

ISSUE AND SALE OF BONDS.

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SPEECH

OF

HON. ARTHUR P. GORMAN,  
OF MARYLAND,

IN THE

SENATE OF THE UNITED STATES,

WEDNESDAY, JANUARY 31, 1894.

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WASHINGTON.  
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The Senate having under consideration the resolution submitted by Mr. STEWART in reference to the issue and sale of bonds by the Secretary of the Treasury—

Mr. GORMAN said:

Mr. PRESIDENT: I do not intend to enter into the general question involved in the resolution offered by the Senator from Nevada as to the right of the Secretary of the Treasury to issue and dispose of the bonds and apply the proceeds, as has been done in the past, to the general expenditures of the Treasury. Under the peculiar conditions in which we find ourselves I think it is unwise and impolitic to raise that question at this time. The right of the Secretary of the Treasury under the act of 1875 to issue any number of bonds that, in the exercise of his discretion, he may think necessary for the purposes provided for in that act, nobody, I think, in either House will question.

That there is a necessity at this time for prompt relief for the Treasury is undeniable. I had believed that the Secretary of the Treasury was not authorized to sell bonds and apply the proceeds to any other purpose than that provided for in the act of 1875. I had supposed until a year and a half ago that that question was disposed of; that is, that there would be no occasion and no attempt to reimburse the Treasury by the sale of bonds.

Mr. President, in this discussion the Senator from Ohio [Mr. SHERMAN], whom we all regard highly, and whose views have been accepted by the country in the past as being those of an authority upon financial questions, has stepped beyond the question raised by the resolution of the Senator from Nevada. He does not, it is true, say that the Secretary of the Treasury can apply the proceeds of the bonds to any other purpose except that provided for in the act of 1875. He patriotically stands upon this floor and announces his readiness to support the present Administration, the President and the Secretary of the Treasury, in the proposition to sell bonds. He is amazed and

astonished that no gentleman on this side of the Chamber has risen to the defense of the action of the executive branch of the Government. He says, as I would say, and as every Senator on this floor would say, that if it was a question of maintaining the honor and integrity of the Government, although there might be question as to the power of the Secretary of the Treasury to issue the bonds, we would all stand by him, and Congress would ratify the act, if it became necessary, as it has done in cases in the past, where the life of the nation and the honor and the credit of the Government were at stake.

But the Senator from Ohio dropped his patriotism and sought to make the impression upon the Senate and upon the country that the necessity for this act of the Secretary of the Treasury, which he indorses in full, is due to the attitude which the Democratic party occupies upon the question of the revenue laws, the reform of which is now being considered. I will not do the Senator from Ohio any injustice, but will read his exact statement.

[At this point the honorable Senator was interrupted by the expiration of the morning hour, and unanimous consent was given that he might proceed.]

Mr. HOAR. I desire to put a question to the honorable Senator from Maryland, as he has been interrupted, which he will answer at such time in his remarks as he sees fit.

Why is there not introduced on his side of the Chamber, what could be drawn up in three minutes, a joint resolution or a measure giving the proper authority to the Secretary of the Treasury, and have our patriotism tested by that? I think he would be gratified by the result of the vote on this side of the Chamber. Instead of leaving this unconstitutional and illegal method go on, as I think it is, and as the Senator from Maryland may agree, it is—he has certainly expressed an opinion that it is a doubtful question, at least—why not have Congress at once take its responsibility and do its duty? We will all stand by it.

Mr. GORMAN. As I proceed I hope to touch upon the question propounded by the honorable Senator from Massachusetts.

I was proceeding, Mr. President, without the slightest intention of doing the honorable Senator from Ohio any injustice, to call attention to the very extraordinary statement in his speech of yesterday; giving him (I see him in the Chamber now) full credit for his expressed desire to stand by the Administration and uphold them in the action they have taken, yet that distinguished Senator, while declaring on page 1627 of the RECORD of yesterday's proceedings, that "it is plainly manifest by the law that this money was set aside for the purpose aforesaid," that is by the act of 1875, proceeded to say:

What was that purpose? To enable the Secretary of the Treasury to retire the notes when they were presented. That is the only purpose declared in the act, and the act expressly provides that the money shall be applied to these purposes. That itself ought to be sufficient to create a special fund. It is not necessary to segregate a particular fund from the great mass in the Treasury.

The Senator from Ohio, therefore, agrees with all the declarations that were made in the debate upon this floor when the measure was originally considered—those made by the late distinguished Senator from Delaware, Mr. Bayard, and the Sen-

ator from Iowa [Mr. ALLISON], as well as those made by the Senator from Ohio himself.

When the proviso to the twelfth section of the act of 1882 was being considered in this Chamber, which provided that the minimum amount to be held as a reserve fund should be \$100,000,000, the honorable Senator from Iowa said:

Mr. ALLISON. As to the suggestion made by the Senator from Delaware that we ought to increase the sum beyond \$100,000,000, I think the Senator, after a little reflection, will see that it is wholly unnecessary. In the first place, the total of our greenback circulation is \$346,000,000, less the amounts that have been destroyed inevitably from 1862 to 1882, covering a period of twenty years. I venture the prediction to-day that there is not in circulation—and by circulation I mean not only what passes from hand to hand among the people, but include the reserves of national banks—much above \$300,000,000 of greenback notes; certainly not to exceed \$320,000,000. So that there is an ample reserve in this \$100,000,000 for that purpose. The law of 1875 authorized the Secretary of the Treasury to dispose of bonds in his discretion to create this reserve fund, and under that act the Secretary of the Treasury did dispose of \$95,000,000. Am I correct in that?

Mr. SHERMAN. Yes, sir.

Mr. ALLISON. That, with the surplus in the Treasury, under the law of 1875, constitutes the reserve fund, whatever it may be. So that beyond the \$95,000,000 there is a variable fund. If there is a surplus beyond that of \$50,000,000, then that is the reserve fund. Thus far there has been no absolute definition of what the reserve fund shall amount to.

Mr. BAYARD. But it can not be too emphatically stated and repeated that that gold was bought with bonds of the United States for one purpose, and one purpose only. It was to procure and to maintain resumption; and if it be used for anything else, it is a perversion of the fund and a breach of the trust.

Mr. ALLISON. The Senator from Delaware and myself do not differ in that regard. He does not need to impress it upon me that that is a reserve fund. I believe it is as sacred a fund as he believes it is. But the amendment of the Senator from Rhode Island adds nearly \$5,000,000 to that reserve fund. The amount of bonds sold for the purpose of securing this fund was only \$95,000,000, and now this amendment proposes to add \$5,000,000 to that, so that the sacred fund of which the Senator from Delaware speaks is made more sacred by the amendment suggested by the Senator from Rhode Island, because he adds \$5,000,000.

But, Mr. President, early in 1892 public attention was brought to the fact that there was no reserve fund set aside, either in cash or on the books of the Treasury, and that all the proceeds from the sale of bonds for redemption purposes were merged in the general cash; therefore, when Secretary Carlisle, on January 1, found his cash balances approaching the danger line, he proposed the sale of fifty millions of bonds.

Mr. President, I understand that there is no desire or attempt to conceal the purpose of the proposed loan. The proceeds of the sale of the bonds will go into the general fund of the Treasury, to be used, as they have been in the past and are now being used, to redeem the Government notes and provide for current expenses.

Mr. SHERMAN. The Senator from Maryland is certainly mistaken. That fund has never been reduced below \$100,000,000, as fixed by the law of 1882. It has never been reduced one dollar, or if it had been it would have been arrested at any moment. It was never done until the present Administration came into power. I do not wish to interrupt the Senator from Maryland, but let me say that if the Democratic party or the present Administration, which has now the control of all the departments of the Government, should bring to us a bill providing a proper way to meet the deficiencies in the revenue under the existing circumstances, we would consider it as a matter of course. In what

I said yesterday I expressly stated that I did not care to enter into the question how to raise money to meet the deficiencies in the current receipts; and what I say now is that the fund which has been set apart has been invaded for the first time. It was incumbent upon the administration of the Government both in Congress and in the executive branch to bring some measure forward to meet that deficiency, and I should be very willing to consider it favorably if I could do so.

