SILVER TOUR OF CHINA 1930

November 2007 Presented by Charles Savoie

"THE ENTIRE BUSINESS MACHINERY OF CHINA IS IN CHAOS."—China Weekly Review, January 11, 1930, page 200

"***SILVER HAS REACHED THE LOWEST POINT IN HISTORY WITH THE RESULT THAT THOUSANDS OF CHINESE AND FOREIGN CONCERNS WERE RUINED***."---China Weekly Review, January 25, 1930, page 271

"DUE TO THE LOW PRICE OF SILVER INDUSTRIES IN CHINA ARE ON THE VERGE OF BANKRUPTCY."---China Weekly Review, Shanghai, February 1, 1930, page 327

"AS LONG AS THE VALUE OF SILVER DROPS, PRICES WILL CONTINUE ADVANCING SKYWARDS UNTIL A CRISIS IS REACHED."---China Weekly Review, March 22, 1930, page 138

"SILVER IS VERY CLOSELY CONNECTED WITH THE PURCHASING POWER OF MORE THAN ONE HALF OF THE HUMAN RACE."---China Weekly Review, September 27, 1930, page 122

"THE BUYING POWER OF SILVER COUNTRIES LIES DORMANT AND AS A RESULT WORLD BUSINESS IS PARALYZED."---China Weekly Review, October 18, 1930, page 236

"THE SILVER COUNTRIES, OR THREE-FOURTHS OF THE TWO BILLION PEOPLE THAT LIVE ON EARTH, HAVE BEEN DEPRIVED OF THEIR PURCHASING POWER."---R.J. Cromie, publisher, Vancouver Sun, quoted in China Weekly Review, October 18, 1930, page 236

"THE FRIENDS OF SILVER, IF SHE HAS ANY LEFT, SEEM TO BE WILLING TO TAKE THIS DRUBBING LYING DOWN."---China Weekly Review, November 15, 1930, page 396

"CHINESE POSSESSED OF LARGE SILVER HOLDINGS HAVE, UNDER PRESENT CONDITIONS, VERY RESTRICTED OUTLETS FOR INVESTMENT."---CWR, December 6, 1930, page 17

If you've read the "Britain Against Silver" series so far, you see that the world was far more aware of silver in 1925-1931 than it is in 2007. This is likely to change as created currencies collapse and as precious metals prices soar taller than the General Sherman Redwood tree. As a supplement to the wide-ranging information on silver we've seen in the last two months, just for the year 1931, we'll consider some details from the Shanghai, China based China Weekly Review, during 1930. The CWR was based at number 38 Avenue Edward VII; obviously, a reference to one of the Kings of

England. It would have been better for the world had the British Royalty been content to dominate just their native landscape. No, they were driven to embrace the world---even when unwelcome, which was always! Some advertisers in this Review included National City Bank of New York; Mobil Oil; Radio Corporation of America; Eastman Kodak; and Standard Oil Company. Let's consider as we proceed whether this seems to have impacted their editorial policy.

The China Weekly Review (CWR) for January 11, 1930, page 200, "Drop In Silver Price Upsets China Business"---

"Merchants in China, both foreigners and Chinese, are watching the financial horizon with anxious eyes. The price of silver has reached even greater depths than it did in 1902, and ***ALMOST DAILY THE PRICE CONTINUES TO DROP STILL FURTHER***, so that a silver dollar at present is worth only about 35 American cents instead of close to half a dollar, which was the general exchange value up until about a year ago. There are some who predict that silver may drop until it will take three and a half Mexican dollars to equal an American dollar; that is, a Mexican dollar would be worth less than thirty cents American."

(Mexican silver dollar dated 1880, so-called "chop-marks," indicating use in China, are visible over the "r" in Libertad.)---

"With silver at a level below any that has been known for a quarter century and ***WITH PROSPECTS OF A STILL FURTHER DROP THE ENTIRE BUSINESS MACHINERY OF CHINA IS IN CHAOS***. There are even

some that predict that the currency of China, which is on a strictly silver basis, may go the same road as did the German mark or the Russian rouble. However, there is not a great likelihood of such an eventuality occurring here, as conditions are considerably different. For one thing there is no really unified paper money system in China, and so far, the number of notes issued by the Central Bank of China, which is a government institution, is small compared with the large amount of notes issued by private banks."

"In Manchuria where paper money was issued by the late warlord Chang Tso-Lin, ***AND FORCED UPON THE POPULACE AT THE POINT OF THE PISTOL***, the spectacle was to be witnessed of these notes becoming almost of as little value as marks, but Manchuria is only a part of China and the debacle had little, if any, reaction on the financial situation in this part of the country."

(It's disgusting how often monetary commentators disregard or trivialize the sufferings of peoples throttled by paper money failures! Chang Tso-Lin, paper money fraudster also known as Zhang Zuolin, was assassinated on June 4, 1928)---

"The present slump in the price of silver is causing such an upheaval in Chinese business, among other things ***GREATLY INCREASING THE COST OF LIVING***, that Chinese financiers are actively discussing methods to secure amelioration. When one investigates the subject one sees that the price of silver is governed by the same laws as other commodities, and in China silver, even as money, is considered a commodity. The present political troubles are aggravating the silver decline but they are not primarily responsible for it. The experts are not all agreed as to the prime cause of the low price of the white metal, nor are they all agreed as to what remedy China would find the most beneficial."

(Experts come from two sides---the dishonest and the honest. Usually what the public gets to hear is the dishonest expert. That's the one who knows the real score, and intentionally misrepresents. There could be no doubt among the honest that the British attack against silver, staged out of India, was by far the most powerful depressing force in silver.)

"One well known expert, probably more in jest than in earnest, has suggested that the best remedy China has at her disposal is to take say ten thousand tons of the huge hoards of silver that are lying idle in Shanghai vaults, put it on board a ship, take it out into deep water and sink it.

Probably he is correct in saying that the profits to be made by the government from the increased price of silver that would ensue from taking out of the market such a huge block would be more than sufficient eventually to make up the temporary loss. Certain it is that the same plan has been made use of by large operators in America and other countries, where in past years one has heard of shiploads of bananas and carloads of potatoes (start page 201) being deliberately dumped into the sea, or otherwise destroyed, with the sole purpose of keeping up the price. If bananas, why not silver?"

(It's vital to differentiate between renewable resources such as bananas and nonrenewable, such as silver.)

"Looking for the causes of the silver slump it would appear that one of the main reasons is that the Chinese populace is becoming accustomed to use paper instead of hard money."

(That would only be a tributary type reason rather than the main cause, which was of course British Indian dumping. And as always, bad money chases out good.)

"Another reason is the repercussions of the slump in American business following the crash in Wall Street several months ago. The natural result of the low silver prices would be that there would be a splurge of exporting from China to the United States, in common with other foreign countries as the prices of Chinese commodities figured out from a silver basis to gold, makes prices, from an American point of view, very attractive. But unfortunately, the American manufacturers are not buying to any great extent, no matter how attractive prices may be."

(British India silver dumping started over a year before the Crash, which was caused by the Federal Reserve suddenly reversing its easy money policies. In fact, they slammed on the brakes after an extended period of acceleration. Andrew Mellon and Lord Montagu Norman, Pilgrims Society members and their Federal Reserve colleagues, administrated the Crash. The Depression was going to slam world markets whether the stock market crashed or not. The Crash added an additional blow and a means for the Society to add to its control by buying discounted shares after being heavily short, as Mellon was. The commentator in the CWR paragraph above answered his own question without realizing it. The same American sources who were

exporting to China were also importing from China. As China's spending power dropped like a rock, so too did American export profits plunge. That in turn made the companies adopt an austerity policy of not buying so much from China---even at distressed rates! Proof of the sad shape of American exporters to China, India and the Orient, due to the silver collapse, was that millions of workers were let go, accounting for a massive tidal wave of unemployment!)

"The Chinese government, if it were organized on the same strong basis as is Japan, might do a great deal towards helping silver, ***BY FORCING OFF THE MARKETS GREAT QUANTITIES OF PAPER WHICH ARE NOW IN CIRCULATION, AND GET SILVER INTO CIRCULATION ONCE MORE.***"

(The best suggestion we've seen from any unknown commentator so far!)

"Financial authorities who have studied China's currency problem have at various times recommended the adoption of the gold standard for China. This is the recommendation of the Kemmerer Commission. But a gold standard is by no means an infallible panacea for financial ills as was well illustrated during the European war and later, when a dozen or more countries who had gold standards found their financial systems shot to pieces, whereas with its cumbersome silver ingots China found itself in the most enviable situation that it has experienced in many years. Never was silver so high and never was the Chinese (Mexican) dollar of so much value as it was during and after the war. There was a time when the American dollar could be bought in Shanghai for eighty Mexican cents. That was only a little over a decade ago. In other words the present situation means there has been a fluctuation of three hundred percent."

"THE SILVER SITUATION HAS REACHED SUCH A STAGE AS TO BECOME A SUBJECT OF GENERAL DISCUSSION EVERYWHERE THROUGHOUT THE WORLD. An Associated Press dispatch from New York, January 4, 1930, contained the following statement---"The continued weakness of silver is believed to reflect the holdings of a large speculative pool in China." Enquiry among Chinese bankers here elicits the emphatic reply that said statement is absolutely untrue. However one can hardly believe that such violent fluctuations as have taken place during the past decade or so in silver can occur without ***ARTIFICIAL STIMULATION OR***

REPRESSION somewhere, and if the speculative pool is not at work in China ***IT PROBABLY IS OPERATING SOMEWHERE ELSE***."

(It staggers the imagination to think the reporter was unaware of the megamillions of silver ounces the British were ejecting from India!)

"On previous occasions holders of forward exchange contracts have been shaken down heavily, and when those violent fluctuations have occurred it was generally understood that they were due to manipulation. It is quite probable that the same sort of thing is going on now and that when the psychological moment comes the manipulators will bring the price of silver up again with a jerk, just as happened in the past."

(Price stability is the enemy of speculation. Markets have been whipsawed numberless times over the centuries for purposes of wealth transfer. But an overriding plan was at work in this instance---to completely eradicate silver as money! The British and Franklin Roosevelt knocked China off its silver money basis by fall 1935. Britain went off silver coins---debased coins---in 1947. The United States followed suite one generation later.)

China Weekly Review, January 18, 1930, pages 244 & 259---

"The low price of silver still continues to be the principal topic of conversation in business and political circles in China, and this interest in the white metal is almost as great in many other parts of the world. China, as the only country left in the world which remains on a silver basis has naturally had to bear the brunt of the present slump, and many are the remedies that have been suggested for boosting up the price. One would prohibit gold bar trading, another would place an embargo on the import on silver, and another would place a tax on it. As against all these suggested palliative measures, two men stand out prominently as exhibiting not only sound common sense, but the courage to express their views, no matter how unpalatable they may be, even to some of their best friends."

"These two men are T.V. Soong, Minister of Finance, and Edward Kann, who has earned a well deserved reputation as an expert on financial matters. The advice of both of these financial experts is---let silver alone, and improve the conditions that either cause or accelerate the depression in its value. The irresistible force of the law of supply and demand applies to silver as to every other commodity, and any tinkering with the workings of

this law may improve conditions temporarily, but only at the expense of a worse state of affairs later on. This fact was well illustrated by the experience which Great Britain had with the restriction of rubber, and which Brazil is now having as a result of restricting the export of coffee. Minister Soong tells his fellow countrymen quite plainly that the best remedy for the stabilization of silver is to restore peace and order in the country and allow the free movement of products throughout the land."

(Tse-Ven Soong, 1894-1971, was a Harvard graduate sent back to China by the Money Power to be governor of the Bank of China, 1928-1931; minister of finance, 1923-1933; minister of foreign affairs, 1942-1945; and leader of China's delegation to the founding conference of the United Nations at San Francisco in 1945. No wonder he had no comment on stabilizing silver by asking England to stop the Indian silver dumping program!)

"Mr. Kahn supplements this with a criticism of the export taxes in China. He rightly says that for China as she does, to impose an export tax on its own products for shipment abroad is hurting her own trade and thereby decreasing the demand for its products, which are to be paid for in silver. China's action is comparable, he says, to a merchant who would charge an entrance fee to people who desired to come into his store."

(First it was spelled Kann, then Kahn. I believe the second spelling is correct.)

"The situation in China is even worse than that for China actually imposes an export tax when goods leave one port to enter another, which would be equivalent not only to a merchant charging an entrance fee to his shop, but charging another fee when the customer desired to leave one department to enter another."

"Statement on Silver by Minister T.V. Soong---Shanghai, January 12, 1930---Interviewed by the Kuo Min News Agency with respect to the Silver situation and the suggestions which have been made as to Government intervention, T.V. Soong, Minister of Finance, stated that the Government has no intention of interfering with the free market for silver which has so long existed in China. Mr. Soong said---"The price of silver is dependent on world conditions, of which the local situation is only a part. So far as the present slump in silver is an outcome of conditions in China, it is due to the unsettlement of business conditions growing out of internal military operations and the difficulties with Russia."

(Soong still had nothing to say as to the British unloading Indian silver on world markets causing the slump by means of extreme oversupply! Apparently he received his Harvard training very well. In "Michael Gorham's Paper Money Mob," Archives, we saw that a recent governor of China's central bank is a Trilateral Commission member---founded by Harvard graduate David Rockefeller, once a Federal Reserve Bank of New York director!)

"The principal remedies which can be adopted in this country are the restoration of peace and order and the reopening of rail and water communications. The condition of the silver market adds weight to the reasons which should urge all patriotic citizens to work disinterestedly for the complete unification of the country. With order and communications reestablished, agriculture and industry can revive; the movement of goods within the country will be stimulated by the prevailing peace and security; the export trade can flourish and the demand for silver will automatically be increased. Weather conditions this winter presaging good crops for the coming harvest throughout the country, will further assist in the recovery of silver."

(Soong predicted a recovery in silver based entirely on what took place in China, yet earlier admitted its price was due to a summation of world conditions! He continued to make clear by default that his preference was to remain silent concerning Britain's actions with Indian silver!)

"Measures that have been suggested in public discussions such as restricting and taxing the import of silver, could hardly be expected to have any appreciable permanent effect upon the underlying situation. Restriction upon one of the leading world markets for silver might even lower the world price of silver."

(There were voices calling for import bans against British Indian silver in Mexico, the United States, Canada, China and elsewhere. To my knowledge, no such barriers were erected, although they should have been.)

"It has been suggested that the adoption of the gold standard in China would tend to decrease the demand for silver. No plans are in contemplation that would involve the circulation of gold coins in China. Indeed, monetary reform in this country will inevitably require a largely increased circulation of silver coins."

(Discussions of a gold standard for China certainly didn't entail proposals for use of actual gold coins. The Kemmerer Commission we read about the last two months intended the same type of fake gold standard for China as the British imposed on India. Severe restrictions would be imposed to limit paper convertibility into gold! The statement above featured an asterisk link to the bottom of the page which read---"In a later statement Mr. Soong said---"This cannot be interpreted to mean that a gold standard is not being contemplated. It simply means that even if a gold standard should be adopted, the Ministry of Finance does not plan to employ gold coins for circulation in China, but that silver coins will continue to be used and in larger quantities.")

(Was Soong aware that there would be a Silver Purchase Act just over four years later, under Roosevelt, which would knock China off its silver basis? It's a possibility considering his Harvard connections.)

"The new mint at Shanghai with a daily capacity of $1,000,000 is ready to begin operations very shortly and to furnish such silver coins as may be required by expanding trade. Y recommendation to the

government will be that any interference with the free movement of silver in this country will be harmful and that the stabilization of the value of silver can best be achieved by the restoration of peace and order and the free movement of our products throughout the country."

(Soong ended his comments without so much as a whisper of complaint about Great Britain dumping destabilizing quantities of Indian silver onto world markets. It is impossible that he was unaware; so, he was another dishonest high-ranking official.)

"Minister Kung Recommends Adoption of Gold Standard---Kuo Min News Agency---Nanking, January 15, 1930---Peace and general security throughout the country so as to give impetus to trade and industry in the fundamental and most effective measure for relieving the present financial crisis in consequence of the declining silver market, Dr. H.H. Kung, Minister of Industry, Commerce and Labor, said at a press interview today. Minister Kung further stated that the Government had been informed that ***CERTAIN UNSCRUPULOUS MANIPULATORS IN SHANGHAI HAD BEEN PURPOSEFULLY UPSETTING THE SILVER MARKET FOR PERSONAL GAINS*** and the report is now under investigation so that the culprits may be properly dealt with."

