THE SILVER SENATOR

"THERE ARE A BILLION PEOPLE IN THE WORLD WHO WANT SILVER FOR CIRCULATION AS CURRENCY. I HAVE FAITH THAT WHEN THE WORK OF THE PITTMAN COMMITTEE IS COMPLETED AND THE FACTS ARE PRESENTED TO CONGRESS SOMETHING WILL HAPPEN TO PLACE SILVER BACK IN ITS RIGHTFUL PLACE BESIDE GOLD IN THE COMMERCE OF THE WORLD."--- Utah silver Senator Reed Smoot, New York Times, October 1, 1930, page 28---

In the same NYT article we find---

"Responsibility for the lowered value of silver is blamed by Reed Smoot, chairman of the Senate Finance Committee upon "a great power," which he did not name."

Later in the article he did name the guilty party---Great Britain.

"THE FACT IS THAT A FOOLISH DUMPING POLICY IN INDIA IS DISRUPTING THE MONETARY SYSTEM OF HALF THE PEOPLE OF THE WORLD AND ADDING TO THE STAGNATION OF TRADE EVERYWHERE. THAT IS THE DIRECT CAUSE OF THE WORLD DEPRESSION. THIS DUMPING AND THREAT OF UNLIMITED DUMPING DOES NOT ONLY CUT IN TWO THE BUYING POWER OF HALF THE PEOPLE OF THE WORLD, BUT IT HAS DESTROYED THE CREDIT OF EVERY SILVER USING PEOPLE."---Nevada Senator Key Pittman, New York Times, May 18, 1931, page 12

"THE TRUTH IS THAT HUNDREDS OF MILLIONS OF PEOPLE, NOT ONLY IN ASIA AND SOUTH AMERICA BUT ALSO IN THE OTHER CONTINENTS, WANT SILVER COINS FOR HOARDING. EVERYONE WHO KNOWS THAT SINCE THE WAR NUMEROUS CURRENCIES HAVE SICKENED OR DIED UNTIL HUNDREDS OF MILLIONS OF PEOPLE HAVE LOST FAITH IN PAPER MONEY. CONFIDENCE IN SILVER COINS HAS ALWAYS BEEN GREATER THAN CONFIDENCE IN SLIPS OF

PAPER, BECAUSE THE VALUE OF SILVER IS A REASSURANCE EVEN IF GOVERNMENTS FALL OR BANKS CRASH."---letter to New York Times, signed by "P.B.M.," December 30, 1931, page 18

"THE GOVERNMENT OF FRANCE IS NOW REPLACING ITS LOW VALUED PAPER CURRENCY, ITS FIVE AND TEN FRANC NOTES, LITTLE DISAGREEABLE SHIN-PLASTERS, WITH SILVER COINS."--- Nevada Senator Key Pittman, address to the 1933 annual meeting of the American Mining Congress

"NO ONE WHO CAN SEE WHAT IS HAPPENING TO THE GREAT POWERFUL GOVERNMENTS OF EUROPE AND THEIR PAPER MONEY, WHICH HAS NO INTRINSIC VALUE, NO VALUE WHATEVER OUTSIDE THEIR OWN COUNTRY, CAN HELP BUT FEAR WHAT WE CALL FIAT PAPER MONEY. WE HAVE LOST SINCE THE FALL OF SILVER STARTED IN 1928, 75 PERCENT OF OUR MANUFACTURED EXPORTS TO CHINA. ALL WE HAVE TO DO IS JUST SIMPLY TO REMOVE GOVERNMENT RESTRICTIONS AND LIMITATIONS THAT HAVE BEEN PUT ON SILVER MONEY. "---Senator Pittman, same meeting

"**THERE ARE THEORISTS WHO ARGUE THAT METALLIC MONEY OR METALLIC MONETARY RESERVES ARE ABSOLUTELY UNNECESSARY TO SOUND MONETARY SYSTEMS. PRACTICAL STATESMEN, EXPERIENCED BUSINESSMEN, AND THE POOR UNFORTUNATE WHO LOST HIS SAVINGS THROUGH THE FAILURE OF A BANK HAVE NO FAITH IN THE MANAGED CURRENCY THEORY OF THESE IDEALISTS. SILVER EXCHANGE CAN BE USED IN THE SETTLEMENT OF INTERNATIONAL TRADE BALANCES AND IS THE BEST CURRENCY. I AM URGING THAT GOVERNMENTS CEASE BY DISCRIMINATION AND LEGISLATION THE DESTRUCTION OF THE MONETARY VALUE OF SILVER. THE UNITED STATES GOVERNMENT FOLLOWED GREAT BRITAIN IN THE DESTRUCTION OF THE MONETARY VALUE OF SILVER. IT IS BY REASON OF THE FACT THAT SILVER HAS INTRINSIC VALUE---THAT A LUMP OF IT, LIKE A LUMP OF GOLD, CAN BE TAKEN ANYWHERE IN THE WORLD AND WITHOUT THE STAMP OF ANY GOVERNMENT UPON IT PURCHASE FOOD, CLOTHES AND SHELTER---THAT IT CONSTITUTES AN IDEAL CURRENCY AND MONETARY RESERVE."---**Senator Pittman, Metal Mining Convention, Salt Lake City, Utah, September 7, 1937 (reported in Mining Congress Journal, November 1937)

The two most prominent silver Senators America has ever had were Key Pittman and Patrick McCarran, both of Nevada. Both fought mightily for silver and frequently worked together. Which Senator did more for silver is a conclusion I am unable to reach. Both did the best they could during their own terms of office. However, since Pittman was in the Senate first, let's consider him as The Silver Senator. Silver Senator II could be a look at the great Patrick McCarran. As we saw last month, Senator Pittman was a descendant of Francis Scott Key, author of the "Star Spangled Banner" who was also the prosecutor in the trial of Richard Lawrence, attempted assassin of gold-silver President Andrew Jackson. I must give in to the temptation to say, Pittman had the right genetics to be a silver Senator! Pittman's mother was Catherine Key. He was born in Vicksburg, Mississippi, on September 19, 1872. He passed away on November 10, 1940. The Mining Congress Journal, December 1940, page 73 paid tribute to him---

"A grave on a hillside in Nevada marks the resting place of United States Senator Key Pittman who died on November 10 at the age of 68. Weakened by his arduous duties as President pro tempore of the Senate and chairman of its Foreign Relations Committee, and by a tiring political campaign throughout the State of Nevada which resulted in his reelection, his courageous and generous heart stopped. Descendant of the Pittmans of North Carolina, the Marshalls of Virginia and of Francis Scott Key, he participated in the stirring events of the Klondike rush and the early days of Nome, Alaska. Although his boyhood home was in Vicksburg, Mississippi, the lure of mining persisted after his Alaskan experiences and brought him from California into Nevada in the days of Goldfield and Tonopah. His desire to champion the cause of mining led him to the United States Senate where for 28 years his brilliant mind and parliamentary ability served the nation and the State of Nevada with its mining and stock raising population. Ever the outstanding champion of silver, he maintained the price of that precious metal against heavy odds and only recently succeeded in its remonetization by United States statute for the first time since 1873. One of the last legislative accomplishments of Senator Pittman is the provision in the Excess Profits Tax Law exempting strategic metals and thereby protecting the small miner and new enterprise from destruction by confiscatory taxation. A miner himself, he was a friend to all mining men. They miss him now and will continue to miss him. He will not be forgotten."

Pittman went west (after inspiration from reading a magazine in a pool hall) and started a law practice in Seattle in the 1890's. He joined the Klondike gold rush in 1897 and worked as an average miner for two years. He married Mimosa Gates, sister of another prospector. According to his listing in the 1931 Who's Who, page 1777, he---

"Served as counsel for Australians who attacked corruption of govt. officials at Dawson; went to Nome, 1899, and participated in organization of a "consent" form of government, 1st district attorney same; one of leading counsel for miners in their fight against a conspiracy to rob them of their mines, 1901; removed to Tonopah, Nevada, 1901. Democratic candidate for U.S. Senator, 1910; elected U.S. Senator by popular vote, November 1912, and unanimously confirmed by legislature, January 1913, to fill unexpired term (ending March 4, 1917) of George S. Nixon, deceased; reelected for 3 terms, to 1935."

Pittman was a 32nd degree Mason. Andrew Jackson was a Mason. There have been members of the paper money crowd who were Masons. I mention this only because Masonry appears to have no meaning of itself as relates to legitimate versus unsound money. Pittman's younger brother, Vail M. Pittman (1880-1964) was Governor of Nevada, 1945-1951. Let's get to know Senator Pittman through some of his own statements. He was a fiery combatant for metallic currency; you could say he was the "Key" to silver money in his time---

Commenting before the American Mining Congress annual meeting, Pittman had this to say ("Commodity Prices and Silver," excerpts, Mining Congress Journal, February 1933, page 12)---

"There is another money exchange problem that is destroying our export trade. I refer to the problem involved in the tremendous depreciation of the price of silver and its consequent effect upon the exchange value of the silver money of silver money using countries with our gold standard money. **OVER HALF THE PEOPLE OF THE WORLD HAVE NO MONEY SAVE SILVER MONEY. THEY HAVE NEVER USED ANY OTHER KIND OF MONEY.** To them it is money, good money, that maintains its par value within their own countries. Take China as an illustration. The silver dollar, containing about the same amount of silver as our standard silver dollar, is the unit of money value in China. The fluctuation in the price of silver does not affect its purchasing power materially, if at all, within China. But when China seeks to purchase products of our country, she is compelled to pay our price for our products and in our gold standard money. What is the result? We only value the Chinese money at the price of the silver in the dollar measured by the world price of silver, which, as you know, is uniform throughout the world. The Chinese silver dollar contains about 78/100ths of an ounce."

"The world price of silver today is around 25 cents an ounce. So the value of the silver in the Chinese silver dollar, in exchange for our currency, is worth only about 20 cents. In other words, the Chinese importer has to pay nearly five of his dollars for one of our dollars with which to purchase our products. He cannot afford to do it, with the result that he is only purchasing in the United States those things that are actually necessary in China and which China does not produce and can not purchase elsewhere cheaper. This is not the worst of it. Gold is flowing into China to purchase cheap silver money with which to cultivate products which they once purchased in the United States and to build factories to manufacture those things which they once bought from us."

Last month I gave the view that Goldman Sachs could be the big silver short, and my reasons for suggesting it. Another writer believes it is China. China has been so manipulated by the British and their American partners, that they could be manipulated to manipulate! The January 3, 1932 New York Times, section II, page 11, reported that The Atlas Corporation became one of the three largest holders of Goldman Sachs. Pilgrims Society member Floyd Odlum, who later wrecked Jack Northrop, of Northrop Aviation, controlled Atlas Corporation. Goldman Sachs has had lots of dealings with China. If China turns out to be the big silver short it could be because Goldman pointed them that direction. Senator Pittman---

"This same condition applies to every country where the ultimate purchaser must pay for our products in silver. We must raise the price of silver so as to raise the exchange value of silver money if we are to restore our exports to such countries and maintain our trade there. The question is, how may we do it? **SILVER HAS DEPRECIATED IN VALUE SINCE 1928 FROM AROUND 59 CENTS AN OUNCE TO ITS PRESENT LOW PRICE OF AROUND 25 CENTS AN OUNCE.** Let us consider the chief cause in the depreciation of the price of silver. **IT WAS NOT DUE TO OVERPRODUCTION, because** the production of silver during that time has decreased from 260,970,029 ounces throughout the world in 1929 to approximately 130,000,000 ounces throughout the world during the first ten months of 1932. While it has not been due to overproduction, **IT HAS BEEN DUE TO OVERSUPPLY AND A THREAT OF UNLIMITED OVERSUPPLY.** First, Great Britain, France and Belgium, after the war, started debasing their silver coins and throwing the residue of silver on the market of the world. This caused an oversupply measured by the normal demand for silver."

"THEN, IN 1928, THE BRITISH GOVERNMENT FOR INDIA COMMENCED TO MELT UP ITS SILVER RUPEE COINS THAT WERE IN THE TREASURY AND TO DISPOSE OF THE METAL AS BULLION ON THE WORLD MARKET. THE TREASURER FOR INDIA WAS AUTHORIZED TO MELT UP ANY QUANTITY OF SILVER COINS AND TO SELL THEM IN ANY QUANTITIES AT ANY TIME AND AT ANY PRICE. The sale of this silver commenced in 1928 and has continued. **IT HAS NOT ONLY CREATED A TREMENDOUS OVERSUPPLY, WITH ALL OF ITS BAD EFFECTS, BUT THE MAINTENANCE OF THE POLICY, THE THREAT THAT ACCOMPANIES IT, AND THE VAST SUPPLY OF SILVER STILL AVAILABLE FOR SUCH PURPOSES HAS ALMOST DESTROYED CONFIDENCE AS TO ANY STABLE VALUE IN THE PRICE OF SILVER."**

The New York Times, May 11, 1931, page 28, carried an article titled, "Silver's Future Doubted" with the subtitle, "British Expert Expects its Total Abandonment as Standard of Value." Our "great allies" in two World Wars---which they engineered---hate silver! In its place, they offer you something called "reserve notes," and you know what type I mean.

"This must be stopped or offset. It may be stopped by an international agreement that governments will abandon, or at least suspend for a sufficient period of time, the practice and policy of melting up silver coins and disposing of the metal on the world market. If the Government for India refuses to enter into such a treaty, then other governments may place an embargo upon the importation of silver from India."

The world is at little risk of organized silver dumping today since most of what could be dumped, has been dumped. The next risk is a Federal price cap by the United States government. As soon as that happens, multinational silver mining companies should embargo shipments to this nation. At that turn of events, I suggest that our anti-silver economists race to the large libraries, and see if they can mine silver from the pages of the soulless textbooks and spiritless journal articles they have stuffed the shelves with. Many of these volumes have a thick layer of dust atop them. That is indicative of their miserable unimportance.

"Our Government may adopt an act which I have introduced to purchase silver produced in the United States at the world market price of silver and with silver certificates of the denominations of $1, $5, and $10. This is not a new practice. It would cost our Government nothing. It would only expand our currency issue at the present time seven or eight million dollars annually in the form of these silver certificates, but it would take off the market of the world the silver produced in the United States, which to a certain extent, would offset the dumping from India of silver derived from the melting up of silver coins. If the governments of Canada, Mexico and Australia should pursue the same policy, then silver would be restored to its parity with gold as it exists with regard to our own silver coins in the United States."

