

Congressional Record.

FIFTY-THIRD CONGRESS, SECOND SESSION.

Coinage of Silver Bullion.

S P E E C H O R

HON. WILLIAM B. ALLISON,
O F I O W A ,
I N T H E S E N A T E O F T H E U N I T E D S T A T E S ,

Monday, March 12, 1894.

The Senate having under consideration the bill (H. R. 4958) directing the coinage of the silver bullion held in the Treasury, and for other purposes—

Mr. ALLISON said:

Mr. PRESIDENT: When I made the motion a few days ago to reconsider the vote by which the pending bill was ordered to a third reading, I did so for the purpose mainly of curing what I believe to be manifest defects in the bill in its first section, and also for the purpose of striking out all, or at least a portion, of the second section. It was not then my purpose, nor is it now my purpose, to enter into the debate of the general question as to what we shall do hereafter for silver or what we shall refrain from doing. I know that when the purchasing clause of the Sherman act was repealed last fall, in November, there was a pledge made by some Senators on this floor on the other side of the Chamber, and a pledge embodied in the bill itself, that some further action should be taken in this regard. I had hoped and still hope that the currency legislation of our country, which has been so often characterized on the other side of this Chamber as a piece of patchwork and mosaic, would at the present session, or at least during the present Congress, find some general solution. But that does not yet appear.

Now, we find coming to us from the House of Representatives a bill which deals wholly with one question, and that is the question what this Government shall do with the silver it has now in the Treasury and which lies there in the form of bullion, and how we shall treat the currency issued to purchase it. I can hardly agree with those who think that the bullion in its present form is not available for any purpose save one, and that is for sale. It is true that we can not redeem any of our paper obligations in the bullion. We can not make the bullion available for the redemption of the obligations of the Government except by coining it or selling it. I have yet to hear in this Chamber a suggestion made by any Senator or by any committee of the Senate that it is the purpose of the Congress of the United States, either present or remote, to authorize the sale of the bullion; and without such authority sale is impossible. Therefore it is clear that at some time, if we do not deal with the question now, we shall be obliged to deal with it.

I am willing to deal with it now so far as we can, but I do not believe the method of dealing with it proposed in this bill is a wise method, when it includes things wholly irrelevant to and outside of the question of its coinage. The Secretary of the Treasury has now the authority, if he chooses to exercise it, as I understand the act of 1890, to coin every dollar of the bullion for the purpose of redeeming the Treasury notes outstanding, if he, in his discretion, deems it necessary to do so. He does not see proper to exercise the authority, nor does there seem to be any necessity for its exercise at this moment, unless it be to pay current expenditures through the seigniorage, and that for this purpose he will be compelled to coin all the bullion in order to utilize the seigniorage, or that we shall give by statute additional power whereby \$55,000,000 of coin may be created out of the surplus which arises from the purchasing price of the bullion as compared with its coinage value in advance of the coinage authorized by the act of 1890.

I do not agree with some Senators as to the construction of the original Sherman act. Its history is perhaps familiar to every Senator on this floor. The Sherman act was a compromise, as

we heard many times on this floor in the discussion of the silver-purchase repeal bill. It was an act which was intended to be temporary and to meet conflicting views by settling nothing, practically, but only to bridge over a present condition. There were men on this floor who were dissatisfied with what was known as the Bland law, which by way of decoration has an addition added to it sometimes. They said we were pouring into the channels of circulation metallic money inferior as respects the money standard authorized by our laws, namely, the gold standard, and that therefore we must get rid of the feature of that law which required the coining of the silver purchased at the rate of \$2,000,000 worth per month. There were others who insisted that in lieu of that we should enter upon the experiment of opening our mints to the free and unlimited coinage, at the ratio of 16 to 1, of all silver that might come to our mints, without respect to what other nations might do. There were still others, not many, who were in favor of discarding at once all relation to and all alliance with silver, and going forward straight to a gold standard and a gold circulation alone.

I occupied then a rather conservative position upon this question. I believed that it would be wiser to let well enough alone and follow the maxim which some conservatives on the other side of this Chamber are now following, of making haste slowly. We had sent to us in 1889 in the report of the Secretary of the Treasury, Mr. Windom (who had given great attention to this subject, and who desired to solve it so as to utilize our own silver in some form and at the same time provide a constantly increasing circulation upon the single standard of gold), a suggestion that we should brand all silver that came to our shores in such a form that it could not be utilized at our mints, and that we should use all the product of the American mines, receive it into the Treasury at its bullion value on the day of receipt, and pay for it in Treasury notes; and having so received it and issued notes for it we could again, at our own discretion and will, or at the will and discretion of the Secretary, redeem those notes in coined money, or we could pay them in bullion by weighing out in ounces the current value of silver bullion at the time of such redemption, and the Bland law, so called, should cease in its operation, and that no more silver should be coined.

It was believed by many, certainly by members of the Committee on Finance who then made a report upon the subject, that whilst this operation on the part of the Treasury might work well in the beginning it would only be a few years, or a few months perhaps—certainly only a few years—when the accumulated bullion in the Treasury would operate to depreciate the price of the bullion that came from the mines, and therefore the Treasury and the producer of silver would come in competition, and thus the price of silver bullion would be constantly depreciating by this double competition in the market. So the Senate Finance Committee, and the Senate afterwards, adopted a scheme whereby a part of the plan of the Secretary should be adopted, namely, that he should buy the bullion in open market to the extent of a certain number of ounces each month, and we should issue the Treasury notes in payment for the bullion, which Treasury notes should be a legal tender, having the qualities which we now understand them to have, and be redeemed in coin.