(Kung was another version of Soong. There was no problem of British India deluging world markets with silver in order to wreck prices! The profiteers referred to in Shanghai---what was the problem with them---were they long silver? Kung was a Yale University graduate---same effect as Soong coming from Harvard. Kung became Minister of Finance, 1933-1944; Premier of the Chinese Republic, 1938-1939; and governor of the China Central Bank, 1933-1945. And guess what! Kung was Soong's brother in law! H.H. Kung, betrayer of his people to anti-silver Western banking interests of The Pilgrims Society, who in 1935 as head of the Chinese central bank prohibited the circulation of silver dollars ***AND BANNED PRIVATE OWNERSHIP OF SILVER***)---

(The "Pinyin" was then issued, a paper note meaning "legal tender!" Kung's father in law was Charlie Soong (1863-1918), the first international student at Duke University, endowed by charter Pilgrims Society member Benjamin Duke of the American Tobacco Company fortune; Duke Energy, a giant utility, is their fortune's cornerstone today; later Soong transferred to Vanderbilt University, site of the anti-silver American Economic Association. One of Soong's sons became chairman of the Bank of Canton. The World Money Power, preparatory to destroying China's silver monetary system, installed its agents in key positions. Charlie Soong)---

Resuming with remarks of finance minister H.H. Kung---

"The abolition of the tael and the substitution of the dollar as the unit of the country's monetary system is also advocated by Dr. Kung who, in a memorandum to the Executive Yuan, also emphasizes the importance of the following measures---Closer cooperation between capital and labor to increase production. All meaningless strikes should be prohibited. Improvement of communications facilities to bring about a rapid circulation of goods and development of industries. Abolition of various levies and imposts, which constitute an impediment to the normal growth of trade. Establishment of an International Exchange Bank of China so as to prevent unscrupulous manipulation from willfully upsetting the equilibrium of financial markets. Adoption of the gold standard."

(By tael he of course meant the Chinese silver tael! Attend Yale, return to China determined to get rid of silver! The only manipulation he wanted to use an International Exchange Bank to prevent, was that which would transfer proceeds into the hands of those not supporting the Money Power's plans for China!)

"China Places Specific Duties on Gold Basis---T.V. Soong, Minister of Finance, January 15, 1930 issued an order to the Maritime Customs Administration to the following effect---"Commencing with February 1, 1930, Customs duties on imports from abroad will be collected on a gold basis. Other (end page 244, start page 259) Customs duties and charges will continue to be collected as heretofore."

"In converting specific rates to a gold basis, the approximate average rate of exchange for the last quarter of 1929 will be used from February 1 to March 15, 1930. On and after March 16, 1930, the approximate average rate of exchange for the month of January, 1929 will be used. On and after February 1, 1930, the Haikwan tael will be discontinued as the unit of calculation of duties on imports from abroad. Instead, a new gold unit will be used. This unit will be equal to 60.1866 centigrams of pure gold and will therefore be equivalent to gold $0.40 or 19.7265 pence sterling, or 0.8025 gold yen. From February 1 to March 15, 1930, inclusive, specific duties on imports from abroad now expressed in Haikwan taels will be converted into the new unit on the basis of Haikwan one equals 1.50 of the new unit---and beginning with March 18, 1930 on the basis of Haikwan tael one equals 1.75 of the new unit."

(The tune never changed. All attacks on silver money resulted in gold going into the cross hairs next!)

China Weekly Review (CWR) January 25, 1930, pages 271-272, "The Silver Slump And Its Reactions" yielded this---

"The slump in silver still remains the principal topic of conversation in business circles in China. There has, however, not been any appreciable change in rates during the past week or two, and the decline seems to have reached the bottom. Exchange at present stands about Mex. $2.70 or $2.75 to the American dollar."

(It would not be until February 1931 that silver reached the all time low of 24 cents. Let's see if T.V. Soong or H.H. Kung had anything to say about British Indian dumping by then, or if they would continue trying to blame silver's fall strictly on internal conditions in China!)

"The silver situation has had its repercussions in a number of directions. ***IT HAS SO INCREASED THE COST OF IMPORTED ARTICLES THAT***

THE CHINESE HAVE PRACTICALLY CEASED PLACING ANY ORDERS, with the exception of the most needed articles and such for which China is not in a position either to provide a substitute or manufacture a fair imitation of inside her own realm***. SOME OF THE PRINCIPAL CHINESE IMPORTERS HAVE BANDED TOGETHER WITH THE OBJECT OF CANCELLING ORDERS WHICH HAVE ALREADY ARRIVED OR ARE ABOUT TO ARRIVE."***

(Exports to the entire Far East were badly damaged due to the freefall of silver prices---thanks to Great Britain's generations old campaign against silver money.)

"In order to make the situation clear to the reader it will be appropriate to mention the bare elements incidental to the placing of an order for foreign goods by a Chinese importer through a foreign agent. After the price is agreed on and the foreign agent has confirmed the order to his principals abroad by cable, a contract is written between the Chinese buyer and the foreign agent. In the majority of cases this contract is written, not in the currency of China, that is taels or dollars, but in the foreign currency---pounds, dollars, francs or whatever it may be. Then comes the matter of what is known as fixing the exchange."

"The usual course is for the foreign agent to put it up to the Chinese trader to say when, that is, the Chinese trader can at the same time as he places the order authorize an exchange contract to be made with a bank fixing the relation between the foreign currency and the Chinese currency. The only really safe procedure is for such an exchange contract to be made simultaneously with the placing of the order for the goods, as in that way all risks are avoided. In the present instance, ***WITH EXCHANGE GOING AGAINST THEM***, ***THE AVERAGE CHINESE TRADER WAITED AND WAITED, HOPING AGAINST HOPE THAT THERE WOULD BE A TURN FOR THE BETTER. BUT THERE HASN'T BEEN, SO THE TRADERS HAVE BANDED TOGETHER TO STAVE OFF THE PROBABLE LOSSES THAT MAY INCUR***."

(Which was the worse attack against silver, the Crime of 1873 or the Crime of 1926? Who can say? Both came courtesy of Merry Old England and its paper money bankers.)

"One of the incidentals to the present impasse is that foreign agents are trying to change the custom of quoting gold prices in contracts to silver prices, and although on the face of things this would seem to be more risky for the foreign agent than the present method, as a matter of fact it would not be, as the foreign agent would then, without waiting for the Chinese trader, make his own exchange contract simultaneously with the making of the goods contract with the Chinese buyer, and then no matter how exchange might fluctuate, the Chinese trader would have no "come back" as he would be bound by a contract made in his own currency."

"Another important repercussion of the decline in silver has been the decision of T.V. Soong, Minister of Finance, to place all specific duties on a gold basis. To do so has required that the Haikwan tael, which is a hypothetical unit, be replaced by another hypothetical unit---namely a non-existent Chinese gold coin worth forty American cents. The reasons given by the Chinese Customs service for this change are that as China's foreign debt is in gold it would be a hardship for China to base its revenue on a silver basis, while at the same time having to pay over a large part of the revenue on a gold basis. The net result of the increased duties---they affect only those which are based on a weight or unit basis, and not those already placed on a percentage basis---is to add ***A STILL FURTHER BURDEN ON IMPORTED ARTICLES, THE IMPORT OF WHICH IS ALREADY MADE EXCEEDINGLY DIFFICULT BY THE CHEAP PRICE OF SILVER."***

(The tael, depending on the region of China, weighed 1.09 to 1.22 ounce troy, and may not always have been .999 http://en.wikipedia.org/wiki/Tael)

"It is an undoubted fact that the cheap price of silver by making imported articles expensive will give a great impetus to manufacture in China, and at the same time also it ought to create a boost in China's exports. However, as regards exports, one of China's principal customers---America---is not placing any large amount of orders at the present time."

(American exporters to China had shriveled revenues due to the failing silver price. Therefore, these same firms, who engaged in two-way trade, lacked profits with which to import Chinese goods. Additionally, with soaring unemployment in the Depression, Americans were going to be buying a sharply reduced quantity of Chinese products in any case. The Royal

Commission on Indian Currency and Finance was culpable of one of the two worst monetary crimes in history.)

"The present decline in silver, although ***SILVER HAS REACHED THE LOWEST POINT IN HISTORY***, has not, however, been the most violent "surge"---to use an expression from electrical nomenclature---that silver has experienced. Bad as the present impasse is, the effects have not been, and likely will not be so serious, as they were about seven years ago when the silver dollar, after enjoying an extended period of value almost equivalent to the gold dollar, suddenly dropped in value within the space of a few months by about forty percent, ***WITH THE RESULT THAT THOUSANDS OF CHINESE AND FOREIGN CONCERNS WERE RUINED***. One of the old real estate holding families had its millions cut in half, the greatest of all British piece goods houses in China went into hopeless bankruptcy, numerous cotton mills and trading companies closed down, and business was in the doldrums for more than a year."

(Although 1926 was really the landmark year in silver in terms of the intensification of British led attacks against silver, the warfare against silver that preceded that started in 1920, when Great Britain lowered its silver coin content to .500 and realized a huge amount of bullion that it started dumping. France and Belgium followed suite, and the price of silver that peaked in 1920 was swept by a bear attack. The British never minded sacrificing any of their mercantile operations in their silver attacks, because fiat money has always been their number one export!)

"However, one of the good effects of the present silver decline has been that China's financial leaders have been impelled to make serious efforts to improve China's monetary system. The whole thing is cumbersome to the point of absurdity. With a plurality of taels, with dollars of various brands, with debased coinage, with coppers, and even in some places the old cash, all fluctuating intrinsically and relatively to each other, there has grown up a whole army of people who make a living by changing one of these currencies for another, the profits of which have all to be borne by the submerged millions. ***CHINA HAS ANNOUNCED THAT IT WILL ABOLISH THE TAEL.*** This will help some, but it will only be a drop in the bucket (start page 272) to the task still to be accomplished if China's currency is to be entitled to any real respect."

(The fact that silver unit measurements varied across the vast expanses of China, just as variations existed in the dialects of Cantonese and Mandarin Chinese, and that careful conversion was necessary with exchanges, was cited as an appeal for closing the door on silver itself!)

"Discussing China's financial matters with newspaper correspondents during the week, Mr. T.V. Soong, the Minister of Finance, stated that although China has adopted a gold unit for customs purposes ***HE DID NOT THINK A GOLD COINAGE WAS NECESSARY."***

(Harvard economics trained Soong was no different in his intentions than the British and their so-called gold standard for India. Both were introducing paper systems falsely labeled as gold systems! The people are alleged to be getting gold, but they never get to see it or handle it? Jackson's idea of gold was that it circulate hand to hand in transactions and he saw to it that it was that way.)

"Regarding the adoption of dollars as China's standard money in place of the tael he said the Chinese Government is exerting its best efforts to bring the theory into execution. It was expected, he said, that as soon as an amount of $30,000,000 could be coined monthly. As to the composition of the new coin, he said it would be exactly the same as the old one. Tenders with samples were being invited from Japan, Italy, England, Austria and America. The one offered by Italy is perhaps the best and most likely to be accepted by the Ministry, he said."

(Was this in reference to a production of coins to be minted outside of China, or only for new designs? Probably both, though we saw earlier China just got a new mint at Shanghai.)

"How China is Meeting the Silver Crisis" appeared in the CWR, February 1, 1930, page 327---

"The slump in the price of silver continues to be the chief topic of conversation in business circles in China, both foreign and Chinese. The Chinese press states that due to the low price of silver in connection with other conditions, ***INDUSTRIES IN CHINA ARE ON THE VERGE OF BANKRUPTCY***. The cost of articles which must necessarily be imported, such as the better grades of cotton, wheat and tobacco have gone up tremendously in price, reckoned on a silver basis. China's cotton mills must

import between one and two million piculs of cotton a year to meet the demands of consumers. Most of this imported cotton comes from India, and some of the better grades from the United States. At present prices, the mills are afraid to import. About half of the wheat used by Shanghai flour mills is also imported. At present prices the millers are likewise afraid to import. Which ever way the situation is viewed the Chinese populace will have to pay much more for its flour."

(A "picul" was equal to about 60.5 kilos, or about 133.5 pounds avoirdupois.)

"As regards tobacco, while it could hardly be classed as a necessity, the demand in China has grown enormously. One of the effects of the recent heavy cost of American tobacco has been to bankrupt a large number of small Chinese cigarette making establishments, ***WHICH UP UNTIL THE TIME OF THE DECLINE IN SILVER WERE MAKING HANDSOME PROFITS."***

"Chinese political and financial leaders are doing their best to be of assistance in the present crisis. In a ministerial circular order to the different provincial governments throughout the country, Dr. H.H. Kung, Minister for Industry, Commerce and Labor, has suggested a number of remedial measures against the silver slump. The statement is summarized as follows by the Kuo Wen news agency---"On account of the recent silver slump, China has suffered tremendously. As it is my duty to improve the situation, I have recommended to the State Council a number of remedial measures, such as to protect the people's properties, to improve the relations between laborers and capitalists, to improve the means of communications, to abolish harsh taxations, to encourage use of native products, to establish international exchange banks, to adopt the gold standard and to abolish likin, which were, I am happy to say, all passed and a mandate has been issued to this effect."

("Likin" was a tax on goods in transit, dating back to 1853, of one tenth of one percent of their estimated value.)

"Although it is the duty of the National Government to undertake these, their success depends much on the support of the different local governments. If one studies this question carefully one can easily realize that the most effective measure is to improve the use of silver; which in turn means the

development of home industry. At present our home market is full of imported articles. Although much has been said about the development of home industry for the last two years, if we go over the Customs Report for 1927 we can see that the import was Haikwan Taels 194,310,000 in excess of the export and for 1928 the figure goes up to Haikwan Taels 204,610,000 in favor of import business. It is indeed a great loss to us."

(Most sources identify Kung as the richest man in China in his times. Doubtless this was in direct relation to the sabotage he was apparently sent to inflict against China's silver standard. He continued to remain silent concerning British India's silver dumping program. His own people had to wonder why! Why did he not call for an embargo against Indian cotton, and more to the point, against Indian silver?)

"Under these circumstances, the best for us to do is to develop industry in daily necessities so that China may be able to secure a new market abroad, thus to counterbalance the demand for gold. I should therefore like to ask you kindly come into touch with those leading commercial and industrial organizations in your place for a joint effort to effect the common aim. The following recommendations, simple but important for the promotion of home industry, should be carried out---To notify all government employees to use native products, to advise the public to follow suit and to assist the local industrial and commercial organizations for a movement to use native goods; all factories, private or otherwise, should be thoroughly reformed so that their output might be increased and quality improved; ***MEANWHILE, INCREASE OF PRICES PROHIBITED***; to investigate special products in each province and to encourage their export."

(A price control was probably something he learned about at Harvard---tampering with the free market! When price controls remain in place long enough, shortages occur. At that point the bureaucrats blame the producers for being unwilling to produce at break-even or at a loss!)

"In case the management is in financial difficulty or otherwise the local government should render every assistance; special and favorable treatment should be accorded to exporters. If necessary, export duty should be exempted; and the producers of raw materials, agricultural products, lumber, minerals, which are in great demand abroad, should be highly encouraged. Special attention should be drawn to gold mines."

"In recent communications to the Central Political Council, the State Council, the Ministry of Finance and the Ministry of Industry, Commerce and Labor, the National Associated Chambers of Commerce of China, after dwelling at length on the causes of the silver crisis, urges that while the fundamental remedy lies in the adoption of the (start page 328) gold standard, two other important measures---unification of the country's currency and the adoption of the dollar as the monetary unit must also be immediately effected in order to place the country's finances on a sound basis. The Chamber has endorsed the proposal of Dr. H.H. Kung."

(Still no call from Kung for British India to stop depressing the world silver price!)

"Silver Reaches A New Low Level," CWR, March 8, 1930, page 49---

"Exchange, by which is meant the price of silver in terms of gold, and vice versa which has always been one of the main points of business in China has during recent months become a matter of much more than ordinary importance, owing to the continued decline of the price of silver. Now on top of a still further decline there have come sudden jerks upwards and downwards, so that businessmen, importers, exporters, brokers and bankers, are kept keyed up to high tension, not knowing from moment to moment what is likely to happen next."

"The price of bar silver dropped to 19.125 pence per ounce in London, March 1. ***THIS WAS THE LOWEST PRICE EVER REACHED SINCE RECORDS HAVE BEEN KEPT***. In Shanghai where all imports and exports have to go through an exchange transaction, and where in addition there is huge speculation in gold bars, the rates for a short time went so low that a gold dollar was worth a little more than three Mexican dollars. ***THE SUDDEN DROP WAS ATTRIBUTED TO THE ANNOUNCEMENT THAT INDIA DECIDED TO LEVY A TAX ON SILVER.*** There was a sudden reaction, and the price of the gold dollar has since that time fluctuated around Mexican $2.90, which had approximately been the figure for the previous several weeks."