"The United States Government might accept, in full or partial payment, from Great Britain and other countries, silver at an agreed price, slightly above its world market price, in payment of the international obligations due the United States. This silver could be placed in the Treasury of the United States, part of it coined into silver dollars against which silver certificates would be issued, redeemable as are our present silver certificates with the silver dollar, if the holders of the silver certificates so desired. At the present market price of silver there would be surplus bullion for every dollar's worth purchased sufficient to coin three or more additional dollars to insure that the silver certificate issued would not depreciate below its par value. We have approximately $550,000,000 of such silver certificates now in circulation. They are circulating at par. **NO ONE QUESTIONS THEIR SOUNDNESS."**

"The Government of India owes the British Government, so it is reported, about $85,000,000. The Government of India desires to get rid of so much of its silver, so we are informed. India could pay its debt to Great Britain and Great Britain could utilize this silver to pay its debt to the United States without in any way impairing its gold reserve. This would exhaust the alleged excessive surplus of India and would induce India to enter into an agreement to abandon the practice and policy of melting up silver coins and disposing of the metal on the market of the world. **THIS WOULD INSURE FOR MANY YEARS AT LEAST THE RESTORATION OF THE LAW OF SUPPLY AND DEMAND BASED UPON THE NORMAL MINE SUPPLY WHICH HAS BEEN UNIFORM THROUGH THE AGES AND THE NORMAL DEMAND WHICH HAS BEEN EQUALLY UNIFORM. IF THERE WERE ANY FEAR IN THE MINDS OF THOSE WHO SHIVER WHEN THE NAME OF SILVER IS MENTIONED** that there would be an oversupply for the United States, then our Government could place a limit upon the quantity of silver that it would accept for such purposes."

"Of course, you and I know that the production of silver is as uniform as the production of gold, and that from the beginning of statistics covering hundreds of years there have only been 14.5 ounces of silver produced to each ounce of gold. You know, as I know, that the only large available supply of silver in the world consists of 500,000,000 odd standard silver dollars lying in the Treasury of the United States, against which silver certificates have been issued and are in circulation. You know that when the British Government for India, in 1918, required 200,000,000 ounces of silver to redeem its silver rupee notes that the only place they could find a surplus supply of silver available was in the Treasury of the United States in the form of these same standard silver dollars, and we had to take them out and make them available to the British Government for India as a matter of war emergency."

"Even the issuance of silver certificates against the large quantity of silver which might be taken into our Treasury, through the plan I have last suggested, would not place in circulation, in proportion to our gold reserves, as much silver currency as was in circulation in 1900 with relation to our gold reserves. Through international agreement silver reserves might be gradually established in the treasuries of various countries, not in lieu of gold reserves upon which to base the gold standard, but as a support and relief to such gold standard. In my opinion, the easiest and the most direct relief to the economic situation throughout the world can be brought about through a larger use of silver money. (start page 30) **IT WOULD BE ABSOLUTELY UNNECESSARY TO ATTEMPT TO FIX THE PRICE. I AM OPPOSED TO ALL PRICE-FIXING SCHEMES. I KNOW OF NO CASE IN WHICH THEY HAVE WORKED.** I only seek to restore the law of supply and demand. Once stabilized the supply to the normal mine supply and the normal use and the exchange value of silver money would be substantially stabilized. Certainly the fluctuation in the exchange value of such silver money would not be sufficient to interfere with credit transactions based upon the future value of silver money."

Pittman presented his views on silver at the annual meeting of the American Mining Congress as mentioned in the Mining Congress Journal, January 1934, page 11 (excerpts)---

“I find it quite difficult to know how even to approach the silver problem. I think the great trouble about the silver problem is that it is generally written about by those who know nothing about the production and consumption of metals. Another error that is made is the belief that no one is interested in this subject except the comparatively few producers of silver throughout the world. If that assumption were true, it would be a great waste of time to bring a matter of this kind to the consideration of the American Mining Congress or to the Congress of the United States, or to a great gathering such as we had in London a few months ago where sixty-six governments were represented.”

“As a matter of fact, **THOSE SIXTY-SIX GOVERNMENTS DID NOT CONSIDER THE QUESTION AS ONLY A COMMODITY QUESTION.** The United States, Canada, Mexico, Peru, Ecuador and Australia produce nearly all of the silver that is produced in the world. **IF THE MATTER WAS OF INTEREST SOLELY FROM THE COMMODITY STANDPOINT THEN YOU WOULD ONLY EXPECT THOSE GOVERNMENTS TO BE INTERESTED AND NOT THE REST OF THE SIXTY-SIX GOVERNMENTS THAT WERE INTERESTED. JUST THAT IN ITSELF IS AN ANSWER TO THE UNFORTUNATELY IGNORANT DISCUSSION OF THIS MATTER PURELY FROM A COMMODITY STANDPOINT.”**

Pittman was in a sense the Hugo Salinas-Price of his time, and I am certain that had these gentlemen been able to confer, both would have benefited. At this juncture Pittman was referring to the use of silver as money---that fact caused its importance to far transcend its existence as a commodity. We hope someday to have a well-known commodity analyst come over to the view that silver can be used on a widespread basis as money again. I intend to supply a detailed description answering the belief that there isn’t enough silver for this purpose in a later essay, backed by research from professional geologists.

“At London there were two things presented and they were presented on behalf of the United States. The first was a resolution dealing with the whole monetary standpoint. I had the honor on behalf of our delegation as a member of the Monetary Commission to present our monetary resolution. Probably because I presented it, most of the press of the world only took note of that part of the resolution dealing with silver. As a matter of fact, the resolution dealt with both gold and silver and was prepared before we left Washington, was discussed in the informal conferences held here in Washington between our governments and the representatives of various governments who came here. The gold part of that resolution was substantially this, as I remember it---“It is the sense of the governments represented at this conference that governments return to the gold standard measure of international exchange as soon as practicable.”

“The question arose as to what the word “practicable” meant. The Japanese delegate said, “It is not practical for us to return to the gold standard at the present time because we haven’t the gold reserves and we can’t obtain them. We desire, however, to return to the gold standard measure of international exchange as soon as possible.” Lord Hailsham arose, representing the delegation from England, he was a member of the Cabinet and as a member of the Cabinet, the Secretary of War, and he said, “If I understand the delegate from the United States he means by the word ‘practical’ that each government is to determine for itself the time of the return to the gold standard exchange and the ratio.” As that was my understanding of it I accepted that amendment.”

Lord Hailsham's son became a member of The Pilgrims of Great Britain; he was probably a member as well. Was Senator Pittman aware of their existence? As of late January 1940 he would have had opportunity to become aware because of Montana Congressman Thorkelson's extensive remarks entered into the Congressional Record. Hailsham was the type operator who could make statements about gold that didn't sound bad, but the proof after all is more in what a man does than what he says.

"That was unanimously adopted by all of the sixty-six governments. As a matter of fact, under the rule of the League of Nations which governed that body, everything must be adopted unanimously. They take no votes on it because if there is an objection of a government to it, a substantial objection, and that cannot be overcome, realizing that you can't compel a government to do anything, that subject is passed. When that part of the resolution was adopted they separated that portion of it dealing with the silver question. The first issue that arose was whether we should treat silver as a commodity the same as they were trying to treat wheat and cotton, **OR WHETHER IT SHOULD BE TREATED FROM THE MONETARY STANDPOINT AS MONEY.** The decision of that would cause it to be referred either to the Economic Commission or to the Monetary Commission. After a very full discussion of the subject, they decided to discuss it from the monetary standpoint and it was referred to the Monetary Commission, and there the questions were considered and determined."

"The silver resolution that was adopted by the sixty-six governments was substantially this---They all agreed on behalf of their governments **AS FAR AS THEY COULD BIND THEIR GOVERNMENTS** that they would no longer permit the debasement of silver coin, but would return to at least .800 fine silver coins as budgetary conditions permitted, **THAT THEY WOULD REPLACE LOW VALUED PAPER CURRENCY WITH SILVER COIN**, and that they would not permit legislation that could depreciate the value of silver on the market of the world. I think that is a substantial advance for sixty-six governments to unanimously agree to. As we know, the cause of the depreciation in the value of silver money is due entirely to prejudicial action of governments in the past, and when they agree to stop that then you know that sooner or later the law of supply and demand will govern. I will get to that question a little later."

"I MAY SAY JUST IN PASSING THAT THE GOVERNMENT OF FRANCE IS NOW REPLACING ITS LOW VALUED PAPER CURRENCY, ITS FIVE AND TEN FRANC NOTES, LITTLE DISAGREEABLE SHIN-PLASTERS, WITH SILVER COINS, and is carrying that out now. In addition to that, the resolution that we took over to London provided that there should be every effort made to bring about an understanding or agreement between those countries producing large quantities of silver and those countries holding or using large quantities of silver. In fact, that was a condition of the adoption of the main resolution. The reason of that was plain. It was first the debasement of the silver coins of Great Britain, France, Belgium and other countries, and the consequent dumping of the surplus silver derived from such debasement upon the market of the world that started the downward price of silver."

"But they said, "Why should we desist from this practice if India, who holds probably a billion ounces of silver in the form of silver rupees is going on arbitrarily **WITHOUT RESTRICTION AND POSSIBLY WITHOUT REASON TO MELT UP THOSE SILVER COINS AND DUMP THEM ON THE MARKET OF THE WORLD IN ANY QUANTITIES AT ANY TIME AT ANY PRICE?** Therefore, we want you to obtain that agreement." Two days before that conference adjourned we obtained the agreement. That agreement provided that the government of China would not sell any silver derived from the debasement of melting up of silver coins, that the government of Spain would not sell to exceed five million ounces a year for a period of four years commencing January 1, 1934, at the end of four years they would go under the general resolution of never again debasing of melting up silver coins. **THE GOVERNMENT OF INDIA AGREED TO LIMIT THEIR SALES OF SILVER TO) 35 MILLION OUNCES OF SILVER ANNUALLY COMMENCING ON THE FIRST OF JANUARY 1934, FOR A PERIOD OF FOUR YEARS**, and after that they would go under the general resolution and would sell no more silver derived from the debasement of melting up of silver coins."

"The producing governments of the United States, Canada, Mexico, Peru and Australia are the governments to offset this over supply by taking from their own mines 35 million ounces of silver a year for four years during the same period of time. That neutralized the limited over-supply. In that understanding there was also a separate arrangement between the United States, Canada, Mexico, Peru and Australia as to the amount each of these governments should take off the market. The United States was required to bear the large part of the burden of that for several reasons. In the first reason, the addition of 30 millions of currency a year to the currency of the United States is a negligible thing. Taking into consideration our wealth, the amount of circulating currency that we have, the relation of our silver currency to our gold currency, justified the demand that we take the burden."

"Those governments were aware of the fact that two sessions ago I introduced a bill in the Congress of (start page 12) the United States requiring our government to purchase at least 24 million ounces of silver a year for a period of four years. That was all of the silver we produced last year and that was intended to purchase all that silver, and to pay for it either with standard silver dollars into which this silver would be coined or silver certificates as they saw fit. So we were required to purchase of the 35 millions, 24 millions. The Banking and Currency Committee of the United States Senate, the majority have approved already unofficially, the purchase of 24 million ounces of silver a year for four years. I did not urge a report on that because I desired to wait until after the Economic Conference had acted."

"The President has full authority to carry out that understanding. The Indian Council passed an order, prohibiting the sale of over 35 million ounces of silver a year commencing on the first of January 1934, for a period of four years. They have acted. Now it is up to us to act. We have the authority to act. The President has the authority to act. In the Thomas Amendment, it was provided that the President of the United States might fix the ratio between gold and silver and that he might coin silver at that ratio. It was also provided in that same Act that if an agreement was reached at the World Conference, which Congress authorized the President to participate in, he should carry out that agreement. He has this power. If he doesn't see fit to exert it then Congress undoubtedly will exert it, because it is a moral obligation imposed upon us because our Government with the authority of Congress initiated this understanding. I think that you will find that it will be carried out either by the President or by Congress."

The Thomas Amendment came from Oklahoma Senator Elmer Thomas (1927-1951), a strong supporter of silver in the monetary system who worked closely with silver Senators William Borah of Idaho and Burton Wheeler (below) of Montana---

“It may be carried out in many ways, either by opening the mint to the coinage of American silver, which would take off at least 24 million ounces a year, deducting a certain portion of the bullion so deposited as seignioraged and as a cost to the government, or through direct purchase by Act of Congress. That is the situation with regard to silver as it stands today. Let me briefly go to the more important phase of it. **IT IS CONTENDED CONSTANTLY BY ECONOMISTS OF REPUTATION THAT THE PRICE OF SILVER DOES NOT IN ANY WAY AFFECT OUR EXPORT TRADE**, that China, for instance, does not buy from us with silver, but she buys from us with her exports. In theory that is true. Take two well-developed countries such as Germany and France and the balance of trade would probably limit exports and imports. It was not true in the United States in the early days when we had this vast territory back of us with raw resources; we had no money to start with her, it all came in from somewhere else. We melted up the gold and silver and made it into our own money. **A PROSPECTOR WOULD GO OUT IN THE HILLS WITH A SLAB OF BACON AND SOME BEANS AND A BURRO AND HE WOULD FIND A MINE, A GOLD MINE OR A SILVER MINE, OR A COPPER MINE OR A COAL MINE, OR WHAT-NOT; HE WOULD SELL THAT TO A BRITISH SYNDICATE FOR $50,000, $100,000, OR A MILLION. THAT MAN HAD MONEY WITH WHICH TO BUY ANYWHERE IN THE WORLD.”**

“He didn’t get it from exports; that money didn’t come in from exports. You have got to get down not only to the invisible income such as everyone recognizes, money sent back to China by Chinese here, back to Italy by Italians here, the tourist trade, and those things. But added to that is another factor which always exists in the development of a pioneer country, and that is **THE CREATION OF NEW WEALTH BY DISCOVERY AND MAKING IT AVALIABLE FOR THE WORLD.** That is the position of China today, a country as large as the United States and nearly all of Mexico combined, with nothing but the fringe of it developed in great cities, that vast country waiting for development, four hundred millions of energetic people wanting to have their standard raised. When I was in China in 1925 there had been little change; when I was over there in 1931 I saw girls on the street wearing American clothes and American shoes. Our trade commenced to do well with China, and so did Great Britain’s trade.”

For information on Chinese silver money, refer to www.sycee-on-line.com

“But what happened? They may have some other explanation for it, but **WE HAVE LOST SINCE THE FALL OF SILVER STARTED IN 1928, 75 PERCENT OF OUR MANUFACTURED** EX**PORTS TO CHINA.** When the exchange value of the Chinese money was so low that it took from four to five of their dollars to exchange for one of ours, with which to buy our goods, **THEY CEASED TO BUY ANYTHING EXCEPT WHAT THEY HAD TO HAVE.** What they are buying is raw material. In 1928 Great Britain exported to China 153,399,100 yards of cotton piece goods. In 1930 it dropped to 41,000,000, in 1931 less. What happened to us? Take our exports of raw cotton to England. In 1928 it was 1,997,000 bales. In 1931 it was 899,000 bales, less than half. Why? Because Great Britain is our market for raw cotton and China was one of her great markets and India too, for her cotton piece goods. She not only lost her cotton piece goods market to China but she lost it to India and Mexico and South America and everywhere else in tropical countries where they use it. And why? The economists will say that we lost it everywhere, but that isn't a fact. China was prosperous."