The House of Representatives passed a different measure. These two measures were compromised in the act which is crystallized and known as the Sherman act. Both original bills provided for the purchase of silver bullion; the one contemplated the exchange of notes for the bullion on demand, the other for coinage. I do not agree with those who believe that there is a special trust in any way created by the purchase of the silver bullion whereby the bullion and all of it must be held in the Treasury as security for the payment of the notes issued. I do not find that trust in specific terms in the law. There is no provision for its sale, and no one stated in the debate that it would or could be sold. I find in the phraseology employed only the declaration that a specified portion should be coined within a given time, and the remainder to be coined in the discretion of the Secretary of the Treasury; that no greater or less amount of the Treasury notes so called "shall be outstanding at any time than the cost of the silver bullion and the standard silver dollars coined therefrom," thus limiting the total amount of Treasury notes which should at any time remain in circulation, this

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clause being only a limitation upon the quantity of such notes, and not a pledge for their redemption.

That provision was in the original Senate bill. It was a part of our plan and scheme, which was reported by the Finance Committee to the Senate. I may be mistaken in my construction; I may have a different idea from others who participated in this legislation, but that was a declaration limiting the issue of the Treasury notes, which were to have special qualities not obtaining or belonging to any paper issued in the United States except those notes. When the compromise act was agreed upon, it appears in two places that provision was made for the redemption of those notes. In the second section it is provided—

That the Treasury notes issued in accordance with the provisions of this act shall be redeemable on demand, in coin, at the Treasury of the United States, or at the office of any assistant treasurer of the United States, and when so redeemed may be reissued.

But it appears that those who finally framed the law were not satisfied with that declaration of redemption, and the following provision is found later in the same section:

That upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

And the last clause was not in either bill as originally passed, but was intended to take the place of the provision in the House bill for redemption in silver bullion at its value in gold.

This was regarded by some as an essential and by all as an important and a vital addition, intended to give additional strength to the provision before inserted in the same section for the redemption of the Treasury notes in coin, and was a part of the compromise between the two Houses.

Mr. STEWART. What effect did the third section have in that connection?

Mr. ALLISON. I will state to the Senator from Nevada that I am just about to deal with the third section.

Mr. STEWART. I shall be glad to hear the Senator on that point.

Mr. ALLISON. The third section of the law of 1890 undertook to deal with the bullion. While the second section deals with the notes that are to be issued, the third section deals with the result of the purchase. What is it?

Mr. STEWART. It deals with the notes too; it deals with the whole subject.

Mr. ALLISON. The Senator from Nevada will see later on the distinction I desire to make, if I have not already made it clear. The third section provides—

That the Secretary of the Treasury shall each month coin 2,000,000 ounces of the silver bullion purchased under the provisions of this act into standard silver dollars until the 1st day of July, 1891—

That is a mandatory provision. There is no discretion there vested in the Secretary of the Treasury, either as respects the amount of bullion to be used or the number of coins to be issued, or the time when they are to be issued. As I have said, that is a mandatory provision. There were perhaps two reasons why that provision was inserted. One was to make it mandatory that a certain amount of silver should be immediately put in the Treasury for the purpose of redeeming these notes; and secondly, probably, for the purpose of continuing the mints at least for another year in the prosecution of the coinage.

Now, having thus provided a mandatory provision for the coining of a portion of the bullion, the section continues: and after that time he shall coin of the silver bullion purchased under the provisions of this act as much as may be necessary to provide for the redemption of the Treasury notes herein provided for.

Mr. ALDRICH. Will the Senator from Iowa allow me to ask him a question?

Mr. ALLISON. Certainly.

Mr. ALDRICH. Does the Senator think any further coinage of silver at this time is necessary for the redemption of those notes in silver coin?

Mr. TELLER. It was a command that he should coin just as much silver as the notes were put out.

Mr. ALLISON. In answer to the inquiry of the Senator from Rhode Island I will say I do not think so, but neither am I prepared to say that that was the intent and purpose of the framers of the law, as derived from the language I have read, although I have no doubt that was in the mind of most of the men who framed it, and it may be construed, I think, either to include all or only so much as may be necessary. It is ambiguous in that regard.

Mr. TELLER. I should like to ask the Senator from Iowa if the clear interpretation of that language is not that it was a command that the Secretary of the Treasury should coin the bullion, not what might be called for, but an amount equal to the Treasury notes which were issued? That is what it means.

Mr. ALLISON. Very well; it may be so interpreted, and I think fairly so.

Mr. STEWART. I wish to ask a question for information. Have not silver certificates been issued on all that has been coined, or is there some in the Treasury yet?

Mr. TELLER. There is some in the Treasury yet.

Mr. ALLISON. I understand that no silver certificates have been issued upon the silver that was coined under the provisions of the third section.

Mr. STEWART. There has been nearly \$7,000,000 issued.

Mr. ALLISON. That is the seigniorage.

Mr. TELLER. Yes; that is the seigniorage.

Mr. ALLISON. All the silver coined under the law of 1890 has attached to it what is denominated in the pending bill as seigniorage, which seigniorage is the residuum that remains after the difference between the bullion value in the market and the coin value at the mint is found. The difference, not the seigniorage, is found the moment a pound of silver bullion is purchased, because the moment a pound of silver is purchased the number of grains in the pound and the number of dollars in silver that the pound of silver will create, are just as well known as after it is coined.

Mr. MILLS. And how much was paid for it?

Mr. ALLISON. And how much was paid for it. The residuum is the seigniorage contemplated in the bill, which seigniorage arises under existing law when the silver is coined, and not before.

Mr. STEWART. And they are issuing certificates now on the seigniorage.

Mr. ALLISON. They have a perfect right to do so upon the bullion already coined, because that seigniorage by the terms of the law is covered into the Treasury as money, and therefore is a part of the money of the Treasury, and can be used, and when used silver certificates may be issued upon the deposit of the resulting coins.

Mr. MITCHELL of Oregon. Is not the exact amount of seigniorage known before the silver is coined just as well as afterwards?

