by the other nations of the earth, and foreign silver would not be forced upon the mints of the United States, since the business of 90 per cent of the people of the world is not transacted on a gold basis and they need their silver for money. However, the importation of silver could be forestalled by the elimination for minting purposes of the silver of other countries.

The suggestion that the United States should defer action until England or France or any other nation has approved is not worthy of consideration. Why should those in authority at Washington take advice from those in authority in any foreign country as to what should be the monetary policy of the United States? Our Government is sufficiently resourceful, influential, and powerful to remonetize silver.

Let us consider silver in connection with its importance to the prosperity of the people of this Nation: During the last 30 years there were produced in the United States 1,820,200,022 ounces of silver, an average annual production of 60,870,534 ounces. The average annual production of silver in this country at the average annual price amounted to more than \$37,700,000, of which sum more than \$14,000,000 were paid to labor (including miners, mill men, smelter men, producers of supplies, railroad employees, and others) and the balance distributed for supplies (carried by the railroads), nonoperating expenses and taxes, and as dividends.

Surely the mining of silver that has produced yearly over \$37,700,000 of new wealth, which has been launched upon the channels of business, trade, and commerce, paid to labor and distributed in taxes and dividends, is entitled to the consideration and protection of the legislative and executive departments of our Government.

Given by law the quality of legal tender, the annual silver production in the United States at the price of \$1.20 per ounce would yearly place in circulation to dispel the gloom of business depression and restore the sunshine of prosperity over \$78,000,000 of newly created money. We all rejoice in any advance in the price of wheat which will stimulate the sale of that grain, thaw frozen assets, and put into circulation idle dollars, but wheat is not a medium of exchange, and the sale of all the wheat on earth would not add one dollar to the insufficient money supply of the world.

While the sale of a bushel of wheat may bring into circulation a dollar that has been stored in a bank vault or hidden in a safety-deposit box, that bushel of wheat has not created a new dollar, and when it has been ground into flour, baked into bread, and eaten it ceases to exist.

However, when you remonetize 412.5 grains of silver 0.900 fine into a silver dollar, you have added another dollar to the money supply, which dollar will purchase a bushel of wheat or pay for a dollar of service and still be in existence and again and again and again will purchase a bushel of wheat or pay for a dollar of service.

If, as asserted by many, it is impossible to stabilize the price of a commodity, then the price of silver as a commodity can not be stabilized and the American people, who must save and who will save the Government of these United States, will never have the benefit and prosperity from the use of silver they are entitled to enjoy until it has been restored as money.

Silver, powerful, ready, but enveloped and shackled by demonetization, adopting the language of the beclouded ancient Greek warrior, presents to you its petition:

“Dispel this cloud, the light of heaven restore;  
Give me to see—and Ajax asks no more.”

American citizens, will you remain silent and inactive in respect to the remonetization of silver while the single gold standard continues unemployment, prolongs business depression, and stagnates commerce

(Whereupon, at 12.30 o'clock p. m., the committee adjourned.)