"Take the report of that great Commission that was sent over from London to China in 1930 and 1931 under Sir Ernest Thompson, called the Economic and Monetary Commissions of the Far East. What did they report? They reported these facts and they gave us the cause of it, that **THE LOW PRICE OF SILVER HAD LOWERED THE EXCHANGE VALUE OF THE CHINESE MONEY** with the pound sterling to such an extent that the Chinese couldn't afford to buy British goods. They couldn't buy it from Japan, and what did Japan do? Japan did what the British did; they went into China with their gold, they exchanged it for cheap silver money, bought factories, enlarged factories, built new factories, and put the Chinese to work making cotton piece goods. That market is gone forever, and it is going every day of the world."

"Take for instance, our own exports to that country, and it is quite interesting. Here is what happens---apparently we were all right. In 1929 we exported to China of raw products forty million dollars worth, in 1930 thirty eight million dollars worth, in 1931 fifty five million dollars worth, an increase of 38 percent. That is raw products, that is cotton. But what happened to the manufactured stuff? Our exports dropped from the index figure of 100 in 1929 to 43 in 1931. Those are the last exact figures I have."

"Now, what happened to silver during that period of time? Silver was around 60 cents an ounce when this thing started, and it moved on down in 1931 to 25.5 cents an ounce. **THE FIGURES ARE SO SIMPLE, SO PLAIN, AS TO WHAT IS HAPPENING TO US.** The reports of this great Commission from Great Britain which was under the auspices of the Cabinet member in charge of the Board of Trade, show it. In their reports they put their finger on it and **THEY STATE THAT IT IS THE DUTY OF GREAT BRITAIN TO TAKE THE INITIATIVE IN REMOVING THE OBSTACLES TO THE NATURAL RISE IN THE PRICE OF SILVER.** That is Great Britain. Great Britain doesn't produce any silver except in Canada and Australia. They were not interested in the price of silver except as it affected the commerce of the world. Why, everyone now is getting so they understand **THE EFFECT OF DEPRECIATED CURRENCY ON EXPORTS AND IMPORTS**; everyone knows now who knows anything about exports and imports that the government with its depreciated money has an advantage in export trade and a disadvantage in import trade."

"They understand that with regard to the currencies of countries that were formerly on the gold standard, **BUT FOR SOME MYSTERIOUS REASON THEY CAN'T UNDERSTAND THAT THE SAME LAW APPLIES TO COUNTRIES WHO HAVE NOTHING BUT SILVER MONEY.** It doesn't make any difference what kind of money it is, as a matter of fact today in the world there is no kind of money, there is no gold standard; they might call it a gold standard in France and Switzerland or Holland or Italy, but it is a managed gold standard and so tied in and held in that it is just a little local secret among themselves; there is no such thing among the great nations of the world as a gold standard, except in this---It is the intention of Great Britain and it is the intention of every one of those 66 governments to go back to the use of gold as a measure of the value of currency in international trade **AND AS A LIMITATION OF ISSUE**, and if it wasn't for that gold wouldn't be worth much more than iron is today. They are (start page 13) bidding for gold because they know that gold is scarce and they believe that some way, somehow, some time it will be reestablished as the measure of the value of the currencies of the world, and I believe it will too."

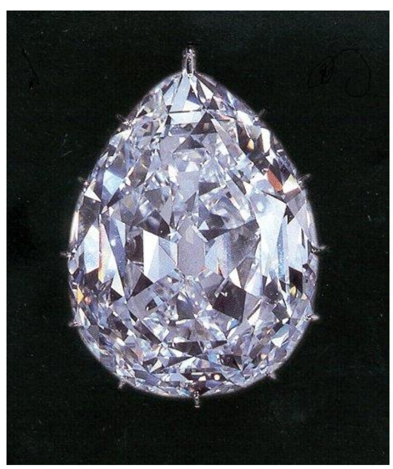
The plan to finally eliminate silver from monetary systems and international trade was under way, even though it appeared at times that the British and their tag-alongs, the United States government, were making noises to the contrary, and even taking some steps that appeared positive. We will wrap up that point on an airtight basis at the conclusion of this article. As for Pittman believing gold could be worth little more than iron, I am of the view the statement was a reflection of his discouragement and pessimism due to the sorry actions of leading governments. Had he lived until late summer 1971, he would have seen the conclusion of that phase and the start of shinplasters used as money worldwide. That word was in his vocabulary. It was a term from generations ago when banks issued totally unfunded paper---with little or zero specie reserves---and set up all manner of obstacles, including physical violence, to prevent attempts at conversion of paper notes into precious metal. The notes were issued in such profusion, and always became so worthless, that the term shinplasters caught on. There were so many of them you could plaster yourself up to the knees in them. That includes "payment coupons" issued by manufacturers in exchange for labor performed.

"Getting down to bimetallism, there are two different definitions of bimetallism. We have bimetallism in the United States today, but it is not the same kind of bimetallism as Holland has, it is not the same kind of bimetallism that we had in the beginning of this government, it is not the same kind that we had down to 1873. Originally our bimetallism meant that our measure of the dollar was 23.2 grains of gold---it was a little more than that on the start but it is that now, and that the other measure of the dollar was 371.25 grains of silver---two measures, and that you could pay your debts in either measure until 1873, of course, when we adopted the single gold standard measure. But that hasn't made any particular difference to us here except to this extent---today, 12 percent of the currency of this country is silver, and that silver is running on a parity with all gold currencies and has run on a parity with all gold currencies through this century, and it has run on the parity of 16 to 1. I know if you use that term 16 to 1 somebody will immediately think you are crazy, but the reason it is 16 to 1 is that 371.25 is about 16 times 23.2. It takes 16 times as many grains of silver to measure a dollar as it does gold."

"Why was that done? That is not just an arbitrary thing that happened. Napoleon, way back in the early days of 1818, established the ratio at 15 to 1, after he had the greatest statisticians and scholars of that age determine the preciosity of gold and silver, and they determined that the production of two was 15 to 1 and that the demand being exactly the same for money, the ratio of exchange should be 15 to 1. Great Britain wanted to go them one better so they said, "We don't think it is quite that good, we will call it 15.5 to 1," and then of course they traded in it, they bought silver in Great Britain, carried it across the straights and coined it in France at a half cent an ounce profit. That caused gold to flow into Great Britain, silver back into France, and then Great Britain having nothing but gold declared the single gold standard in 1818 **AND MADE THE FIRST DISCRIMINATION AGAINST THE USE OF SILVER AS MONEY. FROM TIME TO TIME THEY HAVE DISCRIMINATED AGAINST ITS USE FOR MONEY."**

The Mining Congress Journal, September 1930, page 681, reported that the British Empire controlled 71.4 percent of world gold output. Just a minor instance of how the British continue to discriminate against the use of silver as money, is seen in the aggravating statement that a one ounce troy, four-niner pure Canadian Maple Leaf has the statement on it that its value is $5 Canadian, suggesting that silver should be priced at under $5 U.S. per ounce. Of course, the Royal Canadian Mint does not dispense these superior coins at that price, because it would be folly to do so. That $5 price appears on the same side of the coin, as does the image of Britain's Queen Elizabeth II, Royal Patron of The Pilgrims Society of global paper money racketeers---

One of The Crown's minor assets is the world's largest D-flawless diamond, the Great Star of Africa, 53,020 points in weight---



"Then they say the law of supply and demand is working. Why, take away from gold the possibility of ever again being used as money, and I doubt if it will be as valuable as tin. What do you want with it if you don't use it for money? Half of it is used for jewelry and the arts and sciences. What would become of the other half if you didn't need it for money? Give exactly the same demand for silver for use as money as you do to gold and the law of supply and demand would undoubtedly run right along. Today we have nearly $800,000,000 in silver in circulation in this country, 12 percent of all our currency. Every one of those dollars today is circulating and paying debts at $1.29 an ounce. Our government since 1873 has made about $265,000,000 in profit buying silver from the miner and selling it to the banker and the grocer and the merchant to do business with. There hasn't been any strain on our credit. In 1900, 30 percent of all the circulating currency of the United States was silver. We could increase the silver circulation in this country $1,500,000,000 and then we would not reach the proportion of silver currency to gold currency of 1900."

"Why should there be any great fear of inflation even if we coin the annual production of this country of 24,000,000 ounces a year at a value of $1.29 an ounce? It wouldn't add but a little over thirty millions a year to our currency, and they could keep adding to it until they had added $1,500,000,000 before it would be as was the proportion of 1900. **WHAT IS ALL THIS TALK ABOUT BEING AFRAID THAT YOU WILL DISTURB THE RATIO AND BEARING OF THE CURRENCIES OF THE UNITED STATES BY ANY OF THESE SMALL ACTS?** It is perfectly absurd."

The New York Times, front page, December 23, 1933, called advocates of silver currency the "Inflationist Group." What descriptive terminology would that leave to be used to characterize the fiat paper money crowd?

"Why is it that people want gold? There are not enough teeth to be filled to use a fifth of it. They want it for the same reason they have wanted it throughout the ages, because it is precious metal that is recognized as precious throughout the world from the time of barter and trade when they wanted to reach further out and have a substitute for transferring a cow for a horse, they found out that a chunk of metal about as big as this match case was scarce, and that if they took that chunk of metal for the cow, this man somewhere else would take that chunk of metal for a horse. It was the scarcity of it. The functions of money are to transport things, like a railroad---not only that, but to measure excess labor for the future, to hold it to hand down to your children and to posterity, to meet the hard times of poverty. But not only that, it must be so limited in its production that it will be a sound measure of money. It must be found everywhere, not like platinum, in a few places."

"So we find that from the beginning of time people everywhere have recognized that there were two precious metals, gold and silver, that nature limited their production, and that natural limitations gave it its value as money and made it stable. They not only found that out in the course of time, but even before professors and statisticians existed and roved the country, they themselves found out that there was just about 15 or 16 or 14 times as much silver as gold. They established the ratio themselves in their trades with silver before it had the stamp of a weight on it, or a government. The same thing that causes people, our great bankers, for instance, to long to get the gold into their hands, is because they don't trust anything else. I don't blame them much. **NO ONE WHO CAN SEE WHAT IS HAPPENING TO THE GREAT POWERFUL GOVERNMENTS OF EUROPE AND THEIR PAPER MONEY, WHICH HAS NO INTRINSIC VALUE, NO VALUE WHATEVER OUTSIDE OF THEIR OWN COUNTRY, CAN HELP BUT FEAR WHAT WE CALL FIAT PAPER MONEY."**

"I have read the stories of Barney Baruch in the papers about the terrible destruction of fiat money. I thoroughly agree with him. He doesn't have to paint the history of Europe, the mark, we all know it. That is the reason Barney wants gold, and if he couldn't get gold he would want silver, just as the Chinese want silver and the Indian wants silver. The Indian there has his wife covered with bracelets, anklets, breast-plates of silver, because the Indian woman can't inherit but she can keep that and when poverty comes, when the drought comes, she cuts off a little piece of that silver and takes it in to the bazaar and buys food and clothing with it. During good times they have hoarded. There are probably eight billions of ounces of silver hoarded in India. **NOTHING ON EARTH COULD DRAG IT OUT OF INDIA SAVE NECESSITY, POVERTY, FAMINE, DISTRESS.** When silver was $1.38 an ounce, the highest in the history of the world, in 1919 I think it was, the Chinese were buying more silver than they ever bought before. **THE MORE VALUABLE IT BECOMES, THE MORE THEY WANT IT."**

"When there is a bear movement on silver like India created, the Chinese speculators know that it is going down and they join in the selling movement and buy gold and hoard gold, and they have been hoarding gold in India and China to an estimated amount of probably a billion dollars. But as silver starts up their gold comes out to buy silver and they buy silver. I wouldn't be afraid now to open the mints of the United States to the coinage of silver of the world, because my studies of it have convinced me that you couldn't get over 300,000,000 ounces in here for coinage. As a matter of fact, when there is a tendency to draw silver to this country, China puts her embargo upon the exportation of silver because she doesn't intend to have her country denuded of silver."

"ALL WE HAVE TO DO IS JUST SIMPLY TO REMOVE GOVERNMENT RESTRICTIONS AND LIMITATIONS THAT HAVE BEEN PUT ON SILVER MONEY. Some economist the other day said that in the first eight months of this year our exports fell off 16 percent to China, and during that time silver was 4 cents higher than it was in 1932. But he forgets that the price of cotton went up from 5.5 cents to 9 cents during that period of time and the rise in the price of silver was not near as high as the rise in the cost of cotton and wheat and other things. That is your statistician. He picks out a little speck, a little section and says---"Look at that," instead of taking an average of three or four years. The price of silver dropped from 65 to 25.5. Measure your trade, your exports, and you will find out what has happened."

"Some of you members of the Mining Congress are engaged in coal mining, others in iron mining, others in silver mining, lead, gold, copper, zinc, what-not, and therefore I am discussing the economics of this proposition. Your automobile sales went to pieces in China. We sold 80 percent of all the automobiles sold in China, and yet Mr. (start page 14) Soong, the Minister of Finance, who was educated in this country and is a great banker, testified before the Economic Commission over in London---"Of Course we can't afford to buy your trucks and your automobiles, because a little truck that we paid $1,200 for in our money three years ago we now pay $3,400 for in our money." They said, "But wouldn't China benefit by cheap silver? Isn't it industrializing China?"

"He said, "Yes, it is industrializing the coast cities, but my ambition is to develop China, the great resources back of it, and I can't do it without credit, I can't keep my credit unless I pay the service debt on the $500,000,000 of gold that we owe. When we borrowed that gold 1,000,000,000 Chinese dollars would pay it; today it takes 2,500,000,000 Chinese dollars to pay it. We can collect $4 on the hundred taxes in our silver dollars, but when we get to pay on the debt it is only $1. No government can live in China without credit, and no government in China can get credit until it can pay its foreign service debts, and they can't pay the foreign service debts when you value our money at one-fourth or one-fifth of your money."

“There is your history. If only you who are interested in metals would carry the truth to the country, would answer the foolish articles like that written by Mr. Robey here the other day, it would help. He said---“Why, there are only four or five states interested in silver, there are only probably 100,000 people directly interested in silver. The gross value of it last year was only about, I should say, $8,000,000. Why should we worry ourselves about that little crop?” Well, we shouldn’t if that was all there was to it, but it has never occurred to him ever to read the reports of these other countries on these various questions that stand undisputed. Our commerce today, and ever since silver went up above 40, our exports to China, have been increasing right along. Why doesn’t he segregate that period? That difference of 4 cents an ounce between 1932 and the eight months in 1933 when we had raised the cost of everything, was not a fair comparison.”

“They say, “If the Chinaman’s bank account was doubled he wouldn’t buy any more.” Well, it is human nature that if you double a man’s bank account he is going to buy more. If you double my bank account I would probably buy a new automobile instead of running the one that I have been running for six years. Give the Chinese dollar the purchasing power even that it had in 1926, 1927, and 1928, and for years, of 60 to 65 cents an ounce, and you would nearly double his purchasing power in the United States, and allow him to pay interest on his national debt, you would allow him to borrow more money, you would allow him to carry out the program that the national government promised, and that was to build railroads and wagon roads and canals.”