Mr. ALLISON. We know the amount, of course, as it is the difference between the purchase price and the dollars coined at the mint.

Mr. PLATT. But it is not seigniorage until the coinage takes place.

Mr. ALLISON. It is not seigniorage until the coinage takes place as a matter of course, because seigniorage is clearly defined in the statutes and is perfectly well understood.

Mr. PALMER. I should like to ask the Senator from Iowa if he understands that the whole mass of silver purchased stands pledged for the redemption of the Treasury notes issued for its purchase to only a specific amount of the coinage value?

Mr. ALLISON. When we speak of a pledge I understand we speak of a thing that is segregated, set apart, and devoted to a particular purpose. Now, this purchase of bullion is defined in the second section, and in the third section as respects what is to be done with it.

Mr. PALMER. I understand the Senator from Iowa holds that the Treasury notes issued in the purchase of bullion rest upon the credit of the Government, and are to be paid by the Government, and that the bullion purchased constitutes no security or pledge for the redemption of the notes?

Mr. ALLISON. When the Senator says "security," of course he reaches another point which I have not yet discussed. I was speaking of the segregation of the bullion in the Treasury. I have now stated what I understand to be the position of this question up to the present moment as respects the silver bullion and the dollars coined therefrom.

Mr. ALDRICH. Will the Senator from Iowa allow me?

Mr. ALLISON. Certainly.

Mr. ALDRICH. I understood the Senator from Iowa to say in the commencement of his remarks that he believes the Secretary of the Treasury now has the right under the act of 1890 to coin the bullion which remains in the Treasury.

Mr. GEORGE. Fifty-five million dollars?

Mr. ALDRICH. No; the whole of it.

Mr. ALLISON. Including the \$55,000,000.

Mr. ALDRICH. Now, has the Secretary of the Treasury any right, unless he believes in the exercise of his discretion that it is necessary, to coin the bullion for the redemption of Treasury notes?

Mr. ALLISON. Probably not, or at least he does not choose to exercise it without some further legislation.

Mr. TELLER. I think he has the right.

Mr. ALLISON. The clause is open at least to the construction that he can, if he chooses, coin all. He can coin a silver dollar for every dollar of Treasury notes in circulation, if he so interprets his authority, as the discretion is given to him.

Mr. SQUIRE. Will the Senator from Iowa allow me to ask him a question?

Mr. ALLISON. Certainly.

Mr. SQUIRE. As a matter of fact, can the Secretary of the Treasury redeem the Treasury notes in anything else unless this bullion were coined?

Mr. ALLISON. As a fact, the Secretary of the Treasury can redeem those notes out of any means of redemption he has in the Treasury, and it is so expressly provided. I have read the section regarding the redemption of the notes. The redemption of the notes is, in the discretion of the Secretary, in coin in the first clause and whether of silver or of gold in the last clause, both of which I have read.

Mr. LINDSAY. I should like to ask the Senator from Iowa if under the management of the Treasury Department any of the Treasury notes have been regarded as finally redeemed so as to be retired unless they have been redeemed in silver?

Mr. ALLISON. I have no doubt they could not be redeemed in any other way than in silver if they are to be retired and cancelled, a portion of the silver bullion having been coined, because there is a restriction upon the Secretary of the Treasury that he shall at no time have in circulation an amount of the notes in excess of the original cost and the coined money. Therefore, when he redeems the notes in silver he is bound to retire them, as I understand the law. When he redeems them in gold he can reissue them, and I suppose he has reissued them.

Mr. LINDSAY. Yes.

Mr. ALDRICH. I am sure my colleague on the committee does not wish to be misunderstood. By reading the plain provisions of the law I think he will find that the notes must be, or may be, in the language of the law, reissued under any circumstances.

Mr. PLATT. There is no distinction as to gold or silver.

Mr. ALDRICH. There is no distinction as to whether they are redeemed in gold or silver. There is no such thing as a final redemption in the sense in which the Senator from Kentucky alludes to it. Redemption is simply exchange for other purposes as money and their reissue from time to time.

Mr. HOAR. I should like to inquire of the Senator from Iowa whether the word "redeemed" in the second section is used in any other sense than the word "redemption" in the third section?

Mr. ALLISON. Yes, it is. I think I can point the distinction out. The first question is the amount of the notes that can be issued. That is provided for as respects the purchase. Now, when that is done the Secretary of the Treasury is bound to have no more and no less of the notes in circulation than the cost of the bullion before any was coined. When the silver is coined there was attached to it the other provision, that the notes should never be any greater or any less in amount than the cost of the silver bullion together with the silver coined therefrom. So if the cost of the silver bullion and the silver coined therefrom together, by the redemption from the coins, would make more Treasury notes, they must then be canceled or retired. If it would make less Treasury notes the Secretary of the Treasury must reissue them. That is the plain and clear interpretation of the law as I understand it.

Mr. PLATT. Would it not always be a constant amount in any event?

Mr. ALLISON. If that be true I have not examined that point with care. Has the Senator from Connecticut done so?

Mr. PLATT. I have not.

Mr. ALLISON. I do not think it would be a constant amount in any event, because the moment you coin the silver bullion or any part of it you create a certain number of dollars which are to be accounted for, as well as the cost of the bullion itself not yet coined, the coined dollars, together with the cost of the bullion uncoined, always measure the amount of the Treasury notes to be kept in circulation. Now, I have detailed what I conceive to be a fair construction of the act of 1890, at least as I understand it.

What is the thing we call seigniorage? It is clearly defined everywhere where treated of in our statutes. It is that residuum which arises from coinage, and by the law it is twice a year covered into the Treasury and made an asset of the Treasury. After taking out the cost of the coinage and the expense, twice a year the remainder is covered into the Treasury. That is seigniorage.