Mr. GORMAN. Mr. President, I regret exceedingly that the distinguished Senator from Ohio has practically repeated to-day his statement of yesterday. What was that statement? What did the Senator from Ohio mean to convey to the Senate and to the country? That this issue of bonds which he indorses, and which he upholds the Administration for issuing, is because of, and is rendered necessary by, the action of the Democratic party, which proposes to remodel the revenue laws. That is the plain English of his statement. I ask the Senator to correct me if I have misstated his position. I understood him to charge distinctly that the present deficiency and necessity for the sale of bonds would not have been created but for the assault, as he terms it, of the Democratic party upon the revenue laws. He intended, if I mistake him not, to convey the idea that, if the country had been controlled by his party under the McKinley law and the rest of the revenue laws that are upon the statute book, this sale of bonds would not have been necessary.

I quote from the honorable Senator's speech, found on page 1628 of the RECORD of January 30, and that I may do the Senator no injustice, I use his own language. After showing the depleted condition of the Treasury, he said:

Now, sir, it is threatened by what? By a want of confidence, by a fear that we may not be able to maintain it. Sir, the responsibility for this, whatever it is, does not rest with the party to which I belong. I do not wish to mention this at all in an invidious way. The Democratic party, now in power in all branches of the Government, believe that some different form of tariff law, some readjustment or change in the manner of levying duties on imported goods, is a wise public policy. They therefore seek to break down the law that stands, which, whatever else may be said of it, at least furnished up until the 1st of July last enough money to carry on the operations of the Government.

Mr. SHERMAN. I do believe, and I say it now upon reflection, that had it not been for the threat of the Democratic party in its platform, not quite two years ago, to disturb the revenue laws, and had it not been for the success of that party, which threatened to reduce the income of the Government, this day the McKinley act would have furnished ample means for the support of the Government, and if the revenue had fallen short one dollar of the amount necessary to meet the expenditures, the Republican party would have affirmed it at once, and performed its duty by providing means to carry on the operations of the Government. What I complain of in our friends on the other side is that they do not meet the responsibilities that are cast upon them by the people of the United States.

Mr. GORMAN. Very good. That is the broad statement made by the Senator from Ohio. It was made, as I said, after he had gotten through with that portion of his statement which was entirely patriotic, in which he informed the Senate that he

was ready to stand forth as a champion of the present Administration upon the right of the Treasury to issue bonds.

Not only was he ready to do that, but he proclaimed to the country that he was the one who would march out and fight its battles, and he wondered that no Senator on this side of the Chamber had raised his voice in defense of the Secretary of the Treasury. I listened to that part of the Senator's speech with pride and pleasure, but when he made the remainder of the statement, which he now repeats, I saw the partisan sinking the patriot and making a statement as to facts which I believe, and which I shall try to show, was not correct. The condition of the Treasury during the last year while the Republican party was in possession of it would not justify the statement which the Senator from Ohio has made.

Mr. President, is it true or is it not true that the McKinley law and other laws upon the statute book when this Congress assembled produced revenue enough to meet the expenditures? I maintain, sir, and I think I can show it, that the Democratic party, when it came into possession of this Government on the 4th of March last, came in to bear the burdens which the Senator from Ohio and his party had put upon the country. By their revenue laws and by their expenditures they had depleted the Treasury, and the revenues were not sufficient to meet the appropriations made by Congress!

The Senator from Ohio can not fail to remember that when his party had the Presidency of the United States, and the Senator from Ohio and Senators on the other side of the Chamber had the Finance Committee of this body under their control, it was notorious that the balances in the Treasury were not sufficient to meet the demands upon it. The Senator from Ohio knows as well as I do that but for the election going against his party in 1892 that party would have been compelled to ask a loan or an increase of taxes. The Senator from Ohio knows as well as I do that when the election went adverse to his party the then Republican Secretary of the Treasury came frankly—and it is no secret—and said to members on both sides of the Chamber: "The revenue laws of the United States have not produced money enough to meet the expenditures; you must come to my relief; you must come to the relief of the Treasury. I have not made any official recommendation as to the particular way in which the relief shall come, but come it must."

Under the lead of the distinguished Senator from Ohio, in the short session at the close of Mr. Harrison's Administration, the Committee on Finance reported a provision for the sale of \$50,000,000 of bonds. *For what purpose? The Senator from Ohio says that the sale of those bonds, which he and I voted for at that time, and under a Republican Administration, was simply to keep up the reserve fund. To-day he says that that reserve fund was complete and perfect at that time. If so, the Senator misled the country, misled the Senate, and misled us on this side, and the Secretary of the Treasury deliberately misled us, unless he intended at that time, as the present Secretary does, that the proceeds of the sales of the bonds should be merged into the Treasury to relieve it from distress. He had not money enough in the Treasury on the 4th of March, when this Administration came into power—I mean good money—to meet*

the ordinary demands. A balance, it is true, appeared upon the books, but it appeared in fractional currency, which could not be used, and a national-bank-note redemption fund, which was a charge upon the Treasury.

Mr. President, what are the facts? What are the figures? I will give them to the Senator from Ohio from the books of the Treasury. During the fiscal years 1886, 1887, 1888, and 1889—that was during the former Administration of Mr. Cleveland—the excess of revenue over expenditures during those four years was \$396,530,040.47. The excess of revenues over expenditures for 1890, 1891, 1892, and 1893 was one hundred and twenty-four million, one hundred and thirty-three thousand and odd dollars, showing that in the four years before Mr. Harrison came into power, and before the passage of the McKinley act, there was \$272,000,000 more of revenue than expenditure. It ran down steadily during the four years of President Harrison's Administration.

*Excess of revenues over expenditures.*

1886.....	\$93,956,588.56	1890.....	\$35,040,271.97
1887.....	103,471,097.69	1891.....	26,838,541.96
1888.....	111,341,273.63	1892.....	9,914,453.66
1889.....	87,761,080.59	1893.....	2,340,674.29
Total.....	396,530,040.47	Total.....	124,133,941.88

Excess of revenues of 1886 to 1889, both inclusive, over period from 1890 to 1893, both inclusive, \$272,396,098.59. What made this shortage? A decrease of revenue under laws passed by the party of which the distinguished Senator from Ohio is the leader and the champion upon this floor.

What further embarrassed the Treasury? No threat of the Democratic party, Mr. President, as to a change of the revenue laws. The Treasury was further embarrassed, impoverished, and made almost bankrupt by the appropriations which were made during the term when the Senator from Ohio and his party had full possession of the Government in all of its branches—the Presidency, the House of Representatives, and the Senate.

I say to Senators on the other side, while your laws which are now upon the statute books reduced revenue, what did you do in the way of expenditures? During the fiscal years 1886, 1887, 1888, and 1889 there was paid out of the Treasury \$1,077,629,097.85. During the four years of Mr. Harrison's Administration, with a diminished revenue, the actual expenditures were \$1,412,315,901.08, making the excess of your payments during those four years, as compared with the four years from 1886 to 1889, \$334,686,803.23.

Year.	Total expenditures, including premiums.	Year.	Total expenditures, including premiums.
1886.....	242,483,133.50	1890.....	\$318,040,710.66
1887.....	267,932,179.97	1891.....	365,773,905.35
1888.....	267,924,801.13	1892.....	345,023,330.58
1889.....	299,288,978.25	1893.....	383,477,954.49
	1,077,629,097.85		1,412,315,901.08

Excess of expenditures 1890, 1891, 1892, 1893 over 1886, 1887, 1888, 1889, \$334,686,803.23.

It is thus that the Treasury was brought to the verge of bankruptcy. It was seriously embarrassed before the Republican party went out of power. It was no threat of a change of revenue laws which produced this condition of affairs in that great Department of the Government.

Mr. HALE. Will the Senator allow me to interrupt him for a moment?

Mr. GORMAN. With pleasure.

