

Silver.

SPEECH

OF

HON. S. B. ALEXANDER,

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES,

Monday, August, 21, 1893.

The House having under consideration the bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes"—

Mr. ALEXANDER said:

Mr. SPEAKER: Being by profession a farmer and being a member of the Committee on Agriculture of this House, I desire to present that side of this question which addresses itself especially to agriculturists.

In regard to the call of this extraordinary session, the condition of the country warrants it; but I can not agree with the view announced by the President in his recent message or with that announced by my friend from West Virginia who presided over the Democratic convention at Chicago, that the Sherman silver law is the cause of all our woes. I admit that the Sherman silver law is the occasion of this panic, but it is not the cause. I will even go farther and maintain that but for this same Sherman silver law this panic would probably have come a year ago.

Now, this panic, to my mind, has been caused by vicious legislation, not vicious at the time it was adopted, because it was enacted during the war to save the country. But it has been kept upon the statute books for a course of years during which we have been passing through an industrial revolution. Let us look back a moment at the days beyond the war and see what was then our condition, when the city people and the country people seemed to be upon an equality. In that day we had in every township and county mechanics of all classes, shoemakers, wagon-makers, hatters, weavers, tailors, blacksmiths, all classes of laboring men. At that time this Government issued only gold and silver coin. At that time the paper money circulating among the people was the issue of the State banks. The railroad was then a local corporation, and whatever it made in transportation was paid to the stockholders living along the line. At that time the whole country alike seemed prosperous and happy. But the war came, and the roads have forked; the country people have been traveling one road and

the city people another. Now I desire, not in a spirit of antagonism to the cities, to present this view; but it is just that gentlemen living in our cities should see how hard have been the times upon the farmer.

After the war, when cotton was high, when all commodities commanded war prices, there came upon us a system of banking extending from New England to the Rio Grande, which was totally unsuited to us. Money was scarce; it flowed freely from the North to buy our cotton, and at such large prices that we thought we would soon get rich. But here came the national bank system—a system which, if you will examine it, you will find can not run a single year without the deposits of the people. Our people believing that the Government was strong and would protect them, placed their deposits in those banks. These same national banks became competitors with the people for money. Why, sir, after the war, many of those institutions did not hesitate to pay 8 or 10 per cent per annum for money to be loaned out at $1\frac{1}{2}$, $2\frac{1}{2}$, and even as high as 3 per cent per month.

Now the farmers had a hard, hard time. They had no money. They were forced to raise money by some means, and it took more money to run the farm after the war than before, because the mechanics had left the country and everything had to come from the stores, and they were forced to get money and pay an enormous interest to the bankers, or to the few who held money, for its use. And not only that, Mr. Speaker, the railroad system, and I wish to impress this on the minds of members present to show how they have minimized the price of the farmer's products in this country. Before the war they had no great connections. But after the war the great railroad system of the country was developed, extending from one side of the country to the other. If the wheat crop failed east of the Alleghenies it made no difference in the price, because the railroads would bring the wheat from the Dakotas and other sections and place it in the cities of the East; so that they got it at a minimum price, and the farmer realized no increase in price by reason of a short crop in his locality. They have carried this system to such a degree of perfection that there is not a farm product in this broad land but has to be marketed in this country at the minimum price on account of this very fact.

To illustrate the effect of the railroad system on farm products more fully, let us take beef cattle for an example. They are bought in the western country and shipped here all along the mountain ranges from here to Alabama. True it is dressed beef as a rule, but it is so cheap—that is to say, it is shipped at such a low rate—that the minimum price is preserved all along the entire line wherever it is received. Not only that, sir, but take even cotton: the mills in my part of the country can receive it, brought from any point in the State of Texas, delivered at the mills, for less than half cent a pound—and the cost of production must be $2\frac{1}{2}$ cents per pound in favor of Texas.

Now with the crops being marketed at the minimum price, with a greater demand for money than was ever before known in this country, with no chance to get money at a reasonable rate of interest, we find the farmers falling, one after another, in every part of the country, until they become what is known as "time price" men. Now these time price men are unable to get money in their localities. Their land and their stock is their entire collateral to offer for it. But the banks will not take the stock, and they are pro-

hibited by law from taking the land as collateral security. In this condition of things they have to go to the merchant, and the merchant having to run risks in carrying so many of them, not only the risk whether the man will live to carry out his contract, but the risk of the seasons, have to charge exceedingly high prices; so that you find that the "time price men" have paid from 40 to as high as 300 per cent for the use of money, for they all have to use merchandise to a great extent instead of money.