Now, we come to the first objection that I have to the phraseology of the bill. The bill provides practically that the \$55,000,000 shall not be covered into the Treasury. As the first section stands it provides that it shall be a separate and distinct fund outside of and separated from every fund in the Treasury, and that it shall be used for a single purpose—impliedly for only one purpose, and that is that it shall be coined "and the silver certificates issued thereon shall be used in the payment

of public expenditures." This money thus coined and the silver certificates issued thereon do not go into the Treasury. It is the duty of the Secretary of the Treasury to use these coins for this only purpose or practically by implication for this only purpose. Was ever before a law so prepared? Have we ever in any statute declared that a fund in the Treasury should be set apart only for a single purpose, that is, the payment of public expenditures, and that it should be used, and the Secretary of the Treasury should exercise no discretion as to the kind of funds he pays for public expenditures?

Under the first section of the proposed law if the quarterly interest on the 1st of April, if you please, should become due, is he not obliged to use the silver certificates and the silver dollars in payment of interest upon the public debt, thus discriminating, if I may use that term, as respects these expenditures against every other fund in the Treasury, and in favor of this one, which is not in the Treasury at all by the terms of the proposed statute? That is my first objection to the phraseology of the pending bill, that it creates a special fund which never goes into the Treasury in accord with the forms of law which we prescribe as necessary essentials to put money in the Treasury.

Now, in the next place, without fear of successful contradiction, I maintain that the first section authorizes the Secretary of the Treasury in his discretion not only to issue \$55,000,000 of silver certificates upon coined dollars or upon dollars that are to be coined, but he can in his discretion exercise the power to issue \$55,000,000 of silver certificates upon no dollars at all.

Mr. DOLPH. And upon no other security or deposit.

Mr. ALLISON. And upon no deposit and no security. The money which we authorize him in this bill to pay out at his own discretion is to go into the great volume of silver certificates which are now in circulation and which have actual coined dollars behind them, without any coined dollars in the Treasury representing them.

Mr. DAVIS. A double issue?

Mr. ALLISON. A double issue. Now, the Secretary of the Treasury is authorized to coin \$55,000,000. The amount of seigniorage, as it is called, which is the difference between the coin value and the purchase cost of the bullion, is named in the bill. I have read the bill up to the point where it requires the Secretary of the Treasury to use these dollars or the certificates issued upon them for a single purpose. Now, what else can be done under this section?

The Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it—

Do what?

Issue silver certificates in excess of such coinage.

When? Ordinarily and manifestly that means when the \$55,000,000 is coined, and not before. After he has gone on and issued these certificates and executed this coinage of \$55,000,000—that is the first imperative provision—then he may go on and issue \$55,000,000 more. The latter clause is not exhausted after all the seigniorage is coined, but is still operative, and if there were nothing else in the bill except what I have read he could issue silver certificates in his discretion to the limit of a thousand million dollars, or without any limit, if the Treasury needed it. That is as plain as the English language can make it. Now, what is the limitation upon this unlimited authority?

Provided, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined.

Mr. DOLPH. This excess.

Mr. ALLISON. This excess, which he can issue by the very letter of the proposed law, after every dollar of the bullion is coined—that is the amount of the seigniorage, that is in round numbers \$55,000,000. The discretion is not confined to him during the process of coinage, and by fair implication he ought not to exercise it until every dollar is coined by the very language of the bill, because when he undertakes to issue those certificates in advance of coinage he issues them without positive authority to do so, the theory of this provision being that he will issue the certificates as the coinage is created, having a silver dollar in the Treasury when the certificates are issued.

It is said that this proviso limits his authority. How does it limit his authority? It limits it as to the amount, which is, in substance, that he shall not coin more than \$2 for one of every coined dollar there is to be placed in the Treasury under the coinage of the seigniorage, so called. If Senators on this floor are willing to vote the authority to a Secretary of the Treasury, to be exercised in his discretion, of issuing \$55,000,000 of paper money with no security behind it, no promise to redeem it, and no silver dollars surrounding it or deposited for it, then they are willing to do what has never yet been done by the United States; they will issue practically fiat money.

Mr. ALDRICH. Not a legal tender.

Mr. ALLISON. Not a legal tender, but receivable for customs and other dues.

Mr. HOAR. Perpetual in the matter of time.

Mr. ALLISON. There is no limit of time. He may do it in one year, or in ten years if the needs of the Treasury require it. If I were in favor of the general purposes of the pending bill I should never consent to give my vote for the issuance of \$55,000,000 without the deposit of an equal number of dollars, and without a particle of security behind it as respects silver or any other thing.

Therefore, when I saw that this section was defective in this regard I turned to see what possible defense there could be for such an extraordinary proposition at this time. I found that the bill was reported from a committee to the House of Representatives on the 3d day of February; that it was debated and discussed elsewhere in ways which I need not speak of and that at the last moment of time a substitute was offered for the first time embodying this provision, and that when a Representative endeavored to construe the bill thus sought to be amended he was shut down as by a knife in the middle of a sentence by the announcement that the hour had arrived when a vote must be taken. So the bill as it came to us did not undergo the crucible of debate. It has never been discussed as respects these provisions. Here is a new provision inserted at the last moment. I presume I am in order when I say without any opportunity anywhere for criticism respecting it, or amendment, or suggestion of amendment, or suggestion of explanation it came into this Chamber.

I need only say that there was a general desire in this Chamber that the measure should be got out of the way before we enter upon the long and tedious discussion of the tariff. But it so happened that some of us were called from this Chamber, as all of us are called from it more or less every day. I happened to be called out for a moment. I came into the Chamber and found we were operating under the third reading of the bill and the power of amendment cut off, a thing which I submit has never before been done in the history of the Senate Chamber since the days of its first organization until this moment in the way this was done, without general consent for its reconsideration afterwards, attention being called to it. The third reading cut off amendment. I came in and inquired of a Senator whether the bill had passed to its third reading, and he said it had.