Mr. HALE. Does the Senator mean to convey the impression or to make the statement that during the entire Administration of Gen. Harrison as President the Republican party was in possession of all branches of the Government? Does he not call to mind that in President Harrison's Administration the House of Representatives, which is the appropriating power, which originates every appropriation bill, exceeded in its appropriations by some \$15,000,000 the appropriations made during the previous two years by a Republican House? If that be true, what becomes of the Senator's statement and arraignment that the Republican party is responsible for the large expenditures during President Harrison's Administration?

Mr. GORMAN. I shall answer the Senator from Maine with great pleasure. During the first two years of President Harrison's Administration the Senator's party had full and complete possession of every branch of the Government. That was the Fifty-first Congress. During that Congress the Republican party passed the McKinley act, which resulted in a reduction of the revenues of the Government.

Mr. ALDRICH. And so intended.

Mr. SHERMAN. And so intended. It was intended to largely reduce the revenues.

Mr. GORMAN. "And so intended," the Senator from Ohio says; and yet, during that very Congress, when there was no place for the discussion of public affairs, except upon the floor of the Senate, where bills could be considered or where there was freedom of speech, with a tyrannical majority such as had never been seen in this country (unless during a short time at the beginning of the rebellion) the Republican party placed upon the statute books not only revenue laws, but made appropriations, *continuous in their character, which could not be repealed and have not been repealed up to this hour*, which made it impossible during the last Congress for the Democratic House of Representatives to reduce expenditures. The Senator from Maine is too manly an opponent not to take the responsibility for the action of his party, particularly as we on this side are charged to-day by the Senator from Ohio with being responsible for this condition of affairs which the Republican party produced.

Mr. HALE. As the Senator has reiterated the statement which he made before in debate—that the increased expenditures by the Democratic House of Representatives over those made by its predecessor, which was Republican, was owing to continuous appropriations which had been made by the Republican House—I want him, before he sits down, to particularize and tell the Senate and the country, which will listen to him,

what the appropriations were and what was their extent, because it is a fact that that was the only answer which our Democratic friends could make when we showed that they beat the billion-dollar Congress in their own appropriations. That feature entered very little into, and is of the least account in, the appropriations which were made by the Democratic House of Representatives. It does not figure really as a significant part of the calculation.

Mr. GORMAN. Mr. President, I am not going into the details of the acts of the Fifty-first Congress to-day. The Senator and I will not disagree when it comes to figures. I have served with him too long on the Appropriations Committee, and have seen too much of him on this floor not to know that he is a manly and candid opponent; and I am amazed at his intimation even of a desire to escape from responsibility during the time when his party had control of the Government. It belongs to them; they can not escape it before the country; nor shall we escape the responsibility now that we have control.

I grant to the Senator from Maine that there have been increased expenditures of the Government, growing from year to year, and that will be so in respect to certain of the usual expenditures of the Government. The increase of the Navy, the maintenance of the Army, will go on under any Administration. The pension list looks now as if it had almost reached the maximum of expenditure per annum; but it has grown, and it has grown under legislation for which we were not responsible. There can be no repeal of that legislation. No Senator, I take it, on this side of the Chamber, however intense his feelings on this subject may be, will disturb the pension list, now that you have fixed it. We can not change the contracts which have been made for the improvement of rivers and harbors; we can not change the contracts made for the immense amount of steel needed for the construction of our Navy and for the guns with which to mount ships. All those contracts were made previously to and continued during the last Congress, and I take it they will be continued during the present Congress.

Mr. President, this is not a new statement for me to make in the Senate. In the discussion of the naval appropriation bill during the last Congress and before the Presidential election, when I joined the Senator from Maine in voting for a proper provision for the construction of the Navy, I then stated that the great bulk of the appropriation of \$500,000,000 for the year could not be reduced; that it was impossible to reduce it, and I do not believe now, with the legislation enacted by the Republican party, that we can make much of a reduction at this session of Congress: perhaps we may make some, but not a great deal. The Republican party has, wisely or unwisely, fixed the great expenditures, which can not be touched now. As I said a moment ago, the first is the pension list of \$150,000,000 or \$160,000,000.

But I come back to the Senator from Ohio, who charges the Democratic party with being responsible for this depleted condition of the Treasury, and I show to him that the revenue laws passed by a Republican Congress did not produce a sufficient amount to maintain the Government while that party had pos-

session of it. *That party left the Treasury bankrupt for us when we came into power, and this is no time for them to twit the Democratic party with being responsible for a condition of affairs which their party has brought about.*

Mr. SHERMAN. Mr. President, if the Senator will pardon me, I will say to him that I will prove by the official figures, furnished me from the Treasury Department within a few days, that during the whole existence of the Republican Administration the McKinley law produced not only enough to carry on the operations of the Government, but more than enough; for the revenues under the McKinley law were increasing day by day, and would have been ample but for the unfortunate condition produced by the change of the Administration and by the threatened policy of the Democratic party.

Mr. GORMAN. The Senator, of course, sticks to his text. I am ready to answer that, for I have a statement made by the Treasury Department from the books of that Department, showing the receipts, including everything which came from the McKinley law, all the miscellaneous receipts of the Government from every source, and the expenditures and appropriations during the past three years. Let me see how the Senator will answer it.

The revenue from all sources for the years ending June 30, 1891, 1892, and 1893, when the Republican party was in power, was in 1891, \$392,612,447.31; in 1892, \$354,937,784.24; and in 1893, \$385,818,628.78, making the total receipts into the Treasury from all sources for those three years \$1,133,368,860.33.

The expenditures, the actual payments out of the Treasury, the money which went out for all purposes during those same years, were \$1,094,275,190.42, which would give you a considerable balance.

Mr. President, what did Congress do? Congress made during those three years appropriations, including the sinking fund, of \$1,496,257,741.68, showing that the Republican party appropriated while it had control of the Government, for all the purposes for which Congress has legislated, including the sinking fund, more money than the revenue by \$362,923,881.35.

Mr. ALDRICH. Will the Senator allow me to ask him why he includes the sinking fund?

Mr. GORMAN. I include the sinking fund because it is by law charged against any revenue of the Treasury. It amounts to about \$49,000,000 per annum. Let me say to the Senator from Rhode Island, that his party was compelled, because of the stress of the Treasury during President Harrison's term, to let that fund fall short \$53,302,369.08.

Mr. ALDRICH. Will the Senator allow me to ask him another question?

Mr. GORMAN. With pleasure.

Mr. ALDRICH. I ask if it is the purpose of the party for whom the Senator speaks to provide revenue for the present and the future which will not only meet the current expenses of the Government but the sinking fund besides?

Mr. GORMAN. The Senator from Rhode Island wants to draw me off to the discussion of another matter. I am now answering the Senator from Ohio, but I will say to the Senator

from Rhode Island that I can not conceive that there would be insanity enough in any party in this country which had control of the Government to deliberately enact laws which would not produce revenue enough for the support of the Government and resort to the sale of bonds to make up the deficit; but I say to the Senator from Rhode Island that that is exactly what his party did. I do not charge it with having done it deliberately, but I say that Republican legislation produced that very result, and hence the action of the Secretary of the Treasury to-day in issuing bonds.

*Mr. President, if the Congress, when the Republican party had possession of the Government, disposed of three hundred and odd million dollars more than the receipts, and left upon the statute books provisions of law which required the Secretary of the Treasury to go on and complete great public works, the erection of buildings, the improvement of rivers and harbors, and the construction of the Navy—which is the exact fact to-day—it does not lie in the mouth of the Senator from Ohio to charge the Secretary of the Treasury or his party with being derelict in duty when they attempt to maintain the credit of the Government!*

The Senator from Ohio, as I have before stated, came into the Senate with a proposition authorizing the issue of \$50,000,000 of bonds before the Republican Administration expired. Why did he do it? He did it because he knew that there was not sufficient money in the Treasury to meet its liabilities.

Mr. SHERMAN. Will the Senator allow me?

Mr. GORMAN. With pleasure.