(After massively dumping silver on world markets, Britain insured none would return to India, by erecting an import duty!)

"Whatever happens it is evident that the good old days of Mexican dollars being worth in the neighborhood of fifty gold cents are gone forever, and when the readjustment comes about the price will hover probably around forty gold cents, as it did previous to the world war. During the world war and after, the price of silver reached dizzy heights, and it was only prevented from dropping back to "normal" by a series of military events, all connected with China---which is by far the principal user of silver. Silver was headed for a decline several years ago, when a very important event occurred to halt it, namely the sending of foreign troops to China. Huge purchases of silver were made by England and other foreign governments particularly to pay the troops. This helped keep the price up for a while."

(As badly as England hated silver, so accustomed were people in many lands to being paid in it, that they had no choice but to so pay them. This would recur during World War II, and Britain would get most of the silver it needed for price suppression from the United States Treasury Department, with the happy cooperation of Mr. Roosevelt.)

"Next, the Japanese military adventure in Shantung likewise helped to create a demand for silver and once more the "normal" decline was prevented. Several other events also helped to stay the decline. In the meantime, encouraged by the fairly high price of silver, small silver mines all over the world were encouraged to produce, and all this added to the output of the large mines and the by products of lead and copper mines, created a huge surplus of silver which the world found far beyond its requirements."

(These people would attribute the fall in silver to anything other than to blame Great Britain! The arguments for and accusations of oversupply due to more mine output were dealt with by the Silver Senators in the first three installments of "Britain Against Silver." It was only due to government dumping that the supply-demand equilibrium in silver was broken to the downside---not because of mining oversupply.)

"Incidentally, the demand for silver was greatly reduced through the decision of India to go on a gold basis."

(Finally they admit that British India had something to do with the drop in silver. However, they imply that it was merely an "incidental" reason!)

"The present, it would appear, is one of readjustment. Gradually the present supply will be made use of, production will be greatly curtailed, and in due course silver will probably gradually increase in value until it reaches a fairly normal point where a silver dollar will be worth about forty gold cents. In the meantime the Chinese Ministry of Finance is well advised not to grow hysterical, but instead to allow economic forces to work out silver's own salvation."

(It doesn't appear as if the Chinese Ministry of Finance was in hysterics about silver. However, the common people and most of the business community were understandably frenzied about it.)

"Silver Slump and High Cost of Living," CWR, March 22, 1930, p. 138---

"Prices of rice, food-stuffs and other commodities are roaring skywards lately in China, particularly in Shanghai. The reasons that have caused the rising prices is chiefly attributed to the recent silver slump coupled with the anticipation of another civil war and the interruption of transportation. Since last fall the purchasing power of the Mexican dollar has been reduced to about 65 cents while wages and salaries have remained practically the same. This loss of the value of the dollar has caused much suffering to the people, particularly the working and the professional classes."

(As the standard of living of Americans steadily erodes through dollar depreciation and an uncontrollable influx of cheap labor, most of our professional people---doctors, dentists, attorneys, realtors and especially veterinarians---will increasingly find their incomes slumping.)

"During the past years China has imported M$1,800,000,000 worth of foreign goods and since the silver slump the total of imports is calculated to be around M$2,700,000,000 as the demand for imported goods has not shown any decrease. This means the consumers of foreign goods in China have to pay M$900,000,000 more for the same amount of foreign goods consumed than they paid for last year. At the same time many articles made in China have increased prices in the same proportion. ***AS LONG AS THE VALUE OF SILVER DROPS, PRICES WILL CONTINUE ADVANCING SKYWARDS UNTIL A CRISIS IS REACHED."***

(The M of course signifies Mexican silver dollars that circulated in China, a fact unknown to all but a very few minds today. Economic historians, most

of them prostitutes to the Paper Money Mob, are happy to exclude such details from their journal articles and texts. The Hong Kong & Shanghai Bank began issuing paper notes in the 1860's in a typical British attempt to wean the people away from sound, hard currency. Paper fiat note issued by the Communist Red People's Bank of China, circa 1950)---

"Among the imports, textiles including raw cotton, paper, sugar, and rice constitute more than half of the total. Prices of the above mentioned goods have already increased 20 percent, and many lines of articles such as chemicals, matches, artificial silk goods, the materials of which are imported, have also increased in price. Domestic made flour, sugar, etc. have gone up in sympathy with the high price of gold. Customs duties, wharfage dues, warehouse charges are now calculated on a gold basis, which means about 10 percent increase."

"China is one of the largest rice growing countries, yet she still imports about 800,000 piculs of rice a year. The price of the best grade of rice in Shanghai now is a little over $19 per picul whereas the same grade was sold for $16 last fall in spite of the fact that Shanghai rice merchants ordered more than 20,000 tons of rice from Saigon last fall; a part shipment has already arrived and the remaining portion will arrive in March and April. A poor rice crop is a lame excuse; the manipulation and speculation on the part of the rice merchants due to the unstable fluctuations of silver are the real causes, as the amount paid for the imported rice and freights is calculated in terms of gold. As the average Chinese wage earners spend at least 50

percent of their income for rice alone, they feel uneasy when the price of rice has increased."

(Due to the intentional historical blackout of information on the part of university curriculum publishing companies concerning the importance of silver in monetary history, few people today are aware exactly how critically important silver has been.)

"Unless the upward movement in price of rice is checked, more labor disputes and strikes will be taking place in the near future. The price of home made flour has gone up from $3 to $3.50 per bag of 49 pounds. Rice to the South is flour to the North. The masses of the population are suffering more from the high prices of these two commodities than the high prices of any articles for daily use."

"China is the third cotton growing country in the world, next only to India and America; yet she imports from 1,000,000 to 2,000,000 piculs of foreign cotton to supply her domestic cotton mills. The China cotton goes in full sympathy with the price quoted in both New York and Bombay. During 1929-1930 season American cotton was quoted as low as 13 cents a pound, and according to the present rates of exchange, a picul of the imported cotton, C.I.F. Shanghai is around 44 taels, while the China cotton of the Hankow standard is being sold at 34 taels per picul; the difference being 10 taels per picul. This margin of difference between these two grades of cotton has been maintained for many years. Had the rates of exchange been favorable to China, the American cotton would have been sold much cheaper and consequently the China cotton would be also correspondingly cheaper."

(Cost, Insurance & Freight = C.I.F.)

"During the past few years China has imported about 50,000,000 taels worth of cotton goods from Japan; and on account of the high exchange rates, these imported goods have sold much higher than before, which has stimulated Chinese manufacturers to increase prices in their products. Since expenditures for rice and cotton clothes are the two biggest items in the Chinese family budget, any increase in prices of these two articles will cause social unrest and social injustice, which may lead to a serious result."

"China depends upon many kinds of raw materials from abroad for her manufactures; artificial and mercerized yarns for weaving, phosphorous and wood for matchmaking, tobacco leaves and cigarette paper for cigarette manufacturing, tin plates for canneries, etc. Many so-called home-made goods are not Chinese products at all. Practically everything that goes into making cigarettes is imported, the leaf, the tin, the paper, the chemicals. During the past few months more than a dozen Chinese owned cigarette factories in Shanghai have suspended their operations on account of the high cost of raw materials in terms of silver. As a result more than 5,000 operatives have been thrown out of jobs."

(Those 5,000 unemployed were the proverbial drop in the bucket of worldwide unemployment caused by Great Britain's caustic aggression against silver money.)

"Foreigners in China probably are suffering more than the Chinese on account of the low purchasing power of the white metal as what they daily consume is mostly imported. Foreign caterers and restaurant keepers have announced an increase of 20 percent in prices. Chocolate, candies, biscuits have increased 20 percent. Motor cars and other luxury articles have increased more than that. Talking machines, pianos that are manufactured in Shanghai have also increased 20 percent. The other day a foreigner said that he bought a $10 pair of shoes made in China which looked just as good as those from abroad costing $25. Navigation companies have announced an increase in passage and freight rates and they are paid on a gold basis."

"While the masses are complaining of the high cost of living mainly due to the silver slump, many store keepers and department stores, have made a fat profit; either they had ordered or had stored a large stock of foreign goods before the slump. A certain department store had $5,000,000 worth of unsold imported stock before the new year; and now on the basis of 20 percent increase, a million dollar profit is realized."

(The price controls mentioned earlier apparently weren't levied against imported items, but against Chinese made goods, giving the lie to their government's claimed desire to give them a boost!)

"Manufacturers taken as a body are not losers for the higher price they pay for raw imported materials, the higher they will charge on their finished products. Professional and working men are in the long run losers. Their

family budget has increased while their incomes remain the same. Even if their wages are increased, they will not be increased to keep abreast with the increasing high cost of living."

The CWR, March 30, 1930, page 158, "Silver Remains Fairly Steady At Low Level"---

"Although there has been no recent sensational movement in the price of silver, the daily fluctuations hovering around Mex $2.90 to the gold dollar, the question of the status of silver has been brought very much to the fore during the past week by several important factors, among them being the news that the United States Senate has introduced and passed a bill providing for the imposition of an import duty on the white metal of 30 gold cents an ounce which, at the present price, amounts to about 75 percent ad valorum."

(The Silver Senators were infuriated over the British actions in India. Unfortunately, they weren't able to influence enough nations to take similar action.)

"Another disturbing factor has been the arrival of 17,000,000 ounces of silver from Indo-China by the French steamer Athos II. Nor is the publication of the report of the Kemmerer Commission, favoring the gradual introduction of the gold standard without its effect, for although it is only being made public today, it has been in the hands of Chinese officialdom for some weeks past. The Ministry of Finance, at the head of which is T.V. Soong, has made known its attitude at various times, following the advice of the Government's advisors, that no restrictions either by way of embargo or duty or tax will be placed on the free import of silver."

"The chairman of the British Chamber of Commerce (A. Calder Marshall) recently addressed on request, a letter to Dr. Kung giving the Chamber's views on any proposed duty on silver. Briefly stated the Chamber's views are that any increase in the price of silver can only be permanently secured by increasing the demand, and that the best way to accomplish this is to secure the amelioration of conditions ruling in the country and producing districts, so that taxes would be reduced and likin abolished, with the result that export trade would flourish and the price of silver would automatically rise."

(Marshall was backing the policy of his government by dumping Indian silver. He made no reference to the oversupply caused by that dumping, with the consequent fall in values. Bettering conditions within China for improving the world price of silver was an ineffectual means for balancing world supply and demand.)

"The Chamber stressed the point that the price of silver was generally fixed by the ratio of its production to gold production. Figures recently published by Sharpe & Wilkins, London bullion brokers, show that since 1921 the world's production of silver has increased nearly fifty percent."

(The gold silver production ratio was way out of whack in favor of gold as to price---it still is! I expect to see a better than 9 to 1 ratio of silver to gold materialize over some long period of months. The Silver Senators, as we saw in parts I and II of "Britain Against Silver," debunked the lies that silver oversupply was caused by mine increases; rather. It was due to British dumping.)

"The U.S. Department of Commerce gave its views on silver as follows (start page 159) "Indian sales are not entirely to blame for the decline, but also the maintenance of a seven year high level of world production and the decline of Chinese demand when war-torn areas are unable to absorb Shanghai stocks. There is also the matter of Japanese silver sales."

(So many sources wanted to deflect blame from Britain! As for other nations dumping silver, the British have always been expert at inducing others to form alliances with them. This in fact, apart from money creation itself, is the basis of their continuing power.)

The CWR, May 17, 1930, pages 452-454, "The Fall in the Price of Silver and the Remedy" stated these views---

"There are four clouds darkening the world's industrial and commercial sky in this first part of 1930---first, unemployment and its increase; second, the fluctuating prices for essential commodities; third, the fluctuating value of gold when exchanged for commodities; fourth, the fall in the value of silver. The four clouds could be easily and permanently dispersed. Next to the prevention of war comes the obligation to give every willing and competent worker all the employment he or she wants. There are only three kinds of employment---production of what is currently used; protection of life and

property; creation of desirable additions. The remedy for unemployment is to so alternate and apportion the three so as to have all workers employed."

"There is at present insufficiency of stores, or reserves. There ought to be at least an average year's needs of the key basic commodities accumulated. Improvements are desirable without limit."

(Harrington Emerson, author of the article, was considered a leading efficiency expert in America. His listing in the 1929 Who's Who, pages 719-720 stated, "educated Royal Bavarian Polytechnic, 1872-1875; in banking and land business, 1882-1896; as U.S. representative of British syndicate examined many industrial plants and mines in U.S., Mexico and Canada, 1896-1898; member American Economic Association; 1921 member Herbert Hoover's Committee for Elimination of Waste in Industry." Hoover was Commerce Secretary and of course later became President, and refused to take any initiative in calling an international silver conference, as we saw in "Britain Against Silver," parts one through three, even though a unanimous Senate resolution called on Hoover to do so! Though being uneasy as to Emerson's background, we could agree that it's certainly smart that we should maintain national reserves of key commodities such as silver, to be used for defense technologies, not for monetary suppression! Herbert Hoover as a young mining engineer years before his collaboration as President with the British against monetary silver, was chairman in 1914-1915 of the American Relief Committee in London and a friend of Pilgrims Society founder Sir Harry Brittain, Knight of the British Empire---see rare volume "Pilgrims And Pioneers," 1946, page 123---Hoover)—

"The engineer President of the United States, Herbert Hoover, conferred with the Governors of the 48 States, labor leaders, railroad presidents, financial leaders, farm organization heads, public utility officials, in order to stabilize conditions and to undertake at the present time great works of permanent improvement."

(Hoover Dam on the Colorado River at the Nevada-Arizona border was built in 1931-1935.)

"The only way to prevent involuntary idleness is always to be able to alternate between current production, current protection and permanent

creation, and that is the remedy the United States is evolving. Not doles to those not working, but work in plenty for those who want it."

(Emerson's concept was certainly incomplete. So far he failed to take into account the consequences when monetary destruction takes place, and attributed no blame to England for the silver crisis. How would full employment take place when the purchasing power of a billion or more people was under severe attack? How can workers be employed when purchases in the marketplace are plummeting? Emerson seemed to be hinting that the unemployed should be assigned work under government mandate. I consider that to be statism and dangerous.)

"The second industrial and commercial cloud is the violent and unforeseeable fluctuations in prices of commodities. These fluctuations could be permanently controlled. The causes of these fluctuations are (1) The great fluctuations in supply and demand---a slight lessening of demand, down goes the price, a slight increase in demand, up goes the price; (2) The great fluctuations in the value of gold as compared to all other commodities."

(Was he suggesting the government dictate to commodity producers when to scale back, or increase, production?)

"It is criminal that the world is always on the chronic verge of starvation. There ought to be accumulated an average year's supply of essential commodities, especially food. The accumulation slowly attained would stabilize prices as well as being an insurance against disaster. The accumulations in storage, like the cash reserves of banks, should be sufficient to prevent their exhaustion in any foreseeable crisis. These accumulations need cost a country nothing. They are paid for by certificates issued at the purchasing price, redeemable in the respective commodity at the delivery price, with sufficient margin to pay the storage expenses, a difference stabilizing the price between the two limits. Nothing need prevent the slow lowering of average price as perhaps of copper or rubber, nor the slow rise in price as perhaps of lumber and fuels, falls and rises largely offsetting each other. By the storage plan the prices of basic or essential commodities could be easily, permanently and adequately stabilized."

(Wow! That takes some scrutiny to evaluate his suggestions! But again, there is a neglected aspect---what about price inflation caused by increases in the fiat money supply? "Cash reserves of banks" are four words totally repugnant to monetary purists. In the end only real wealth stands, while its pretenders succumb. What kind of certificates would Emerson have the government hand over to a commodity producer for his tungsten, tantalum, mercury or other commodity? The British proposed to pay the world's miners with "Rex" notes for delivery of their gold and silver! It was certainly a one-sided proposition!)

"The third cloud darkening 1930 is the instability in the value of gold when exchanged for commodities. All other essential commodities belong in groups of alternates. Commodities and activities are alternates when each will serve the purpose, for the great classes of food, of clothing, of construction, of transportation, of money. The law governing alternates is that however greatly they may vary in relative quantity produced ***THEY CANNOT FLUCTUATE IN PRICE***, because as long as both are available, if one rises in price the demand instantly shifts to the other or others. ***THERE MAY BE A HUNDRED FOLD VARIATION IN VOLUME OF PRODUCTION WITHOUT VARIATION IN PRICE."***

(The more of Emerson you read the more dangerous he sounded. A giant government agency that would control prices of commodities by juggling purchases and other sinister tactics has no role in any free market. He appeared to be proposing such an agency, on a parellel to that of the British and their call for a "super bank." Additionally there appeared to be an aspect of lunacy in his suggestions---how exactly do you use clothing to substitute for gold, or vice versa? If the government bought a giant amount of apparel, how would this impact gold's worth?)