I inquired of another Senator and he said it had not and was still subject to amendment. At that moment the junior Senator from Illinois [Mr. PALMER] came to a seat in front of me and inquired of the Presiding Officer whether the bill was open to amendment. The Presiding Officer answered that it was not, that it had passed to its third reading, and thereupon I rose in my place and moved a reconsideration. I do not wish to go into the debate and the discussion that preceded that moment of time. I can only say that if any Senator on this floor desires to cut off debate in that way and by the sudden processes that were around us at that moment, the Senator from Nevada [Mr. STEWART] withdrawing his amendment, the Senator from Massachusetts [Mr. HOAR] not knowing that it was withdrawn and asking for its reading practically—if that is to be the way that bills containing radical, inherent, and serious defects are to be pushed through, then it is a new method of legislation in this Chamber. So much for the first section of the bill.

Mr. GEORGE. May I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Mississippi?

Mr. ALLISON. Certainly.

Mr. GEORGE. Upon the whole, does the Senator from Iowa assert that the first section of the bill authorizes the issuance of silver certificates beyond the amount specified, \$55,000,000?

Mr. ALLISON. No; only \$55,000,000 in excess of the \$55,000,000 to be coined.

Mr. PLATT. One hundred and ten million dollars in all.

Mr. ALLISON. One hundred and ten million dollars in all. If there is any other possible construction of that provision I can not see it.

Mr. GEORGE. The position of the Senator from Iowa is that \$110,000,000 of certificates may be issued on the seigniorage of \$55,000,000?

Mr. ALLISON. It is, and I have no doubt of it.

Now, Mr. President, as respects the second section of the bill, the Senator from Wisconsin [Mr. VILAS] has argued at great length one phase of that section which I will speak of only briefly. The second section of the bill provides for the coinage of the residuum of the silver; that is, of enough of the silver to make a silver dollar for each Treasury note in circulation. That is the first thing to be done by the second section. If I were to criticize it closely, I could criticize that phraseology also. I read it:

That as fast as the bullion shall be coined for the redemption of said notes the notes shall not be reissued, but shall be canceled.

Suppose they are not in the Treasury? How can those notes be dealt with until they have come into the Treasury? Cer-

tainly they can not be. But when those notes do come in they are to be canceled and retired, and there shall be issued in lieu of them silver certificates for the amount of the coin.

Mr. PLATT. Suppose they are paid in for customs?

Mr. ALLISON. It is the same.

Mr. PLATT. Then they are not subject to redemption?

Mr. ALLISON. Whenever those notes get into the Treasury by any method they are to be canceled and silver certificates issued in lieu of them. Twenty-seven million dollars of those notes came into the Treasury in a single month, largely for customs, as I can show from the statement of the Secretary of the Treasury. I shall not go into that, however, because I wish to ask Senators why it is that they want to disturb the finances of our country as respects our circulating money by compelling a total change of \$153,000,000 from one kind of currency to another? What are the Treasury notes? They are greenbacks. Nay, they are not only greenbacks, but they have a quality that greenbacks do not have; they are receivable for customs, and greenbacks are not so receivable.

Mr. SQUIRE. Are not silver certificates receivable for customs?

Mr. ALLISON. But the greenbacks are not.

Mr. SQUIRE. There is no change in that respect.

Mr. ALLISON. There is no change in that respect. But the silver certificates are not legal tender, and the Treasury notes are. They are of the highest class of notes that the Government has issued. Now, is it because we want to degrade these notes, is it because we want to discredit them, is it because we want to discredit any form of our own paper money that we insist upon this rapid change of one form of paper for another certainly as rapidly as the silver can be coined?

I do not agree with the Senator from Wisconsin [Mr. VILAS] when he suggests or intimates that it might be wiser to retire all these notes under certain conditions not named. Until we have some new and comprehensive system of currency which looks to the divorce of the United States from the issue of paper money, I am in favor of the maintenance of the greenback circulation, and I shall not cast any vote which looks to or in any way countenances the destruction of this circulation or any part of it. And yet that is what this bill proposes. I have no fear that those who have a special regard for the greenback circulation will support the bill until that feature of it, at least, is eliminated.

Now, if I had my own way, I will say that I would rather follow the lamented Senator Beck of Kentucky, who wanted silver certificates as fast as they came into the Treasury to be converted into coin certificates. If we are to make a new departure and upturn and upheave our currency in order that it may be in absolute confusion, let us do it by regulating it so as to make it sure that it is all upon an equality and that the farmer in my State, or in any State, who holds a silver certificate will not be cheated in the end, if there is at any time to be a depreciation of this form of paper money; that he shall stand upon an equality with the millionaires, whom we hear described so often, or at least with the great bankers who have their reserves and who know how to segregate and assort money in order to secure what they regard as the best.

If we are to go either at a slow pace or a rapid pace to a depreciated currency, I want, when that time comes, that we shall have in the hands of the farmers and the laborers and the mechanics of this country as good paper money as is to be found in the banks. I want all our paper money to stand on an equality, and do not wish by implication even to degrade any part of it.

Mr. MILLS. Mr. Beck advocated coin notes, which is better.

Mr. ALLISON. He advocated coin notes, which is better.

Mr. MILLS. Not certificates.

Mr. ALLISON. Now, here we are rushing pell-mell into a disorganization and a reorganization in part of our currency. I wish to call attention to another provision in this bill which is ambiguous, to say the least, and which will lead to great confusion in the redemption of the Treasury notes, and may require them to be redeemed in silver only.

I will read the provision:

That as fast as the bullion shall be coined for the redemption of said notes, the notes shall not be reissued but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury, derived from the coinage hereby provided for, and silver certificates shall be issued on such coin in the manner now provided by law.