Mr. SHERMAN. I must correct the Senator. The proposition that I introduced had nothing to do with the question of the sufficiency of the revenue; it was only with the question of the funds to maintain resumption, and here it is ingrafted into the law, ingrafted into the bill reported to the Senate. The money provided by this act could only be used according to its express provisions—

*To the extent necessary to carry said resumption-act into full effect, and to use the proceeds thereof for the purposes provided in said act and none other.*

That is what it was.

Mr. GORMAN. The proposition as it first came from the Senator from Ohio did not have the words "and none other" in it. As I remember, the distinguished Senator from Tennessee [Mr. HARRIS] suggested that the words "and none other" should be added to that clause.

Mr. SHERMAN. I see in the amendment reported from the Committee on Finance the words "and none other." I do not know but what those words were proposed in committee. Perhaps the Senator from Maryland is right about that.

Mr. VOORHEES. My recollection is very distinct that the words "and none other" were not in the original bill proposed by the Senator from Ohio.

Mr. SHERMAN. It is printed in italics as an amendment reported from the Committee on Finance, and not in the bill as originally introduced by me.

Mr. GORMAN. I shall not quibble about the small matter as to what was the exact provision of the law. Be that as it may.

*But why did the Senator from Ohio come here with a proposition to issue \$50,000,000 of bonds? Why was it? He knows as well as I do that it was because the then Secretary of the Treasury, Mr. Foster, proclaimed to everybody—it was not a secret—that the Treasury was in distress, and that it was impossible for him to maintain the reserve fund and pay current demands unless he was given that right. He had doubt as to his power of issuing bonds under the act of 1875. He further had doubt, as everybody had, of the propriety of issuing a bond for a long term and bearing a high rate of interest when Congress could authorize a bond of short term and at a lower rate of interest.*

If anyone will look back to the debate, which will be found in the CONGRESSIONAL RECORD, at page 2336, of the 1st day of March, 1893, it will be seen that the Senator from Ohio, in answer to a question propounded by me, distinctly stated that his object in offering the proposition as an amendment to the appropriation bill was that there might be no doubt as to the power of the Secretary of the Treasury to issue these bonds, and that it was preferable to have a 3 per cent, rather than a 4 or 5 per cent bond. That was and is a better method than to sell a long bond at a higher rate of interest, getting a large premium, as is now attempted. The Senator from Ohio and all of us know, however, that it was the distress of the Treasury which induced the Senate to place that proviso on the appropriation bill.

*I violate no confidence when I say, Mr. President, as I did at the time when we had this matter under discussion, that the then Secretary of the Treasury, going out of power with his party and our party coming in, sought me, believing that I had the means of communicating with the people who were coming into power, and said that the statements in the speech to which I have referred, which I had made on the floor of the Senate, were too true; that the Treasury was in a condition where it must have relief, and that it would not do to have any partisanship about it. The Secretary of the Treasury wanted to aid the coming Administration; he desired to issue bonds by the authority of Congress if he could get it, and without the authority of Congress if he could not get it. I understand the bonds were prepared, and in fact were ready to be issued, because the Secretary of the Treasury knew that the distress was pressing; and it was as great then as it is now.*

Mr. President, I ought to finish this statement by saying that when the Senate of the United States passed that provision, and it was stated in another place which deals with appropriation bills and other legislation that Mr. Carlisle, who was to be the Secretary of the Treasury, did not want the authority to issue 3 per cent bonds, I rose in my place in the Senate, as the RECORD will show, to relieve Mr. Foster of the statement that had been made in the public prints, that he alone desired this authority, and I stated, without fear of contradiction, that that provision had been agreed to, not only by Mr. Foster, but by the incoming Secretary of the Treasury, Mr. Carlisle, and that its defeat elsewhere and the attempt to hold Mr. Foster alone responsible for the desire to issue bonds was not justified by the facts and was a gross injustice to Mr. Foster and to the now chairman of the Committee on Finance [Mr. VOORHEES], as well as to the Sena-

tor from Ohio [Mr. SHERMAN], and all who supported the proposition.

I denounced it at the time, or rather I made the statement I did to relieve Mr. Foster, because it was due him. He knew the Treasury was in distress; he wanted it relieved before his political opponent took charge. He was patriotic enough to come to us and tell us of the inside condition, and give us what aid he could in relieving it. Now, the Senator from Ohio comes around and twits the Democratic party with being responsible for the condition of affairs which was produced by his party, and which we are to meet as best we can. But you can not escape the responsibility of your own acts.

Mr. VOORHEES. I want to add one fact in aid of the statement of the Senator from Maryland, which ought to be stated at this point. I had arranged to make a few remarks myself which would have embraced the statement which I now make.

Secretary Foster, a few days before the change of Administration, prior to the 4th day of last March, went before the Committee of Ways and Means of the House of Representatives, which was charged with an inquiry upon this subject, and there stated openly and to the world, though the statement is so soon forgotten, that there was \$50,000,000 more to be added to the revenues for the proper administration of the Treasury Department. He recognized that during the four years of Republican ascendancy in that body, from the Treasury having a surplus of over \$100,000,000, it had been reduced to a state of practical bankruptcy, and he made his statement in black and white before a committee of the Republican party of the other branch of Congress.

I am weary of this arraignment and I furnish this fact, although I had expected to use it myself at a later period in the discussion.

Mr. GORMAN. I am indebted to the Senator from Indiana for his statement.

Mr. President, I shall incorporate in my remarks the tables which I have prepared, showing the condition of the Treasury from July 1, 1884, to January 15, 1894, which I shall not weary the Senate by reading. The details are given in the tables showing the exact balances for each of the periods named.

The tables referred to are as follows:

*Condition of the Treasury from July 1, 1884, to January 15, 1894.*

Cash balance July 1, 1884 .....	\$161,396,577.18	
Receipts to March 1, 1885 .....	214,732,476.83	
		<u>\$376,129,054.01</u>
Ordinary expenditures, July 1, 1884, to March 1, 1885 .....	173,399,196.89	
Redemption of debt, July 1, 1884, to March 1, 1885 .....	44,681,704.64	
		<u>218,080,901.53</u>
Balance March 1, 1885 .....		<u>158,048,152.53</u>
Cash in Treasury as per Debt Statement .....		<u>159,356,506.41</u>

*Condition of the Treasury from July 1, 1884, to January 15, 1894—Continued.*

Cash balance, March 1, 1885 .....	\$159,856,506.41	
Receipts to July 1, 1885.....	109,840,743.88	\$268,697,250.29
Ordinary expenditures, March 1, 1885, to July 1, 1885.....	67,820,746.31	
Redemption of debt, March 1, 1885, to July 1, 1885.....	1,802,780.79	89,123,827.10
Balance July 1, 1885.....		179,573,723.19
Cash in Treasury as per Debt Statement.....		178,602,643.23
Cash balance July 1, 1885 .....	178,602,643.23	
Receipts fiscal year 1886.....	336,439,727.06	515,042,370.29
Ordinary expenditures fiscal year 1886 .....	242,483,138.50	
Redemption of debt fiscal year 1886 .....	44,543,993.36	287,027,131.86
Balance June 30, 1886 .....		228,015,238.43
Cash in Treasury as per Debt Statement.....		227,205,253.34
Cash balance July 1, 1886 .....	227,205,253.34	
Receipts fiscal year 1887.....	371,403,277.66	598,668,531.00
Ordinary expenses fiscal year 1887 .....	267,932,179.97	
Redemption of debt fiscal year 1887.....	127,918,468.15	395,850,648.12
Balance June 30, 1887 .....		202,817,882.88
Cash in Treasury as per Debt Statement .....		206,323,950.21
Cash balance July 1, 1887.....	206,323,950.21	
Receipts fiscal year 1888.....	379,266,074.76	585,590,024.97
Ordinary expenditures fiscal year 1888.....	267,924,801.13	
Redemption of debt fiscal year 1888.....	74,813,563.05	342,738,364.18
Balance June 30, 1888.....		242,851,660.79
Cash in Treasury as per Debt Statement.....		243,674,167.85
Cash balance July 1, 1888.....	243,674,167.85	
Receipts to March 1, 1889.....	255,210,423.38	498,884,591.23
Ordinary expenditures, July 1, 1888, to March 1, 1889.....	229,434,625.25	
Redemption of debt, July 1, 1888 to March 1, 1889.....	92,869,643.85	315,304,269.10
Balance March 1, 1889 .....		183,580,322.13
Cash in Treasury as per Debt Statement .....		183,827,190.29
Cash balance March 1, 1889.....	183,827,190.29	
Receipts to July 1, 1889.....	129,662,280.40	313,489,470.69
Ordinary expenditures, March 1, 1889, to July 1, 1889.....	77,265,088.00	
Redemption of debt, March 1, 1889, to July 1, 1889.....	28,389,794.50	105,654,882.50
Balance July 1, 1889 .....		207,834,588.19
Cash in Treasury as per Debt Statement.....		209,479,874.01

*Condition of the Treasury from July 1, 1884, to January 15, 1894*—Continued.