"If a commodity has no alternate, as a rare postage stamp, the price for a penny stamp may be two thousand pounds sterling. The price for a picture sold by the painter when living for $20 may sell after his death for $400,000."

(What vital role in the economy for billions of people do rare stamps and artworks play? Just about no role at all so; how did he reckon this would validate whatever gobbledygook he was attempting to sputter about? Keep in mind Emerson was a member of the baneful American Economic Association!)

"The fluctuations in the price of basic commodities can be minimized by three methods---Establish reservoirs to take care of surpluses---and to prevent, increase the exhaustions number of alternates; improve transportation and communication; it should be one of the functions of government, not only to impound flow waters and release them to prevent low stages, but also to establish reserves of essential commodities. It is not necessary to have reserves of all. Sufficient reserves of one will stabilize the value of all the alternates."

(Since each essential commodity is unique in its industrial characteristics, and has a market distinct from other vital commodities, how can what Emerson suggested be possible? If the government stockpile of cobalt increases, how would that answer for a shortage of chromium, gallium or titanium? At any rate, other than having a defense stockpile of vital elements, the government has no ethical role to play in stabilizing---or destabilizing---markets by buying and hoarding commodities---or by dumping them to send prices down.)

"The fourth cloud that for many decades---since 1873---has depressed and dislocated both industrial development and commerce is the instability of the supplies of both gold and silver and the variation in the value of each quoted in the other. From the beginnings of civilization, it was found desirable to use as money some commodity whose production was stable and small compared to the total reserves, that did not deteriorate with time, that was easily standardized as to quality, that was easily transported or safeguarded."

"Silver and gold fulfilled these conditions better than any other commodities. At first silver was used almost exclusively, but after the discovery of America the use of gold increased. Down to the time England established for herself the single gold standard, everywhere, both silver and gold could be freely converted into legal tender. Silver and gold were alternate commodities. The law of alternate commodities is one of the basic economic laws. It is more basic and of wider application than has been realized. Alternate commodities or facilities are those that can be substituted for each other."

(Granted that a certain quantity of gold or silver can be substituted for the other, but can you feature plumbers substituting silver for copper, which is still superior to PVC pipes?)

"Between alternate commodities or facilities there is only a narrow margin of fluctuation in price, however much the supplies may vary or the demands vary. The value of any single commodity or facility can be stabilized provided there is a reservoir or reserve of supply greater than any temporary demands. Cities must have water supplies and gas supplies. But both supply and demand vary. Therefore reservoirs are established. Water, most irregularly, falls from the sky and is collected in a reservoir so large that even the fluctuating use as between summer and winter cannot deplete it before the next rainy season occurs. City gas for lighting is continuously manufactured 24 hours a day, is stored but is consumed in five or six hours. If there are adequate reservoirs the price of even one commodity or facility can be stabilized. Transportation is a facility. In the New York subways there must be sufficient reserves of coaches, of personnel, of power, to take care of its peak loads that may at certain hours be five times average."

(While Emerson was associated with Hoover, it could be that his "reservoir" concept for commodities could have been cited as a reason for the Silver Purchase Act of 1934. It seems far fetched today that much of a government silver reserve could be created, except at sharply higher prices. The Money Creators and the silver users are both dead set against any silver price rise. If our silver were confiscated and our mines nationalized, what would they do to hold silver low after both those sources are exhausted? Invade and occupy the rest of the world to hold silver low? Iran probably has over a half billion ounces of mineable silver!)

"Fluctuations are minimized by the use of alternate commodities. If two commodities are perfect alternates, as long as there are reserves of both, price remains the same, irrespective of supply. Hens eggs and ducks eggs are perfect alternates. More than a hundred times as many hens eggs are produced as ducks eggs. Prices of (start page 453) both are stabilized by warehousing in cold storage, prices of both are tied together because any variation in price instantly increases the demand for the cheaper, lessens the demand for the dearer. Transportation and warehousing (establishing of reserves) stabilizes prices and ties together alternatives, irrespective of quantities."

(This article by Emerson was supposed to be about silver's fall in price and a remedy for the fall. Rather than take the bull by the horns and place the blame squarely on Great Britain, he bizarrely digressed to a discussion of

duck and hen eggs. Remember, he was once in the employ of British interests!)

"There is another economic fact of importance. Some commodities or facilities are essential, basic, key. They are not many. If the price of these are stabilized by transportation, by reserves, by alternates, the whole list is also largely stabilized. The basic commodities are---Foods, principal grains, principal meats, principal fish, principal vegetables, principal fruits. Clothing---principal textiles, cotton, flax, silk, wool; Materials For Construction---principal metals---iron, copper, aluminum, zinc, tin; principal woods, hard and soft; stones, brick, cement; rubber. Calories Or Foot Pounds---coal, bituminous, lignite, anthracite; oil; wood; water power, wind power, tides. Money Metals---Silver and gold."

"Silver and gold were alternates for four thousand years. The strongest nation by its reservoirs absolutely stabilized the price ratio. Rome was potent to stabilize until her power waned. The Venetians and Genoese fixed the ratio in the centuries of the Crusades. The Portuguese fixed the ratio for several centuries. Spain fixed the ratio from 1493 to 1803. France fixed the ratio from 1803 to 1873. In 1873 the European nations and the United States ***OUTLAWED SILVER AS GOLD'S ALTERNATE***, leaving half the world, Asia, all the Americas south of the United States on a silver basis."

"As long as silver and gold were alternates, and as long as any single country had reserves the ratio changed so gradually as not to count. The fluctuations in the price of silver bullion in London between 1820 and 1873 were not fluctuations in the relative value of silver francs and gold francs, ***AS THIS NEVER CHANGED IN PARIS BY A HAIR BREADTH***, but were due to fluctuation in exchange, to delays in coining, to rates of discount charged by banks when buying bullion certificates."

"Between 1493 and 1928 the relative supply of new silver and new gold varied by decades from 50 to 1 to 5 to 1, averaged from the period from 1493 to 1847 30 to 1. The value ratio was steady at about 15 to 1 because silver and gold were made alternates. From 1847 to 1927 the production ratio has been about half of what it was for the preceding 450 years, has been about 15 to 1, but the value ratio expressed in gold per fine ounce of silver has varied from 1 to 14 to 1 to 45. The volume produced in 1927 was in the ratio of 1 of gold to 13 of silver. The market value for that year was

about $20 an ounce for gold $0.57 an ounce for silver, a value ratio of gold to silver of 35 to 1."

(I haven't checked the figures he claims against other sources and their figures.)

"The questions that arise are---Is it desirable to stabilize the ratio so as to bring into fixed relation exchanges between gold standard and silver using countries? The answer is yes. How can this be accomplished? By making silver once more an alternate to gold. Does this mean free coinage for silver or abolition of the single gold standard? It does not. Gold can be even still more strongly entrenched as the only legal tender money unless there is contract to the contrary. At what ratio stabilization be established? The lower the ratio, the better. A low ratio would add very greatly to the wealth of the world, would benefit all and harm none."

(Emerson was the type person useful to the Money Power in some ways, but certainly not in every way. What was he trying to say about gold and a contrary contract? Did he not know about the Constitutional mandate for both precious metals? He's the first member of the American Economic Association I ever encountered in research who wasn't outright totally hostile towards silver money. I certainly don't believe the British wanted to see silver trading at one-tenth the value of gold. Yes his silver proposal would add to the world's wealth, but those holding silver were targets of the British attack---they were intent on impoverishing them.)

"A low ratio, a high price for silver, would stimulate commerce and industry all over the world, would provide employment, would have the same effect on industry, commerce, transportation as in the decade 1850 to 1860, the gold discoveries of California and of Australia. Industry in England increased 80 percent in that decade. England needs another stimulus now. How low should the ratio be? ***TEN TO ONE***. A value of $2 per ounce for silver could easily be attained and maintained. Many would be benefited and none would be harmed. Would this ratio have to be established by international agreement? This is not necessary although the solution would be facilitated if England and the United States were in agreement."

(Emerson may have been unaware of the Paper Money Mob's plans to phase out silver first, then gold.)

"How could an entirely arbitrary ratio be fixed and maintained? By accumulating a reserve sufficient to prevent any cornering of either gold or silver. ***COULD SILVER BE FREELY EXCHANGED FOR GOLD? NO. THERE WOULD BE NO REDEMPTION OF SILVER COINS WITH GOLD COINS."***

(Emerson started out sounding goofy, then bad, then somewhat positive, now bad again. People using precious metals for currency should be allowed to exercise a preference for either money metal and not be restricted out of either, or be prohibited from exchanging one for the other.)

"What country could accumulate the required money reserve? The United States. Why should the United States do this? Because North America produces 75 percent of the silver of the world and an increased price for silver would immensely stimulate industry, commerce and transportation in Mexico, Canada and the United States. ***MEXICO COULD PAY HER INTERNATIONAL DEBTS."***

(The Silver Purchase Act of 1934, a major landmark in the history of silver, would accomplish some of what Emerson advocated. Yet the end goal was not to promote silver as money, but to create a hoard so as to enable continued government meddling in silver values. The ball was to switch from the British to their American partners. As for paying off debts, bankers are hostile to such notions.)

"The prices of farm produce would rise in the United States and Canada. Employment would increase in the United States, Canada and in Mexico. Trade would be stimulated between the United States and Canada and the Orient, India, China, Japan. What would the United States have to do? It would fix a low price, the current market price, at which it would start to accept for deposit silver bullion. It would give in exchange certificates in dollar denomination. These dollar denomination certificates would be receivable for all government dues, except customs, are redeemable in silver at the posted price on day of redemption, these certificates being an alternate commodity with gold coins for the payment of dues to the government."

(Neither the Founding Fathers nor our greatest monetary Presidents---Andrew Jackson, Martin Van Buren and John Tyler---believed in the use of any paper currency. Jackson did announce his intent to eliminate all paper notes! Gold and silver were supposed to actually circulate. In the Van

Buren administration, 1837-1841, a provision of an act forbade the offer of any bank note which was not convertible on the spot into gold and silver at the will of the holder. This was a stride towards phasing out paper money, but the Money Creators never quit, which is why things went in reverse later.)

"The United States has in operation a currency plan to furnish the people with money. The aims desired and attained with awkwardness are---(1) To have so large a reserve in gold as to prevent all possibility of its being depleted. (2) To use its gold reserves not only to redeem gold certificates but by roundabout ways to make it possible to convert some of the other circulating moneys into gold. (3) To use other commodities, through the medium of the Reserve Banks, as a redemption security for notes of various kinds. (4) To give gold more general privileges of free coinage, legal tender and tax acceptability than to any other form of circulating money. (5) Silver dollars are full legal tender unless the contract reads otherwise."

(Just how roundabout was the conversion of "other circulating moneys" into gold? Would the holder of other currency be required to grasp his left elbow with his left palm, in order to do so? Would it be a rigged system, as in India? What other commodities would Emerson have suggested the Federal Reserve branches hold for redemption---leather, rubber, canned corn or copper ingots? He failed to realize the Federal Reserve represented a move away from all paper convertibility! Why should gold be accorded more monetary latitude than silver by official policy, when for most of history, silver was interchangeable with a smaller quantity of gold? Why should silver have been relegated to lesser spendable status, when our own Constitution had not done so? When has the Constitution be amended to eliminate silver or gold? What "contract" was Emerson speaking of when he said silver dollars should be used? Was he allowing for the possibility of persons more influential than himself possibly desiring to cancel out silver dollars?)

"Silver dollars are receivable for all Government dues. Silver does not have the free coinage privilege. Silver certificates are not legal tender but gold certificates are."

(Does any of this surprise you? Continue reading!)

"Silver certificates, silver coins, minor coins, Treasury Notes of 1890, National Bank Notes, Federal Reserve Bank Notes, Federal Reserve Bank Notes, may all be paid in lawful money, silver dollars being also lawful money---American currencies other than gold---silver dollars not redeemable in gold---$540,000,000; subsidiary silver coins, circulating at par, receivable for taxes up to $10---$299,000,000---United States Notes not covered with gold reserve---$200,000,000; United States Treasury Notes, redeemed at Government option in silver---???? (unknown); National Bank Notes, not legal tender, not receivable for customs but receivable for other dues. Secured by Government Bonds, not by coin, not by commodities, but by faith of the Government---$699,600,000; Federal Reserve Bank Notes, not legal tender, secured by bank paper, in turn secured by what the bank considers good commodity, eggs in storage or cattle on the range, not receivable for customs, receivable for all other dues. Federal Reserve Notes, not legal tender, receivable for all dues---$2,002,800,000; Miscellaneous, including Treasury notes---$121,000,000."

(The Federal Reserve System didn't get full blown all they wanted as of 1913. It took time and much maneuvering in Congress. The Fed didn't get to where it wanted to be until mid August 1971 when its notes held overseas were no longer convertible to Treasury gold. It could not have been much comfort to any monetary purist to consider that Federal Reserve notes were allegedly indirectly backed by hens eggs and grazing cattle; no wonder no such episode of "Rawhide" was made! While Emerson's article appeared in the China Weekly Review, notice he said very little directly about China. China was concerned as to monetary trends in the United States as they would be affected.)

"There is $3,322,400,000 of money circulating without gold backing, always and without question at par, receivable for all taxes except customs. This taxpaying privilege is the only privilege not all these secondary currencies have. United States revenues amount to $4,000,000,000 annually. The United States could redeem, retire from circulation, every outstanding money except gold, from a single year's revenues and substitute any other currency based on essential commodities or based purely on the faith of the Government."

(Now he started to evidence understanding that someone was aiming at a "money" based on nothing!)

"It would circulate at par as long as it had the taxpaying privilege. Therefore, a circulation with the limited taxpaying privilege, alternate with gold, and in addition redeemable in silver bullion at the market price would be a sounder better secured currency than the United States now maintains, and the exclusive privileges according to gold could be augmented." (end page 453)

"The interest of the United States in the value of silver is far greater than that of England because the United States and its nearest neighbors produce annually 18 times as much silver as does England and the Dominions excepting Canada. The stores of silver in India may be greater than those in America. From Great Britain and North America comes 85 percent of the gold production, and they operate a larger percentage. Great Britain and North America combined hold 79.5 percent of the silver mines and own probably 85 percent. How easy for both so combined to control both gold and silver production and ratios! How easy for Great Britain to prevent a corner on gold! How easy for North America to prevent a corner on silver!"

(And how easy for the Money Creators to jerk gold and silver around just by having corrupt people as public office holders!)

"The United States alone, by reason of its large gold reserves, by reason of its adequate supply of new gold, can alone fix the price of silver at any price it chooses, establish what price it chooses in the years to come, attain and maintain any price it chooses"

(At that time, it was Great Britain alone who was controlling the silver price, due to the Indian dumping action.)

"There should be a settled currency policy, one looking generally ahead for a decade and specifically looking ahead for three to six months."

(Don't you think specifics could be extended farther out than 3 to 6 months?)

"Gold and gold certificates legal tender. No other moneys with this privilege."

(Not a friend of silver, nor of the pure paper money faction. His views long term were going nowhere.)

"Silver certificates in dollar denominations, not legal tender, but receivable for all public dues except customs. At present they are receivable for all dues, including customs. Silver certificates, redeemable not in silver dollars as at present, but in silver bullion at the price posted three (six) months previously. Contracts can be made payable in silver certificates or in anything else as at present. Unlimited deposit of silver bullion with the U.S. Treasury, for which silver certificates in dollar denominations will be exchanged at the previously posted price for the day. Reserves of silver to be slowly accumulated not to exceed the amount of money in circulation not based on gold or on gold certificates."

(Emerson needed a tutorial to remedy his defective clarity of style---in places his statements were amorphous and the structure nebulous. The matter of silver certificates not being pure legal tender is a matter for a whole other composition. Briefly this was a jab against silver because our government was staffed by people who despised it, yet the "Silver Bloc" in Congress retained its power into the mid-1960's.)

"There is now a stock of money about twice the total gold reserves. Under the plan proposed there would still be the same volume of gold reserves. Under the plan proposed there would still be the same volume of gold reserves, an equal amount of silver reserves and any other security that the Government desires to tender as it now does for U.S. notes, for National Bank notes, for Federal Reserve Bank notes. The silver bullion would not be less security but additional security. The posted price for silver bullion to be quoted three (six) months in advance, and to be moved upwards, never downwards, at such rate as will ultimately secure the predetermined volume of silver bullion reserve. The rate of advance in price could not be as high as one half percent a month, because such a rate would send into hoarding all the available stocks of silver in the world, would cause every silver certificate to be exchanged for silver dollars, which would be hoarded. The rate in advance of price ought not to be as low as 2 percent per annum, one sixth of one percent a month, because it would take more than a hundred years to reach the price of $2.00 an ounce."