This provision may, in its terms, require that hereafter these notes shall be redeemed either in silver or, if in gold, operate so as to contract the volume of paper money. It provides when these notes come into the Treasury silver certificates shall be issued on such coin in the manner now provided by law, i.e., upon the deposit of silver dollars. This limitation as to the deposit of silver dollars is not in the first section. Now, if the notes

shall be redeemed in gold, the silver remains in the Treasury and certificates can not be issued, but the notes must be canceled. The Secretary, I have no doubt, could use these silver dollars in payment of expenditures, and would be compelled to do so in order to lay the foundation for the issue of certificates. This is an indirect, if not a direct, method of forcing the Secretary to redeem the Treasury notes in silver whether he wishes to or not, in his discretion.

What is the haste for the passage of the second section of this bill? By its own terms, *ex propria vigore*, it can not begin to be executed for eighteen months or two years. There is no pretense or pretext that you can coin more than \$3,000,000 a month at our mints, using the mints at their utmost proper capacity for coinage, which will require eighteen months in round numbers, or nineteen months, to coin the \$55,000,000 of the seigniorage, so called. Yet, although nearly two years are to intervene, we are to pass a species of legislation which will bind us hand and foot and put gyes upon our wrists as respects this whole question of coinage and currency derived therefrom, although within two years we may feel that it is of the utmost importance that we should make some other change as respects this whole question.

Mr. SQUIRE. May I ask the Senator one more question?

Mr. ALLISON. Certainly.

Mr. SQUIRE. The Senator remarked that the Treasury notes are more valuable than silver certificates because they are a legal tender, in addition to having the quality of being receivable for customs duties. I wish to ask him, in view of that fact, as he says that the money changers, the bankers, have the knowledge requisite to enable them to assort the various kinds of money, is it not probable that the Treasury notes would be kept out of the Treasury, would not get into the Treasury, and that other money would be used in making payments of duties to the Government? The Treasury notes having a superior quality, being legal tender, is it not probable that they would be kept in the hands of the men who assort money?

Mr. ALLISON. Possibly that might be true, but if that be true then why deal with this question now. That is only an argument, I take it, in support of what I am about to say.

Mr. ALDRICH. We might have another issue then.

Mr. ALLISON. We might have another issue then, but there is a difficulty that lies in the pathway. By this legislation we purposely discredit the silver certificates. We could do no more to discredit them if we put a brand upon them, and said, "Here is money that is not as good as other money," because by legislation we shall have compelled the best paper money that there is in circulation to be discarded and destroyed in order that we might issue these certificates.

Will it not be said that this change is made because of the qualities inherent in the Treasury notes and not found in the substituted certificates?

So, Mr. President, finding no fault with the policy which declares that this seigniorage, so called, is not a trust fund, and believing as I do believe that we have a right to deal with it, I am utterly opposed to the complicated method provided for in this bill as it now stands. Without fear of contradiction, I say that there has been no opportunity to debate it anywhere in the United States with a view of proposing amendments; and yet we are to run it through here with the second section, which can not take effect for eighteen months or two years, in order that we may discredit at this moment a portion of the paper money of our country.

Why are we undertaking to do this? What is the emergency and what is the haste? You must remember when this bill was first introduced (and it was introduced apparently to get rid of the necessity of borrowing \$50,000,000) it was intended to be a panacea and a soporific which would tide over the peril in our Treasury for some time at least; but it came so slowly in its consideration that the Secretary of the Treasury, believing it was necessary to maintain the public credit and provide for current expenditures that he should have a large sum of money, made a loan of \$50,000,000, although this was not done until after the bill was introduced, and introduced, as it was supposed, for the purpose of making it unnecessary to borrow money.

Now, it may be that the emergencies upon the Treasury are so great and the necessities are so great that in addition to the \$50,000,000 we must have \$55,000,000 more, or \$110,000,000 more, immediately, as authorized by this bill. If so, then there may be excuse for this haste. If not so, then there is no excuse for it.

This bullion is slumbering in the Treasury and it can slumber there until we can get some comprehensive and sensible method of dealing with it, or at least until we can amend the pending bill. I am ready to deal with it now, if need be. I have never believed that any portion of the bullion would be sold. I do not believe that it would be wise policy on the part

of the Government at any period to sell this bullion or any part of it. Therefore, it must be coined sooner or later, and I am in favor of coining it under favorable conditions and with proper limitations as respects the currency flowing from it. I was willing that it might lie there for a time until we could see whether there could be some international or other arrangement as respects the ratio at which it should be coined, etc., because without going into the question of ratio (and I do not intend to do so) I have the belief that when silver is restored to its original position as part of the world's money in full use, as I believe it will be restored at no remote period, the ratio will not be our ratio of 16 to 1, but it will be the ratio of the world's silver practically, 15 $\frac{1}{2}$ to 1.

I believe that if this was to come in the near future, inasmuch as we have \$153,000,000 of this money out in the form of Treasury notes representing the bullion, we could well afford to lie still for a brief period, at least as respects the settlement of the coinage as a measure, and we need not at this moment fret ourselves about it. But here comes, I may say thrown upon us, a position where we can not even amend the bill, where we can not, with all its defects, cross a "t" or dot an "i" in it under our rules, with no necessity for its passage at this moment without consideration as respects its amendment, if at all, unless Senators will say that our Treasury is bankrupt, which they can not say.

Mr. MITCHELL of Oregon. May I ask the Senator from Iowa one question before he sits down?

Mr. ALLISON. Certainly.

