

Repeal of the Sherman Act.

---

SPEECH

OF

HON. CHARLES D. HAINES,

OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

*Friday, August 18, 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. HAINES said:

Mr. SPEAKER: It is with the greatest diffidence that I rise to address the House on the great question under consideration. I am not unfamiliar with the unwritten law of the House that a new member "should be seen and not heard." I am not unaware of my deficiencies, my inexperience, and the difficulties involved in a question on which so many able men of the same party, and in both parties, differ. I do not flatter myself that I can add much that is material to what has already been said and written on the subject, or that I can anticipate anything yet to be said by the eminent men whom we are to hear before the close of the debate.

But this question is one of such vital importance to my State, and my own immediate constituents take so keen, so anxious, and so active an interest in its proper settlement that I feel constrained to express myself here in regard to it, however conscious I may be of my inability to fully cope with the great and intricate matters involved in the discussion. While the district I have the honor to represent is not by any means the most populous in the State of New York, yet its population is nearly as great as the aggregate population of three Western States which will have six votes in passing on this bill when it reaches the Senate. It is a district that has given to the country two of the greatest Americans of the nineteenth century—Martin Van Buren and Samuel J. Tilden: it exercises within its limits almost all the industries to which the country owes its wealth—agriculture, manufacture, shipping; interests entitled to every consideration and respect. At the present moment its agriculture and its commerce are languishing, its factories are shutting

down, its mechanics and laboring men are suffering in enforced idleness, and their families are in want.

This distress is the result of the semipanic which has prevailed throughout the country for the past six weeks. It is the universal belief in my State that this panic has resulted largely, if not altogether, from the operation of the law which the bill under consideration proposes to repeal. I was amazed when I heard the distinguished member from Missouri [Mr. BLAND] say that this panic is a factitious panic, manufactured by Wall street for the purpose of having Congress pass a measure that would demonetize silver. These attacks on Wall street are pure demagogism, and are unworthy so eminent and so upright a Democrat as the member from Missouri. These attacks are read with amazement in my State, where the operations of Wall street are known and understood and under constant observation.

An attack on Wall street is an attack on the financial system of the country. Wall street is the savings bank of the nation. It is to Wall street that the various sections of the country send their loanable surplus, and from there that surplus is redistributed throughout the country where capital is needed for the development of every industry. It is from Wall street that the silver men of the West procured the capital with which to open up their mines; and it is there they procured many millions of dollars to open up mines which they afterwards forgot to open up.

It is curious that if Wall street is responsible for the prevailing panic that panic should have commenced in the West. It is in the West that nearly all the great failures have taken place. It is there that great commercial houses, innumerable banks, and bankers have closed their doors; and it is to Wall street that those which still remain standing look for aid to save them from disaster. The greater part of the securities of the railroads of the United States are held in Wall street, if by Wall street is meant the money centers of the East, New York, Boston, and Philadelphia. Within the last three months those securities have constantly been depreciating, until now they are down many hundreds of millions below the values they had last April.

To say that the great financiers, the men most vitally and directly interested in such matters, should deliberately undertake to create a panic by which such vast losses should accrue to them and their clients, seems to me a monstrous absurdity. I think, therefore, that these senseless attacks should be discontinued. They serve no useful purpose; they do not enlighten us in regard to the questions we have to dispose of, and they tend to create a sectional feeling which every honest Representative should deplore.

It makes very little difference, however, what may be the section from which the panic started and what may be the cause of it, except in so far as by regarding the cause we may thereby the better be enabled to consider the wisest way out of it. As I have said, in the East it is considered that the principal cause of this condition of things is the enforced purchase of silver by the United States Treasury, pursuant to the Sherman act, and the consequent decrease in the quantity of gold held by the Government and by the banks of the country to meet our obligations which we have undertaken to pay in gold.

The gentleman from Missouri [Mr. BLAND] admits that every piece of paper money issued in this country to-day, every bond, every certificate is to be redeemed in gold, and that we must procure the gold for their redemption. How it is possible we can pay these obligations in gold, in view of the rate at which gold has been leaving the country for the last six years, is something which thus far nobody has undertaken to show. Three times more gold has been taken out of the country during that period than has been imported, notwithstanding that in the meantime the average balance of trade has been enormously in favor of the United States.

The expert financiers of the country, men whose whole lives have been passed in studying these questions, who were led to study them not for the purpose of fulfilling the duties of a Representative in Congress, but because their most vital interests are involved in them, together with the interests of their clients and patrons—these men, whose opinions, it seems to me, are entitled to as much weight as the opinions of the most eminent experts in this House, unanimously attribute this condition of things to the operation of the Sherman law.

Statistics show that we will be unable to pay our obligations in gold if that law continues. They also show that the capitalists and investors in Europe who had placed their money in our securities, believe that we will be unable to meet our obligations and pay them in gold; and hence they have been disposing of their securities and getting rid of American stocks and bonds before the time comes when, as it is considered inevitable, the American Government and the American railroad companies will be unable to meet the demands made upon them, to fulfill their obligations by the payment of them in the coin which, among capitalists and investors, is considered the only standard of value.

