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Silver.

SPEECH

OF

HON. H. H. POWERS,

OF VERMONT,

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. POWERS said:

Mr. SPEAKER: I am not vain enough to suppose that anything I may say, nor credulous enough to believe that anything that anybody else has said touching the pending proposition, will change any single member's vote or shade his belief. But animated by that common impulse of mankind which prompts us to talk of those blessings we do not enjoy, I propose to talk a few moments about money. The President of the United States has convened Congress in special session for the avowed purpose of repealing the purchasing clause of the Sherman act. At the very outset of this very laudable undertaking we are confronted with a condition. The friends of the administration on this floor find themselves torn with dissension and divided into factions. Each faction, claiming itself to be orthodox, accuses the other of disloyalty to the party platform of 1892. Both factions ignore the inherent sin and quarrel over the doubtful syntax of that composite document. And conformably to a well-settled rule in law that where the terms of a written instrument are ambiguous, and especially if they are made so intentionally, the construction of the parties interested in the document is always resorted to to understand its meaning, several gentlemen have taken the confessional and advised us of the manner in which they explained this instrument to their constituents during the late campaign. Gentlemen from the North and the East say that the dear people were informed that it was an honest-money document, while gentlemen from the South and West say that it sanctioned and favored free coinage of silver. So that from this Babel of tongues it is perfectly evident that the Chicago platform, like nature, speaks a various language.

There is one notable exception, however, and that is the case of the accomplished Representative from the Seventh Massachusetts district [Mr. EVERETT]. He confesses that he could not understand the intricacies of that instrument. He wanted something more vicarious; so, unlike the gentleman from Pennsylvania [Mr. SIBLEY], he does not select the Saviour of the world, but takes what many people think is a greater personality, Grover Cleveland, as his platform. And so, as he tells us, he went up and down his district during the campaign, singing at the top of his voice, "Oh, isn't he a dandy!" [Laughter.]

But the true construction of this platform, Mr. Speaker, depends altogether upon how you read it, where you put the accent—whether upon the penult or the antepenult. Why, many years ago up in my State it was the custom in the churches, when any member undertook any great and important business, for his friends to request the prayers of the congregation; and on one occasion when Mr. Jones was about to go to sea, his wife penned a request which she handed to the clergyman and asked him to read on the following Sabbath. It ran like this: "Mr. Jones being about to go to sea, his wife desires the prayers of the congregation." But the minister—like many gentlemen on the floor of this House when reading the Chicago platform—having no clear conception of the meaning of that request, delivered it in this way: "Mr. Jones, being about to go to see his wife, desires the prayers of the congregation." [Laughter.]

But, sir, is there no good thing to come out of this Nazareth? Yes, sir. Each of these factions assures us in unqualified terms, and with the greatest sincerity, and with the most probable truthfulness, that if the views of the other are adopted the Democratic party will "go where the woodbine twineth." Mr. Speaker, the country at large is less concerned with party platforms and more anxious for party patriotism. This is not the time, nor here the place, to play politics. The question demands a play of statesmanship.

The purchasing clause of the Sherman act, in my judgment, ought to be repealed not only, first, because it is vicious in principle, but, second, because it is dangerous in application. It compels the Secretary of the Treasury peremptorily to buy four and a half million ounces of silver each month, and to pay therefor in Treasury notes an equivalent amount in dollars. These notes, although in form payable in silver dollars, yet under another provision of the act requiring gold and silver to be kept at a parity, have always been redeemed in gold. The effect of such redemption has been to strengthen the credit of the Government and to assure the people that the silver certificates in their hands are as good as any other kind of money. But what can justify this compulsory purchase of silver? Why should the Government be compelled to buy silver or any other commodity that it has no use for? Silver and gold are commodities sold in the market by weight as butter is. The mine owner takes his silver out of the earth as the marble owner takes his marble out of the earth, and both have a commodity for sale in the markets of the world.

Now, if the Government has occasion to buy either silver or marble, it ought to stand as a voluntary bidder in the markets of the world for such commodity. But this law does not permit it to stand as a voluntary bidder. It must buy *nolens volens;* no matter whether the currency is unduly expanded it must buy; no matter whether silver is depreciated in price and unfitted for the currency of the country, it must buy.