“The only reason they couldn’t carry it out and the only reason the national government of China was under fire was because they couldn’t carry out the promise and they couldn’t carry out the promise because they had to buy these things outside their country where their currency was depreciated. Now we are depreciating the dollar deliberately, there is no use talking about that, and for exactly the same reason that Great Britain depreciated the pound and France depreciated the franc, because a country with a depreciated currency compared with other countries has the best of the export trade. France got it first and prospered all during the hard times, Great Britain when she depreciated the pound got it, and now we are getting it. That is all there was to it. But if we recognize that law with regard to export, why if we appreciate the currency of another country instead of depreciating ours, aren’t we accomplishing the same thing? We are, and by appreciating or reestablishing the value of silver money throughout the world by comparison with our own currency, it has the same effect as the law of appreciation and depreciation, and over half the people of the world will have their purchasing power in our country doubled, and they will buy from us. There isn’t any question about that at all, and it is coming.”

“The question is, are people afraid to start coining the silver of the world in the United States, and there is a basis for fear. While I may believe that only 250,000,000 to 300,000,000 ounces will come in here, others may say, “Why not 12,000,000,000 ounces? That exists in the world, why not have it come in?” There is no proof it won’t. It was that argument that did more to destroy the Bryan movement than any other argument that was ever offered. The cheap money argument had not half to do with it as did the flood of silver into our country and the driving out of gold. It is for that reason that I feel the logical step to take which will get support will first be to try it out by limiting the coinage to our silver that is produced in this country. We know how much that is. There never has been over 62,000,000 ounces. It can’t be that much more for a long time, because 80 percent of the silver that is produced in this country is a by-product of the mining of copper, lead and zinc, and until there is a demand for copper, lead and zinc, until prosperity returns, then the production of silver cannot increase. It is a governor, it is a safety valve, **THERE CAN BE NO SUCH THING AS THE OVER PRODUCTION OF SILVER.** Why, when silver was over $1 an ounce for three years and all of the mining companies sent their scouts and engineers and geologists out and took the old pillars out of mines and worked the old dumps all over throughout the world, the total increase over the prior period was only 25 percent, and a part of that was involved in the natural increase of about 3 percent per annum."

"I say to you that the fear of all of this is based upon the willful ignorance of economists and statisticians and writers in going to the basic facts of production and consumption of these metals. They are not interested. They still preach that there is a great stream of silver flowing somewhere that may be poured in here and drive out the gold. Well, there isn't any danger of driving out the gold right at present, and in my opinion there never will be. If you should give the value to the silver of the world that we give to our $800,000,000 in this country, you would have a basic purchasing power of silver of $15,000,000,000 throughout the world instead of $5,000,000,000. **THERE ISN'T ENOUGH GOLD TO REESTABLISH THE OLD GOLD STANDARD, AND EVERY GOVERNMENT KNOWS IT; THERE NEVER WILL BE ENOUGH GOLD TO REESTABLISH THE OLD GOLD STANDARD. THERE MAY BE ENOUGH OF IT IF IT IS IN A CLOSED CIRCUIT IN CENTRAL BANKS USED SOLELY FOR THE PURPOSE OF THE SETTLEMENT OF THE BALANCE OF TRADE BETWEEN COUNTRIES, BUT IF YOU ARE GOING TO HAVE SOUND LOCAL CURRENCY YOU HAVE GOT TO HAVE IT BASED ON METAL, AND THERE WON'T BE ENOUGH GOLD TO BASE IT BOTH WAYS AND THE LOGICAL, THE SOUND, THE SAFE WAY TO DO IT IS TO BASE IT ON THE OTHER PRECIOUS METAL AS A SUPPLEMENT TO GOLD. THEN YOU WILL HAVE NO FEAR OF THE ISSUE OF FIAT MONEY IN THIS COUNTRY OR ANYWHERE ELSE THROUGHOUT THE WORLD."** (End)

In "Silver---What About Its Future?" that appeared in the Mining Congress Journal, November 1930, we hear this from Frank Smith, then vice president of the American Silver Producers Association (page 800)---

"Gradually the nations of the world began to lean toward a gold standard, and demonetization of silver followed in successive steps by various countries, and by the United States in 1873 and in 1893. During the years that followed the price of silver was subject to violent fluctuations due to various causes. During the period 1904 to 1916, the price ranged between 50 and 68 cents per ounce. In 1917 the average price was 82 cents, gradually increasing to $1 per ounce in August 1918. From September 1918 to April 1919, the price was fixed by the United States Government at $1.01125 cents. The Pittman Act was passed on April 23, 1918, as a war measure to permit the sale of something over 200 million ounces of silver to England, for the purpose of stabilizing silver exchange in India. We had this silver in the Treasury in the form of silver dollars, which were melted up and shipped to India. The price paid by England for this silver was $1 per ounce, plus the cost of melting and handling, or approximately $1.01 per ounce. The act provided for the replacement of this silver to the Treasury by purchase from American producers at $1 per ounce. No purchases were made, however, until June 1920, because up to that time the market price of silver was above $1 per ounce, and hence the American producer could do better in the open market."

"In May 1919, the market price averaged 107 cents per ounce, and during the next few months rapidly advanced to over $1.32 per ounce in January 1920. Then began a decline to 91 cents in

June 1920, when American producers began to take advantage of the Pittman Act and sold their silver to the Government. These purchases, under the Pittman Act, continued until about June 1923, before the total amount sold to England had been restored to the Treasury. During this period, when the American producer was obtaining $1 per ounce for his silver, the world price averaged 62.5 cents per ounce in 1921, 67.5 cents in 1922, and 64.8 cents in 1923. Thus, while it was effective, the Pittman Act was of great benefit to American silver producers. During the next three years, 1924, 1925, and 1926---the average yearly silver prices were 66.7, 69.0 and 62.1 cents, respectively."

"IN 1926 SILVER RECEIVED ANOTHER SEVERE JOLT, WHEN THE ROYAL COMMISSION ON INDIAN CURRENCY AND FINANCE PUBLISHED ITS REPORT RECOMMENDING THAT INDIA BE PLACED ON A GOLD EXCHANGE STANDARD, WHICH RESULTED IN THE INDIAN GOVERNMENT'S ESTABLISHING A POLICY OF SELLING ON THE OPEN MARKET FROM TIME TO TIME ITS EXCESS STOCKS OF SILVER, WHICH AMOUNTED TO SEVERAL HUNDRED MILLIONS OF OUNCES. IMMEDIATELY UPON THIS ANNOUNCEMENT A RAPID DECLINE IN THE MARKET PRICE BEGAN, AND BY DECEMBER 1926, THE PRICE REACHED 53 CENTS PER OUNCE, AND IN DECEMBER 1929, THE PRIVE AVERAGED 48.5 CENTS PER OUNCE. EVEN THIS WAS NOT TO BE THE BOTTOM, FOR EARLY IN 1930 ANOTHER DRASTIC DECLINE OCCURRED WHEN THE PRICE TOUCHED 33.25 CENTS PER OUNCE, THE LOWEST PRICE EVER RECORDED FOR SILVER IN ALL HISTORY."

Of course, by 1931, the price tumbled down to 25.5 cents per ounce, courtesy of the virulent British leadership and their long-standing war on the use of silver as money. Silver was dumped onto key world markets such as Shanghai in China at critical moments in order to collapse prices and hold them flat. Senator Pittman was thoroughly informed on these matters. He knew that the British attack on silver caused the Great Depression, as the buying power of more than one billion people was drastically slashed! It didn't bother the British that their textile industries took a hit, because after all, fiat money creation is infinitely more profitable. By attacking silver money, gold was next in line, and that is exactly what happened. Pittman was a great champion of silver at the World Economic Conference in London in 1933 where the 66 nations he spoke of were represented. He hammered out agreements concerning restrictions on melting down silver coins to dump bullion on world markets to depress prices. However, recall he used the phrase, "as far as they could bind their governments." The investigation of how certain parts of those covenants were snaked out of would make for interesting reading.

There was another item that would make a fascinating study, and that is how the British, in barely eight brief years, maneuvered their subject nation, India, from riots and near-revolution in 1917-1918, because rupee notes couldn't be redeemed for silver fast enough and in sufficient quantities that they had to get 208 million silver ounces from their Pilgrim Partners in world empire, the Americans, to being able to start dumping enormous tonnages of silver on world markets by the late 1920's after the 1926 recommendation by the Royal Commission that silver be demonetized. It is no coincidence that Lord Keynes, father of modern fiat currencies, served on that commission. To get to full fiat money it was necessary to attack silver first, gold afterwards. Let's hear from Senator Pittman again in "The Gold and Silver Questions" from a speech he made in Denver on October 1, 1936 at the Metal Mining Convention (Mining Congress Journal, February 1937, excerpts, start page 38)---

"I deeply appreciate this invitation to discuss the subject of gold and silver legislation and administration before an audience that is so deeply interested in the subject. Let me congratulate you on having Mr. Stanly A. Easton, who is a practical miner, a student of monetary problems, and a recognized authority on the production, consumption and uses of gold and silver. The gold legislation was forced upon the United States by the action of other governments. They first departed from the gold standard and depreciated their currencies with regard to gold. By these acts they automatically increased the value of gold with reference to their currencies. **THEY DISCREDITED CURRENCIES BY SUCH ACTS, CREATED MONETARY PANICS, BROUGHT ABOUT THE GREAT URGE FOR THE HOARDING OF GOLD.** The United States Government has fixed the price of gold at $35 an ounce. It will be remembered that the price of gold, until various countries went off the gold standard, was stabilized throughout the world at $20.67 an ounce. This price was originally established by Great Britain, when it declared that a pound sterling would purchase 113.0016 grains of gold and that the number of grains of gold would purchase a pound sterling."

"It must be remembered that the value of the pound sterling was based upon a pound of silver, and a pound of silver was equal to 20 silver shillings. The government of Great Britain stated that so many shillings would purchase so many grains of gold. It was the silver shilling that measured the value of gold, and also measured the value of the pound sterling, which was and is the unit of monetary value in Great Britain. When our government established its Coinage Act in 1792, it followed some statutory monetary system that had been adopted in Great Britain. It adopted as its unit of monetary value the dollar. The value of the dollar was measured also by silver; namely, 371.25 grains of silver. The unit of value of the dollar was almost one-fifth of the value of the pound sterling. So as to maintain substantially the same ratio between the value of gold and silver that had been established by Great Britain, the value of the dollar was also made equal to 24.75 grains of gold. The value of gold was subsequently increased with reference to the dollar, and also silver, by fixing the value of gold at 23.2 grains for the dollar."

Many of you are well familiar with these facts of monetary history. I included them here for the sake of newcomers who need to become informed on the subject.

"It will be observed that there were 16 times as many grains of silver as there were grains of gold as a measure of the dollar. The ratio between the value of gold and silver was not an accident. There had been an effort by governments as far back as the beginning of the eighteenth century to attempt to establish the relative value of gold and silver based upon the average production of such metals. It varied for a long time between 14 and 15 grains of silver to one grain of gold. Great Britain early in the nineteenth century established the relative value of the two metals at approximately 16 grains of silver to one grain of gold. That is where the expression of the coinage of silver at 16 to 1 arose. Our Government in the establishment of the dollar and the ratio between gold and silver followed the same formula and established such a ratio at 16 to 1. Our monetary system was established on true bimetallism; there was a joint measure of the dollar, both in gold and silver. As finally established, the dollar could be redeemed with 371.25 grains of silver or 23.2 grains of gold, and on the other hand, our Government purchased through coinage 23.2 grains of gold for a dollar and 371.25 grains of silver for a dollar."

"This is true bimetallism, because there was a dual measure of the dollar unit, and our Government was at liberty to utilize either metal in the redemption of its currencies. This was considered wise at that time by reason of the fact that while the average production over a long period of time of the two metals was approximately 16 to 1, the relative production of such metals varied during certain shorter periods. In 1873 there was an extraordinarily large production of silver in the world, caused by the opening up of new silver mines in the western part of the United States, and particularly the development of the great Comstock mines at Virginia City, Nevada. This unusual and enormous production in silver frightened economists in the United States who were unfamiliar with the average production of silver and gold over a period of 300 years, and conceived that the world was going to be flooded with silver and that it would become as cheap as iron. **HOW FOOLISH THEY WERE HAS BEEN PROVEN BY THE PROPORTIONATE DECREASE IN THE PRODUCTION OF SILVER TO GOLD FROM THAT PERIOD OF TIME DOWN TO THE PRESENT."**

The New York Times, September 3, 1933, section VIII, page 4 said---

"Nevada is still the Silver State; her history is written in silver ink, and much of her welfare depends on the white metal. The stabilization of silver is the dream of every citizen. Resentment pervades Nevada to find that silver, which brought her fame and statehood, should be kicked about at so low a price. The Nevada millions poured from the Comstock lode of Virginia City helped to save the credit and stability of the Union. If silver must be called a commodity, let it at least receive a respectable price, say the miners."

Resuming with Nevada Senator Pittman---

"The average production during such period has been less than 15 ounces of silver to one ounce of gold, **YET IN 1873 IN THE PREPARATION OF A NEW COINAGE ACT, SILVER WAS DEMONETIZED---I MAY SAY SECRETLY DEMONETIZED---BECAUSE FEW HAD KNOWLEDGE OF THE PROVISION OR ITS EFFECT.** In this act it was declared that gold and gold alone should be the measure of value of the dollar, **AND AT THE SAME TIME THE LEGAL TENDER CHARACTER OF THE SILVER DOLLAR WAS DESTROYED.** Had gold been demonetized instead of silver, the same depreciation in the value of gold would necessarily have occurred, **BECAUSE THE CHIEF VALUE OF EITHER METAL RESIDES IN ITS MONETARY VALUE."**

"The falling price of silver and **THE STRONG REACTION IN ALL QUARTERS AGAINST THE DEMONETIZATION OF SILVER** caused the enactment of certain laws for the purchase of silver for the coinage of silver dollars. Such an act was in force in 1893. **AT THIS PERIOD A MONETARY PANIC SWEPT ACROSS THE WORLD, COMMENCING IN THE EARLY PART OF 1893. IT ORIGINATED IN GREAT BRITAIN AND SWEPT ACROSS THE UNITED STATES. THE SAME DELUDED ECONOMISTS WHO BROUGHT ABOUT THE DEMONETIZATION OF SILVER STARTED PROPAGANDA TO THE EFFECT THAT THE PANIC WAS DUE TO THE PURCHASE AND COINAGE OF SILVER DOLLARS.** And so in 1893 the Silver Purchase Act was repealed. Silver in the world was thereafter used in a monetary capacity solely in the coinage and circulation of subsidiary silver coins; dimes, halves and quarters, or (start page 39) similar coins in other countries. While the value of silver depreciated, such coinage of subsidiary coins, by creating some demand for silver other than in the arts and sciences, tended to stabilize silver between 50 and 60 cents an ounce, at which values it remained until the beginning of the World War."