It seems to me that the first thing for this House to do is to repeal the law which has brought about this distrust of American securities. Whether silver shall be demonetized; whether we shall have a single standard or a double standard; whether the United States shall be monometallist or bimetallic, and, if bimetallic, what shall be the ratio between gold and silver, and how the defects in the currency shall be remedied, are all questions which can be determined at the proper time. This extra session was not called for the purpose of determining all these questions. As the immediate cause of the distrust now prevailing is the operation of the Sherman act, it was for the purpose of considering whether or not the purchasing clause of the Sherman act should be repealed that the session was called, and the country regards that as the principal purpose for which this extra session is pending.

The people of my section of the country are for the repeal of the purchasing clause of that act absolutely and without condition; and all these questions collateral to the main issue which have been raised here can be settled in due time. It may be that the repeal of the purchasing clause of this act is an insufficient remedy, and will not bring the country back to the state of prosperity it was in a short time ago. But inasmuch as, whether rightly or wrongly, the people regard the operation of that clause

as the main cause of the present distress, the first thing to do is to restore confidence by stopping its operation, and thereby at least take one step towards bringing the country back to a sound financial condition.

The main objection to the bill now before the House, raised by the gentleman from Missouri and those who think with him, is that the result will be to demonetize silver. That is the burden of their remarks, and they threaten to secede from the Democratic party if the platform of the party in that respect is not adhered to. I have been unable to see upon what ground it is claimed by those gentlemen that the Democratic party seeks to demonetize silver. The operation of the Sherman act has been disastrous. The business men of the country, whether Democrats or Republicans, whether monometallists or bimetallicists, are clamoring for its repeal; and it seems to me singularly unfortunate that these gentlemen who are acting with the gentleman from Missouri should involve the simple question of repeal or no repeal by calling upon us to discuss their pet theories in regard to silver and gold as standards of value.

These gentlemen may be right or they may be wrong in their ideas in regard to whether gold or silver should be kept upon a parity, and what may be the ratio of value between them; but this is not the time to consider such questions. The Democratic party is not seeking to demonetize silver because it seeks to repeal an act which both Republicans and Democrats consider unjust and monstrous; and while the country is waiting for relief from this iniquitous measure these gentlemen are taking up the time and bewildering the country by raising questions, some of which are not disputed and all of which are out of place in this discussion, as bearing only slightly or collaterally on the main question to be considered.

There are so many people in this country and so many Representatives in Congress, among both Republicans and Democrats, opposed to the demonetization of silver that the fears of the member for Missouri in this respect are altogether unfounded. That gentleman undertakes to say that if this bill is passed it will be regarded by the people of the country as a demonetization of silver, and that thereby the people of the vast regions west of the Mississippi will be deprived of the money to open up new railroads, to establish new factories, to operate new places of business, and to inaugurate new industries; that they will, in fact, be deprived of money and be ruined.

With all due respect to that distinguished gentleman, this talk seems to me absurd; and it would appear to me to be entitled to no consideration at all, if it did not come from a person of his weight and eminence. The capital necessary to build up the new industries of the West must come from the East, and the East is clamoring for the repeal of the law, the repeal of which the gentleman from Missouri [Mr. BLAND] thinks will beggar the West. Is not the prosperity of the East largely dependent upon the prosperity of the West? Has not Wall street vast sums of money invested in the West? Is not Wall street affected by financial disturbances in the West? Is not Wall street bound to uphold the West and to aid it whenever it is in financial distress, for its own sake, if not for the sake of the West?

44

How, then, can it be truthfully said that the Eastern Democrats, who represent the capital of the East, have been guilty of a trick upon the Democrats of the West and Southwest, in presenting the measure now before the House before tariff reform is brought forward for consideration? The business troubles of the country have an apparent cause, visible to every one. This cause should first be removed before other questions are brought up for consideration; and it will be time enough for the gentleman from Missouri and those who think with him to condemn the Democrats of the East when they put themselves upon record in this House, by the presentation of measures or opposition to measures presented by others, in contravention of the pledges of the Chicago platform. It does not appear that these gentlemen, who threaten the Democratic party with secession under certain contingencies, are opposed to the measure before the House, in so far as it repeals the purchasing clause of the Sherman act.

The gentleman from Missouri, in his remarks, either directly or impliedly admitted over and over again that the Sherman act is bad in principle. He admits, for instance, that the value of silver, like that of every other commodity, should be governed by the law of supply and demand; and hence a law which compels the Government, without regard to the law of supply and demand, to purchase a certain quantity of a given commodity is radically vicious. He failed to explain upon what principle he claims that we are bowing our necks meekly to the yoke of Wall street because we are seeking to repeal a law which the gentleman himself condemns. His principal argument, and the principal argument of all those who are of the same opinion, is that the demonetization of silver, which they assume will result from the passage of this act, will contract the currency, to an extent that the conduct of the business of the West and the opening up of new enterprises in that section of the country will be no longer possible, and widespread ruin will be the result.