"This price ought to be reached in 10 years more or less. Rates of advance between one-quarter of one percent to one-third of one percent, posted three (six) months in advance, would give complete and continuous control of the

whole situation. The policy is permanent, the speed and extent is modified by the rate of advance."

(Notice how he kept suggesting announcements at either a three or six month interval. His plan would never materialize in exactly the way he proposed. It would not be until almost 40 more years that $2 silver would arrive.)

"If owing to discoveries in chemistry it should become possible to convert lead into silver or gold or if it should become possible by improvements in mining to tap very deep reservoirs in the earth of molten silver or gold the posting three (six) months in advance would enable the situation to be met. The theoretical possibility of synthetic gold is greater than for silver."

(What a thinker, huh? But where is the science to sustain him?)

"Even if both gold and silver should lose all market value, the United States could either allow the loss to fall on the holders of the gold or silver certificates issued, or it could by its good faith exchange the gold or silver certificates for other newly created legal tender or tax privileged certificates and lose nothing. Even if there were a very great shrink, even total loss in the value of $4,000,000,000 of gold and $4,000,000,000 of silver, the United States between 1917 and 1920 did not hesitate to increase its revenues in a single year by $5,570,000,000, so that it would not be ruined if all gold and silver became valueless. There would be more to worry about in the closing of gold and silver mines and the resulting curtailment of employment than in the shrink in values."

(Emerson did some useless rattling in speaking of precious metals going broke, something which has never happened. But silver mines were starting to shut down by 1930 due to British India's dumping, and during World War II the Federal Government ordered all domestic gold mines closed---see "The Conspiracy Against Gold" in Archives.)

"There are only two countries in the world with sufficient financial strength to carry through the rehabilitation of silver. A small country could not do it. It could not accumulate and hold reserves so large as to prevent exhaustion. The United States with current revenues of 18 times the present value of all the silver being mined, with its gold reserves of $4,000,000,000, can more easily do in 1930 what France did between 1803 and 1873, establish the

ratio it chooses, attain it and maintain it. Until the United States alone or in combination with England adopts some such plan---unlimited free deposit of silver at an advancing quotation---there will continue to be dislocated in exchange and destructive variations in gold prices."

(His article was a failure in several ways, but above all because he didn't call on the British Empire to suspend its attack against silver. Map showing ancient trade routes linked to the old "Silk Road" in and out of China, over which silver facilitated trade for numberless generations in thousands of caravans)---

"The Great Silver Question," CWR, September 13, 1930, pages 53-55 was a reprint from the July 1930 World Trade Quarterly Review---

"Time was when practically every country of importance in the Far East was an adherent to the silver standard. India absorbed the metal in enormous quantities; Japan had a predilection for it. In French Indo-China the metal was everywhere in evidence. Java, the Straits Settlements, Siam, the Malay States, Dutch East Indies and the Philippines all pinned their faith to silver. ***THE WHITE METAL WAS A POWER IN THE WORLD***. One after another, however, the governments of all these vast territories, seized with

the advantages of a fixed standard of value, have deserted the variable silver standard, and have adopted one form or other of the gold standard."

(Reading between the lines you sense the impulse towards fiat money was too tempting. As for silver being "variable" this only happened because governments willfully caused the instability.)

"The last nation to desert silver was French Indo-China, and now China is left as the only great country with silver as its medium of exchange; although Hong Kong in practice, if not altogether in theory, is on the silver standard, and like China, its exchanges with gold standard countries are at the mercy of the fluctuating price of silver."

(Again, blame was attempted to be placed on silver, rather than on governments, especially England, for inducing the fluctuations.)

"That is not all---most European countries, from causes of economy arising out of the great war, have either reduced the silver content of their coins, or else have practically ceased to mint coins of silver. What, in such circumstances, will be the future of silver, and what will be the future of China in regard to the silver question, we are asked? Proposals for a bimetallic standard, a gold exchange standard with silver playing a part, although a minor one, and a uniform silver dollar currency have all been made at separate intervals, and quite recently, there has emanated from a commission of experts under the aegis of the American Professor Kemmerer, a draft law for the introduction of a uniform gold standard system for China. The gold monetary unit suggested is the Sun of 60.1866 centigrammes of fine gold which is equivalent to 1 shilling and 7.7265 pence sterling, or 40 United States cents."

(Sun was a reference to Sun Yat Sen, famous Chinese personality of that time.)

"The reason given for the selection of this unit is that it is approximately the same value in terms of gold as the silver dollars now current in China, that is the Yuan Shih Kai dollar, which is .900 fine and should contain 23.9775048 grammes of pure silver. The defect in the Kemmerer proposals, in the view of those who have had long experience in Chinese matters, is ***THE FAILURE TO APPRECIATE THE INGRAINED LOVE OF THE CHINESE FOR SILVER.*** The predilection for silver is centuries old, and

despite the ever present troubles arising from an adherence to a silver standard, it is one which it will be difficult, if not impossible to eradicate."

(Again we detect bias against silver; the silver standard was imputed to have inherent instability, and no blame was ascribed on the part of governments doing their absolute damnest to undermine it!)

"Curiously enough, proposals for the reform of Chinese currency have always been coincident with a depreciation in the price of silver. The present position is that silver has fallen to record low levels, and as the Chinese government's receipts are almost wholly in terms of silver, while a large part of its payments are fixed i9n terms of gold, the handicap arising out of a silver standard is apparent. For years prior to 1914 there had been an almost continuous depreciation in the price of the metal, and in 1913, after long and arduous negotiations with British, French and American experts, a project had been formulated for the flotation of a Currency Reform Loan, to assist China to put its currency system on a more satisfactory basis. The advent of the Great War effectually put an end to all the work that had been done, the proposals were postponed, and ultimately allowed to die out. Silver has since been left to find its own level."

(This suggests that someone pushed silver prices down, in order to blame silver as unstable money to have an excuse to get rid of it! Think I'll take a look at the cross-referenced U.S. and international indexes for 1913 to see who those "experts" were! W.F. Spalding, the commentator, was either naïve as to silver finding its own level, or just another liar. A coordinated attack of several large governments, led by Great Britain, pushed silver low.)

"Variations since then, in both the price of silver and the exchanges of China and Hong Kong have been extreme. In August 1914 the lowest price of the metal was 23.75d. per ounce, but silver came into its own again during the great war and became of international importance. So great was the demand for the metal throughout the whole world that its price rose rapidly. The rising price of silver caused the China exchanges to appreciate quickly, and it brought great prosperity to the country. The call from other nations for the metal was equally great, and for some years during the War ***IT BECAME NECESSARY TO CONTROL THE PRICE BOTH IN AMERICA AND IN ENGLAND.*** These two countries controlled both the avenues of supply and the price of silver, and all users had to pay the equivalent of the price fixed or go without the silver that they so much needed. However, all

vesture of control was finally removed in May 1919, with the result that the price again soared."

(This view that it's necessary to control the price of silver---to the downside---certainly has been pervasive in the high echelons of finance and government. As silver started rising again, Britain took steps once more to turn it south---by debasing their coinage from .925 to .500, and dumping the bullion realized on the market.)

"In 1918, the average price had been 47.5625d per ounce but by the end of 1919 it reached 79.125d with an average price for the year of 57.0625d per ounce. The appreciation proceeded apace until the zenith was reached in February 1920 when a price for silver of 89.5d per ounce, and a quotation for the Hong Kong dollar of 6 shillings three pence and for the Shanghai tael of 9 shillings 3 pence was marked. Since then, from a variety of causes which we shall presently examine, the price of the metal has been marked by severe fluctuations---silver has moved steadily downwards, and it has brought China exchanges in its train. The rate of exchange with China is intimately connected with and subject to all the fluctuations in the market price of silver."

"The lowest quotation ever recorded for silver was that in March 1930 when a price of 18.5d per ounce was marked in London. On the same day the exchange rate for the Hong Kong dollar was 1 shilling 6 pence and that for the Shanghai tael is 1 shilling 11 pence. The previous lowest quotation was that marked in January 1903, 21.6875d per ounce. There have been many reasons assigned for this record depreciation in the price of silver, but we may at once say that the supposition that the unrest in China and the resultant decline in China's trade with the rest of the world has militated against the demand for silver, is incorrect."

"The primary cause of the depreciation is to be found in the inexorable working of the economic laws of supply and demand, and undoubtedly the real cause for the decline in the price of the metal is to be found in the excess of production over demand for silver. Prior to 1914 there had been something of a halt in production, and but for the War there might have been witnessed a large falling off in the output of silver from the principal mines. As a matter of fact, many of the so-called "straight" mines, that is those which produced silver only, in Mexico and the United States, had closed down, and silver mining was being carried on mainly as a byproduct of

copper and lead. The enhanced demand arising out of the War gave a much needed boost to silver, and the former sphere of activity in the mines was restored. Those that had formerly found it unprofitable to produce silver were reopened, the "straight" mines came into operation again, and the metal poured out from all directions. Until quite recently, the production has continued regardless of the absorption powers of the world."

(The silver price peaked in 1920, then Great Britain set out again to drive it low. Hordes of economists continually blamed overproduction for the oversupply. The Senate Subcommittee on Silver pinpointed the cause---government dumping, chiefly from British India.)

"In 1929, the output from the Mexican mines alone was 113,514,000 ounces, while the production from the United States mines was nearly 66,000,000 ounces. The other countries of the world produced some 96,800,000 ounces, thus making the total world's production for the year about 276,000,000 ounces. Apart from production from the mines, silver has been forthcoming from other directions. Many countries having stabilized their currencies, or adopted new monetary standards, have found it expedient to demonetize their silver coins, temporarily or otherwise; while others have made laws providing for silver coins, but have not yet minted them. Great Britain has reduced the silver content of its coins from .925 to . 500 fine. Other countries have adopted coins of a varying degree of fineness ranging from .835 to .900 fine."

(Once a country has demonetized silver, it is not tempted to start reissuing silver coins! That is no way to cheat their people!)

"In 1929, it is estimated that the silver derived from melted British and French coins accounted for about 21,622,000 ounces being added to the supply of silver offered on the London market. India also had a large amount of silver at its disposal, following its adoption of the gold bullion standard; from its reserves some 38,000,000 ounces of the metal were sold. It seems that a total of at least 335,000,000 ounces have been available during 1929."

(That was some 75 to 80MOZ over and above the demand. No wonder prices skidded. The problem was demonetization and cheapening of currencies---not mine output.)

"Persia also renounces silver---it may be said at once that European nations have purchased little, if any, silver for coinage purposes, and now to add to the depression comes the announcement that Persia has decided to renounce silver and to adopt a gold standard in the near future, though a silver coin is provided for, termed the riyal, and it will contain 4.5 grammes of fine silver. (start page 54) For 1929, the total supply available was 335,135,000 ounces and the total consumption was 271,827,000 ounces, giving an excess of production over consumption of 63,308,000."

(Picture today if silver to the amount of 23.29 percent beyond annual total world demand could be dumped---what would be the effect on the price? Mr. Spalding of the World Trade Quarterly Review tripped up over his own admissions. He admitted the matter of government dumping, then reverted to calling it "production." It was supply only, not current production. Oversupply by governments destabilized the silver market. The most offensive of the economists persisted in blaming miners.)

"It will be realized that to a large extent the depreciation in the price of silver is the logical outcome of conditions in the silver market during 1929. The actual production was lower than in 1928, but the effect of this was more than offset by the surplus stocks of demonetized silver super-added to the annual production from the mines. The effect of India's adoption of the gold bullion standard is seen in the reduction in the amount of silver that she purchased during 1929, namely, 70.5 million ounces against 110 million ounces in 1928. Further, it is reasonable to suppose that now that India has an up to date refinery working in Bombay, the surplus coin in the silver reserve will be gradually refined and sold locally or exported as opportunity offers, thus narrowing the outlet for the world's production of silver."

(We saw in the last two installments of "Britain Against Silver" that the alleged gold standard in India was really a paper only standard, as very few Indians could amass the approximately $8,064 in 1931 dollars required before any convertibility into gold was permitted. Whether some Indians sidestepped this barrier by forming cooperatives and sending a single emissary to convert the paper rupee notes into gold, I have not discovered. I assume there were stiff penalties in place in the event of discovery of such operations.)

"It is possible that the movement of demonetized silver from other countries may decline; certainly the fall in the price of the metal seems to have

discouraged further sales at the moment from France; but apart from this, there are few immediate factors apparent to influence an upward movement in price. One other factor which seems to have been largely overlooked in searching for contributory causes of the decline in price of silver is the appreciation in the value of gold or, to put it another way, the general fall in the gold price of commodities. It must be admitted that the depreciation in the price of silver has far outstripped that in other commodities, but it nevertheless reflects, to a greater extent than is perhaps realized, the general tendency of falling prices. As the Journal of the Irish Institute of Bankers has pointed out, the position is a serious one for China and other Eastern countries whose trade seems likely to be seriously affected."

(Falling prices started only after silver started sliding. The fall of silver was the overwhelming cause of The Great Depression.)

"Although exports from such countries may have been for a time temporarily stimulated, yet the serious and long continued depreciation in the price of silver must inevitably play havoc with their exchange and ultimately inflict grave injury to their trade. The external value of the Shanghai tael and the Hong Kong dollar follows the variations in the price of silver, ***AND WITH CHINA HAVING TO SURRENDER MORE AND MORE OF HER CURRENCY IN TERMS OF GOLD IN PAYMENT FOR HER IMPORTS, HER PURCHASING POWER ABROAD MUST BE GREATLY CURTAILED. THE EFFECTS OF THE DECLINE IN THE PRICE OF SILVER AND EXCHANGE ARE WIDESPREAD, AND COUNTRIES OTHER THAN CHINA ARE SUFFERING.*** A prominent example is seen in the British textile trade, which has had to face a heavy fall in demand from the East during recent years. The silver question also has affected adversely the demand for many other European manufactures."

"At the moment there are few signs of any greatly enhanced demand to influence the price of silver upward. But reference has been made to the use of silver in the manufacture of films; this, though is likely to become of increased importance, can scarcely yet prove a factor to compensate for the falling off in demand from other directions. It is a step in the right direction. Another welcome sign is the greater attention being paid to silver by trade; silver is being used more in the arts, and manufacturers of silver plate are producing more articles entirely composed of silver, where a year ago such goods were manufactured of an inferior metal with only a coating of silver.

It is to be hoped that European and other nations will, under their coinage laws, commence the long awaited minting of silver coins."

(Hmmnnn----Spalding wasn't opposed to silver coins.)

"Any developments in these various avenues of absorption will assist in the maintenance and it is hoped, the appreciation of silver. It is still, however, to the great silver using countries of the Far East that the silver producers must look for their principal support, and the greatest hope is that more peaceful conditions will prevail in China and so make for the encouragement of trade and production, with a resulting increased demand for the metal. Failing that, some form of international cooperation in the production and marketing of silver would appear to be the only remedy for the present state of affairs."

"As it stands, the marketing of the world's mine production of silver constitutes a real problem. An enquiry in 1903 into the reasons for the fall in the price of silver at that period, showed that the two main factors for the heavy depreciation were---(1) that silver, being largely produced as a byproduct, ***HAS NO FIXED COST OF PRODUCTION*** and (2) that the methods of buying and selling silver had a depressing tendency."

(The 1903 situation calls for a separate research. That was about one decade out from the triumph of gold monometallism of 1893-1896. The argument that silver has no base cost because over half comes from primary copper, lead and zinc mines is specious. It suggests that if such mines operate profitably exclusive of their silver yield, that therefore the silver should be "donated" to industrial users and/or central banks without cost to them! Futures markets probably didn't reach the apogee of short manipulation until the CFTC was foisted on the market in 1975!)

"It may be of interest therefore to explain how silver is marketed. The principal first sellers are the large American smelters, whose custom it is to sell their silver at the London market price and to buy at once a similar amount of ore at a corresponding price, though there has been of late some variation from this price owing to the developments that have taken place in the New York markets since the war. The smelters obtain from the silver mine owners, a certain fixed sum in gold for each ton of ore to meet the charges incidental to smelting and selling. As will be explained later, there are two prices quoted in London, one for cash and the other for delivery two

months forward. The cash price is for delivery within one week; but it is the two months forward price that is preferred by the smelters. That being the estimated period in which to extract silver from the purchases of ore they make from the mines."