"Then there arose a large demand for silver to meet the needs of enormously increased commerce, **AND TO PAY THE WAGES OF SOLDIERS. THIS INCREASED DEMAND MADE IT IMPOSSIBLE FOR THE BRITISH GOVERNMENT OF INDIA TO REDEEM ITS PAPER SILVER RUPEE NOTES. THEY WERE WILLING TO REDEEM THESE NOTES IN GOLD BUT THE PEOPLE OF INDIA**

WERE ACCUSTOMED TO THE USE OF SILVER AND WOULD NOT ACCEPT GOLD. A CRISIS HAD BEEN REACHED IN INDIA. A REVOLUTION WAS THREATENED BY REASON OF THE APPARENT NECESSITY OF THE BRITISH GOVERNMENT IN INDIA TO DECLARE THE INCONVERTIBILITY OF THE PAPER RUPEE NOTES; IN OTHER WORDS, THAT SUCH NOTES COULD NOT BE REDEEMED INTO SILVER. This was 1918, when the result of the European war was held in the balance. It was absolutely necessary that the British Government for India should obtain silver. They required at least 200 million ounces of silver. They could not find any such supply in the world, except the supply of silver dollars in the Treasury of the United States and held there for redemption of silver certificates issued against dollars."

"Our Government, under the Pittman Act, authorized the melting up of 250 millions of standard silver dollars to meet the demand of India for silver. The demand was met, and **A REVOLUTION IN INDIA WAS PREVENTED**. **EXCEPT FOR THIS ACT, IT IS POSSIBLE THAT THE WHOLE CURRENT OF THE WAR MIGHT HAVE BEEN CHANGED. IT IS POSSIBLE THAT THE ALLIES MIGHT HAVE BEEN DEFEATED. THIS LARGE SUPPLY OF SILVER IN THE TREASURY OF THE UNITED STATES PROVED BEYOND DOUBT THE VALUE OF A LARGE RESERVE OF SILVER."**

"And so the increased demand for silver, although such demand was partially artificially met by taking silver coins out of reserve, caused silver to rise in price to around its monetary value of $1.29 an ounce. After the end of the War, and in 1919, silver rose to the price of $1.38 plus per ounce throughout the world. This was above the monetary value of silver in all countries. Silver coins commenced to be melted up and sold as bullion in every country in the world, including the United States, because the value of the silver in the coin was worth more as bullion than it was as money. The United States Government stopped the melting of silver coins in the United States by breaking down the price of silver throughout the world. It accomplished this by making available to exporters of silver fifty millions of standard silver dollars to be dumped upon the market of the world as bullion. It accomplished the purpose intended---in fact, it went farther than was intended. The price of silver dropped from $1.38 an ounce to below $1 an ounce."

"It was a carelessly and cruelly administered program on the part of the Treasury Department. It was the duty of the Treasury Department to bring the price of silver below the monetary value of our silver coins, but it was a breach of confidence to place in the hands of brokers and speculators the power to almost destroy the value of silver money. Great Britain, France, Belgium and other countries availed themselves of this excuse and debased their silver coins. They took part of the silver out of the coins and substituted base alloys. **THE SURPLUS SILVER DERIVED FROM THIS SOURCE THEY ALSO RUTHLESSLY AND WITHOUT LIMITATIONS DUMPED UPON THE MARKET OF THE WORLD.** And mind you, this was done even after the Acts of the United States had already accomplished the purpose which these other governments pretended they intended to accomplish by such debasement."

"AND THEN IN 1926 THE GOVERNMENT FOR INDIA PASSED A LAW AUTHORIZING THE MELTING UP, WITHOUT LIMIT, OF SILVER COINS IN THE TREASURY OF INDIA AND THE DUMPING OF SUCH SILVER UPON THE MARKET OF THE WORLD WITHOUT REGARD TO DEMAND AND WITHOUT REGARD TO PRICE. AND SO SILVER FELL IN PRICE TO AS LOW AS 24.5 CENTS AN OUNCE! THE IMPRESSION RAPIDLY GAINED THAT SILVER WAS WORTHLESS. OUR GOVERNMENT DID NOTHING TO REMEDY THIS EVIL CONDITION, and yet, at the time that these sales were proceeding from India in 1928 our Government had in circulation in the United

States 539,961,701 silver dollars, or silver certificates secured by silver dollars, which they guaranteed to maintain at a parity value with gold and a value of $1.29 an ounce of silver. And at that time, in 1928, our Government had in circulation in subsidiary coins---that is, dimes, halves and quarters---of the value of $299,010,231, which they guaranteed to maintain at a parity value with gold of $1.38 an ounce. **IS IT NOT EVIDENT THAT SUCH DESTRUCTION OF SILVER WAS PLACING A TREMENDOUS BURDEN UPON GOLD AND UPON THE TREASURY OF THE UNITED STATES?"**

"And then commenced an effort on the part of some of our Congressmen to remedy this condition. Free coinage of silver bills were introduced. They were defeated by majorities that proved that no such acts could become law at that time. Silver purchase acts were introduced requiring the Government to purchase at least fifty millions of ounces of silver per month. These acts were also defeated by such majorities that it appeared evident that no such acts could be passed. In 1933 an economic and monetary conference was held at London. There were 66 governments represented at that conference, including the United States. The President thoroughly realized that the destruction of the monetary value of silver must be stopped, and to that end that unnatural and prejudicial acts of governments should cease."

"With the President's approval, on behalf of the delegation of the United States, I presented at the conference a resolution which was unanimously adopted. It provided that the Government for India, after the first of January 1934, should not sell silver from the melting of its coins to exceed 35 million ounces annually for a period of four years. It was understood that after such sales India would have disposed of its so-called redundant silver and would discontinue further sales from melted coins; that governments would refrain from debasing their silver coins below . 750 fine; and that in the future, so far as possible, their coins would have at least such fineness; **THAT LOW VALUED PAPER CURRENCY WOULD BE WITHDRAWN AND SILVER COINS SUBSTITUTED IN LIEU THEREOF**, so rapidly as practicable; that the silver producing countries would absorb into their treasuries an amount of current production of silver equal to the amount of silver sold by the Government for India, and also the Government of Spain, which was limited to five million ounces a year for four years."

Since Great Britain has always been the driving force behind attacks on silver as money, and on the worth of silver as a commodity, you have to wonder what role the British Ambassador to Spain may have played in influencing their historical arch-enemy to dump large quantities of silver.

"The Government of the United States, to carry out this agreement, found it necessary to purchase current production of silver in the United States. It was also necessary to raise the price paid for American silver above the world price, to prevent the silver leaving this country."

On this point we send a warning to the idiots in our Federal Government---if you place a Federal price cap on silver after the COMEX inferno blazes ("silver is worth $10 an ounce because we say so"), it will cause silver mined elsewhere to flow to destinations other than America. Since we mine just a fraction of our own needs and the Silver Users Association has looted our one-time defense stockpile, any price capping measures (Mussolini style Fascism) will aggravate the shortage.

"The rise in the world price of silver caused the President to raise the price of domestic silver to 77.56 cents an ounce. The world price of silver afterwards dropped to around 45 cents an ounce. The President, however, refused to reduce the price of American produced silver. He was fully justified in such refusal. This rise in the price of American silver caused the opening up of many mines in the United States---gold, silver, lead, copper and zinc mines. (start page 61) There are few purely silver mines. In fact, 80 percent of the silver produced in the United States is as a byproduct of other metal mines. Forty percent of the silver produced in the United States is as a byproduct of lead mines. Considering the very low price of copper, lead and zinc, this rise in the price of silver enabled the operation of many lead, zinc and copper mines that otherwise would have remained idle."

"And then these Senators and Congressmen called upon President Roosevelt for his support. It was shown to him that in 1894 the proportion of our silver reserves to our total reserves of gold and silver was 54.9 percent silver and 45.1 percent gold. At the time the matter was presented to him the ratio had dropped with regard to such reserves until there was only 14 percent in silver in such reserves. The result of such conferences with the President over a period of six weeks was the Silver Act of 1934. It is contended by Handy & Harman and other metal brokers that the Act has been a failure. We expect such propaganda from speculators in silver. They make their money through speculation in silver. They wish a free and open market for both gold and silver, without any regulations or control. They are not interested in the stability of money. They make more money when the value of gold and silver is unstable. They clip off a part of the gold and silver both coming and going, and the greater the instability the more they make."

Key sounded like maybe his wasn't exactly the type viewpoint we have today in metals. We do want a free and open market! Of course, Handy & Harman became Silver Users Association members, who want only low prices, and that is not a free and open market. Recall earlier that Pittman called for an end to government interference in silver, hurting its use as money. I believe this was a case of his phrasing of views could have been done better. The facts as to his true views will become clear as you read on; how he met with many adverse votes on measures in the Senate; and how he believed he could not get everything he wanted, domestically and internationally, all at once, he felt he had to pursue things gradually. He stated in the New York Times, May 18, 1931, page 12 that he wanted "the price of silver to be governed by the law of supply and demand."

"The Government has purchased 936,998,000 ounces of silver under the Silver Purchase Act at an average price of 60 cents an ounce. This silver is being coined into silver dollars and is being sold to the banks and the trade and used in the payment of Government debts at a value of $1.29 an ounce. The Government has made a profit of $645,888,420 off the purchase of this silver. **HAS THE CIRCULATION OF THIS SILVER INJURED OUR MONETARY SYSTEM OR OUR PEOPLE?** It is admitted that it does not cause any material inflation. It may have added 20 percent to our circulating media in the form of currency. Certainly this does not mean much, as it is also admitted that 90 percent of our circulating media consists of bank credits circulated in the form of checks and drafts, bills of exchange, etc. **IT IS THROUGH THIS CREDIT CIRCULATING MEDIUM THAT THE TREMENDOUS INFLATION OCCURRED IN 1929, WHICH WAS A HUNDRED TIMES GREATER INFLATION THAN THE SLIGHT INCREASE TO OUR CURRENCIES BY THE ISSUANCE OF OUR SILVER DOLLARS."**

"Let us see what else the Government has accomplished through the power of the Silver Act of 1934. It has enabled our Government to stabilize the currency of China and place the Chinese dollar on the gold dollar basis of exchange. Our Government bought a quantity of silver from the Chinese Government and gave the Government of China a credit in American dollars for such purchase price. This was with the understanding that the Government of China would nationalize silver, that is, take all the silver in China it could obtain and place it in the Central Bank of China; that it would make the Central Bank of China the sole bank of currency issue; that it would have behind such currency issue a reserve of 65 percent; that one-fourth of this reserve should be in silver and three-fourths of it in gold or American dollars. Except for the power of the Silver Act, this could not have been accomplished. Today, China's exchange is stabilized by being tied to the American dollar. It has enabled China again to open its mints and continue the coinage and circulation of silver coins. **CHINA IS AGAIN SUBSTITUTING FOR ITS PAPER CURRENCY SILVER COINS AS RAPIDLY AS THEY CAN BE COINED AND CIRCULATED.** This is restoring the normal demand for silver in China and through the recoinage at a lower metallic silver content, is preventing the exportation of such silver coins from China."

Whether Pittman was deferring comment on another view of the Chinese silver situation at that moment, I do not know. However, according to H.H. Kung, Chinese Minister of Finance, in the Commercial & Financial Chronicle for May 18, 1935, page 3307---

"The Chinese Ministry of Finance said on May 12 from Shanghai, that the silver purchasing policy of the United States is causing a severe drain on China's silver reserves and a sharp contraction of the nation's currency and credit."

What took place in China may not have been the model in Pittman's thinking for conditions here. When he speaks of the Chinese authorities nationalizing silver there and stuffing it into their central bank, it could have been because he didn't care for the rights of Chinese silver owners. I don't believe that were he on the scene today, he would favor any nationalization of silver here, other than on a purely voluntary basis. Sometimes great men have flaws. Andrew Jackson, of whom I have spoken so highly, didn't view the Creek Indians and the Seminoles as having rights identical to Americans of English and European ancestry. But there were language and territorial problems, and he was a creature of his times. It might not have occurred to Pittman at the time that the Nationalist movement in China would eventually be overwhelmed by the Communists, and that the loss of silver could be the basis of that problem.

"Our Treasury Department has had an understanding with the Government of Mexico whereby the exchange value of the Mexican peso has been stabilized with the American dollar. Silver in Mexico has been nationalized; silver coins are being re-coined at a lower silver content, and are being rapidly circulated through Mexico. The Government of Mexico, through its central bank has coined and issued over 300 million dollars worth of silver coins during the past year. This is reestablishing the natural demand for silver. It is possible for our Treasury Department to aid the Central American and South American republics, if the so desire, in the reestablishment of their monetary systems along similar lines. If this is accomplished, then such countries will again have silver coins as their domestic circulation, and the demand for silver will be further restored."

"In addition to all of this, it ties the money of such countries to the American dollar for exchange purposes. It is a monetary law as well as a commercial law that trade follows such exchange alliances. Great Britain has always been aware of this law. Our Government has just commenced to understand it. The President has time and time again announced that he is satisfied with our gold and silver policy, and sees no reason to change such policy."

"As I have stated before, the action of our Government in raising the price of gold to $35 an ounce was impelled by the action of other governments. In 1931 Great Britain went off the gold standard. Immediately her currency was depreciated with regard to gold. The pound sterling would not purchase the former amount of gold. The currency of Great Britain, the pound sterling, was depreciated between 30 and 40 percent with reference to gold, while gold was equally appreciated in value. Gold was valued with reference to the pound sterling at various times between $30 and $35 an ounce. Japan and other countries went off the gold standard and depreciated their currencies to even a greater extent with reference to gold, thus greatly enhancing the value of gold with reference to their respective currencies. The United States suffered greatly in its export trade from these depreciations of foreign currencies. Trade was invited to countries of the depreciated currency until our export trade was almost destroyed. It became absolutely necessary for our Government, as a defense measure, to depreciate the dollar with reference to gold, so the United States finally went off the gold standard and depreciated its currency by fixing the gold dollar at 15.23809 grains of gold."

"This in effect meant that the gold in our dollar was worth approximately $35 an ounce. We cannot appreciate the value of our currency relative to gold until other countries do likewise. By virtue of a scarcity of gold in other countries of the world, it is hardly likely that the currencies of such countries will be appreciated. In fact, **THERE IS A GENTLEMAN'S AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN, FRANCE AND OTHER COUNTRIES TO STABILIZE THEIR RESPECTIVE CURRENCIES AT THE PRESENT VALUE THEREOF WITH RELATION TO GOLD."**

Passing away several years before the infamous Bretton Woods Conference in 1944, Pittman might not have foreseen the problems that were to arise for gold and silver and the miners producing them. And there was ill economic health to derive from holding gold at $35 an ounce as the creation of dollars far outran the availability of new gold. We once had metallic reserve requirements for currency---long since abolished. I am not of the view that Pittman would have approved.