Cash balance, July 1, 1889 .....	\$209,479,874.01	
Receipts, fiscal year 1890 .....	403,080,982.63	8612,550,856.64
Ordinary expenditures, fiscal year 1890 .....	318,040,710.66	
Redemption of debt, fiscal year 1890 .....	104,642,149.50	
		<u>422,682,860.16</u>
Balance June 30, 1890 .....		189,877,996.48
Cash in Treasury, as per Debt Statement .....		<u>189,993,104.20</u>
Cash balance, July 1, 1890 .....	189,993,104.20	
Receipts, fiscal year 1891 .....	392,612,447.31	
National-bank fund deposited fiscal year 1891 ..	63,571,690.75	646,177,242.26
Ordinary expenditures, fiscal year 1891 .....	365,773,905.35	
Redemption of debt, fiscal year 1891 .....	100,989,306.37	
National-bank notes redeemed fiscal year 1891 ..	23,553,298.50	
		<u>490,316,510.22</u>
Balance June 30, 1891 .....		155,860,732.04
Cash in Treasury, as per Debt Statement .....		<u>153,893,808.83</u>
Cash balance July 1, 1891 .....	153,893,808.83	
Receipts, fiscal year 1892 .....	354,037,784.24	
National-bank fund deposited fiscal year 1892 ..	2,977,638.00	511,800,431.07
Ordinary expenditures, fiscal year 1892 .....	345,023,330.58	
Redemption of debt, fiscal year 1892 .....	24,332,836.98	
National-bank notes redeemed fiscal year 1892 ..	16,232,721.00	
		<u>385,588,888.56</u>
Balance June 30, 1892 .....		126,220,542.51
Cash in Treasury as per Debt Statement .....		<u>126,692,377.03</u>
Cash balance July 1, 1892 .....	126,692,377.03	
Receipts fiscal year 1893 .....	335,818,628.78	
National-bank fund deposited fiscal year, 1893 ..	2,937,580.00	515,448,585.81
Ordinary expenditures fiscal year 1893 .....	383,477,954.49	
Redemption of debt fiscal year 1893 .....	687,003.00	
National-bank notes redeemed fiscal year 1893 ..	9,037,651.50	
		<u>393,202,608.99</u>
Balance June 30, 1893 .....		122,245,976.82
Cash in Treasury as per Debt Statement .....		<u>122,462,290.38</u>
Cash balance July 1, 1893 .....	122,462,290.38	
Receipts to January 15, 1894 .....	164,514,091.15	
National-bank fund deposits to January 15, 1894 ..	7,266,592.50	294,242,974.03
Ordinary expenditures July 1, 1893, to January 15, 1894 .....	200,861,773.85	
Redemption of debt July 1, 1893, to January 15, 1894 .....	178,320.00	
National-bank notes redeemed July 1, 1893, to January 15, 1894 .....	3,777,016.50	
		<u>204,317,110.35</u>
Balance January 15, 1894 .....		89,925,863.68
Cash in Treasury as per Debt Statement .....		<u>91,923,250.68</u>

NOTE.—Many deposits of cash included in the cash balance in the Treasury are not taken into the receipts of the Government until adjustments of accounts are reached, and the amounts finally covered into the Treasury by warrants. This will explain the difference between the receipts and expen-

ditures, as shown in this statement, and the cash balance as shown by the Public Debt Statement.

Fiscal year ending June 30—	Revenues.	Expenditures.	Appropriations.
1891.....	\$392,612,447.31	\$335,773,905.35	\$463,398,510.79
1892.....	351,937,784.24	345,023,330.58	525,018,872.55
1893.....	385,818,028.78	383,477,934.49	507,878,558.34
Total for three years (including sinking fund).....	1,133,368,860.33	1,064,275,190.42	1,496,295,741.68

Excess of revenue over expenditures for three years..... \$39,093,669.91  
 Appropriations in excess of revenue for three years..... 362,926,881.35

The amount of debt annually required to be redeemed on the sinking fund account aggregates about \$49,000,000. The amount redeemed for the fund for the fiscal year 1892 fell short of the requirement by \$11,307,825.36, and for the fiscal year 1893, \$41,994,543.72, making a total balance due the fund on June 30, 1893, of \$53,302,859.08.

*Public debt redeemed.*

Fiscal year—		Fiscal year—	
1881.....	\$85,432,381.05	1888.....	\$74,813,563.05
1882.....	166,279,955.55	1889.....	121,264,438.35
1883.....	134,057,906.96	1890.....	104,642,149.50
1884.....	99,861,684.50	1891.....	*124,542,604.87
1885.....	45,984,485.43	1892.....	†40,565,557.98
1886.....	44,543,993.36	1893.....	‡9,724,654.50
1887.....	127,918,468.15		

\*Includes \$23,553,298.50 national-bank notes redeemed under act of July 14 1890.

†Includes \$16,232,721 national-bank notes redeemed under act of July 14, 1890.

‡Includes \$9,037,651.50 national-bank notes redeemed under act of July 14, 1890.

Mr. GORMAN. So much for the statement of the Senator from Ohio.

The senior Senator from Colorado [Mr. TELLER], more generous than the Senator from Ohio, in his statement yesterday, said he would not go so far as the Senator from Ohio in charging that the threat of the change of the revenue laws had produced the present condition of affairs, but that there were other causes; and the Senator is quite correct. There are other causes which it is not wise or fair or manly to ignore. The Senator from Colorado attributes largely the present depression to legislation in regard to silver throughout the world. I agree with him that there is much in that statement, without going so far as he does; but there are causes which have been increasing for the past four years in the commercial conditions all over the world, depression in trade, reduction in the prices of all commodities, which have made people economize, and which have affected the revenues not only of the Government, but the incomes of individuals everywhere. There have been also failures in South America, and all over the world, which have tended to produce this result.

The Democratic party came into power at a time when the Republican legislation which I have described, the extravagance, if you please, of their appropriations, and the conditions which can not be controlled in this country, had brought about this state of affairs. This is a time for patriotic men to come

together and do the best they can to stay the sweep of this financial and business cyclone.

I remember, in the last session of the Fifty-second Congress, when I said, in the discussion of the condition of the Treasury, that before midsummer the Secretary of the Treasury would be compelled to issue bonds, the Senator from Colorado said that probably the Senator from Maryland was not a prophet nor the son of a prophet, but that no man would dare to issue bonds who had the responsibility of the Treasury Department. The Senator made that statement at a time when a Secretary of the Treasury of his own party was about to do so; and now it has come to a time, a few months later, when the present Secretary has been compelled to do it.

Mr. TELLER. Will the Senator allow me to interrupt him?  
Mr. GORMAN. Certainly.

Mr. TELLER. I recollect the statement, and I recollect very well that I did declare that no Secretary of the Treasury would issue bonds. We were then speaking of bonds for current expenses.

Mr. GORMAN. That is what we are doing now.

Mr. TELLER. I confess that I was probably mistaken, because I think the Senator's statement that the former Secretary of the Treasury did contemplate the issuance of bonds is correct.

Mr. ALDRICH and Mr. HOAR. But not for current expenses.