The viciousness of this law is the compulsory requirement to buy. It is not a proper function of the Government to be a dealer in commodities. The Constitution nowhere requires it to own any kind of money. It never ought to own any, save such as it collects by some form of taxation for its own administrative needs. It can coin money and regulate its value, but this constitutional power implies that it is to exercise supervision only over other people's property. Congress may regulate interstate and foreign commerce, but it can not properly buy ships to carry on commerce. It may say to the mine owner, the people need fifty-four million ounces of silver for their use as money. Now you may have that much of your silver, which otherwise you would sell to the silversmith to make into tea sets, coined, free of expense, into silver dollars with our certificate stamped upon them attesting their purity and weight, and then do what you please with them. This is all the function that the Government can properly exercise in the transaction. But the Sherman act goes further and says in the supposed case, the Government shall not only coin this fifty-four million ounces into dollars, but shall certify that these dollars are honest dollars—each worth one hundred honest cents, and, top of all that, shall be obliged to take them at their face value and pay for them, dollar for dollar, in gold. This is the net result, for the Government issues a certificate to the mine owner on which he can demand the gold to its face value. Take a concrete case. The mine owner takes to the Government enough silver bullion to make ten silver dollars. The Government coins the bullion for him, free of expense, into ten silver dollars, which are piled up in the Treasury vaults and a Treasury note for ten dollars which is paid in gold is handed over to the mine owner. The silver dollars, however, are to-day worth less than six dollars in gold, and thus the people are robbed the difference.

The proposition for free coinage is merely an enlargement of the robbery of the people which is now accomplished by the Sherman act. It proposes that the mine owner may compel the Government to coin into money, at the same relative loss to the people, not the insignificant fifty-four million ounces assured him under the Sherman act, but the hundreds of millions of silver that he may offer. Not only what he secures from his own mine, but all he can buy from the Old World, all he can secure by melting down his tea pots and silver spoons—all, in short, that he can buy, beg, or steal. No wonder that the mine owners are in favor of the Bland amendment. It means to them untold millions of profit. But how about the people? Every dollar of net profit that goes into the pocket of the mine owner under this scheme is taken out of the pockets of the people.

If these gentlemen proposed to put into their dollars one hundred cents' worth of silver, no objection to the scheme could be made, except that it would unduly expand the currency, and thereby lead to reckless speculation. But the money would be good.

The Bland amendment to the pending bill provides that anybody having silver bullion may have it coined into dollars having 412½ grains of standard silver, and may have these dollars deposited in the Treasury and receive silver certificates therefor "in the manner now provided by the law for the standard silver dollar." The "manner now provided by the law," as it now is and has been heretofore construed, enables the holder of silver certificates to have them redeemed in gold. The privilege to do all this is accorded to "all holders of silver bullion." It will be noticed, and herein is the great danger in the proposition, that the American holder of bullion is no better off than the foreign holder. The output of American mines is from 60 to 64 million ounces per year. The Sherman act takes up 54 million ounces, so if the scheme were limited to the product of American mines the country would be but little worse off than we are under the Sherman act. The proposal, however, is not so limited. On the contrary, it opens the door to the whole world. France, with her six or seven hundred millions of silver, England, Germany—all Europe—India, Mexico, South America, everybody from everywhere is invited to dump his silver dollars into our vaults and load himself down with gold-bearing currency at the rate of ten to every six dollars of intrinsic value in the silver dollars.

The scheme makes this Government the highest bidder for silver in the known world. There is in round numbers four billion dollars' worth of silver in the world within reach of our bid, and we are compelled to buy all that is offered. How long does any sane man suppose that our Government would remain solvent? The silver certificates that are to be issued on deposit of this silver are in form and fact a debt against the United States. The silver collateral we hold to pay this debt amounts, at present prices, to six-tenths of the debt. The remaining four-tenths of the debt is for the people to pay. It is but fair to say that these certificates can only be issued upon the deposit of silver dollars coined at our mints, and it may be argued that their capacity will not permit a sudden swell of the output of silver dollars and by consequence the volume of certificates, but that the increase would be gradual year by year, and the increase in population, industries, and wealth would fairly demand this increase in the currency of the country. The answer to this pleasing assurance is that our mints can turn out dollars practically as fast as the holders of bullion can supply it—if not, new mints will be established—and the increase of paper currency in the form of silver certificates is not regulated by the Government under the Bland amendment, but is wholly at the mercy of the bullion holder, and so long as he is making over 60 per cent on his investment it is probable he will crowd the business for all it is worth.

Suppose, however, that only a moderate quantity of silver dollars are coined each year, say one hundred millions, how will the Treasury stand at the end of ten years?