"This Act has given the United States the power to expand its currency issues and its credit. Such expansion results in the rise in commodity prices. The benefit of this rise in the price of gold has added to the incentive for the opening up of mines throughout our country containing gold. Again it must be remembered that gold is associated in ore with other metals, lead, zinc and copper and such gold content frequently permits the mining of such ores when otherwise they could not be mined. The rise in the price of gold and silver has resulted in renewed mining operations of many old mines and the opening up of new mines throughout the United States. **THE RESULT HAS BEEN THE RE-EMPLOYMENT OF OVER FOUR HUNDRED THOUSAND MEN AND WOMEN IN THE UNITED STATES. THESE MEN AND WOMEN WERE ON THE RELIEF ROLLS. THEY ARE NOW ENGAGED IN VALUABLE OCCUPATIONS.**"

"It is contended that the Government is paying the silver miners a bonus, to the extent of the difference in the price of silver in the United States and throughout the world. This is not a bonus, because the Government makes more out of the silver that it purchases from the American producer than the producer makes. It has been the cheapest and most satisfactory relief measure that has been conceived. It would not exceed 15 million dollars per annum." (end)

Senator Pittman again addressed the Metal Mining Convention, meeting at Salt Lake City, Utah, on September 7, 1937, as reported in the November 1937 Mining Congress Journal. Some excerpts (page 45)---

"Mining has had a fascination for me since the early days when I read of the wide open spaces of the West, and so too I have been at home with those who are intrigued also through the production of minerals and who go down into the bowels of the earth and toil and fight against great odds for the exhilaration of occasional successes. Lest there be suspicion that this is flattery, let me assure you that I have actually mined with my hands as most of you have done. I fear if this question were contested in a court that we would be poor exhibits with our urbane clothes and soft hands. I have had the pleasure of meeting at previous conventions of The Mining Congress many of the delegates who are here today. It seems, however, that this is the first time that I have realized how many of our able and distinguished mine operators reside in cities where their associations are naturally more apt to be with bankers than with the fellows whose duty it is to dig the ore out of the ground and to extract the minerals therefrom at a profit. Mine operators are like cowboys---they are found everywhere except on their range."

"The silver question, like the gold question, is primarily a monetary problem. I emphasize that because we are constantly faced with the charge by intelligent people that we are simply attempting to aid the miners of this country and nothing else. I have been charged with being interested in silver mines. The only difference in the two questions is that gold is universally recognized as a monetary problem while the silver question is too generally looked upon as a commodity problem. **THERE IS NO REASON FOR DRAWING SUCH A DISTINCTION**. It is true that both metals are commodities. It is equally true, however, that the primary value attached to each metal is its use for monetary purposes. 65 percent of all gold produced has been used for monetary purposes, while only 35 percent has been used in the arts and sciences. 70 percent of all the silver ever produced has been used for monetary purposes while only 30 percent of such production has been used in the arts and sciences."

"It is true that both gold and silver are commodities, but why have they been selected from all commodities from the beginning of history to be used as money? Because both have all of the necessary characteristics of universal money. They are both rare minerals. They never have been, and in the nature of things never will be, found in large quantities. Their production occurs generally throughout the world. The average annual production of each metal over average periods of time is remarkably uniform and the ratio of the production of such metals to each other has been equally uniform over average periods down through the ages. Both metals provide compact, handy, substantial coins. But above and beyond all of these peculiar qualities and characteristics, the fact that such qualities and characteristics have been recognized by all peoples for ages and have been used by them as money is the strongest reason for the continuance of the use of such metals as money."

"There is no gold standard today, nor is there a silver standard. And yet every government and all of its financiers and monetary experts are gold conscious. They measure the value and soundness of a currency issue by the amount of gold the government has in its reserves or has the power to obtain through loans, commerce, or trade. Through a gentlemen's agreement between the United States, Great Britain and France, France was permitted to depreciate her currency an additional 30 percent, while the United States and Great Britain would not further depreciate. How depreciate? Depreciate with regard to what? Gold, of course. **THE CURRENCIES OF THE UNITED STATES, GREAT BRITAIN, FRANCE, ITALY, HOLLAND, BELGIUM, SWITZERLAND AND OTHER COUNTRIES ARE MANAGED CURRENCIES.** But their issue is not unrestricted and subject solely to the intelligence or honesty of a manager and the capacity of printing presses. These currencies are managed so that issues may be restricted within limits of potential redemption in gold."

"At the London Conference in 1933, I had the honor to present a resolution on behalf of the United States which had been approved by the President, declaring that it was the sense of the 66 governments represented at the conference that each of the governments should return to the gold standard measure of international exchange as soon as practicable, each government determining for itself when it should become practicable and the gold ratio. It must appear conclusively evident that great governments intend to return to the gold standard measure of international exchange."

This conference, hosted by the British in London which uncoincidentally is at the center (excuse me, the spelling is "centre") of 24 hour international banking time, was a bunch of noise to placate the groups within those nations represented who wanted to use sound money. The coming of World War II, a British arranged affair, stopped the sound money movement. However, noises continued to be made by the authorities that they really were interested in adherence to precious metal, but mainly gold only. There was every intention on the part of the bully boys to exclude silver as a prelude towards getting rid of gold. At that time, the conference raised hopes for Pittman's constituents in Nevada. The New York Times, September 3, 1933, section VIII, page 4 said---

"Nevada and her neighbor states have never quite lost hope that silver will some day come back to its old position as a precious metal. The news of the silver discussions at the recent London Economic Conference had no readers more eager in all the world than in Nevada. The agreement of eight nations, the United States, Canada, Mexico, Peru, Australia, India, Spain and China, to cease dumping silver, to restrict their production and to absorb part of their output for coinage or for currency reserves aroused a flurry of excitement in the mountains and valleys of Nevada."

Actually British India only agreed to not dump more than 35 million ounces of silver per annum on world markets. Resuming with the Senator---

"I wish to call your attention to that fact that we did not use, in that resolution, "return to gold standard," because the term "gold standard" is quite indefinite, in fact, there were a number of different kinds of gold standards, but this meeting of nations---66 governments---was interested in the establishment of a gold standard measure of exchange between themselves. It is even possible for a government to have two standards of currency. It is very unfortunate when they do. It is much better that all the currencies of a government be tied to the international exchange base. So we used the words "gold standard measure of exchange." That resolution was unanimously adopted. This can only be accomplished by establishing a fixed value for the currency in relation to gold; that is, that such currency will purchase a fixed amount of gold for the purpose of settling international trade balances, and that the value of gold be stabilized."

“I call attention again to the limitation upon gold for the settlement of international trade balances. There may be a question as to whether there is sufficient gold in the world for the settlement of international trade balances. Silver exchange can be used in the settlement of international trade balances with many countries and is the best currency. If this sentiment be the sentiment of the world, we may safely discontinue consideration of the so-called nonmetallic managed currencies. But I am here, at your invitation, to discuss the silver problem. I again assert that the silver problem, like the gold problem, is a monetary problem. I have asserted that the same characteristics and qualities which apply to gold as an ideal money and base apply equally to silver. Many people have been taught to fear silver on the theory that there are unlimited quantities of it and that if we use it as money it will flood our country, debase, cheapen and destroy the integrity of our monetary system. Well, what are the facts? The estimate of the Bureau of the Mint of the total production of gold in the world is 1,189,324,181 ounces. According to the same statistics, the production of silver in the world since the beginning of time has been approximately 15,913,880,715 ounces.”

“It will be understood that there has been a tremendous loss of both of those metals during the centuries---lost at sea, lost in the ground, hidden and never found, lost in fires---so there isn’t that much gold or that much silver in existence today. I am attempting to show you that silver is comparatively as scarce as gold; that there is a ratio of rarity in these two metals that has come down through the ages. I do this to refute the unfounded propaganda and ignorant impressions which lead people to believe that there is an unlimited quantity of silver somewhere. But let us get down to more recent records taken from the statistics of the Bureau of the Mint, Treasury Department of the United States---Silver and Gold Production of the United States for 1935---Silver (45,924,454 ounces) Gold (3,609,283 ounces). It will be observed that the ratio of production of silver to gold is about 13 to 1; that is, in 1935 in the United States. Now let us compare the production of silver and gold throughout the whole world for the year 1935. These are world statistics I am giving you now and they, again, come from reports which are very accurate---Silver (215,949,585 ounces) Gold (30,001,209 ounces). So the ratio of production throughout the world for 1935 was 7.19 to 1---7.19 ounces of silver to an ounce of gold.”

“Now let us see if there is any particular change in the following year of 1936---the last year for which we have complete records. According to the records, production in the United States was as follows---Silver---(63,812,176 ounces) Gold---(4,357,394 ounces). The ratio of production is 14.65 to 1. The records for that year as to the world’s production in silver and gold are---Silver (247,576,000 ounces) Gold---(34,910,000 ounces). (start page 47) The ratio of production of silver to gold throughout the world for 1936 was 7.09 to 1. It is obvious that in spite of the ratio of production of silver to gold throughout the nation increasing, throughout the world it is decreasing. If there is an fear of overproduction in metal it is gold, and after hearing Mr. Leon talk about it we have no fear of overproduction of gold to meet the demands of today.”

“Although the production of both gold and silver has been greatly stimulated throughout the world by the increase in the price of gold and the purchase of silver by the United States government, the comparatively small production of both metals is remarkable. For instance, the total value of the world production of gold for 1936, even at the price of $35 an ounce, amounts to only $1,221,850,000. The total value of the silver produced in the world in 1936 was $132,552,830. **IF YOU WILL COMPARE THAT ANNUAL PRODUCTION IN VALUE WITH NATIONAL DEBTS OF TODAY AND SEE HOW LONG IT WOULD TAKE TO PAY THEM OFF IF**

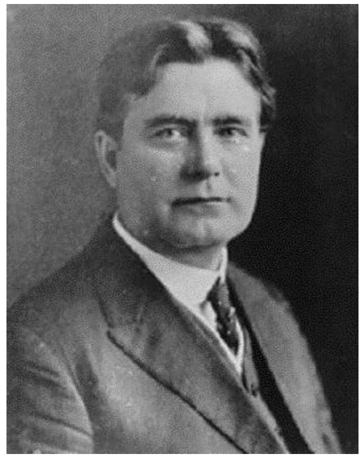
NATIONAL DEBTS CONTINUE TO DRAW INTEREST INDEFINITELY---AND THEN IF YOU ADD STATE AND MUNICIPAL DEBTS YOU REALIZE THAT THERE IS NOT SUFFICIENT GOLD ALONE TO CONSTITUTE SOUND METALLIC RESERVES AND THAT IT IS ESSENTIAL THAT GOLD RESERVES BE SUPPLEMENTED WITH SILVER. I think it is admitted that it is a monetary fact that when the reserve goes below 10 percent a danger point has been reached, fear commences, panic follows and there is a crash. I think it is fairly safe to say that economists today agree that a safe reserve should not go below 10 percent."

It is not a concealed fact that America's silver reserves are gone. In fact, while they were still there, their official status was as an industrial material for war industries---not as a monetary basis for paper money. But as to gold, is there any gold owned by the Treasury stored either at Fort Knox, Kentucky, or in the underground vaults of the New York Fed Bank? Apparently an audit is unthinkable for those trying to hide something. There is no gold backing for the dollar. To back the dollar now with just gold, at ten percent, would send the gold price flying like crazy. The public has been propagandized away from gold and silver money. That's why the printing presses whizz all the time; why deficit spending and more debt is possible; financing Middle East warfare, and inflation ripping away at fixed incomes and those who still trust interest bearing instruments. I think Pittman would have preferred 100% reserve for cash. He was in a struggle with the banking interests and had to go for whatever he could get.

"Now let us take in the United States, the production of gold and silver, was about 14.65 to 1 in 1936; it was about 13 to 1 in 1935. The latest records we have of the world's production of gold and silver show a ratio of 7.09 to 1. I used to think, and called attention to the fact, of the total value of gold and silver produced annually. It has been estimated that 1,189,324,181 ounces of gold have been produced in the world and that 15 times that amount of silver has been produced. **THE DEPLETION OF THAT SUPPLY HAS BEEN VERY LARGE.** It is conservatively estimated that at the present time there is in existence 619,494,657 ounces of monetary gold which, at $35 an ounce, would have the value of $21,682,313,000. From these statistics and computations several facts are evident. TH**ERE IS NOT SUFFICIENT MONETARY GOLD IN EXISTENCE TO SERVE SAFELY AS A MONETARY BASIS FOR ALL THE GOVERNMENTS ENGAGED IN FOREIGN COMMERCE. IT IS ALSO EVIDENT THAT THERE IS NO DANGER OF AN OVERSUPPLY OF SILVER IN THE WORLD; THAT SILVER POSSESSES ALL OF THE CHARACTERISTICS AND QUALITIES ESSENTIAL TO MONEY THAT ARE POSSESSED BY GOLD; THAT IF CURRENCIES ARE TO BE MANAGED ON A METALLIC BASE, IT IS ESSENTIAL THAT SILVER BE FULLY REMONETIZED AND ITS NATURAL RATIO WITH GOLD RESTORED; AND THAT SILVER BE USED TO THE FULLEST EXTENT IN SUPPORT OF THE GOLD STANDARD BASE AND FOR DOMESTIC CURRENCIES."**

The ratio of silver to gold above ground has certainly altered the monetary picture for gold and silver in the future, since so much silver has become unrecoverable. Any classic 16 to 1 ratio could be reduced to 4 to 1, or less. Gold only folks don't like such talk but it's what the numbers suggest.

Idaho Senator (1907-1940) William Borah, another great Silver Senator, was a close associate of Senator Key Pittman---



"I may pause there for the purpose of stating that while I agree with Mr. Leon on bimetallism, that as a legislator who **FOR 24 YEARS IN THE SENATE HAS MET MANY DISCOURAGING VOTES**, who realizes how small is the representation of the western country in Congress and that we had better move in all these matters modestly, slowly, and step by step, I am willing that there be established throughout the world a gold standard measure of international exchange. I am willing, for the time being, that the relationship of silver to gold be established also for the purpose of coinage and for the purpose of reserves. However, before we start considering an international ratio for gold and silver, if present prices of the metals is to be a factor, **WE MUST DO SOMETHING TO OVERCOME DISCRIMINATIONS THAT ARE AND LONG HAVE BEEN DESTROYING THE MONETARY VALUE OF SILVER IN RELATION TO GOLD. WHILE TODAY THE WORLD'S PRODUCTION OF SILVER AS RELATED TO GOLD IS LESS THAN 16 TO 1, THE PRICE RATIO TODAY IS ABOUT 70 TO 1."**

"I am urging that governments cease by discrimination and legislation the destruction of the monetary value of silver. I am asking the United States government, who followed Great Britain in the destruction of the monetary value of silver, to continue with its efforts to restore confidence in silver and aid in its restoration to its rightful position as a monetary metal. I do not ask that our government or any other government at the present time go to the free and unlimited coinage of silver at the ratio of 16 to 1, or any other ratio to gold. I have explained my reasons for not asking this at the present time. I know that it is a conservative ratio based upon production, **BUT I ALSO REALIZE THAT TODAY BY THE DISCRIMINATION AGAINST SILVER THE RATIO OF VALUE OF AN OUNCE OF GOLD TO AN OUNCE OF SILVER IS OVER 70 TO 1.** This unjust discrimination in value cannot be remedied at once. It can never be remedied by any action of the United States government alone. It will, in my opinion, come about through the initiative and leadership of the United States and the gradual restoration of the use of silver to its natural function in all countries. **THE DEMAND CREATED BY THIS USE WILL TAKE CARE OF THE PRICE OF SILVER."**

"BUT WE ARE FACED WITH A FIGHT IN THE NEXT SESSION OF THE CONGRESS OF THE UNITED STATES BY THOSE WHO ARE OPPOSED TO THE USE OF SILVER IN ANY FORM OR IN ANY MANNER AS MONEY. They seek to repeal the Silver Purchase Act and to induce the President to abandon the purchase of American silver at 77.57 cents an ounce, which letter purchases he is now making because of the London Agreement. These proponents of the repeal of the legislation contend that the Silver Purchase Act has been a complete failure, **THAT THE GOVERNMENT HAS BEEN BUYING SOMETHING THAT IS WORTHLESS,** that it will lose money on the transaction, that it has accomplished no good, that the miners are being paid a bonus, and that the Act should be repealed and purchase under the London Agreement discontinued."