Mr. Speaker, they have a term (I believe it extends from here to the Rio Grande) known as "running a man." When a man can not borrow any money from a bank or the few who have it, he is compelled to go to the merchant and be "run" by him, as the term is. Now, whoever started that word was as fortunate in the selection as the man who started the term "carpet-bagger" in the South. Because the man is actually run. It runs him all the entire year and when the year ends he finds, when he settles up, nothing to go on, and he is ready to start in on another year's "run." This condition of things, this usurious interest that they are compelled to pay, has brought the entire farming population of the country, from here to Texas, almost to the verge of ruin. It is indeed a very serious condition. Now let us see how it affected the cities.

The national banks got most of the money—that is, the money of the city people and the money of all such country people as would put it into them and the people that could be induced to lend it to them at 4, 6, or 8 per cent. Not only that, but there was a system of bank checks by which the currency of the cities was augmented to an unlimited amount. This system of bank checks answered the city people as money. Many a time when I would go into the city I could see every man paying his debts with checks, and no money was needed even in traveling here and there. The check book was all that was wanted and no money was required. Consequently, they could more than double or treble the capacity of the volume of money, or its equivalent for use. But the man who knows the worth of money knows well that the largest volume controls those who have the least.

Now, sir, not only that, but it enabled them to double up their securities and use them as money. Take, for example, a man who had \$100,000 worth of railroad bonds. Say he went and borrowed \$75,000 on the bonds, he did not receive any money. He simply had \$75,000 entered in his bank book, and received a check book, and when he wanted to put that money in circulation he did not pay out actual money; he gave his check, which passed instead of money. Now in this way they doubled up the amount of securities, the amount of money, or that which served as money, until the term "prosperous" for cities seemed to lose its meaning, and there came in a new term, "boom."

The great cities were on a boom, and they prospered as they never prospered before. They controlled everything, and the cities that had the greatest amount of securities to hypothecate, under this system of bank checks, controlled the greatest amount of property; and hence you see that in the great cities they own all the railroads and all the interest-bearing bonds and almost all other interest-bearing securities. Now this gives them a most wonderful advantage. This system has broken down, and that is what has caused this panic. It very nearly came before. Have gentlemen forgotten that only a few years ago they had to telegraph the Secretary of the Treasury to go to New York for consultation, and that

he had to purchase bonds in order to relieve the pressure? Have they forgotten that from \$40,000,000 to \$60,000,000 of the people's money were kept in the national banks in order that the people might not be distressed for currency? In any one of those years if a single bank had failed another one possibly would have failed, and another, and this crisis would have come.

Now, I can not see how the Sherman law, issuing one hundred and forty-odd millions of dollars, should have anything to do with this panic. In other words, if the situation was relieved in New York by the Secretary of the Treasury buying the bonds of the Government and the deposit of money in the national banks, it was just simply the want of currency that threatened the panic, and how could the \$140,000,000 of currency issued under the Sherman silver bill have produced the panic? That is one thing that I can not really understand.

As my friend from Indiana [Mr. COOPER] says, 90 per cent of the business of the country was done by checks and evidences of credit. Now, that system having broken down, it resolved itself just into this condition: Suppose you had a water mill that only had 10-horse power, and you supplemented that by an engine of 90-horse power, in order to do the work of a mill that required 100-horse power. Suppose that 90-horse-power engine broke down or collapsed, could your water power of only 10-horse power keep all that machinery in motion? Why, certainly not. It would be bound to stop, and that is just what has clogged the wheels of this country.

Go to your own internal-revenue offices and you will find the collectors will not take a single check. They want currency. Go to every railroad or corporation of any kind and you will find they will want currency. Go to your hotels and they ask for currency. The system by which we could do business with checks has failed; and when it collapsed we were thrown back upon the little power remaining, and that has clogged the wheels of commerce.

Now, Mr. Speaker, the only way I can see to relieve this panic is by currency. It prevented it several times in previous years. One of the wisest of our Secretaries of the Treasury once called attention to the fact that the financial system, with which we are now dealing, had its severest strain in the months of August and September; and the reason he assigned was that there was no elasticity in the system, and that currency was demanded at that time to move the crops. The money had to leave the money centers, and as the crops of the country increased, the necessity for more money becoming so great, there was not elasticity enough to furnish the money by which they could move the crops and transact the business in the cities. Now, if that is true, there can be no question but what it will take currency to relieve the situation; and I would not more hesitate to vote for one hundred or two hundred or three hundred millions of legal-tender notes, and get them into circulation among the people at once, to relieve the pressure of this panic, than I would hesitate to vote for it for the defense of this country if it was invaded by a foreign foe. The amount of property that may be destroyed may even exceed that which would be destroyed by a foreign enemy.