"White, in his textbook on silver, explains that when a smelter buys 1,000 tons of ore containing say, 20 ounces of silver to the ton, he sells upon the day that he makes a contract with his seller for ore, its contents of silver say, 20,000 ounces for two months delivery. If there be delay in extracting the silver he will buy in on the due date, 20,000 ounces, or such amount as he may lack, and sell the same amount again for two months delivery. In the face of long continued custom, it is difficult to see what could be achieved from the suggested international cooperation for regulating the price of silver. I would go further to say, little or nothing may be expected to come of the idea, bearing in mind the experience the principal countries of the world have had of the uneconomic device of "pegging" or regulating the exchanges and the prices of various commodities during and since the war. Once control is taken off, prices seem always to be left to find their own level again."

(The proposed international silver conference that we read so much about in parts II and III of "Britain Against Silver," as promoted by the Western Silver Senators and their Congressional allies in the Farm Bloc, would have done much to stabilize silver at improved purchasing power. Britain would have her way until the Silver Purchase Act of 1934 raised prices. It wasn't a defeat for the British, but a necessary change in plans as their American counterparts in The Pilgrims Society were handed the baton to run with, so to speak. When we look at 1932 we'll see that the skullduggery intensified.)

"As for production, we are now witnessing a state of affairs that prevailed previous to the war when the bullion markets had to face a continuous decline in the price of silver. The "straight" mines have once again gone out of commission. In Mexico some of the silver mines that produce low grade ores have completely closed down, and in other cases a large number of miners have been dismissed. In other mines attempts are being made to overtake the fall in price by the adoption of more scientific means of production, retrenchment in costs, and so on. In view of the falling off in profits from silver mining then, it is possible that 1930 may see a fall in production, though too much must not be hoped from that."

"In regard to marketing, it may be said that New York has become of late years of greater importance as a market for the sale of mine silver, and the scope of that market has considerably broadened. ***NEVERTHELESS, NEW YORK ITSELF CONTINUES TO BE TO A VERY LARGE EXTENT DEPENDENT UPON LONDON, AND ITS CONNECTION WITH THE LONDON SILVER MARKET IS VERY CLOSE***. As London still holds the lion's share of trade of the Far East, London may still be described as the chief market for the metal. Silver dealings in London are on the basis of the standard ounce and the price is quoted in so many pence and fractions of a penny per ounce. This price is fixed in London daily. The determination of price, or "fixing" as it is called, takes place at 1:45 p.m. except on Saturdays, when fixing is at 11:45 a.m."

(COMEX firms' connections to London are well known and would make a fascinating investigation.)

"The market price is controlled by four firms of brokers, Mocatta & Goldsmid, Pixley & Abell, Sharps & Wilkins and Samuel Montagu & Company. At their daily meetings it is the custom for these brokers to compare the amount of silver which each has to buy or sell, and each broker may disclose the excess of his own position as a buyer or seller at a given price. The first step is to ascertain whether the price of the previous day should be altered. If supplies prove insufficient to satisfy orders, higher prices are suggested until the offerings balance the demand. Should offerings at the preceding day's price exceed the amount of buying orders, the price is marked down until buying and selling orders are executed."

"Frequently the brokers have a number of orders at (start page 55) various limits, both for buying and selling, and with the addition of these the price can be adjusted to a nicety. Generally speaking, by this method the quotation may be evenly held between the buyers and sellers for whom the brokers operate. Silver to be of good delivery on the London market must be from .996 to .999 fine. The majority of bars bought and sold in London weigh between 1100 and 1200 ounces troy. The American silver market, as we have said, works in close conjunction with London. Business is done on an unrestricted competitive basis. Bullion dealers will trade in any delivery between spot and one year forward. Stocks in New York vary to possibly 3,000,000 ounces and are always shipped from the country by first available steamer. In New York, only .999 fine silver in bars of from 900 to 1200 ounces constitutes good delivery. Silver shipments from New York to

London are made each Saturday. The New York market is entirely different from that of London. There is no "fixing" of prices, the market is open from morning until evening, and the price fluctuates according to demand and supply."

(Silver miners have groaned in near silence as the reverse of these claims for the New York silver market have been in force.)

The China Weekly Review (CWR), September 27, 1930, page 122, featured a letter from a Londoner that appeared in The Times, London, September 4, 1930---

"In the universal search for the cause of unemployment I wonder whether sufficient consideration has been given to the present position of silver. ***SILVER IS VERY CLOSELY CONNECTED WITH THE PURCHASING POWER OF MORE THAN ONE HALF OF THE HUMAN RACE,*** and the protection of the purchasing power of this metal is in consequence of extreme importance to this country."

(Extreme importance, from whose perspective? Not from that of the Money Creators.)

"Some years ago it was decided to reduce the silver content of our coinage to one-half, and that started the recent depreciation in the value of silver. France, in following suit, discarded her silver coinage altogether and threw a large quantity of silver on the market to be sold at any price. The Indian Government decided to get rid of their stock of silver in their currency reserve. French Indo-China threw over silver and shipped their stock of dollars to Shanghai. The Dutch are reported to be about to follow suit. As far as this country is concerned, the gain by reducing the silver content of our coinage cannot have amounted to very much, ***AND SURELY IS NO COMPENSATION FOR THE LOSS NOW BEING INCURRED THROUGH THE UNEMPLOYMENT WHICH THE FALL IN THE PRICE OF SILVER HAS CAUSED."***

"***BY CONTINUING TO SELL AT THE PRESENT LOW QUOTATIONS THOSE RESPONSIBLE IN INDIA MUST ENTAIL AN ENORMOUS LOSS UPON BOTH THE INDIAN GOVERNMENT AND THE PEOPLE OF INDIA."***

(Obviously the British Indian authorities understood what they were doing. The larger picture was that their subversive actions were a necessary prelude towards worldwide exclusion of silver as money so fiat currencies could start their reign, and prevail until their own inherent defectiveness destroys them. Meantime, the most massive transfer of property in history was to take place, benefiting the issuers of fiat!)

"The value of the Indian Government's silver reserve has been halved, and the saving of the Indian people so far as they are represented by silver and silver ornaments, have been reduced by one half. In consequence of all this the buying power of countries such as India and China has been ***VERY GREATLY IMPAIRED***, with the result that unemployment in the manufacturing districts, particularly of Lancashire and the Midlands of this country has been largely increased."

"***THERE IS NO DOUBT THAT A VERY GRAVE MISTAKE HAS BEEN MADE***, probably on the advice of theoretical gentlemen with no practical experience, who should have been controlled by some central authority. ***IN THESE DAYS I THINK THE COUNTRY SUFFERS VERY MUCH FROM THE ACTIONS OF MEN IN RESPONSIBLE POSITIONS WHO HAVE NEVER HAD TO PAY FOR THEIR MISTAKES WITH THEIR OWN MONEY."***

(End of letter; very convincing points made!)

"The paragraph referring to the action of the British Indian Government in disposing of its silver reserve will provide interesting reading for Chinese officialdom in view of the recent statement of T.V. Soong, Minister of Finance, that the National Government has made official inquiry in London (September 3) ***REGARDING THE POLICY OF INDIA IN DUMPING LARGE QUANTITIES OF SILVER ON THE CHINA MARKET***. Mr. Soong declared that this policy was having a disastrous effect through reducing the purchasing power of the Chinese people, hence was intimately concerned ***WITH THE TRADE DEPRESSION THROUGHOUT THE WORLD DUE TO ITS ADVERSE EFFECT UPON CHINA'S TRADE RELATIONS WITH OTHER COUNTRIES***."

(It may be that because of the outcry of millions of Chinese, Soong felt compelled to make such a statement. As we saw, his connections to the Paper Money Mob were well established.)

"In other Chinese quarters statements have been made on this subject which were not as restrained as that of Mr. Soong, ***ONE CHINESE ECONOMIST CHARGING THAT THE BRITISH POLICY OF DISPOSING OF THE INDIAN SILVER RESERVE, WHICH APPARENTLY HAD BEEN TAKEN AS A MEANS OF SUPPRESSING THE INDIAN REVOLUTION, WAS LIKELY TO HAVE THE EFFECT OF CAUSING GENERAL BANKRUPTCY ON THE PART OF ALL INTERESTS CONCERNED WITH THE TRADE OF ASIA."***

"It apparently was due to this widely held view in China that the Chinese Government finally decided to bring the matter to the attention of the British authorities. The letter shows that the decline in the value of silver really started several years ago when the British Government decided to reduce the silver content in its coinage. France then followed suit by discarding her silver coinage entirely. India then decided to get rid of its silver reserve and French Indo-China gave up silver and dumped its stocks on the Shanghai market. Holland is shortly to follow suit. ***CHINA HAS BECOME THE DUMPING GROUND FOR THE WORLD'S SILVER RESERVES AND IN CONSEQUENCE BECOMES THE VICTIM OF THE FINANCIAL POLICIES OF THE REST OF THE WORLD***."

"Of interest in this connection was an editorial in the Vancouver Sun on August 30 which called attention to the serious financial situation existing in the Far East which was having an adverse effect upon the industries of both Canada and the United States as well as Europe. The editor declared that the time had arrived for western financiers and business men to divert some of the attention to financial conditions in China, which they had concentrated on Europe. He concluded his remarks, "If the pound sterling is not to go the way of the German mark there is immediate need, there is urgent need for our international bankers and so-called world leaders to prove themselves worthy of their responsibilities."

(International bankers, and the world leaders in their hip pocket, would do nothing realistic to preserve monetary silver. As currencies degenerate, those holding precious metals and title to their production---mining shares---could become the new moneyed class of planet earth! Wish the silver suppressors had to learn Chinese before doing more against us)---

The CWR, October 18, 1930, pages 235-236, "Five Hundred Million Ounces of Silver" reported---

"Senator Key Pittman, chairman of a committee appointed by the United States Senate several months ago to investigate the question of Chinese-American trade relations, was quoted in a United Press message published here on October 10 as declaring his intention of introducing in the next session of Congress a measure under which governments interested in commerce with China would jointly lend to China several hundred million ounces of silver. He declared that some such constructive action is essential because American exports to China, including wheat, lumber, automobiles and other manufactured commodities, have declined more than 50 percent during the last eight months."

"In further elaboration of his plan, Senator Pittman suggested the formation of a gigantic silver pool for the purpose of advancing silver to China for peaceful purposes whenever such action is deemed necessary. This he believed would immediately revive commercial activity in the Orient and in turn it would tend to pacify China. In the concluding sentence of the United Press report, the Senator admitted that he also was desirous of helping the American silver industry."

"It was an interesting coincidence that at about the same time this interview with Senator Pittman was published in the Shanghai newspapers, that Captain Robert Dollar, head of the Dollar shipping interests, arrived in the city. Having a background of more than a third of a century of experience in the China-American trade, it was most natural that this 86 year old veteran of Pacific commercial battles should also have some ideas on the silver situation. Referring to the investigation of Senator Pittman's committee, Captain Dollar declared that the advancing of many millions of ounces of silver to China, unless it was combined with some plan for providing China with a stabilized gold basis currency, would be about as futile as an attempt to control the tides."

(According to his listing in the 1929 Who's Who, page 658, Robert Dollar was born in 1844 in Falkirk, Scotland. By age 13 he was active in Canadian timber camps and made his initial stake in lumber. He bought tracts of forest in the Pacific North West, operated a sawmill processing some 15 million board feet per annum and also acquired stands at what is today the Bohemian Grove, a significant internationalist retreat operated out of San Francisco http://en.wikipedia.org/wiki/Bohemian_Grove the article shows Pilgrims Society member Glenn T. Seaborg, chairman of the Atomic Energy Commission, between Ronald Reagan and Richard Nixon---both Pilgrims Society members upon assuming the Presidency. Dollar's photo appeared on the cover of Time magazine, March 19, 1928. He was called "the grand old man of the Pacific." He owned the Pacific Mail Steamship Company and sailed around the globe at least 50 times. He was a director of American International Corporation, along with Pilgrims Society member Albert Henry Wiggin, then chairman of Chase National Bank. Robert Dollar was in the loop with the World Money Power.)

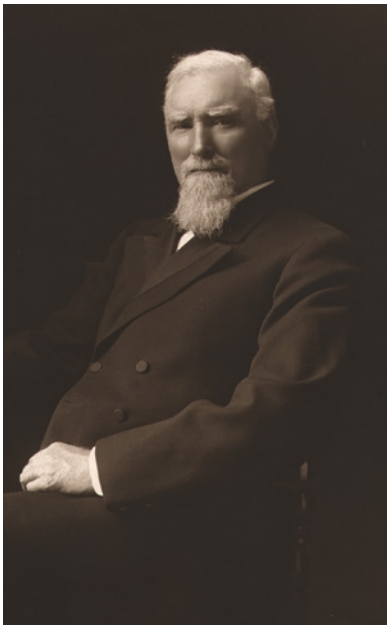
"Dollar expressed the opinion that China was suffering from the twin maladies of too much civil war and an unstabilized currency. The decline of China's commerce due to civil war would not have been so serious, had it

not been for the simultaneous decline in the value of silver to half its previous status. China's financial complications are therefore largely due to the fact that her currency is based on silver, a commodity which fluctuates along with wheat and other articles of trade. As to the present complications of the silver producers, Captain Dollar stated that any attempt to stabilize prices by artificial means would probably result as disastrously as the American and Canadian attempts to artificially control the price of wheat through the formation of governmental pools."

(The silver price was artificially induced to crash, and Dollar voiced no complaint as to that intervention! He really showed what side he was on! His Who's Who listing also stated, "known as one of the largest operators of ocean vessels in the world; president, Dollar Steamship Company; Admiral Oriental Company; Dollar Portland Lumber Company; director Anglo London & Paris Bank, San Francisco Savings Bank, etc." He owned the Robert Dollar Building in San Francisco and at his death was worth some $40 million, ranking him in the top 100 wealthiest U.S. residents.)

"The price had continued to decline despite the attempts at artificial stabilization. The only thing, in his opinion, that would bring silver back to its previous status would be the arbitrary closure of the silver mines until world consumption of silver had overtaken production. Captain Dollar also paid his respects to certain interests which have always opposed the stabilization of China's currency and declared that his outstanding impression of business conditions in Shanghai at the present was that almost everybody seemed to be devoting major attention to exchange rather than to legitimate business promotion."

(Dollar would have mine operators shut off their income, cancel any dividends to shareholders, have their share values crash still lower and perhaps, be sold short---and at bankruptcy---there would be no need to cover the short sales---and throw their employees out of work! All that, rather than ask the British management over India to suspend dumping silver; to cease dissipating the monetary silver base that Indians looked to for their children's currency needs! Dollar was another internationalist scumbag and was likely another Pilgrims Society member. Business could hardly be promoted in any viable manner with silver exchange so depressed. He owned 19 buildings in China. Maybe he acquired some with gold after the British murdered silver)---



"The Pittman interview and the resulting response of Captain Dollar again call attention to this whole problem of China's relationship to world finance and the high necessity for some international action that would assist China to get on her feet. Among the newspapers which have been devoting major attention to this subject, first honors should be awarded to the Vancouver Sun. R.J. Cromie, publisher of that enterprising journal was in China last year and apparently did more than view the problems of this country through the port-hole of his steamship cabin."

(That was a nice jab at the sorry Mister Dollar!)

"On September 10, Mr. Cromie wrote the following pointed comment on this subject---"With Argentina, Peru and Chile added to the list of revolutionary countries like Russia, China and India, timid souls are asking where lies security. And well they might, for this world spectre of revolution forces men to think and ask---What must be done? What can be done? Like nothing else, these revolutions will bring home to North America the economic and social unity of the world. They will show individuals and corporations and countries that, however rich and clever and cunning they might be, there is no security in isolation. They will show United States and Canada that when commodity surpluses unduly accumulate, business backs up all around the world, as it is now doing."

(Who caused the massive silver surplus? Great Britain!)

"They will show our international bankers that world credit and metallic money must be distributed according to potential, as well as actual, economic world worth, else that credit and money token gets into too few hands, and the rest of the world suffers. That pyramiding of credit and gold is what is wrong with the world today. All the gold and 90 percent of the world's credit is today in the hands of 25 percent of the earth's two billion population. Silver countries like China, India, South America, containing as they do one and a half billion souls, have use and appetites and desires for food and clothes and the good things of the earth; better still, they have the ability, capacity and willingness to work and pay for those commodities. ***BUT THEY HAVE NO CREDIT AND THEIR SILVER MONEY HAS BEEN DEMONETIZED***; soon they become hungry, business becomes chaotic and chaos brings revolution."