"Let us see what the results are under the Silver Purchase Act. As Chairman of the Special Committee of the United States Senate upon the Investigation of the Administration of the Silver Purchase Act, I have just received the following report from the Secretary of the Treasury---"1)---The additional amount of silver needed on June 19, 1934, and June 30, 1937, to make the proportion of silver in the stocks of gold and silver of the United States equal to one-fourth of the monetary value of such stocks is estimated to have been as follows---value at $1.29 per ounce---

June 19, 1934……….$1,714,000,000……..…1,329,000,000 ounces
June 30, 1934……….$1,719,000,000……….1,333,000,000 ounces
June 30, 1937……….$1,554,000,000……….1,202,000,000 ounces

It would seem strange that it requires nearly as much silver to be purchased now as it did when the Act started. That is caused by reason of the fact that we have accumulated so much additional gold in our reserves of the United States."

"Now I will give you a few other figures here and show you how it came about. "2)—Silver acquisitions through June 30, 1937---

Newly mined domestic silver (December 21, 1933, to June 30, 1937) was 151,834,000 ounces at $112,705,000 for a cost per ounce of 74.2 cents. Nationalized silver (August 9, 1934 to June 30, 1937) was 113,015,000 ounces for $56,520,000 cost per ounce of 50 cents. Purchase Act silver (June 19, 1934 to June 30, 1937) was 1,015,828,000 ounces for $589,773,000 cost per ounce 58.1 cents. A total of 1,280,677,000 ounces was purchased for $758,998,000 at a cost per ounce of 59.3 cents."

That was over 113 million ounces of silver held by private individuals in the United States that was "nationalized" (socialized or confiscated). Refer to "Hoarders of Silver" here in the Archives for more details. The Commercial and Financial Chronicle routinely reported statistics of how much silver was being turned in by citizens. That would be like 25,000 silver investors turning in an average of 4,520 ounces each today. Notice they were penalized for holding silver by being paid the lowest price offered; but it wasn't being offered, it was being forced! This was not Pittman's doing, it was a design on the part of the infamous Roosevelt administration and its mostly Eastern Congressional henchmen. We know those who control our federal government today are dead set against return to silver as money. However, they really cannot oppose silver for use in military applications, because without silver the military is set back a century as to capabilities. We have a confirmed warmonger administration. The Vice President and the Secretary of Defense were the top two administrators in the Nixon era Cost of Living Council, who imposed a Federal price cap of $1.61 an ounce on silver---a full 87 cents lower than the highest price per fine ounce paid by any Silver Users Association companies during the infamous Treasury Department "auctions" of the late 1960's! National co-chair of Bush for President was Barbara Franklin of Dow Chemical, Silver Users Association member. I very sternly warn you---get rid of Republicans this November if you want a better chance of keeping your silver, ***BECAUSE OTHERWISE SILVER WILL BE NATIONALIZED AGAIN AS A WARTIME ACT OVER IRAN, AND WE ARE NOT LIKELY TO BE OFFERED ANY PRICE THAT WILL YIELD WORTHWHILE PROFIT.*** I am not a Democrat, my father was, I am a Libertarian. But let's do as Senator Pittman did, let's get as much as we can gradually. Right now only Democrats can beat Republicans.

"3)—Silver certificates in circulation---June 30, 1934 ($401,456,000) June 30 1937 ($1,078,071,000). Silver dollars in circulation---June 30, 1934---($30,013,000) June 30, 1937 ($38,046,000). In other words, there has been very little increase in the circulation of silver dollars but the silver certificates that have been issued have practically doubled our circulation of silver. (Start page 48) Increase in silver dollars and silver certificates from June 30, 1934, to June 30, 1937---$684,648,000. The cost value of silver yet to be monetized, which was held by the Treasury on June 30, 1937, amounted to $373,978,297. 4)—Newly mined domestic silver was purchased until April 10, 1935, at 64.64 cents per ounce, from April 10, 1935 to April 24, 1935, at 71.11 cents, and since that time at 77.57 cents per ounce. Nationalized silver has been purchased at 50 cents per fine ounce."

"The New York market price of silver during the period since the passage of the Silver Purchase Act ranged from a low of 44 cents to a high of 81 cents per ounce. During the period from February 1, 1937, to June 30, 1937, the New York market price of silver was approximately 45 cents per ounce." (End of quotations from Treasury report). I will state that the price of 81 cents per ounce only lasted a very short time; in fact, it dropped below 77 cents an ounce in one week's time, but during the period when it was rising to 81 cents an ounce the President continued to raise the American price and raised it to 77.57 cents an ounce, where it now stands."

Maybe Roosevelt's banker friends were holding shares in American silver producers at the time! But no government has any business setting commodity prices, either up or down. The trading stage for silver in New York City at that time was the National Metal Exchange.

"The Government purchased 1,280,677,000 ounces of silver at an average price of 59.3 cents per ounce. It has sold, or has the power to sell all such silver purchased in the form of currency at $1.29 an ounce. When we say that the Government circulated silver currency at the value of $1.29 an ounce, it means that it pays its debt with the silver dollar and it has only .77 ounce of silver in it. The Government, therefore, in circulating silver currency, is settling its debts with silver at a value of $1.29 an ounce. **THE GOVERNMENT SO FAR HAS MADE $896,473,900 UNDER THE SILVER PURCHASE ACT."**

"The Government has made more money out of the American miners silver than the American miners have, and has taken none of the risks that generally result in losses. It has permitted an expansion of our currency to the extent of $684,648,000 with power to further extend it by the issuance of an additional $373,978,297. This constitutes an increase of approximately 20 percent in our circulating currency. It is admitted that 90 percent pf our circulating media consists of checks and drafts and so forth based upon deposits. An increase of 20 percent of the 10 percent of our circulating media is not a dangerous inflation. As a matter of fact, at the time that this was done the credits were frozen and even later when it was tight it was the duty of our Government to temporarily at least, expand its circulating currency. It is not only secured by a silver dollar against every silver certificate issued and has at the present world price an intrinsic value of 34.6 cents, the certificate is further secured by the seigniorage---being the silver going to the Government as a profit. The circulating value of this silver reserve at the present world price of silver amounts to approximately 85 cents an ounce."

"But opponents state that if the price of silver falls below what the Government paid for it the Government will lose money. In the first place, the Government needs the silver for currency purposes and does not want to sell it. In the next place, the price of silver is not going down if our Government continues to recognize it as full legal tender money, but on the contrary, the price is going up by reason of the natural demand for it. The average price paid by the Government for all the silver it purchased prior to the passage of the Silver Act of 1934 was 99 and a fraction cents an ounce. The average price paid since the enactment of the Silver Purchase Act, including purchase of American silver, has been 59.3 cents an ounce. The world price of silver for over 20 years prior to the panic of 1929 averaged around 60 cents an ounce."

"The Silver Purchase Act has enabled the United States to stabilize the currency of China and to permit her to open up her mints and again circulate silver coin by furnishing China a dollar reserve in the United States through the purchase of Chinese silver. This accomplishment alone would have justified the Act. The Treasury Department has also, through the power of the Silver Purchase Act, stabilized the currency of Mexico, opened up its mints for the coinage of silver and its circulation through Mexico. This same opportunity is open with regard to all the Latin American Republics. **OF COURSE, GREAT BRITAIN AND OTHER COUNTRIES AS WELL, WHO HAVE NOT A SUPPLY OF SILVER ARE OPPOSED TO OUR SILVER POLICY AND HAVE BEEN DOING EVERYTHING TO DISCREDIT IT. THE BRITISH GOVERNMENT CLOSED THE MINTS OF INDIA FOR THE PURPOSE OF DEMONETIZING AND DEPRESSING THE SILVER COINS OF INDIA. THE BRITISH GOVERNMENT, THROUGH ITS CONTROL OF INDIA, WAS CONTINUING HER SALE OF HUNDREDS OF MILLIONS OF OUNCES OF SILVER COINS WITHOUT REGARD TO QUANTITY OR PRICE** until the adoption of the London Agreement."

The only reason the London Agreement of 1933 came about at all is that dozens of important nations---not just banana republics and postage stamp Pacific islands---were in a mad uproar over the destruction of the value of their silver coins caused by British actions in India! The full announced intentions of the London Agreement of 1933 also, were never carried out, conveniently derailed by World War II and manipulative actions leading up to it starting in 1937, fomented by the British. The British slashed the silver finances of Mexican miners before, during and after the war, causing great loss of purchasing power, elevated unemployment, and crime, up to and including murders in Mexico (New York Times, June 3, 1930, page 32).

"All these steps were taken by Great Britain for the purpose of controlling the finances of India. I am making statements to show how natural is Great Britain's antagonism to our silver policy, intended for the restoration of the monetary character of silver throughout the world. Many of us in this country are still prone to worship at the altar of the Bank of England. **MAYBE IT IS BETTER THAT OUR BANKERS SHOULD. THEY CERTAINLY MADE A MESS OF OUR MONETARY AND FINANCIAL SYSTEM DURING A PERIOD OF TIME WHEN THEY WERE IN COMPLETE CONTROL OF THE MONETARY POLICY OF OUR GOVERNMENT."**

The leading New York bankers at that time, as since then, were and are, members of The Pilgrims Society with its numerous front organizations they form they leadership of, especially the Council on Foreign Relations, who have also fought gold very viciously. The Sunday New York Times, May 17, 1931, page 11, had a paragraph on silver subtitled "Bankers Oppose Pittman Plan," just ask the Federal Reserve Bank of New York today, how it feels about silver money (like the fellow in the electric chair feels about the one working the power switch). The June 21, 1932 New York Times, page 31, reported that then Treasury Secretary Ogden Mills, disagreed with Senator Pittman on silver used as money. Mills was a Pilgrims Society member who inherited a fortune from Nevada silver mining! Funny money is more lucrative, you see!

"I am satisfied that the Silver Purchase Act should be sustained and that any attempt to repeal it at the next session of Congress will meet with defeat. The London Agreement under which the President is now paying 77.57 cents an ounce for American produced silver expires on December 31, 1937. The President will continue to purchase American silver under the Silver Purchase Act if he has not the power to purchase it further at 77.57 cents an ounce by reason of the London Agreement. There has been grave doubt expressed as to whether the President's authority to purchase American produced silver at such price as he may fix and above the world price does not terminate with the London Agreement on December 31, 1937. That, of course, presents a grave situation. American producers of silver for nearly four years have enjoyed the price of 77.57 cents an ounce, which is almost necessary in the production in most mines. It will be quite unfortunate if that should terminate on the first of the coming January and the American miners should be relegated to the foreign price which at the present time is around 45 cents an ounce. It would very seriously affect employment in the West."

Pittman's fears were realized, especially after his death in fall 1940, as to lower silver rates. For instance, by October 1945, there was still a Federal price cap on imported silver---45 cents per ounce. The Mining Congress Journal, December 1943, page 22 stated---

"In spite of the increased demand for silver in the United States, the price of domestic silver has not increased since the Act of Congress of July 6, 1939, which established a net price of 71.11 cents an ounce. The maximum price of foreign silver was raised on August 30, 1942, from 35 cents to 45 cents an ounce. Before this official action was taken, competition was so keen that some concerns were reported paying as high as 65 cents an ounce in Mexico."

Gold as well was capped as most of you know, at $35 per ounce, while paper dollar inflation was harming miners who faced these bleak price caps. These price caps were entirely Fascist in nature with absolutely no good motive back of them. Unless we struggle with full resolution, we will face official price capping again, until the paper money mob is routed out. From 494 million ounces of foreign silver purchased in 1935, the figure fell all the way down to 14 million ounces due to price reductions! That's a drop of over 97%. Anyone teaching economics who holds that price capping doesn't cause shortages needs to be sacked.

"I have recently read statements in the press purported to have been made by a distinguished United States Senator for whom I hold great admiration and friendship to the effect that silver could be produced for 16 cents an ounce. As a friend, **I WISH TO ASSURE HIM THAT HE COULD RAISE THE GREATEST PRESIDENTIAL CAMPAIGN FUND EVER OBTAINED BY FURNISHING THE FORMULA FOR THOSE WHOSE DUTY IT IS TO MAKE MINES PAY DIVIDENDS.** This subject was carefully considered in 1922 by a special committee of the United States Senate called the Gold and Silver Investigation Committee, of which ex-Senator T.L. Oddie of Nevada, was chairman and of which I was a member. Special experts of the committee, after study of the costs of every mine producing silver in the United States, or for that matter in the world, that produces silver metal exclusively. Over 50 percent of all the silver produced in the world is as a byproduct of the production of other metals such as gold, lead, copper and zinc. In the (start page 49) United States two thirds of the silver produced is as a byproduct of other metals."

"In estimating the cost of production of silver as a byproduct, the total production of all the metals involved is taken and the proportionate cost of the silver production is charged. The Senator does not realize that many copper mines, many lead mines, many zinc mines, in fact, many gold mines **COULD NOT OPERATE EXCEPT FOR THE VALUE OF THE SILVER CONTENT OF THE ORES.** The great Anaconda Copper Mines at Butte, Montana, are affected materially in their capacity of production by the price of silver, although the silver content of the ore is small. Take the Nevada Consolidated Copper Mines as an example. The company's copper deposits are as cheaply worked as any in the world and yet the copper content of the ore is very small. That company could not make a profit on copper below 7 cents a pound. Such was the price of copper during the depression. These copper ores, however, so I am informed by the company's manager, contain about 8 ounces of silver a ton. Silver at 25 cents an ounce, which was the price during the depression, added only $2 a ton to the value of all the ore."