Mr. TELLER. I think the former Secretary of the Treasury—and I think I shall not make a statement which can not be fortified—went so far as to have bonds prepared and printed for the express purpose—no, I will not say “the express purpose”—but for the purpose of issuing them for current funds, and I understand that the then President of the United States declined to allow the issue to be made. I will admit that then, just as now, they were to be issued under the power given to increase and maintain the reserve, as it is called; but that the purpose was practically what it is to-day I have not the slightest doubt.

Mr. GORMAN. No Senator could have regretted more than I did at the time that I deemed it my duty to make that prediction; but I had gone over the subject carefully and in no capricious spirit, as Senators on the other side who have served on committees with me well know, and with no desire to embarrass their Administration then in power; but the figures and the facts warranted the statement, and in my judgment made it necessary that it should be made. *I made it before the Presidential election; I made it so that it might stand on the record as my opinion, no matter whether my party was successful or unsuccessful in the election; I made it with the deliberate view and purpose of sustaining Senators on the other side in the relief of the Treasury if they should come into power, for I recall no case during my service in the Senate when I have refused to vote relief to the Treasury. I regretted, Mr. President, that the statement had to be made. I will not submit now to the statement made on the other side, that we, because we happened to come into power on the 4th of March last, are responsible for a condition which was known to all intelligent men long before the election.*

Mr. President, the Senator from Massachusetts [Mr. HOAR] comes a little more ingeniously, I think, than his colleagues on the other side, and says: "Why have you not relieved the Treasury? You have the power on the other side of the Chamber, and why have you not by a joint resolution or a bill made a proposition to relieve the Treasury and put it in such shape that there can be no question as to the power of the Secretary of the Treasury to use the proceeds of the bonds for the ordinary purposes of the Government? Why have you not done it?" That is a fair criticism; it is a proper inquiry; but what were the conditions?

Mr. HOAR. Why do you not do it now?

Mr. GORMAN. We assembled here in extraordinary session, and for one purpose were we called together. That one purpose was the repeal of the so called Sherman law instantly and without conditions. The two parties were divided upon the question. The public press and businessmen in the East in their great distress—unwisely, as I personally believe, and as the result has shown—attributed all their ills to the one law. Public expectation could not be met unless the repeal was made a nonpartisan measure, as the President declared in his message; and why was that? Because it was perfectly understood that no agreement could be made by which any addition could be put to the law, and it was run through under whip and spur and pressure from the other side and from my own.

There were some of us who believed at that time and on that bill was the only opportunity to relieve the distressed condition of the Treasury, a condition for which we were not especially responsible; and I have seen sacrifices of opinion and a desire to come together on both sides of the Chamber and give the relief which that measure has been impotent to give, it having failed to accomplish the good which was expected to come from it: but, divided as we were, with the views which were then held, if you please, at the other end of the Avenue, with a determination to do nothing else in this Chamber on the part of Senators who now criticize the Administration, we were compelled to go on with the simple repeal, without authorizing the sale of bonds, as I wished to do. I do not feel at liberty to say more at this time upon that question.

Why, says the Senator from Massachusetts, do we not come forth with the relief now? I am not the spokesman and do not speak for any gentleman who occupies high executive position in this Government; I only know from public statements that the Secretary of the Treasury has firmly believed that, with the repeal of the so-called Sherman law and the improvement in business which everybody looked for and hoped for—

Mr. COCKRELL and Mr. GEORGE. Not all of us.

Mr. PUGH. Not everybody, by a long way. A very small crowd had that expectation. [Laughter.]

Mr. COCKRELL. The distinguished Senator from Ohio [Mr. SHERMAN] is the leader of those who predicted that glorious times would come in immediately after the passage of that measure.

Mr. GORMAN. I am very glad of the interruption. [Laughter.] What I meant to say was that the relief which it was be-

lieved would come by all who were insisting upon the unconditional repeal of the Sherman law at that time, and nothing else—I do not include my friend from Mississippi in that statement.

Mr. GEORGE. That is all right.

Mr. HALE. Speaking of measures of relief for the Treasury, does the Senator from Maryland think that a bill providing for raising revenues that reduces the present revenues of the Government something like \$60,000,000 or more is a measure of relief?

Mr. GORMAN. Now, Mr. President, I want to finish with my friend from Massachusetts first. I answered the Senator from Rhode Island that identical question a moment ago, when I had not the attention of the Senator from Maine. The Senator from Massachusetts asks, why do you not bring in a bill for relief now? The disinclination, as I said, on the part of the Secretary of the Treasury to issue bonds or increase the interest-bearing obligations of this Government was intense, as it is with every Democrat, as it is with everybody who is looking to the interest of the people of this country.

It is the last thing to do. It can not be justified, except to maintain the honor and credit of the Government. To go at it lightly would have been criminal on the part of the Secretary of the Treasury. He does not make that recommendation in his report which was submitted at the opening of the present session of Congress. He thought then that \$23,000,000 would be the outside deficit at the end of next June, and that it was not necessary for Congress immediately to take up this question. The President of the United States, as was well stated by the Senator from Massachusetts, does not allude to that deficit. No recommendation was made to Congress asking us to pass such a bill until within the last fifteen or twenty days.

Mr. TELLER. Oh, no; none at all.

Mr. GORMAN. Not officially, if you please, but it has come, as it frequently comes, to the members of the committees who are charged with these subjects. The statement made that Congress is responsible for delaying action in this matter is groundless. I do not hold the public press responsible for it, but I have believed that there are certain interests and individuals who have been most anxious to make it appear that Congress has been derelict in its duty; that the obstruction in the Senate of the United States has been one of the causes, and it is the inaction of Congress that has put us in this condition. I think that suggestion, which is cultivated and encouraged, is untrue and without a single fact to justify it, come from what quarter it may.

Mr. HOAR. I should like to put my question to the Senator again before he leaves this subject, for I do not think he quite appreciates it. I should like to put it perhaps in the form of a duplicate question. First, does the Senator think it is lawful to use the proceeds of these bonds to pay current expenses? Second, is not it better to get authority of law to do it than to do it without law? Those are the two questions I should like to have the Senator answer.

Mr. GORMAN. I said at the very opening that I did not in-

tend to go into that question, leaving it for the lawyers of the body to discuss.

Mr. HOAR. Is not that a pretty practical question just now?

Mr. GORMAN. I have my own impression. I stated that my belief had always been that the fund derived from the sale of bonds could be used only as provided in the act of 1875.

Mr. HOAR. Very well. Then is it better—

Mr. GORMAN. If the Senator will permit me to answer him, we have inherited a great many things from the other side of the Chamber, and among them we have inherited this doctrine: Your Secretary of the Treasury and your Attorney-General, when you found yourselves in distress because of your improvident legislation, gave the opinion, and they acted upon it, that the fund which had been derived from the sale of bonds was merged into the general fund of the Treasury, and you had a right to use it. You proceeded upon that principle. So when we came to administer the affairs of the Government, we found this—I think, a vicious—precedent; but with the distressed condition of the Treasury we are not to be held responsible for following you in that matter. There was nothing else for us to do.

Mr. HOAR. Will the Senator pardon me?

Mr. GORMAN. Certainly.

Mr. HOAR. I think I know the opinion of the late Secretary of the Treasury upon that subject, and that opinion was that he had the right to issue bonds to maintain the redemption fund, and, under the implication of the later act, the act of 1890, to maintain the parity between gold and silver, and that he did not think he had a right to do it for the general expenses of the Government. I wish, so far as I know and believe, to deny the statement that the late Secretary of the Treasury ever thought he had the power to use, or contemplated using, money so raised for current expenses. Look at his report.

Mr. GORMAN. On the 28th of June, 1892, in answer to an inquiry by a coordinate branch of the Government as to the right of the Secretary of the Treasury to use the proceeds of bonds for any other purpose except the one specified—that is, for the redemption of these notes—the Democratic majority of that committee held that there was no such right. The minority took a different view, not upon that particular point, it is true, but in the course of that investigation. What did the then Secretary of the Treasury, Mr. Charles Foster, say? His communication in full will be found in Report No. 1780 of the House of Representatives, first session, Fifty-second Congress. He said in answer to Mr. GEORGE W. RAY and the other members of the minority of the committee:

The proceeds of the bonds sold as above were deposited in the Treasury, and held in common with the other funds of the Government. When United States notes have been redeemed, such redemptions have been made from the common funds in the Treasury, there being no special fund and no separate account on the books of the Treasurer of the moneys received from sales of bonds for redemption purposes.