The condition that confronts us is really sad and serious. We find the crops of this entire country ready to move and not a dollar to move them. I see in a paper that in my own State, where a man has brought into a town a bale of cotton; he could not sell it,

because there was no money to buy it. Now, under the present condition of things, if this Congress does not relieve this country at once, and if the farmers of the country are robbed of their year's labor, there is going to be trouble. The mechanics in great cities are already thrown out of employment, by reason of the fact that there is nobody to buy the goods which they make. Probably some of them are now suffering for the breadstuffs of life. So that it is a serious condition that confronts us, and it is urgent, immediate relief that this country demands. It reminds me of an old Methodist minister who tried to organize a church. They met in March, and while discussing what salary they would pay, one brother rose and said: "Why, brethren; we can't tell what kind of crops we are going to have. Let us postpone this thing until next August and let us see then." The old minister rose up and said: "My brothers, that old gray horse that is hitched to that hickory tree is mine, and if we can get along without your assistance till next August we will not need it."

And it is pretty true of the condition of the farmers. If they do not get this relief by the middle of October, they will be so virtually ruined that all you will have to do will be to pass the Torrey bankruptcy bill that was offered in the last House. The necessity for immediate relief is pressing. In the bills before me I can see no immediate relief. If there is any relief at all, it is that which is offered by the gentleman from Missouri [Mr. BLAND]; but if you would run your mints and run them night and day, you could not coin enough silver dollars in time to relieve the present condition. So that I would like to have seen offered to this House a bill which would immediately relieve this country and start the wheels of commerce and trade in motion.

While I am on the floor I want to call attention to a financial system that we probably ought to adopt. I have studied over this question of how the farming classes might be relieved. I have tried to show to you that they had no means by which they could pool their assets and use them as money, as city people use checks. I have tried to show that they required more actual money in their farming operations now than they did before the war, and the only system that I can see by which they could be relieved after this pressure has passed is by State banks, a repeal of the tax upon State bank circulation. Most people urge as a reason why the tax on State bank circulation ought not to be repealed is because it is not good everywhere—that a bill from North Carolina will not pass in Ohio or in Indiana.

Mr. Speaker, that is the very reason I advocate it. If that bill was good everywhere, we could no more keep it than we can keep these national bank bills. It is the very fact that it is not good everywhere that makes it return to its place of issue; and as the people who know the banks know whether it is good or not, they are the ones for whose benefit it remains, and they are the ones to be benefited by it, and they will take it and it serves them as money. Rather than see that fail, I would urge that the 10 per cent tax on the State bank circulation be amended so that it would place a tax on the bill in a State different from that in which it was issued. That would keep these State bank bills from going into States where they were not wanted.

Many gentlemen who have not been engaged in farming do not know how important it is for the farmers to have money from May to August, which is the time in which the crop is made. If, by

reason of drought or any untimely circumstance, they are out of money, \$20, \$30, or \$50 is a big thing to them; and when they can not get that, and have to go to the store and buy goods to exchange for labor, it makes the interest too high. Now, if they can get this old banking system the farmers can pool their assets in the State banks; they can put their money in there as they have done before in this country. In North Carolina over 80 per cent of the stock of the State banks before the war was owned by the farmers of the State, and to-day there is less than 10 per cent of the national-bank stock owned by farmers. Another fact I would like to call attention to, and it is that, no matter what system the United States Government might adopt, it can not fit every section of this country alike. There would be some who would be benefited more than others. Now this local circulation that would go only among the people in the State in which it was issued would relieve that condition. I am satisfied that it would give satisfaction upon a trial.

In regard to silver, Mr. Speaker, money according to the definition where I come from, is simply a medium of exchange. We recognize that this Government can not give to money more than four powers—the power to represent value, the power to exchange value, the power to measure value, and the power to accumulate by interest. Now, the question is, what will the Government make that money out of. That may be a matter of policy, or it may be a matter of necessity. But our people have been taught that gold and silver was the best to make money out of. They know that gold and silver has seen empire after empire go down; that there is no nation that has survived its use; and then many of them recollect that during the late war, when the Confederacy first issued its notes, they were as good as gold, and exchangeable for gold, but as the war proceeded and the fortunes of the Confederacy commenced to waver, they knew that gold and silver would survive the wreck of the Confederacy and everyone would prefer money made of gold and silver.