"With silver at 77.57 cents an ounce, which is now being paid for American produced silver, the value of the silver alone would be approximately $6 a ton. These mines could continue to run with copper at 7 cents if silver was retained at 77.57 cents per ounce. If silver returns to 25 cents an ounce and copper to 7 cents a pound, which is possible, the mines would then again return to a 15 percent capacity operation. Take the great silver-lead-zinc deposits at Pioche in southeast Nevada. These great deposits would not pay to operate with lead and zinc below 5 cents a pound and silver below 50 cents an ounce. The Government has just assisted in transmitting cheap power to this mining district from Boulder Dam for the operation of these deposits. The Government will probably lose what it has put into this project if lead and zinc return to their former price of below 5 cents a pound and American produced silver is allowed to go down to the world price of 45 cents an ounce. The wisdom of the President in holding American produced silver at 77.57 cents an ounce has taken off the relief rolls and placed in the highest class of normal employment over 400,000 people. He can't afford to take the risk of putting them back on the relief rolls."

"The ignorant and prejudiced opponents of silver contend that the President by paying the American producer of silver 32 cents an ounce more than the foreign producer receives is paying a bonus to the American miner. That is absurd as the President is only allowing 77.57 cents an ounce out of the $1.29 the Government receives for circulating this silver as money. Even if it were a bonus, it would not exceed $15 million annually. Fifteen million dollars annually takes 400,000 people off the relief rolls. Does anyone know of any cheaper or more effective relief work that has been done by our Government? How does it compare with the billions of dollars in bonuses that have been granted to manufacturers under the policy of keeping men and women employed in factories? How does it compare with the billions of dollars bonus that have been granted to the agriculturalists for the purpose of raising the price of their commodities? How does it compare with the bonus granted to producers of sugar and cotton? How does it compare with the relief work done by the WPA?"

"I am not complaining about relief work. It was necessary. But I am comparing the high character and high standard and permanent benefits to the whole country of the relief work accomplished in employing miners. Unemployment is even now increasing in the West by reason of the fear that the President is going to reduce the price of American produced silver after December 31. I wish to assure you that the President has no desire to decrease the price of American produced silver. I think now that he understands the silver problem quite well. I had the pleasure of talking with him on his train during both of his campaigns. I possibly was of some assistance to him in regard to mining. In his speech at Denver during the last campaign he stated that he was entirely satisfied with the effects of both the gold and silver policies. He has gone further than that. He has in his press statements held that there must be a reasonable price, not only for agricultural products, but for our mineral products."

"On May 12 1933 there was pending the Emergency Farm Mortgage Act. That was the first credit act we passed. There was offered an amendment authorizing the President to fix the gold content of the gold dollar, but he could not reduce the gold content below 50 percent. He has acted under that Act. At the same time, in that Act it is provided that the President may fix for coinage purposes the ratio of gold and silver. We have a subsequent act which I offered myself, in which it stated emphatically that the President may charge a difference or a higher seigniorage for the minting of foreign silver than domestic silver. The question I submit to you is whether or not, irrespective of the London Agreement, the President has not the power to coin American silver and to fix the seigniorage price for such coinage. I believe he has. I don't believe that the London Agreement gave him the power to coin American silver and to fix the seigniorage for such coinage. He had to find the authority in existing law. He found it and acted. If that be true, then the termination of the London Agreement only releases the President from the moral obligation with those other governments to purchase our silver."

Columbia University Press, New York, 1986, published a book by political scientist, "Key Pittman: The Tragedy of a Senate Insider." I haven't seen the volume. My best guess is, it's a hatchet job.

"There will still be the moral obligation to the people of this country to maintain adequate currency and an adequate monetary system, **AND SO TO ARRANGE THE SEIGNIORAGE THAT THE GOVERNMENT WILL NOT GET ALL OF THE SILVER OR GET SO MUCH OF IT THAT IT WILL DESTROY THE MINING INDUSTRY OF THIS COUNTRY.** I am satisfied that the President has in mind this moral obligation. I am confident he has the legal authority to act. I believe he will tell the ignorant and prejudiced and selfish that the American price of silver has worked satisfactorily without injury to anyone; that he does not intend to take up discussions for raising and lowering of the price; and that he intends to maintain it indefinitely at 77.57 cents an ounce or until the world price of silver reaches such price, at which time he intends to raise the price of American produced silver above the world price. I hope he will realize that the sooner he makes this announcement, the sooner the depression in mining which is now under way by reason of fear caused by adverse propaganda will cease. I do not think that those who risk their money in mining industries and those who toil under the ground and in the mills and smelters need have fear." (End)

Evidently Franklin Roosevelt deceived Senator Pittman as to having real intentions for the sustained use of silver in the monetary system. According to the Mining Congress Journal, February 1945, page 93, 26 Senators appealed to Roosevelt and the Treasury Secretary that silver be included in discussions at the 1944 Bretton Woods Conference. The appeal was ignored and silver was excluded from the menacing conference. This was after Pittman's death. Retired Admiral Theobald released "The Final Secret of Pearl Harbor" in 1947, accusing Roosevelt of inviting the Japanese attack on Pearl Harbor and allowing the surprise bombing to occur. A reason was needed to get the Americans into World War II, and Pearl Harbor provided it. The Chicago Tribune, December 6, 1945, page one, reported another aspect of events from four years earlier---it stated that the Lord High Chancellor of England, Lord Jowitt, said "thank God for that" in response to the Japanese attack on Pearl Harbor. The Earl of Jowitt was a member of The Pilgrims of Great Britain, and a friend of Franklin Roosevelt, also a member. In actuality, it should have been Key Pittman's image that was stamped on silver dimes starting in 1946 rather than that of the slippery FDR---

FDR was severely criticized by Father Charles Coughlin, "The Silver Clergyman," during the mid 1930's in radio broadcasts. Coughlin's activities relative to silver would make for an interesting review. The New York Times, April 30, 1933, section IV, page 7, commented on how Utah residents were affected by the actions of Roosevelt's British friends and their feelings about FDR---

"Utah leads the states in the production of silver. Three years ago statisticians announced that 47.17 percent of the Utah population is directly or indirectly dependent on the metal mining industry. Utah production of gold, silver, copper, lead and zinc was more than $79,000,000 in

1928. In 1932 it fell below $14,200,000. Utah people are still in the dark as to what President Roosevelt means when he talks in the same breath of sound money and of helping silver."

Roosevelt did make statements favorable to silver as money (see "Open Letter to U.S. Governors," Archives), but his actions tended the other way. His British associate, Winston Churchill, also a Pilgrims Society member, also had the ability to wear two hats on the subject---

"Silver is the money of all Asia. Silver is the money of a billion human beings, and it ought not to be treated with as little regard as if it were a sack of potatoes. Silver has always been the comrade and ally of gold. Surely we would do well to consider more carefully the part it has to play in our world housekeeping."---New York Times, May 9, 1932, page 5

Rousing comments, but the source could have been better. How come Churchill was silent on the subject of his Pilgrims Society friend, former Viceroy of India, presiding over the dumping of Indian silver causing the Great Depression? Churchill spoke at a Pilgrims meeting in honor of Lord Halifax on January 9, 1941. Would the banker members of the Society care to comment as to their views on the restoration of silver and gold as the basis of the world monetary system?

I wish to publicly thank a Silver Investor subscriber who consented to identify himself as Doug B. of Washington, D.C., who got in touch with Mr. Morgan after I stated in last month's essay that the U.S. branch of The Pilgrims did not have a companion book in existence on them to go with the one for the British branch, which was issued in February 2002. Since this was a centennial volume, I reasoned there might be a follow up out the following year. I did run web searches on it until spring 2003, when I gave up the search. Other research interests have consumed my time since then. Nevertheless, it was an oversight on my part that I did not locate the book. The Silver Investor site has a considerable network of capable minds linking to it, and we always value any updates to information posted. Our desire is to be as correct and timely as possible. In response to the corrected information, I promptly obtained a 2003 volume for the United States branch, the only one listed around mid-August on E-Bay, for a hefty price. Amazon just listed four copies only, and alibris.com showed zero. An Alta Vista search for "Pilgrims of United States" returned only eight results, none of them correlated to the 2003 book. A search by the author name, "Anne Pimlott Baker" brought up eleven pages of results---none of them correlated to the book. Even the researcher in the Netherlands was updated, since The Pilgrims is not the sole organization he researches. The International Standard Book Number (ISBN) for The Pilgrims of Great Britain is 1861972903 while for The Pilgrims of The United States the number is 1861977263. I considered contacting Profile Books in London, the publisher, to inquire as to how many copies of each book were printed, but considering the nature of the situation, felt queasy about it. Readers, feedback is welcome.

A brief comment on the new book shows a photo of mega pirate J.P. Morgan (Federal Reserve backer) on page 95, noting "his friendship with King Edward VII was the start of a long relationship between the house of Morgan and the British Royal Family." Just keep that detail in mind when reflecting on the facts of JPMorganChase opposing rises in the price of gold and silver. Then there was anti-gold campaigner Lewis W. Douglas (see "The Conspiracy Against Gold," Archives) whispering into Queen Elizabeth's left ear (page 124) at a Pilgrims Society banquet on October 21, 1957. In the same photo you see The Duke of Edinburgh conferring with Averell Harriman, who later awarded a partnership in Brown Brothers, Harriman & Company, 59 Wall Street, to Pilgrims member Robert V. Roosa, Undersecretary of the Treasury who took away America's silver coinage. Page 147 reveals that Douglas Dillon, Treasury Secretary who took America off silver coins, was a Pilgrims executive committee member for 33 years. Twice in the 1940's and once in the 1950s they hosted the Earl of Halifax, who as British Viceroy of India in 1926 unleashed the cataclysm in silver that caused the Great Depression. On March 23, 1971 they hosted the Earl of Cromer, a Governor of the Bank of England, who took a leading role in the London Gold Pool back in the 1960s to hold gold low. Three times in the mid to late 1970s they hosted Sir Ivor Seward Richard, British Ambassador on the UN Security Council, whose grandfather made the Alaska Purchase from Russia in 1867. This was the surreptitious fellow I encountered at Texas Christian University in May 1979 during which The Pilgrims were never mentioned, but whose emblem from their letterhead I had emblazoned on my shirt, and he went all white when he saw it. December 11, 2002 saw them hosting Paul Volcker, ex-Federal Reserve Chief who broke the Hunts out of 63 million physical ounces of silver by 1986. The book contains much new worthwhile information on the Society of paper money mobsters. Yet the most important detail was intentionally absent---a roster of the current roughly 700 members (latest information). Page 7 mentions that Admiral Lord Charles Beresford, addressing The Pilgrims in New York on February 4, 1903 at the Waldorf Astoria Hotel (after John J. Astor of the second Bank of the U.S.) concluded his speech with the following alarming words, which were met with enthusiastic applause---

"I LOOK FORWARD TO THE REUNITING OF THE UNITED STATES OF GREAT BRITAIN AND AMERICA."

Under their fiat money system, of course! Before concluding this discussion on The Silver Senator, I wish to offer additional thoughts on the question of how secure are our metals investments with regard to the management of our own government. They may not be very secure at all. I noticed The Pilgrims hosted Peter W. Rodman, director of National Security Programs at the Nixon Center, on November 4, 1999. He was with Kissinger Associates in 1982-1983. Kissinger, widely recognized as David Rockefeller's operative, is now on The Pilgrims executive committee. Rodman is assistant Secretary of Defense. Ann Brownell Sloane, the first woman to be elected to The Pilgrims executive committee, is the daughter of Herbert Brownell, a member who was once Attorney General of the United States. This organization has sufficient influence over our national legal machinery that the confiscation threat is real. I have continually called them the paper money mob, because they are exactly that. http://www.thenewspaper.com/rlc/news.asp?ID=1296&m=print features a recent news story (August 19) as to the confiscation of $124,700 from a Mexican fellow whose life savings were pooled with several others in order to buy a refrigerated produce truck. A Nebraska highway patrolman ("highwayman") pulled over the rented car and seized the cash and was backed up by the Federal Court of Appeals of the Eighth Circuit who said—

"Possession of a large sum of cash is 'strong evidence' of a connection to drug activity."

The court, possibly with judges appointed by George Bush, overturned a lower court ruling that found the man innocent of any crime. There was a fine editorial along just these lines by Robyn Blumner of the St. Petersburg, Florida, Times, entitled, "Law Enforcement's Drug of Choice," which appeared in newspapers on August 25, 2003. The man whose cash was stolen by Nebraska police, backed up by Antichrist spirited Federal judges, has been convicted of no crime, yet his life's savings was stripped from him. Such a framework of unproven accusations provides police with extremely strong motivation to become large-scale bandits. This is an invitation to tyranny. If a policeman decides to pull over a diamond dealer from 47th street in New York, after he has exchanged diamonds for $2 million in cash, will a Federal court back up the seizure of the cash, because "only drug dealers use large amounts of cash?" Where does this attack on our Bill of Rights and Constitution stop? The tenet is now "guilty until proven innocent." The Inquisition and the Witch Hunts are back! To be accused now constitutes proof of guilt! On the mere basis of theoretical guilt this man's life was left in ruins! The next step, easily made, is---

"POSSESSION OF A LARGE AMOUNT OF GOLD OR SILVER IS STRONG EVIDENCE OF A CONNECTION TO DRUG OR TERRORIST ACTIVITY."

Or, strong evidence of terrorist and money laundering activity? Under the guise of the "War on Drugs" and the "War on Terror," elitists in these United States are enslaving us. There is no more elitist organization that the financier nest I speak of in New York, who work with their British associates. I urge you as strenuously as I possibly can, first, vote out all incumbents this fall (except the few who can show you they are good guys) and second, contact every new and used car dealer; jeweler; real estate operator; home builder; oil and gas operator; gas station owner; retail business manager; and anyone else you can think of who handles large sums in cash, and give them a print out of the URL above. This matter of allowing policemen to become thieves is astoundingly dangerous and must be stopped! Get on the phone and call the home offices of your Congressman and Senator, if you don't want to be next. In addition, our freedom and ability to get information out is at risk, go to www.savetheinternet.com for details including---

"Political groups—Political organizing could be slowed by a handful of dominant Internet providers who ask advocacy groups to pay "protection money" for their websites and online features to work correctly. Congress is pushing a law that would abandon the Internet's First Amendment -- a principle called Network Neutrality that prevents companies like AT&T, Verizon and Comcast from deciding which Web sites work best for you -- based on what site pays them the most. If the public doesn't speak up now, our elected officials will cave to a multi-million dollar lobbying campaign."

The Mining Congress Journal, February 1957, p. 118 said---

"THE FAILURE TO RESTORE SILVER AS A MONETARY MEDIUM LED TO THE SECOND WORLD WAR AND THE COLLAPSE OF CHINA."

"NO FRIENDS OF SILVER WERE INVITED TO ATTEND THE CONFERENCES AT BRETTON WOODS."---M.C. Journal, Feb 1945, page 93

To quote James Bond in "From Russia With Love" (1963) ---

"IT MUST BE A PRETTY SICK COLLECTION OF MINDS TO DREAM UP A PLAN LIKE THAT!"