We have, in round numbers, about eight hundred millions of paper money in circulation, not counting the bills of national banks, nor gold certificates.

To redeem this eight hundred millions of paper in gold, as has been our policy, and, as to some of it, is our duty, we have say, one hundred millions of gold in the Treasury, and some two hundred and fifty millions in silver at its gold valuation. Three hundred and fifty millions of collateral to eight hundred millions of debt, when we start into the paper business under the Bland amendment, to say nothing about our large liabilities for other obligations. Now, it is proposed to increase our silver paper currency one hundred millions per year, or in ten years one billion dollars, with nothing added to our collateral but unsalable silver dollars. How long will the credit of the Government be kept good.

But gentlemen say that the United States is the richest nation on the face of the globe; that it stands behind its currency, and that makes it good everywhere. I am perfectly willing to hear these gentlemen boast of our country and its resources in all the fervor and with all the latitude of a Fourth of July oration, but these things come far short of proving that our credit will be good when pay day comes, or even before it comes. A little more than thirty years ago we were the greatest nation on the face of the globe and the fervor of Fourth of July talk was then as glowing as now. Still we had to pay 12 per cent interest on our paper when the ratio of assets to liabilities was even greater than to-day. This talk about the potency of a Government fiat is a delusion and a snare. The creditor wants to see collateral instead of promise. This was demonstrated in France a hundred years ago when she issued her assignats. It was demonstrated here during the late war when we were throwing off paper issues very much as the boy blows off soap bubbles with a clay pipe, that went to a discount of 60 per cent. We are a great nation, but after all we are only a small part of the world. We are compelled to recognize this fact, unpalatable though it may be.

As long as we remain in the world we are forced to adopt a standard of money that our neighbors count as good. That standard, to-day, the world over, is gold. Silver would be just as good if the rest of the world would only think so. But we can not make them think so. We have tried five times within the last twenty-six years, through the instrumentality of an International Monetary Conference, at which from twelve to twenty of the leading nations of the world were represented by their ablest thinkers, to persuade the world that silver was just as good as gold, but our efforts have been fruitless. It follows then that paper issues based on silver collateral are less marketable than paper issues based on gold. This brings me to the very root of the trouble with the Sherman act. It has seriously threatened the credit of our Government. A very large fraction of the investors in American securities—our railroad and other corporate bonds—are foreigners. They watch our fiscal legislation as sharply as the individual creditor watches the business methods of his individual debtor. They discover that our legislation tends toward a silver standard. They think they are confronted with a probable payment of their debts in silver. They don't want silver. They lose confidence in our Government as a debtor and in our people as debtors. Our home investors imbibe the same distrust, and the result is the money-lending class, at home and abroad, withholds its offerings. The vaults of every bank in the land are locked, simply because the Government is indulging in a little dalliance with silver.

It does not help the matter to say that this condition of things has been brought about by the gold bugs of Wall street. If free coinage be adopted those bugs could corner the market as easy as they now have. It does not mend the matter to say that the Republican party is responsible for the passage of the Sherman act. The practical question is, what are you going to do about it? Both of the political parties have said that they are in favor of bimetallism. We are all in favor of it to-day. We are all blessed with it to-day. We have in the Treasury 540 millions of silver and less than 200 millions of gold. Is there any discrimination against silver shown in this fact? We have in the hands of the people, in active circulation, twenty-five times as much silver as gold. Where is it, or how is it that the people have not done their full duty to the white metal?

The trouble is not with the people, it is with the metal. Gold and silver are commodities, salable in all the markets of the world, either for money or in the arts. Their market value is necessarily established by the prices paid in the markets of the world. In those markets gold is worth par and silver is below par; and our nation alone can not change this fact. If we were the only silver-producing nation in the world, we could set our own price on silver; but, unfortunately for this purpose, we are not. Consequently silver, for the time being, is cheapened in price, and dollars made of silver have gone down 40 per cent.

Now, if we open our mints to the free coinage of silver and issue upon the coined metal an illimitable quantity of paper currency redeemable in gold, we are carrying our Treasury to the verge of insolvency and bankrupting our national credit. No nation can afford to tolerate an impaired credit. No nation can safely indorse an impaired currency. Every dollar, whether of gold, of silver, or of paper, must be intrinsically worth 100 honest cents, yesterday, to-day, and forever. Every scheme that threatens to impair the value of any one of our dollars is a scheme that impairs our national credit, and with that, and in consequence of that, the credit of our people.