"When three out of four people of this earth have to go to bed at night hungry, and with no future ahead of them but certain death, what social or economic security could there be for the other one? How long will the British pound sterling remain at par if Australia defaults interest on her obligations (start page 236) and if big trade with China and India and South America is not quickly restored? How long will United States stocks and bonds retain their present market value if the buying power of those securities is confined to the profits they can earn on this continent, and if the British pound goes the way of the mark? ***THE BUYING POWER OF SILVER COUNTRIES LIES DORMANT AND AS A RESULT WORLD BUSINESS IS PARALYZED***. The buying power of these countries must be restored and world trade, instead of being given a setback, must be given increased momentum. That will not take place until these silver countries are given a generous helping of world credits ***AND A RESTORATION OF THE BUYING POWER OF THEIR SILVER***."

(That says it all! All the drivel from economists, gibberish from bankers and claptrap from prostitute "historians" alleging the cause of the depression to be anything other than the silver collapse, is like looking at a gallery from some stinking cell bloc!)

"If the League of Nations, or our international bankers cannot do and do quickly, for China and India and South America, when they ten years did for bankrupt Europe, revolution in those countries will soon wipe out, not only

the purchasing power and market value of their securities, but the financial and social security of North America."

(This Vancouver newspaper publisher could give some kind of lecture to the gold and silver mining execs there today, as to speaking out for monetary silver!)

"On another occasion Mr. Cromie had the following to say on the same theme---"What causes revolution? Last week found three more countries floundering in the morass of revolution or near-revolution. Unrest is rife in Brazil; Peru is still on the verge of upheaval; Argentina is in the throes of actual revolution. What causes revolution? What brought about the upset of established governments in France, in Russia, in Turkey? What is prolonging civil war in China? Revolution seems to follow, almost inevitably, on the heels of economic collapse. What will happen in Australia if those budgets refuse to balance? Where is that fine country heading? The fact that England has offered to play fairy godmother to the Australian government to the extent of $25,000,000 does not change the fundamental fact of the economic ailment that prevents Australia from balancing her budget."

"The point is that the whole world is laboring under a break-down in the economic system. ***THE SILVER COUNTRIES, OR THREE-FOURTHS OF THE TWO BILLION PEOPLE THAT LIVE ON EARTH, HAVE BEEN DEPRIVED OF THEIR PURCHASING POWER***. They want goods, but they have no world credit, nor metallic money nor monetary tokens to purchase goods. The other quarter of the world's population has all the gold and all the credit, ***AND IS PILING UP HUGE SIURPLUSES OF EVERY KIND OF COMMODITY TO EAT AND WEAR AND USE BECAUSE OUR INTERNATIONAL BANKERS CANNOT DEVISE A WAY TO EXTEND THE SILVER COUNTRIES CREDIT OR COIN***."

(The bankers didn't want to change what was happening. Certain of them made noises as if they favored silver, but it was a "false flag" operation on their part. We read about this element in "Britain Against Silver III.")

"The system has failed to provide facilities for all nations of the world to trade together in a manner that will promote prosperity for everybody."

(The objective of the attack against silver was to force it out of the payments system. The attack came in stages. The final stage was completed in summer 1968 when the silver certificate redemption window slammed shut.)

"Argentina is tied up with huge quantities of wheat. Brazil is the victim of coffee over-production. And so, under economic stress, revolution touches these countries as it is touching countries in all parts of the world. What is needed today is international cooperation by world leaders or the League of Nations towards some plan that will revise the monetary and economic systems to the point of providing a decent living for every man, woman and child on earth."

(I don't see that poverty can be eliminated. However, fiat systems do more to foster poverty than hard money systems. The Jackson administrations stand as a monument of proof to that assertion.)

"These revolutions are not alone Argentina's business, or Peru's business or China's business. And just as international intervention saved post-war Germany, France and England from revolution, so must international cooperation be established to save half the world from revolution today."

(Anyone know of any newspaper publishers with such viewpoints on today's scene? His insight into revolution was very keen---the loss of her monetary silver made red revolution possible in China less than a generation later.)

"In summarizing the world trade and money situation, Mr. Cromie declared, "Since 1870 the trade of the world has increased five times, the population of the world has doubled, the buying power and volume of business done has increased 50 times, yet metallic money only increased from G. $6,000,000,000 in 1870 to G.$10,000,000,000 today. There isn't money enough in the world to go round, and what little there is is being hoarded by nations that have it. If the world needs and wants trade, our bankers have got to get busy and provide some form of world credit or world token that will have international recognition so that nations may trade with each other."

(The G of course was an abbreviation for the gold sums held by leading nations. End remarks by R.J. Cromie.)

"All of which points to the high necessity for doing something about the China financial situation. Last year a commission of financial experts headed by Dr. Edwin Walter Kemmerer of Princeton University devoted much time and thought to China's financial problems and in due due course presented the Chinese Government with the results of their survey in the form of numerous reports."

(We looked at the Kemmerer Commission the past two months. They were composed of Wall Street connected swindlers bent on wrecking monetary silver just as their British pals were doing.)

"There was little new in these reports that the man in the street did not already know. China's domestic currency system amounts to nothing more nor less than a gigantic swindle which victimizes the man at the bottom. The Chinese peasant slaves from morning till night and receives for his labor some pieces of depreciated copper. If he can manage to accumulate sufficient of them he receives in exchange some pieces of depreciated fractional silver coins, and if he is lucky enough to get sufficient of these small pieces of depreciated silver, he may exchange them for a silver dollar. And then he finds that his silver is based on the market value of a metal that has lost half its purchasing power in respect to the rest of the world's currency."

(True, yes, but where is the acknowledgement that Great Britain intentionally pummeled silver down?)

"No wonder the Chinese peasant is a revolutionist and he will continue to be a revolutionist even to the extent of communism unless some means is devised to bring relief. And the currency situation is not the worst of it--- China's taxation system is practically as bad, as the Kemmerer reports already published, have shown. Much of this problem China will have to solve of her own accord, but in a larger sense, the China currency and accompanying economic complications are world problems that cannot escape serious international concern. The World War left economic and financial problems that forced all nations to action in order to prevent the strong from going down with the weak. The financial problems existing throughout the Orient present an equally serious problem, with similar reasons for world concern."

"As oft repeated in these columns, the world financial leaders practically have reached the point where they will be forced to "save" China in order to save themselves."

(This conclusion was erroneous! World financial leaders helped China fall off a cliff and into a Red Communist system.)

"There is nothing mysterious regarding the reasons for what is now taking place on the New York and European stock exchanges. The slump which foolish optimists attribute to a "psychological situation," is due to a much deeper malady which strikes at the whole capitalistic system, and if the so-called capitalists cannot find a solution, there are some stern-visaged gentlemen in Moscow who are more than ready to undertake the job! In fact they are already at it!"

(It cannot be doubted that Russian Communist party leaders had designs on China. It is also a matter of fact that Western financiers kept them in power several times when otherwise they would have toppled. The Lend-Lease Administration during World War II is a typical example of pro-Soviet intervention. How would I interpret the breakup of the former U.S.S.R.? Plans changed course, and the bankers used the matter of multiple nationalistic factions to reduce that Union into fragments, leaving the main part---Russia---intact.)

The China Weekly Review, November 15, 1930, pages 394 & 396, "Cheap Silver Means Reduced World Purchasing Power" had these views to offer---

"Proud silver, which dominated the marts of the world for 2,500 years until upstart gold unseated her a generation ago, recently drank the dregs of humiliation when quotations of her value sank to 35 cents an ounce. Never since the Greeks at Laurium, 600 years before Christ, began to produce such supplies of it as to displace the copper money of those days had silver even approached such a price. For more than 20 centuries before Columbus the price of silver had been about one-tenth that of gold, which would be equivalent to a modern two dollars an ounce."

(Themistocles was the ancient Greek Athenian leader who channeled the output of silver into expanding their navy from 20 to 700 vessels! See http://en.wikipedia.org/wiki/Themistocles for details. Because Themistocles had silver money, the Persian Empire under Xerxes was defeated in its

attempt to control Greece. That was just after the 300 Spartans and their eternal act of heroism at Thermoplyae.)

"Two hundred years later it was worth one-fourteenth the price of gold or $1.30 an ounce. In 1800 this price still held. It was above a dollar in 1880. Then came the demonetization of silver and the enthronement of gold. Silver slumped to 60 cents in 1910, returned to $1.00 in 1920 under the influence of war, and again declined to 60 cents afterward. ***BUT 35 CENTS***!"

"To one who was born into an age when silver still was king, whose profession has been that of mining engineering, whose lot it has been to pioneer South Africa whose outpourings of gold have had more than all else to do with the debasement of silver, the plight of that poor metal appears most tragic."

(It must be disputed that the South African gold output had very much to do with the fall of silver. It was government action against silver that made silver fall---not more gold production.)

"It may be well to pause a moment in consideration. The signal of thumbs down on this grizzled gladiator of a thousand monetary arenas may bring economic consequences that are important to Prague, Paris, and Paducah, Kentucky. Two major immediate effects at opposite sides of the globe are at once apparent. The first is in the Orient where silver is still the basis of monetary systems and the second in America where most of the silver is produced. From the standpoint of silver consumption the Chinese and Indians have long been the most important peoples. The currency of both has been on a silver basis although India, after a study made in 1926, and ***UNDER PRESSURE FROM THE BRITISH GOVERNMENT***, has been going through the processes of a change to the gold basis."

(We saw what type of gold basis the British were dragging India towards. Unless the Indian had $8,064 minimum in paper rupees, as denominated in 1931 dollars, redeemability was illegal!)

"India has about one-sixth of the world's population. Since there are no savings banks each individual must find his own way to take care of accumulation of wealth."

(Though other methods of investing have often sent sums to zero, savings banks have never been the best place to invest earnings.)

"In many lands such wealth is habitually put into land but here the population is so great in proportion to the land that none is ordinarily available. Such a people is likely to put its savings into articles of value and hide them away. It accumulates jewelry and precious stones or it hoards precious metal. Because of this habit India has been known for centuries as the sink hole of silver and gold. Its opportunity to acquire gold has been slight but silver has been ever present and has gone steadily into the hoards of modest individuals, of merchants, of political potentates. This penchant for hoarding constantly has drained silver from circulation but the silver has as constantly been replaced by importations from the West."

"Other peoples may not approve of Oriental methods of hoarding but those methods must be accepted as existing facts. It will take a long time to change them. If these people's purchasing power is to be maintained, the value of this silver which is the basis of their wealth must be held up. World prosperity depends on expanding markets ***AND IT SEEMS OBVIOUSLY UNSAFE TO WRECK THAT CURRENCY THROUGH WHICH THE MOST NUMEROUS GROUPS OF THE WORLD POPULATION TIE INTO COMMODITY CONSUMPTION."***

"Steadily through the centuries streams of silver have poured into the Far East just as they continue to flow today. In 1924 for example, the world produced 260 million ounces of silver. India absorbed 108 million ounces and China 42 millions, a total of 60 percent. In 1925 the world produced 250 million ounces; India absorbed 106 million and China 60 million or between them 66 percent. In 1926 the percentage was about the same though China then took more than India. In 1927 it was 67 percent. In 1928 and 1929, with even a larger silver production, it was 70 percent with China still holding first place."

"Undoubtedly the major part of the world's silver has gone into the hoards of the Orient. There is no basis upon which to estimate the amount of it that is still there or how much of it has been lost by hoarders who die without revealing their hiding places. Since Columbus, 14 billion ounces of silver have been produced. The greater part of it today is doubtless in the possession of these Orientals. Authorities estimate that there are today four billion ounces of silver in India. The Chinese and other Orientals doubtless

have three billion more. This silver represents wealth, potential purchasing power, held in the Orient. If it is worth 60 cents an ounce that purchasing power amounts to $4,200,000,000, which is almost equal to the value of half the monetary gold in the world's treasure vaults. If this silver is worth 35 cents an ounce its value is $2,450,000,000 and the loss in the purchasing power of these people $1,750,000,000, twice the value of the gold in the possession of the British Government. This depreciation has come at a time of world depression ***AND OBVIOUSLY COULD NOT BUT ACCENTUATE IT***."

(This commentator sounded OK till he evidenced the belief that the Great Depression wasn't caused by the fall in silver.)

"It is odd that silver production should come so near being an American monopoly. Just as South Africa produces the lion's share of the world's gold, so North America yields most of its silver. Mexico at present yields some 40 percent of the world's output. The United States produces an additional 25 percent. Canada occupies third place with 10 percent. South America accounts for an additional 10 percent which leaves but 15 percent to be divided among the Eastern hemisphere's continents. By far the largest silver production of these countries is controlled by American mining investors."

"The Americas, in 1927, produced 180 million ounces of silver. The direct difference to America in selling that silver at 60 cents an ounce and 35 cents would be 46 million dollars. Indirectly there might be a greater benefit. Much of this American silver is a byproduct of other metal mining. Its production is incidental to lead and copper mining. It acts as a sort of bonus in the operation of such mines. ***OFTEN IT WOULD NOT BE PROFITABLE TO WORK A GOLD, COPPER, ZINC OR LEAD MINE BUT FOR THIS INCIDENTAL SILVER***."

(So the British stole the icing off the cake for many mining companies!)

"The difference between 60 cents and 35 cents in the price of silver might, in many cases, be the factor that would mean the closing of a mine that produced one of these important metals. Many mines are on the border line between profit and loss. A fair price for silver might make production possible. ***SILVER PRODUCTION IN AMERICA HAS BEEN SO FULL***

OF PICTURESQUE ACCOMPLISHMENT THAT WESTERNERS SHOULD FEEL THE URGE TO KEEP IT ALIVE."

(There is in fact much sentiment along those lines today as silver gains are anticipated.)

"Yet the production is not the only basis for a sentimental feeling that America should have towards silver. It should be remembered that the American dollar is the child of that out pouring of Spanish coin which followed the discovery of America and was responsible for the only expansion of activity that the centuries have known that is comparable to what has been happening during this generation of gold. The major Spanish coins of that time, coins which long dominated the marts of the world, were the pieces of eight, of which so much is heard in pirate stories of earlier days."

"England, not having shared with Spain in the silver of the Western world, had no coinage for her colonies, and they came to use pieces of eight. When they became independent they adopted this piece of eight and called it a dollar. The very name "dollar" is likewise due to the influence of silver. Back in Dark Ages which were dark largely because there was no medium of exchange that would permit development, a landholder in Bohemia found a silver mine. He realized that the need of the times was a circulating medium so he made his silver into coin. The valley where he lived was known as St. Joachim's Dale. After it he named his coin, somewhat awkwardly, a Joachimsthaler. Passing on to Germany this name was shortened to thaler, which in the low countries became a daler and, crossing to England, a dollar. England called a piece of eight a dollar and so we got both the coin and the term."

"European nations, not content with having demonetized silver, recently have heaped other indignities on it. France and England have each debased the silver in this coin---making an alloy with a cheaper and harder metal. Each has thus thrust 10 million ounces of silver a year on the market. India, finding that her silver was depreciating, last year exported 35 million ounces of it which went onto a depressed market. Despite these facts production held up. When the price goes down silver is unable to mark time in production until it revives. Since (start page 395) it is a byproduct of copper, lead and zinc, it must keep on coming forth as long as these metals are produced."

"As though to make ***THE CONSPIRACY FOR ITS UNDOING*** complete, silver has sought in vain for a great new industry that would consume quantities of it. Copper has been glorified by the development of the electrical industry which consumes stupendous quantities of it. The automobile was a huge stimulant to steel. To be sure, silver is vastly important in the production of motion picture films and ten million ounces of silver every year go into picture making. This helps, ***BUT ENGLAND PUT THAT MUCH BACK INTO THE POOL LAST YEAR BY CHANGING THE NATURE OF HER SUBSIDIARY COIN***."

(Aha---we encounter the "c" word---conspiracy! Who was it that said, "the devil's greatest achievement is that he has fooled so many into believing he doesn't exist?" People who disbelieve in any significant high-level conspiracies are commonplace, unfortunately. If there are no conspiracies, there is nothing to fight---what is being done to us is happening entirely by chance, without any human agency directing it! What a perfect environment for evil people to carry forward their hurtful plans.)

"THE FRIENDS OF SILVER, IF SHE HAS ANY LEFT, SEEM TO BE WILLING TO TAKE THIS DRUBBING LYING DOWN. There is another side of the picture. The plight of silver may not be hopeless. If even its modest value of 60 cents an ounce can be reestablished a contribution to world prosperity will have been made. The hoards of the East will again come to the market place with old time strength. Mining industry in the West will be rejuvenated. Allied mining will have been stimulated. Silver will remain as an agent that contributes to the well-being of mankind."

"I am not among those who feel sure that gold is adequate to provide a basis for the circulating media of all the world. But for the development of the South African Rand from which now comes nearly half of all the gold, it would have been impossible for the vaults of even the western nations to be adequately filled. ***IT IS BEYOND QUESTION THAT THE PRODUCTION OF FIVE BILLION DOLLARS WORTH OF GOLD FROM THIS ONE FIELD HAS BEEN THE ENERGIZING AGENT THAT HAS MADE LIFE IN THIS GENERATION WHAT IT IS***."