So there was not a separate account in the Treasury, *and there never was except during the prior Administration of Mr. Cleveland. When Secretary Manning made the entry, he had it kept separately; but when his successor, Mr. Foster, came in and found that under*

*your McKinley law, which you are responsible for, you did not furnish him money enough to pay the running expenses of the Government—that your appropriations exceeded the revenues—he changed the system of accounts in the Treasury. He dropped that specific account. He merged the funds from the sale of bonds into the general fund. He drew upon it as he desired, as the necessities required; and he drew it so low that there was not a sufficient amount for all purposes of it left when the Democratic Administration came in.*

Mr. ALDRICH. I think the Senator from Maryland does not want to do an injustice to the late Secretary of the Treasury.

Mr. GORMAN. The Senator from Rhode Island knows perfectly well I do not. I may be in error, of course; none of us are infallible.

Mr. ALDRICH. In the last report which Secretary Foster sent to Congress he not only does not state what the Senator from Maryland now thinks was his opinion, but he states—I read from page 24 of his report—

As will be seen by the estimates submitted, the receipts of the current and the next fiscal year are not likely, if present conditions continue, to fall below expenditures.

Mr. DOLPH. What is the date?

Mr. ALDRICH. December, 1892, the very last report which the Secretary presented to Congress; and in this same report he asked for an increase of the revenues, not for the purpose of paying the current expenses of the Government, but for the purpose of increasing the gold reserve, which was then being rapidly diminished.

Mr. VOORHEES. With the permission of the Senator from Maryland, as I interjected a point of history awhile ago, embracing the statement of Secretary Foster just before the Republican party expired on the 4th of last March, I will now read the testimony given by the Secretary of the Treasury, Secretary Foster, before the Committee on Ways and Means.

Mr. COCKRELL. What is the time—February, 1893?

Mr. VOORHEES. This testimony was given in February, 1893.

Mr. COCKRELL. Long after that annual report was made?

Mr. VOORHEES. It was given February 25, 1893, eight or nine days before the Republican party went out of power. Mr. TURNER, who was on the Ways and Means Committee, said to Mr. Foster:

Taking into consideration all these conditions which you anticipate, what in your judgment would be a fair conjecture of the condition of the Treasury at the end of the next fiscal year?

The Democratic party had not touched the question.

Secretary FOSTER. I should say the next fiscal year would show a deficit.

Did we make that?

Mr. TURNER. Can you give an approximate estimate according to all the data accessible to you?

Secretary FOSTER. I will only say this, that if I was to have the management of the Treasury I should insist upon an increase of revenue to the extent of \$50,000,000.

Mr. ALDRICH rose.

Mr. VOORHEES. Wait; I will get through in a moment.

Mr. TURNER. In order to meet those conditions which you anticipate?

Secretary FOSTER. Not only those conditions, but the gold conditions as well.

The CHAIRMAN. Do you remember what your estimates were for 1894 upon the item of tin plate, and whether that was based upon a tax estimate of 2.2 or 1 cent a pound, or free?

Secretary FOSTER. Of course we made no estimates upon items.

Then we find again:

Mr. WILSON. Did I understand you to express a general opinion awhile ago that in addition to the present—

The present—

the present sources of revenue that the revenues of the Treasury Department ought to be advanced \$50,000,000 more a year?

Secretary FOSTER. Yes, sir.

Mr. MCMILLIN. Would you make that for one year or a permanent increase of revenue?

Secretary FOSTER. As things are going now a permanent revenue, for two reasons. I would increase the gold reserve at least \$25,000,000 if I had the money to do it with.

Mr. TURNER. But your answer just now seemed to contemplate an annual increase?

Secretary FOSTER. I think an annual increase of \$50,000,000 would make the Treasury easy, and if I were going to manage it I would want to have it.

Mr. PAYNE. You do not mean by that that there is any danger of such a deficiency for 1894?

Secretary FOSTER. No.

Mr. PAYNE. It would simply strengthen the Treasury?

Secretary FOSTER. And put it in proper shape.

Mr. HOPKINS. It is more to hold gold and silver at a parity?

Secretary FOSTER. That is one thing.

That is all.

Mr. TELLER. What is the date of that testimony?

Mr. VOORHEES. The 25th day of February.

Mr. TELLER. Eighteen hundred and ninety-three?

Mr. VOORHEES. Eighteen hundred and ninety-three; last February. No other February has intervened since that I know of.

Mr. TELLER. Before the Sherman act was repealed?

Mr. VOORHEES. Yes; it was before the eminent wisdom of the Sherman act had manifested itself in a general breakdown of the business of the country.

Mr. ALDRICH. Will my friend from Maryland allow me a single word?

Mr. GORMAN. Certainly.

Mr. ALDRICH. The extracts which have been read by the Senator from Indiana from the testimony given by the late Secretary of the Treasury before the Committee on Ways and Means show that that gentleman was not only a good Secretary of the Treasury, but also a good prophet. What were the existing conditions to which the Secretary then alluded? They were the fact that the Democratic party had been placed back in power by the people of this country, and it was known at that time, and so stated by him, that they proposed to make a radical change in the revenue policy of the Government.

Mr. VOORHEES. The Treasury was empty before that election took place.

Mr. ALDRICH. Oh, no; I beg the Senator's pardon.

Mr. VOORHEES. Yes; that is what it was.

Mr. ALDRICH. I beg the Senator's pardon. The Secretary states in his report, to which I have alluded, that under existing conditions a reduction of the revenue would probably take place, and he stated that on account of those conditions a de-

iciency was probable, and he proposed to provide for it by the action of Congress.

Mr. GORMAN. Now, Mr. President—

Mr. HOAR. I should like, before the Senator from Maryland proceeds, to call attention to one point in connection with the document which he read, to which I think he did not quite do justice. I wish to read simply one extract from the report of the minority of the committee to which the Senator alluded. After discussing this general question they go on to say:

We find nothing in the act of 1882 or any other act requiring the Secretary of the Treasury to set apart or reserve and hold as sacred any fund for the redemption of United States notes—

Mr. GORMAN. The Senator is reading from the minority report?

Mr. HOAR. Yes, I know. I want to call attention to it. They proceed—

except that he is restricted in the use of the proceeds of bonds sold to the redemption of such notes, and hence such proceeds are reserved, in a sense, for this particular purpose and constitute the only fund reserved for redemption purposes under the resumption act, and this fund may be depleted at any time by the redemption of United States notes and may be increased at any time by the sale of bonds. We find no authority for setting apart and holding as a special or reserved fund any of the surplus revenues in the Treasury not otherwise appropriated for the purpose of redeeming United States notes when presented for redemption.

They were discussing there, and that is what the committee was dealing with principally, the question whether the Secretary of the Treasury had authority to maintain the reserve fund by the use of the general moneys in the Treasury. They say he had not, but, on the one hand, he can only increase it by the sale of bonds, and, on the other hand, he can only use the proceeds of the sale of bonds for that single purpose. Now, Mr. Foster, in reply to a question asking the amount of the United States bonds sold for resumption, and the proceeds thereof, makes the following statement:

The proceeds of the bonds sold as above were deposited in the Treasury and held in common with the other funds of the Government. When the United States notes have been redeemed, such redemptions have been made from the common funds in the Treasury, there being no special fund and no separate account on the books of the Treasurer of the moneys received from the sales of bonds for redemption purposes.

In other words, it is a mere question of bookkeeping. There is nothing in the letter of the Secretary of the Treasury that indicates he differs from what the minority of the committee expressly affirm, that the proceeds of the bonds can only be applied for this purpose. It is a mere bookkeeping question, and nothing else.