All country people prefer it, for the reason, among others, that if a house is burned down the money is not totally destroyed, the bullion may still be recovered, and because rats can not destroy it as they can destroy bills. Recognizing that gold and silver money as being stronger than the Government itself, they feel that it is good enough for them. But the most pressing question at this time is not what kind of money there shall be, or what it shall be made of, but how much of it is to be issued and kept worth a hundred cents on the dollar? That is the great question with them. They prefer gold and silver, but they want enough of it to do the business of the country and to relieve this pressure. Mr. Speaker, I have not time to describe to this House the true condition of our farmers.

It would take too long, but if I had the time I know that the remarks that I would make about the farmers in my part of the country would apply as well to those of New Hampshire, New York, Minnesota, or other States. The same condition is extending everywhere. I have seen in agricultural papers accounts of abandoned farms in Rhode Island, abandoned farms in New Hampshire and other States, with complaints of the difficulty of making both ends meet.

Now, as this financial policy has been kept in force all these years by the Republican party, there having been no change of law permitted, the people are looking to the Democratic party for a new and more equitable system; and I say here to-day that if the Demo-

cratic party comes up fully and squarely to the requirements of the situation, there will be no question whatever as to their remaining in power for all time to come, because the true habitat of democracy is among the people of our country who labor in production.

Mr. Speaker, as I may not have another opportunity to discuss the measures that are brought forward here for the relief of the existing distress, I will call attention to some of them now: The bill of Mr. Johnson of Ohio is good, as far as it goes, as a means of getting out more money at once among the people.

The next bill that I hear of is one which proposes to authorize an increase of the issue of the national banks to 100 per cent of their bond deposits. To that our people are opposed. We do not like that system. It is the system that has accumulated the money of the country at certain centers and has come in competition with everybody by borrowing money.

Not only that, Mr. Speaker; when the Farmers' Alliance met in St. Louis in 1889 and promulgated the demand known as the sub-treasury plan, I do not suppose there were a half-dozen men in that body who had any idea that that plan would ever be enacted into a law, but it was simply used to educate the people, and especially to educate them in regard to the national banks, because the farmers regarded those banks as no more than subtreasuries.

Why should five gentlemen who owned 3,000 bales of cotton, or 100,000 bushels of wheat, why should they not be allowed to warehouse it and draw 90 per cent of currency upon it as well as five gentlemen who own \$100,000 in United States bonds? The sub-treasury suggestion of the Farmers' Alliance was directed purely and squarely at that system, and I must confess that our farmers can not see the difference between the two cases. The bonds are private property, the Government has nothing to do with them except to pay them as they become due. In like manner the cotton and the wheat are private property.

Not only that, Mr. Speaker, even this Sherman silver law creates a subtreasury. It brings the product of the mine and warehouses it, and pays for it dollar for dollar at the market price. In making that fight we simply desired to educate our farmers so that they will be able to protect themselves, because we believed that this very kind of situation was going to come about very soon. We did not think it would be quite so extensive as it seems to be in the cities, but we saw that the condition of the farmer would be just what it is. We can not see any reason why the United States should pay a man, simply because he calls himself a banker, 100 cents on the dollar, and interest on the bonds besides. We want money that is not tampered with by the corporations. We want money direct from the Government, and if corporations are to have anything whatever to do with the issue of currency, let them be governed in their own States so that no influences can be brought to bear by which such a state of affairs as we now have can be made to recur.

Now I do not want to believe that the bankers have had anything to do with this panic, because bankers are the last men in the world to want a panic. A capitalist engaged in legitimate business is one of the last men in the world who would want a panic. But this state of affairs does exist, and it strikes me with peculiar force that if the Sherman law is repealed and confidence is restored to the country, and money comes out from its hiding places, and business starts up again—if these things come to pass, I say, it will seem to me very much as if the forty men described by the gentleman from

Alabama [Mr. WHEELER] who, he said, could stop the wheels of trade and commerce, had got together and decided to start it up again. [Laughter.]

In conclusion I simply urge this House to take into consideration the present condition of the country. The people need relief at once; and we should lose no time whatever in furnishing this relief. Afterward we can settle these other questions. I hope that the House will not delay longer the passage of that measure which will bring to the people the relief that is needed. [Applause.]