"Those five billions constitute half the monetary gold of the world today. What would have happened to world currency systems after the World War if that outpouring of gold had not come? Could nations have gone on a gold

basis? Could they have experienced the expansion that preceded the war, could the war have been fought as it was, but for this gold? There have been no gold discoveries comparable to those in South Africa in the past half century although the effort to that end has been a hundredfold what it had ever been before. For the past two years I have been conducting an independent investigation largely through the mining engineers who worked with me in Africa and have scattered all over the world, in an attempt to estimate the future possibilities of gold production. The information I have gained warrants no expectation that other fields comparable to those of South Africa will be discovered. In my opinion the future will face a steadily decreasing gold output that, with the demands of economic expansion, may well become a pinch in a decade or two."

"A secondary metal is needed. If this shortage should develop, the existence of a secondary monetary metal might prove of importance. Even though the gold supply remains adequate, that metal has certain defects that unfit it in many vital areas as the sole basis of circulation. The Orientals, for example, require ***A CURRENCY OF INTRINSIC VALUE THAT THEY MAY ADAPT IT TO THEIR METHODS OF SAVINGS***. It must not be of too great value or it will be beyond their reach. The new currency scheme in India, with gold as a basis, does not suit them at all. ***THE ATTEMPT TO DEMONETIZE SILVER HURTS.*** They do not like the paper money though its value is based on gold***. THEY CANNOT VISUALIZE IT AS TREASURE AND IT IS NOT ADAPTED TO THEIR SORT OF HOARDING EVEN IF THEY COULD***."

"***THE BRITISH HAVE TAKEN STEPS TO PREVENT THE NATIVES FROM HOARDING GOLD*** and thus draining empire vaults. ***INDIAN CURRENCY IS REDEEMABLE IN GOLD BUT ONLY IN LARGE AMOUNTS. IF ONE HAS $8,000 IN PAPER MONEY HE CAN GO TO THE BANK AND GET ITS EQUIVALENT IN GOLD. BUT NOT MANY INDIANS ARE LIKELY TO ACCUMULATE AS MUCH AS $8,000."***

(Stacking the deck---rigging the game---is an old British talent developed through long ages of cheating the world.)

"China, upset by war, clings to silver. She has nothing else. The buying power of her millions of people declines as it goes down. I suggest the advisability of considering the reestablishment of silver in the money schemes of nations that it may take care of such situations as exist in China

and India, of coins for other nations, and at the same time widen the foundation on which money systems are based and thus increase their firmness. This might be accomplished by the remonetization of silver on a basis which fits the setup of today and which should be considered without prejudice attaching it to monetary doctrines of the past. Silver might be given a stable value with relation to gold, based on modern needs. For purposes of discussion let us consider a hypothetical possible course of action."

"Suppose that the nations, by agreement, should set a price of 60 cents an ounce on silver. Instead of the old 16 to one this would be on a basis of about 34 to one. It should be borne in mind that they long ago established an arbitrary value of $20.67 an ounce for gold and have successfully maintained this value. Whoever has gold, the nations say, may bring it to the treasury and get $20.67 an ounce for it. This as a consequence is maintained as the world price of gold. In the same way a world value of 60 cents an ounce might be established and maintained for silver. On this basis the actual value of a silver dollar would be less than 30 cents. The silver would flow into the treasuries of the nations of the world. They would issue paper money for its purchase, thus avoiding any burden on the taxpayers, just as they accumulate gold at no cost at all. Silver would take its place in all countries as an additional circulating medium and its stabilized value would greatly promote international trade. An industry would be put on a firm foundation, those currency requirements peculiar to silver would be met, and those losses due to its debasement would be avoided."

"World production of silver is not overwhelmingly great. It runs about 250 million ounces a year. Mining it is a sterner task than is the case with gold, requiring machinery and heavy investment to wrest it from its rock embattlements. The Spanish say it takes a gold mine to run a silver mine. Putting a price of 60 cents an ounce on silver would not unduly increase its output. The average price of silver through the ages has been more than 60 cents and did not call forth a large production of the metal. The world has produced 14 billion ounces of it while it was turning out one billion ounces of gold. Its production has been on a 14 to one basis or less."

"Of the annual production of 250 million ounces, possibly 200 million ounces, worth 120 million dollars, would be presented to the treasuries of nations for purchase. If we may judge by the past, 70 percent of this silver would forthwith flow to the Orient. The accumulations in the vaults of

nations would not be great. That metal which did accumulate would have an intrinsic world value and would, therefore, lend stability to the currency guarantees of nations."

The China Weekly Review, December 6, 1930, pages 16-17, "How Low Silver Affects China's Trade," by Julian Arnold, remarked---

"Foreign traders in China are divided in their opinion as to the relative significance of the factors which have forced a decrease in China's imports and exports. Internal disorders, especially in the provinces of Hunan, Kiangsi, and surrounding territory, still continue and the disruptions to normal trade routes by communist brigand activities have been and still are so serious as to paralyze trade. In other sections of China, internecine warfare has been going on with varying degrees of virulence ever since the revolution of 1911. In these sections the low silver values and the degree of uncertainty of silver's future, which have characterized the trade of 1930, are unprecedented, and are particularly significant in that they come at a time following two record years in China's development of foreign commerce."

"As Shanghai is the trading port for the entire Yangtsze region, the internal disorders in the Hunan-Kiangsi section reflect adversely upon the trade of Shanghai, both in imports and exports. Undoubtedly, disorders in other parts of China adversely affect their trade also; yet ***IT WOULD APPEAR THAT THE LOW VALUE OF SILVER IS MORE OF AN IMPORTANT FACTOR IN DECREASING EXPORTS TO THOSE SECTIONS THAN ARE THE INTERNAL DISTURBANCES.*** When a prospective consumer of a tin of California fruit is confronted with a price of $1.40 local currency, as contrasted with $0.70 for the same tin less than a year ago, he will stop to consider his pocketbook before making the purchase. A group of Chinese capitalists contemplating the purchase of flour or cotton mill machinery, when asked double the price as compared with quotations of a year ago, undoubtedly will hold off."

"Even though this may seem a propitious time for the development of domestic industries in certain protected areas, ***THEY WILL HAVE THE FEAR THAT SILVER EXCHANGE MAY RISE DURING THE NEXT FEW MONTHS AND PLACE THEM AT A DISADVANTAGE*** compared with competitors who may purchase later. It is true that a recent tendency of silver toward stabilization, even though at low levels, has helped to encourage the placing of orders to a limited extent. Should it develop that

silver actually becomes stabilized, even at the present very low level, the elimination of the element of uncertainty cannot fail to provide a very helpful factor for at least partial recovery of China's foreign trade."

(Silver was like a victim who'd been decked by a brass knucks uppercut. But having so mistreated silver, the British Empire wasn't content. Following that the victim was to be administered a kick to the temple.)

"Those who would contend that China's internal disorders are more of a factor than silver in the falling off of the country's foreign trade point to the decreased volume of exports as substantiation of their contention. They are inclined to attribute China's failure to profit by the unprecedentedly favorable exchange---as viewed from the export angle---almost wholly to interruptions in internal communications and heavier tax burdens. On the other hand, in parts of China comparatively free of internal disturbances---in Manchuria for instance---merchants complain that exports are not moving in enhanced volume because of the worldwide depression. They point out that during the first half of 1927, when the Yangtsze River transportation was paralyzed by the internal troubles of that period, wood oil from the upper Yangtsze regions filtered down overland to an outlet at Hong Kong in response---although at greatly enhanced prices---to urgent demands for this commodity in the American market."

"China is still so little removed from its medieval economic society that its 12,000 miles of railway, nearly half in Manchuria, are not of commanding importance in its internal transportation. When its railways are out of commission, traffic which formerly went by rail reverts to the wheel-barrow, the pack animal, and the human beast of burden. Furthermore, every stream in China, no matter how shallow, carries craft engaged in some sort of cargo transportation. Transportation of this sort may be considerably more expensive than transportation by rail especially when there is added the higher internal tax exactions to which most of this primitive transportation seems to be subjected."

"If the farmer finds that the marketing possibilities for his vegetable oil are curtailed, or that kerosene prices are advanced above his purchasing power, he may be obliged to revert to the use of the vegetable oil lamp in spite of the years in which he has become accustomed to the use of a superior illuminant. The Chinese farmer, although a primitive in his opportunities for wresting a living from nature, and isolated far from the active channels of

commerce, is no less a victim than other men of world conditions. The American manufacturer of carpets who may have drawn heavily upon North China for his carpet wools, may find it necessary, because of market conditions, to reduce his output and limit his stocks of raw material and manufactured products to actual day by day demands. Even though China wool be quoted at lower prices, because of depressed silver exchange, he is not tempted to buy."

"The world's demand for China's export commodities at once becomes affected, and world demand is a very important factor in the export trade of China. If these demands are active and persistent, it is remarkable how commodities in China connive to overcome what would be considered impossible trade handicaps in a modernly organized society. On the other hand, if the demand from abroad lessens materially, China has no organization for putting into effect modern devices for the development of new uses for its products, or for resorting to progressive salesmanship methods. Trade simply stops, and the commodities which no longer can be sold abroad go back into native consumption, with certain readjustments which may involve the curtailment of imports. If the purchasing power of the masses is reduced by their inability to market at a profit the commodities they produce, it is obvious that their capacity for the consumption of imports from abroad must be affected adversely."

"Presuming that silver stabilizes at approximately its present levels, what effect will this have upon China's foreign trade? As for imports, dealers have been drawing upon stocks on hand during this period of uncertainty. Furthermore, large stocks are held in such centers as Shanghai, Tientsin, and Hong Kong, considerable of which is financed by the banks but for which Chinese buyers have failed to close their exchange, and hence are reluctant to take delivery. This situation is more accentuated in Shanghai than elsewhere in China. The stabilizing tendency of silver during the past month has helped imports, lending a more hopeful tone to the situation. Lower commodity prices abroad, due to depressed conditions, have contributed to a limited extent in compensating China's importers for the fall in silver." (end page 16)

(That's some questionable way to benefit from lower commodity prices! Because the British nearly killed silver, prices fell. But since silver got clobbered harder than anything else, there was still a huge net loss.)

"Within limitations, China can replace certain quantities of imported products by domestic manufacture. Undoubtedly, there will be an increasing tendency to revert to some of the less desirable native products, where the cost of imported articles proves too high to meet the purchasing power of Chinese consumers. The country only recently has embarked seriously upon the development of modern industries. The internal disorders from which it has suffered in the past 20 years naturally have deterred progress. Even if China were to take advantage of the greatly increased prices of imported articles to encourage domestic industry, it would still be necessary to import the machinery and equipment needed for the new plans."

"Probably the most dangerous aspect of a continuation of low silver is the encouragement which this condition will offer to the idea of substituting price for quality considerations in China's trade. In the past the trademark, or chop, represented an important factor in the sales of foreign goods in China. American goods to a considerable extent fell within the category of quality rather than price commodities. This was not the case with such staple commodities as kerosene, tobacco, lumber, cotton and certain metals, which comprise the vast bulk of America's trade with China. On the contrary, cheaper and inferior substitutes of the many quality manufactured goods which are imported into China can scarcely fail to result from a continuation of low silver levels. This will mean that American manufacturers will be obliged to exercise unusual vigilance to protect their trademarks against cheap and inferior products placed upon this market under imitated trademarks."

(Any of you ever see a reference to a view that low silver prices foster cheap quality standards in manufacturing per se? Don't rely on paper money economists to say something on the topic.)

"As for export trade, stabilized silver at low levels theoretically reacts favorably upon China's sale of commodities abroad; but if those who normally purchase are in the market for a considerably less quantity because of unfavorable economic conditions in their respective countries, China's export trade will suffer. Should the worldwide economic depression improve and silver levels continue low, China stands to profit, and in some instances may cut in substantially on the export trade of other countries with similar commodities but working on a gold basis. During the past few months China has been a heavy importer of cocoons from Japan, something unprecedented in the history of China's foreign trade."

"Should present silver levels continue, it is conceivable that China ultimately might make important inroads in Japan's export trade in reeled silk. Thus, should silver exchange become stabilized at low levels, marked readjustments are of possible development in both China's imports and exports and in the event of improvement of internal political conditions, a very considerable impetus may be given to the development of domestic industry. ***CHINESE POSSESSED OF LARGE SILVER HOLDINGS HAVE, UNDER PRESENT CONDITIONS, VERY RESTRICTED OUTLETS FOR INVESTMENT."***

(Julian Arnold, the commentator of this final feature, was with the American legation at Peking in 1902. He was fluent in Chinese and became American Consul General at Hankow in 1914 and was U.S. commercial attaché to China and Japan, 1914-1917. He chaired the American delegation to the China Tariff Review Commission, 1926-1927 and was among the first party to ascend Taiwan's highest peak, 13,113 feet, in 1907, then known as Mount Morrison. The Chinese government awarded him three decorations---Who's Who, 1928, page 188.)

The "nonprofit" Silver Users Association is scurrilously meeting at the Army-Navy Club in Washington, District of Columbia, on November 6 and 7, 2007. The site chosen is an affront to our military; clearly, since it was this users association who is the entity primarily responsible for the absolute depletion of the one-time 165.5 million ounce U.S. strategic silver stockpile. Predictably, they have a United States Senator, Charles Schumer of New York, due to address them. Outrageously, they have a New York Mercantile Exchange official, John Conheeney, addressing them on market "overview"; and ominously, the SUA has a Homeland Security official, John Tobon, speaking to them on "Government Scrutiny of Precious Metal Imports." What is the nature of such scrutiny? To see where silver is going, other than to these users? They will tell you that silver is an industrial metal only; but here they call it a precious metal, because they understand that it is precious to us.

Also speaking to the Silver Grabbers Association is Jerry Kilgore, former Virginia attorney general and advisor to the Giuliani for President campaign; and Jeff Christian of CPM Group, "Using Silver in an Era of High Prices." Gee, they think since silver broke out of the sub $5 range, it's high priced. Let the bums go mine it for themselves instead of feeding off hedged

production (polymetallic miners) and a heavily shorted market. Rudolph Giuliani, Time Magazine's Person of the Year for 2001, is a Commander of the British Empire (Who's Who, 2005, page 1699) and was with the Wall Street based Pilgrims Society law firms of Patterson, Belknap, Webb & Tyler, 1977-1981 and White & Case, 1989-1990---

That's silver suppressor Donald Rumsfeld on the left, who headed the Nixon era Cost of Living Council, and imposed a Federal price cap of $1.61 an ounce on domestically mined silver! Rummy and British collaborator Giuliani were photographed on site at Ground Zero above in November 2001. Recall Ted's weekly article on October 16, 2001 on the matter of the 30 million silver ounces buried under the rubble, and how the big commercials piled on more short sales (175MOZ) in order to contain prices in that situation! Giuliani, if unsuccessful in his presidential bid, can return to Manhattan and run Giuliani Partners at 5 Times Square.

Senator Schumer, known as a gun control advocate, will address the SUA on "Unfair Trade Practices With China, Including Silver." What is it about China and silver that strikes the SUA as unfair? That China has some silver

production the SUA isn't getting? That China has made it possible for more of its residents to own some silver? Schumer has received funds from Intermagnetics General Federal PAC (a silver user involved in superconductivity) and from Bank of New York Mellon Federal PAC. The Senator chairs the Joint Economic Committee and is a member of the Finance Committee; the Judiciary Committee; the Committee on Rules and Administration; and the Committee on Banking, Housing and Urban Affairs. He is considered one of the four most powerful Democrat Senators---

Andrew Jackson is known as one of the founders of the Democratic Party. Schumer is a case in point showing how far from those original principals that party has strayed, corrupted by the Money Power. At http://www.congress.org/congressorg/bio/comment/?id=402&soapboxid=10290931&lvl=C there is the comment on Schumer that he "will go to hell." I figure that's a place where there's no silver. this is the same jackass who addressed the Silver Users Association in early November 2007 concerning what he and they think China is up to in the silver market. Apparently it had something to do with what the SUA feels is an "unfair trade practice" in silver www.financialsense.com/fsu/editorials/steer/2007/1018.html

Next month, Silver Tour of China, 1931; to be followed by resumption of the "Britain Against Silver" series looking at 1932. May China---and the world---return to silver and gold money basis!

http://en.wikipedia.org/wiki/Chinese_currency

http://cowles.econ.yale.edu/P/cm/m04/index.htm

see at 24 hOur Gold Roodevelt 1933 & gold