Our national credit is now second to that of no nation on the globe. We can float our gold-bearing securities at 2 per cent. Our greenbacks, because they are payable in gold, as freely circulate in the Old World as they do at home; our national-bank bills, because redeemable in gold-bearing bonds, are current the world over. Nothing can change this confidence in our currency but the persistent clamor, that has prevailed for the last twenty years, for legislation in the interest of silver-mine owners and the unfortunate surrender to that clamor which has been made.

No currency of any kind can circulate at par unless the holders have faith in the government that issues it; not the blind trust that friend places in friend, but that more discriminating trust that the intelligent creditor places in his debtor.

If our circulating medium is distrusted all our securities, individual and national, will be distrusted. If we persist in coining silver dollars worth 60 cents, stamping on their face our certificate that they are worth 100 cents, we are guilty both of fraud and falsehood. If the Government should begin to-day to redeem the silver certificates already issued, in silver dollars, as it has a right to do, those certificates would drop 40 per cent in value in the pockets of the people. The silver dollars might, from their legal-tender quality, be used to pay existing debts; but no new engagements could be made upon their credit. If the Government should refuse gold redemption to one kind of its paper money, every other kind would at once be under the ban of public distrust. The only solution of the problem is to at once suspend the purchase of that metal which the world has discarded, until such time as we can bring the world to its senses, even though to do this the governor of Colorado will be obliged to stain the head-gear of his frothing Bucephalus with the blood of heretics.

It will not help the matter to increase the ratio which silver now bears to gold. We are bimetallists; we desire to bring the metals to a parity. The world must have both in circulation. Nearly all the

155

nations with whom we have dealings of any considerable amount have said they do not want silver. Now, if we at once reply that we do not want it, we will, in the near future, be asked to join them in the effort to restore it to its old position in the monetary system of the world. But to do this you must keep the ratio where it is. Put it at 20 to 1 and you at the start dishonor the metal you are anxious to elevate to an equality with gold.

If, as our friends contend, the demonetization of silver is the work of the gold bugs of Europe, the quickest way to counteract this villainous scheme is for our nation to put itself on a gold basis. Our resources are ample enough to enable us to get our share of the world's gold, and what we get they must lose.

With the permission of the House I will append to my remarks a table showing the aggregate gold and silver in the world, with their per capita and relative distribution.

The stock of gold in the world, as shown by this table, is a little over $3,500,000,000, and it is now divided not very unequally between the nations of the world. But all nations are bidders for it and each will get what it can. Now, it is a well-known fact that American securities—our vast corporate bonded indebtedness, our public securities of every name and kind—bear a higher rate of interest than like foreign securities, and all things else being equal the foreign investor prefers them and will buy them and pay in gold. If, therefore, we keep this temptation alive by so shaping our legislation as to dispel the fear that we are coming to a silver basis, is it not as clear as sunlight that we shall outbid other nations for gold and equally clear that they will be short of that metal?

When they discover this fact and see that it is a vantage ground that we shall always have in the future they will discover that their supply of gold is inadequate and will then see that silver must be recognized as a basic metallic standard.

Thus bimetallism will come about by natural causes, and when once established on such basis it will come to stay. How much better, wiser, and surer this plan than the bold, defiant, reckless, and illogical scheme of free coinage of silver by our nation alone.

But it is said that we must continue the purchase of silver, in order to expand our currency to the needs of our growing population. Suppose that this is true: can we not do it and still keep the expanded currency good in every market on the globe?

Strike off the 90 per cent limit affixed to the circulation of our national banks, and you will at once expand the currency about twenty million dollars. Not only this, you will tempt capital to invest more freely in such bank stocks, and the number of national banks will be largely increased and the currency still further expanded. Coin the surplus silver, now in the Treasury vaults and you put into circulation forty millions of silver. If the currency then needs further expansion, authorize the Secretary of the Treasury from time to time to issue 3 per cent gold-bearing bonds, to a limited extent, to be used as a basis for the circulation of new or old national banks that may desire them.

But whatever be the character of supplemental legislation, the pressing command of the people to-day is, "Stop buying silver."

But, Mr. Speaker, silver is not alone the cause of our business depression. The money investor, at home and abroad, is out of business because we are rapidly approaching to a silver basis for our currency. This brings untold disaster to all business enterprises. It touches the wheat farmer of the West and the cotton farmer of the South, who must have money, or their crops will rot on their hands. It touches every tradesman in the land, who can neither buy nor sell, for there is no money. It has depressed the value of our securities in every market in the world.