Mr. GORMAN. It is more than a question of bookkeeping. *The bookkeeping was changed to meet the conditions of the Treasury, as I have before stated, and as can be shown and will be shown by an examination of the tables which I will print with my remarks showing the balances in the Treasury.* Everybody knows that during the last year of Mr. Foster's administration of that Department, and during the whole of the present administration by Mr. Carlisle, they have been compelled to use that fund.

Mr. ALLISON. Will the Senator from Maryland allow me? I should be glad to have the Senator in his statement (which I

have no doubt he has fully made from the Treasury reports) show just when and to what extent the Secretary of the Treasury under a former Administration used what is known as the reserve fund of \$95,500,000. I should like to have the dates and the data.

Mr. GORMAN. I have not that full statement. I can not give the Senator from Iowa the information, but if the Senator will examine—

Mr. ALLISON. I venture the statement that it was never done.

Mr. GORMAN. If the Senator will examine the balances of the Treasury and the payments from day to day, remembering the fact that this fund was kept in the general fund and that general fund was drawn upon constantly, deducting from the Treasury statements the small coin and the amount due to national banks, he will find there was nothing left in the Treasury unless they encroached upon this fund.

Now, take the statement of the present Secretary of the Treasury. What does he say? He says that on the 1st day of December, 1893—that is, last December—the actual net balance in the Treasury, after deducting the bank-note 5 per cent redemption fund, outstanding drafts and checks, the disbursing officers' balances, the agencies' accounts, and the gold reserve, the cash balance was only \$11,000,000—I do not give the odd numbers—and of the total amount held \$12,000,000 was in subsidiary coin.

Mr. ALLISON. The gold reserve is deducted from that before we come to the \$11,000,000.

Mr. GORMAN. Yes, but the Senator from Iowa must take note of what is going on in the world. He knows that to meet the payments that were absolutely necessary for pensions and salaries and everything else they have been compelled to pay out gold more than once in the last six months.

Mr. ALLISON. I am not quarreling with the Secretary of the Treasury as respects what is being done. I understood the Senator from Maryland to state that the Secretary of the Treasury, Mr. Carlisle, is simply doing now what was done before under a former Administration.

Mr. GORMAN. I do make that statement.

Mr. ALLISON. So far as I can remember, I do not know a single instance where what is known as the reserve was drawn upon prior to the 4th day of March, 1893, nor do I remember that it was done until some time after Mr. Carlisle became Secretary of the Treasury.

Mr. GORMAN. As a matter of bookkeeping the Senator is right, but the moment that the Secretary of the Treasury, Mr. Foster, changed the system of accounts from that put in force by his predecessor, Mr. Manning, where this reserve fund was set aside especially, where separate entry was made of the subsidiary coin, where a separate entry was made of the amount of national-bank notes that were put in for redemption—the moment you changed that system of accounts and merged it into one fund, you can not follow the encroachment; the only way you can do it is by the balances.

The Senator from Iowa is perfectly well aware of the fact that during Mr. Foster's administration of the Department you were compelled to come to the relief of the Treasury Department by

an act that ordinarily applied would be considered repudiation. You provided in an appropriation bill that the notes sent in by national banks for redemption, which became an important charge on the Treasury, should go in and be used so as to tide Mr. Foster over.

Mr. GEORGE. As a trust fund?

Mr. GORMAN. As a trust fund.

Mr. COCKRELL. The amount was \$55,000,000,

Mr. GORMAN. Fifty-five million dollars.

Mr. ALLISON. But that was done not on an appropriation bill—

Mr. GORMAN. It was done under an act.

Mr. ALLISON. It was done under what was known as the Sherman law of 1890.

Mr. GORMAN. I am obliged to the Senator from Iowa for correcting me. I stand corrected.

Mr. ALDRICH. Will the Senator from Maryland allow me one question? Does the Senator mean to say that at any time prior to the 4th of March, 1893, the amount of gold coin and gold bullion in the Treasury held for the redemption of United States notes ever fell below \$100,000,000?

Mr. GORMAN. After the passage of the McKinley law and the remodeling of the revenues, and you did it, and with the appropriations extravagant or immense, as I have shown, a deficit was left in the Treasury between the 30th of June, 1892, and the 1st of December, 1893. The election had gone against you. Your Secretary of the Treasury refused to make payments on account of everything that you had appropriated for that could be postponed or delayed. If it had been a private individual who had done it he would have been thrown into bankruptcy, and if the Democratic party had done it the Senator from Ohio would have had it gibbeted as high as it was possible for human agency to put it. You robbed Peter to pay Paul. You repudiated your own appropriations. You left the Treasury without sufficient balance for us to carry on the Government with.

What I complain about is that you seek to hold the Democratic party responsible for your own acts. You should have manhood enough on the other side of the Chamber to admit your own wrong, to admit that this is a question for relief of the Treasury, and should not be determined by party lines. You know that it is a condition brought about by circumstances beyond our control. I do not hold the Republican party responsible for it all. It would be unfair for me to do it. I do not believe you intended to bankrupt the Treasury when you passed the McKinley law and removed the duty from sugar and other articles. I do not believe that any party would be guilty of a deliberate act of that sort. But the result is as I have stated it.

I think there are other conditions that made it impossible to keep up the revenues. I attribute it in part to the reasons assigned by the Senator from Colorado [Mr. TELLER] and my good friend from Nevada [Mr. STEWART]. I voted against them, but I think they are in part right. I think it comes from causes beyond this country; and hence in this time of distress where, in my view, you have contributed so much to bring it about, it is no time for you to taunt us because you made us bankrupt.

The Senator from Massachusetts asks: "Why not bring in your measures now?" Mr. President, the emergency was too great. The relief must come to the Treasury before an act could be passed. For one, I believe that this spot where I stand, this body of which I am a member, should ever be free from a gag rule. I believe that debate must go on here, because I think my country has been well served by having freedom of debate here. I think there has been no time in the history of the country where we have not been swift enough in doing everything that the honor of the country required. I know of no act, I know of no omission, I know of no failure, where a clear majority of this body wanted to pass a law, that it has not become a law in proper time.

I know that with the excitement which we have passed through in the last few months—brought on, I think, injudiciously—for which I disclaim the responsibility, the opportunity which I would have embraced to take in this question that we are now discussing, which could have been done, which ought to have been done, would have been done if it had been met with a proper response without regard to party. It could not be brought up here now for discussion, with the embers still burning, with the feelings engendered on both sides of the Chamber, and be passed through without excitement and delay such as it is not wise to have. With the Treasury bankrupt, to bring on a partisan discussion, to further cripple it and prevent its being furnished with money from any source, would have been worse than anything that could have occurred.

Mr. President, it was the height of wisdom under the circumstances for the Secretary of the Treasury and my honored friend, the chairman of the Committee on Finance on my left [Mr. VOORHEES] to postpone that question until it could be met with coolness, and with a determination to do only that which is right for the country.

The Senator from Rhode Island says: "Yes, but you are proposing a law that will not give a remedy for the hereafter." Let me say to that Senator that as he, as the spokesman of the other side received the McKinley bill from another place, where it can not be considered in detail, and placed upon it five hundred amendments, practically making it a new bill (and it ought to have been called the Aldrich bill in my judgment), and with the further fact that he knows there never has been a tariff bill enacted by Congress that was not in fact considered in its details and the bill practically made in this body, when the time comes that we reach such a bill I have no doubt that, as the Democrats have a slight majority here, a slim but possibly a safe one, we shall do as our predecessors have done, we shall aid the coördinate branch in making a revenue bill that will not give advantages to a few, but broad enough and big enough and sound enough to put into the Treasury a sufficient amount of money to run the Government while we have control of it. After we have passed through that stage, if we should fail by mistake, by want of knowledge, or from whatever cause, to make a bill that is not sufficient, I will be one of the first to rise in my place and say that we made a mistake. If we do not suc-

ceed in passing such a bill, we will assume the responsibility of our failure, and we will not seek to charge you with our error. No, sir; I would say it was my party's fault, and you ought to be manly enough to admit that now with reference to your own tariff legislation. [Applause.]

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