Mr. MITCHELL of Oregon. The Senator from Iowa, I presume, rests his argument that the bill authorizes a double issue, or twice \$55,000,000, upon the use of the word "excess" in the first line of the proviso to the first section. Does not the Senator believe that a court in construing the bill, taking into consideration not merely the literal words of the proviso, but the whole scope and purpose of the bill, as apparent on the face of the bill itself, the purpose being simply to transfer from bullion into coin the seigniorage, in the first place, and issue certificates on that, and, secondly, as rapidly as possible, transfer the remaining bullion into coin and issue certificates, replacing the legal-tender Treasury notes issued under the Sherman law by certificates, looking at the law in that light, having evidently these purposes and none other, would not any court construe the word "excess" there to mean certificates? In other words, would not the court, taking into consideration the whole bill from beginning to end, hold that that proviso should be read "that said certificates shall not exceed the amount of the seigniorage as herein authorized to be coined."

Mr. ALLISON. Manifestly not, Mr. President. The truth is that the Senator from Oregon gathers the meaning of the bill from his own intellect and not from the bill itself. There are three purposes in the bill. One is to issue \$55,000,000 upon the seigniorage, so called; another is to issue \$55,000,000 without anything added to it, and another is to coin the remaining bullion and withdraw Treasury notes and issue silver certificates instead.

Mr. MITCHELL of Oregon. I admit the literal meaning. I admit that if you follow the letter it means what the Senator says, but I do not think any court would give it that construction.

Mr. ALLISON. Let me read the language so that there will be no mistake about it. What is the provision of the bill?

And such coin—

That is, all this coin—
or the silver certificates issued thereon, shall be used in the payment of public expenditures—

Is not that clear? Is not that purpose apparent? Now, what next?

and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage.

I want to ask the Senator from Oregon, who is a good lawyer, familiar with the construction of statutes, if the phrase that I have read exhausts itself when this \$55,000,000 of silver is coined? Is there not a living, positive provision here after every dollar of that money is coined? I leave that to any lawyer to decide for himself.

Mr. HOAR. I should like to ask the Senator from Iowa a question.

Mr. ALLISON. Certainly.

Mr. HOAR. I understood the Senator's argument to be that the \$55,000,000, whatever the amount may be, is to be duplicated, and that for the last half of that duplicate in amount there is no obligation for redemption of any sort.

Mr. ALLISON. No obligation other than that redemption which will come from its receipt for public dues and public payments, because they are to be silver certificates without coin in the Treasury as the law requires.

Mr. HOAR. What I want to understand is whether the phrase "silver certificates," in this proposed legislation, does not derive its meaning and the obligation which it imposes upon the Government from the act to which it is an addition, and therefore, when the act of 1890 has declared that the Treasury notes, which are in fact silver certificates, shall be redeemed in gold, or silver, at the discretion of the Secretary of the Treasury, although there may be no silver deposited for this particular issue, does not the obligation still rest upon the Department?

Mr. ALLISON. By no means, because Treasury notes are contemplated and provided for in the original act of 1890. These issues proposed are silver certificates, and therefore they have no means of redemption, unless there is silver behind them in contemplation of law.

Mr. HOAR. Are not silver certificates provided in the law of 1890?

Mr. ALDRICH. They are not silver certificates; they are Treasury notes.

Mr. ALLISON. They are a different kind of notes. I repeat, the provision which I have read is a substantive provision—after every dollar of this money has been coined—and there can be no doubt as to the effect. Therefore, the proviso at the end of the section is a limitation upon the last clause, and not a limitation upon anything else.

Mr. President, I do not share with the view expressed by the Senator from Wisconsin and others in this debate as respects our ability to maintain specie payments upon our present standard of money; and a word upon that point at this time. I regard our ability to maintain at par all our currency as resting upon the total amount of gold coin in our country as well as in the Treasury, and that ability will not be seriously disturbed except by means of the balance of trade running against us, requiring large exportations of our gold. We have here a Treasury statement (already alluded to by the Senator from Wisconsin) of the situation as respects our currency and our metallic money on the 1st day of March. It is shown that in round numbers we had in the United States on the 1st day of March, 1894, \$527,000,000—I only speak in round numbers—of gold coin, of which there was in the Treasury on the 1st day of March, as stated by the Senator from Wisconsin, \$107,000,000.

Mr. PLATT. Over and above that held for gold certificates.

Mr. ALLISON. Over and above that held for gold certificates; whilst on the 1st day of February, although there was as much money in the country practically as there was on the 1st day of March, there was in the Treasury at that date only about \$68,000,000 available in the same connection. In other words, during the month of February the Secretary of the Treasury made a negotiation of \$50,000,000 which yielded to the Treasury \$58,000,000 of gold in a single month, without increasing the total coin of the United States apparently, and without disturbing the financial situation in our country. That is to say, there was this change of, in round numbers, \$50,000,000 from circulation into the vaults of the Treasury without any apparent disturbance in our financial situation.

Now, what does that show? It shows that we are strong as respects our gold. We hold to-day, as shown by this statement, one-sixth of the gold money of the world, although we have less than one-eighteenth of the population. Therefore there is no danger, under existing conditions, as I believe, to our paper money, as respects its depreciation in its existing volume, unless that danger shall come by means of an adverse balance of trade; and, being interested as the Senator from Wisconsin seems to be interested strongly in behalf of maintaining existing conditions in this regard, I would discourage for myself any change of our statutes, whether they be tariff statutes, or otherwise, which would endanger this balance of trade, and which will compel us to export gold in addition to what we export of other things to meet an adverse balance of trade.

The fact that we are making, or proposing to make, radical changes in our tariff laws, may and probably will precipitate this adverse balance.

The danger as respects our gold payments lies not in any little incident as respects our circulation, although I believe they will be endangered by this bill unless it is amended in material respects. I believe it would be a direct blow at the stability of our currency to pass the bill without amendment, but with amendments such as I have suggested I do not believe it would have that serious effect.