In answer to this argument, it is sufficient to point out the condition of things at present in the principal money centres of the United States. At this moment banks in the city of New York of world-wide reputation, possessing assets which even in times like these are valued at from five hundred to a thousand cents on the dollar, have refused to honor the checks of their depositors by paying them in currency, without regard to the accounts of their depositors. In other words, banks of undoubted responsibility, banks whose assets entitle them to claim that they are able to pay dollar for dollar with as much confidence as the United States can claim that they are able to pay dollar for dollar of their bonds, have in effect suspended payment by reason of a lack of currency to meet the demands made upon them.

If this condition of things has taken place at this date, when silver has not been demonetized, when the Democrats of the East have not yet acted in a manner to lead these gentlemen to believe that they are going to go back on their platform pledges, and when this has apparently been brought about by the operation of a law which these gentlemen concede to be unjust, yet place obstacles in the way of its repeal, it is plainly a deduction suggested

by common sense, without regard to financial learning, that, assuming, as it seems to have been generally assumed, that the great financial institutions of the city of New York have been restricted in their operation by reason of a lack of currency in consequence of this obnoxious law, no worse condition of things can happen if the law is repealed; and the repeal, if it will at least restore confidence to that section of the country which has in its possession the largest amount of the currency of the country, that much will be gained by its repeal, that confidence will be restored in the East and reflected back upon the West in a manner that must effectually, if it will accomplish nothing else, at least stop the disasters which are occurring in the West from day to day.

The East is suffering from a lack of currency arising from the operation of the Sherman bill. The gentleman from Missouri anticipates that if the bill is repealed without restriction there will be a lack of currency in the West. The East is appealing to Congress to remedy an evil already existing, and this gentleman opposes their demand from an anticipation of an evil that may never exist; and if, instead of attacking the East and the so-called agencies of the "money kings" of Lombard street, this gentleman and those who think like him would comprehend that the United States is not only a political entity but a financial entity too, and that what is injurious to one section must necessarily reflect back injuriously on the other, they must come to the conclusion that it is just as necessary for the prosperity of the West that the East should be contented with the financial condition of things and the laws by which they are governed as the West itself; and they will then find it easy to come to the conclusion that it was necessary to the prosperity of all sections that the East and the West should be in accord on questions of the character now before us. And where a difference of opinion might arise it is respectfully submitted that it is that section of the country which has the money to expend that should be first considered rather than that section of the country which has not the money, but which looks to the other as the source of its capital.

The question which presents itself, therefore, it seems to me, is this: Both the East and the West, with the exception of the few owners of silver mines, agree that the act which the bill before the House in effect shall repeal is a vicious bill, largely if not altogether responsible for the disasters under which the country is suffering. The East asks that the bill shall be repealed. The West concedes that it ought to be repealed, but should be repealed with restrictions and provisos. The East says that it is necessary, in order that we shall recover stability, that the repeal shall take place at once. These gentlemen from the West say: "No; you must consider these other questions at the same time." And in the meanwhile hundreds and hundreds of thousands of mechanics and laborers are obliged to be idle, values are decreasing or are being wiped out altogether, so that widespread distress is suffered by widows and orphans and by institutions whose income is derived from the various industries that are affected by this confusion. While the two parties are

haggling, not over principles, but over questions of expediency, the people are suffering losses that they can never recover.

These very gentlemen who raise the cry against Wall street are playing into the hands of professional speculators; they are wiping out the values on the property of permanent investors and throwing their earnings and their savings into the hands of speculators, who will absorb to themselves the results of the beneficial legislation which will ultimately be carried out, but which is now delayed in order that we may listen to the harangues of theorists, of men governed perhaps by principle, but who have no money at stake, and who are playing to the galleries whom they ought to take a broad and liberal view of the interests of the whole country, and act in accordance with the dictates of patriotism and common sense.

It may be asked: If this bill is repealed what shall we do with these questions that have been raised by those who are opposed to its repeal without restrictions? These gentlemen provide the answer themselves, viz: The practice adopted by the most experienced governments of Europe, namely, the appointment of commissions composed of the most intelligent and expert financiers of their respective countries, to whom shall be committed the task of finding an answer to the questions presented. This is what should be done here. Let us repeal the purchasing clause of the Sherman act. Let us appoint a commission composed of the most eminent persons in this House and the Senate, and of the various interests outside Congress to be affected by such matters.

Let them investigate and report their conclusions, and thus we may be enabled to get an intelligent idea as to what should be done for the purpose of maintaining the parity between gold and silver, of ascertaining whether or not an international agreement may not be reached by the nations affected, and a currency created and maintained at once staple and elastic, and such as will command the confidence of the country and the world. Thus, at least, we shall restore confidence. We shall bring from the safes and the safe-deposit vaults the currency which has been taken from the banks within the last six weeks, and this money, once more finding its natural course in the channels of commerce, will place our banks in a normal condition, will open up our factories, our mines, and set our various industries once again in motion. And a wise and conservative Congress, without regard to party affiliations, considering the subsequent questions, not in the face of a panic, but under the normal condition of things which the natural prosperity of the country warrants, will find the remedy for all the evil suggested, and find an answer to all the questions raised by those who are to-day presenting obstacles to the fulfillment of the desires of the business people in all sections of this country—that the purchasing clause of the Sherman act shall be repealed. [Applause.]