But this manipulation of the Secretary of the Treasury in the month of February discloses another thing, and that is that we do not at this moment need additional currency in the United States—I mean for circulation. The Senator from Colorado [Mr. WOLCOTT] takes my statement literally. In other words, we have a sufficient circulation in the United States for our present business. The amount of business in our country has dwindled one-third in the last year.

Mr. TELLER. Why?

Mr. ALLISON. It has dwindled because of a variety of reasons which I shall not undertake at 5 o'clock to go into. It has arisen from a variety of causes, which we will have enough time to debate and in which I do not greatly disagree with the Senator from Colorado as respects one of them, the degradation of our silver as money. Here are \$11,000,000,000 less exchanges in the eleven months last past than in the eleven prior months. Now, it can not be that we must have as much currency to carry on two-thirds of the business of our country as we required a year ago to carry on the whole of it. I only allude to this for the purpose of stating that for the single purpose of the enlargement of the currency of our country there is no pressing necessity for such a measure as this, because our currency, as compared with what it was a year ago, is one-third more as respects the amount of business transacted.

Mr. STEWART. Does the Senator believe that if the currency of the country is reduced business should be reduced to correspond with the currency? Would he make the currency fit the business?

Mr. ALLISON. The Senator asks me that question, knowing perfectly well that I do not wish to do either. The existing distress in our country does not arise wholly from any one cause, but it arises from a variety of causes. That distress began in 1893, and it continues to this hour, and no panacea that he or I could offer will restore it within the next two years.

Mr. STEWART. It can be restored in three months.

Mr. GEORGE. And no part of the distress comes from a deficiency in the amount of the currency? Is that the Senator's position?

Mr. ALLISON. I am speaking of the volume of paper money in the United States. I am not speaking of that great and large question of the money of the world, or of the destruction of the silver and the attempted destruction of one-half of the money of the world. I know perfectly well, and believe, and have often stated on this floor, that, if you strike down one-half of the metallic money of the world you must in the nature of things reduce prices to a corresponding extent. But I am speaking of the paper money that we have for local circulation in the United States as having been regarded as sufficient two years ago, and if our currency then was sufficient for business needs, certainly it is sufficient now when we have only two-thirds of the volume of business we had then.

Mr. GEORGE. I understood the Senator to say that we had a third less currency now than we had a year ago, and that we had enough then to carry on the business of the country?

Mr. STEWART. There is one-third less business now.

Mr. ALLISON. We have largely increased our currency in the last year and the volume of business has largely diminished.

Mr. GEORGE. I understood the Senator to say that there was no need for an increase of the currency.

Mr. ALLISON. The Senator does understand me to say that merely for the purpose of securing circulating money to carry on the existing business in the United States there is no pressing necessity for this measure. Why? Because our business is one-third less than it was a year ago, and we have nearly \$100,000,000 more money in circulation now than we had a year ago. That is all I mean to say.

Mr. GEORGE. Then the opinion of the Senator is that the volume of money in the United States is amply sufficient for the business of the country?

Mr. ALLISON. By no means. I mean to say that the things which have disturbed us in the past, and which are disturbing us now, are the impediments which have been and are put in the pathway of the business of the country, and are causing the distress, and not a present lack of currency. What I mean to say is that no little additional amount of paper money will restore business in our country to its normal status, that it needs severer medicine, I will say to the Senator, than the homeopathic dose which is proposed in this bill in the hope that it may in some degree alleviate our situation.

Mr. STEWART. What severer medicine would the Senator recommend?

Mr. GEORGE. Then, the proposition of the Senator from Iowa is that the addition proposed by this bill is so small that it will not do any good; that we need a larger addition. Is that the idea?

Mr. ALLISON. No, sir, that is not my position at all. I will say to Senators now that they can not get me into that debate—and I have especially avoided the debate—of the larger question about silver and gold, and the large question of disturbing our industries and labor by tariff changes. I believe in the restoration of silver, as does the Senator from Mississippi. I believe in so restoring it as that its restoration will be permanent. I believe in an ample and proper supply of money for our own country. If we had a prosperous business situation, as we should

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have, if we were enabled to secure work for all our people at fair wages, that would bring a demand for additional currency, but that demand is not to-day or to-morrow or next week under the depressing conditions of to-day, which will be more depressing as the days and the weeks go by. Having pointed out the imperfections of this bill, and only some of them, which I regard as serious objections to its passage, I have made the motion to reconsider in order that proper amendments may be proposed and considered by the Senate, and if such opportunity is not given, I can not give the bill the sanction of my vote.

For convenience of reference, I append a copy of the bill to my remarks:

Be it enacted, etc., That the Secretary of the Treasury shall immediately cause to be coined as fast as possible the silver bullion held in the Treasury, purchased under the act of July 14, 1890, entitled, "An act directing the purchase of silver bullion and the issuing of Treasury notes thereon, and for

other purposes," to the amount of the gain or seigniorage of such bullion, to wit: The sum of \$55,156,681, and such coin or the silver certificates issued thereon shall be used in the payment of public expenditures, and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage: *Provided*, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined.

SEC. 2. After the coinage provided for in the first section of this act, the remainder of the silver bullion purchased in pursuance of said act of July 14, 1890, shall be coined into legal-tender standard silver dollars as fast as possible, and the coin shall be held in the Treasury for the redemption of the Treasury notes issued in the purchase of said bullion. That as fast as the bullion shall be coined for the redemption of said notes the notes shall not be reissued, but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury, derived from the coinage herein provided for, and silver certificates shall be issued on such coin in the manner now provided by law: *Provided*, That this act shall not be construed to change existing law relating to the legal-tender character or mode of redemption of the Treasury notes issued under said act of July 14, 1890.

SEC. 3. That a sufficient sum of money is hereby appropriated to carry into effect the provisions of this act.

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