But alongside this business paralysis lies another that has overtaken every manufacturer or tradesman who deals in articles affected by a change in tariff legislation.

It is not my province to advise the dominant party in the House what its action should be in respect to tariff legislation; if it were, my advice would hardly be followed. For present purposes, the country cares less what the policy is ultimately to be, and more for an immediate announcement of what it is to be. Don't ask us to study the Chicago platform to learn your purpose. You will probably be as much at loggerheads youselves over the tariff plank as you are over the silver plank. Don't give us that conundrum. But in the name of the hundred thousands of workingmen and working women of this land, who are already thrown out of employment and who in their hunger for bread, before the rigors of winter shall set in, will storm the Walhalla Hall of every important city and town in the land unless something be done to give them work, I implore you to tell us, and tell us now what the "reform" you have promised is to be. The manufacturer will shape himself to the emergency whatever it may be.

But action! action! action! should be the eloquence and the watchword of to-day. [Applause.]

APPENDIX.

Monetary systems and approximate stocks of money in the aggregate and per capita in the principal countries of the world.

Countries.	Monetary system.	Ratio between gold and full legal-tender silver.	Ratio between gold and limited tender silver.	Population.	Stock of gold.	Stock of silver.			Uncovered paper.	Per capita.			
						Full tender.	Limited tender.	Total.		Gold.	Silver.	Paper.	Total.
United States	Gold and silver	1 to 15.98	1 to 14.95	67,000,000	$604,000,000	$538,000,000	$77,000,000	$615,000,000	$412,000,000	$9.01	$9.18	$6.15	$24.34
United Kingdom	Gold		1 to 14.28	38,000,000	550,000,000		100,000,000	100,000,000	50,000,000	14.47	2.63	1.32	18.42
France	Gold and silver	1 to 15½	1 to 14.38	39,000,000	800,000,000	650,000,000	50,000,000	700,000,000	81,402,000	20.52	17.95	2.09	40.56
Germany	Gold		1 to 13.957	49,500,000	600,000,000	103,000,000	108,000,000	211,000,000	107,000,000	12.12	4.26	2.16	18.54
Belgium	Gold and silver	1 to 15½	1 to 14.38	6,100,000	65,000,000	48,400,000	6,600,000	55,000,000	54,000,000	10.66	9.02	8.85	25.53
Italy	do	1 to 15½	1 to 14.38	31,000,000	93,605,000	16,000,000	34,200,000	50,200,000	163,471,000	3.01	1.62	5.27	9.91
Switzerland	do	1 to 15½	1 to 14.38	3,000,000	15,000,000	11,400,000	3,600,000	15,000,000	14,000,000	5.00	5.00	4.67	14.67
Greece	do	1 to 15½	1 to 14.38	2,200,000	2,000,000	1,800,000	2,200,000	4,000,000	14,000,000	.91	1.82	6.36	9.09
Spain	do	1 to 15½	1 to 14.38	18,000,000	40,000,000	120,000,000	38,000,000	158,000,000	100,000,000	2.22	8.78	5.56	16.56
Portugal	Gold		1 to 14.08	5,000,000	40,000,000		10,000,000	10,000,000	45,000,000	8.00	2.00	9.00	19.00
Austria-Hungary	do		1 to 13.69	40,000,000	40,000,000	90,000,000		90,000,000	260,000,000	1.00	2.25	6.50	9.75
Netherlands	Gold and silver	1 to 15½	1 to 15	4,500,000	25,000,000	61,800,000	3,200,000	65,000,000	40,000,000	5.55	14.42	8.89	28.88
Scandinavian Union	Gold		1 to 14.88	8,600,000	32,000,000		10,000,000	10,000,000	27,000,000	3.72	1.16	3.14	8.02
Russia	Silver	1 to 15½	1 to 15	113,000,000	250,000,000	22,000,000	38,000,000	60,000,000	500,000,000	2.21	.53	4.42	7.16
Turkey	Gold and silver		1 to 15.1	33,000,000	50,000,000		45,000,000	45,000,000		1.52	1.36		2.88
Australia	Gold		1 to 14.28	4,000,000	100,000,000		7,000,000	7,000,000		25.00	1.75		26.75
Egypt	do		1 to 15.68	7,000,000	100,000,000		15,000,000	15,000,000		14.29	2.14		16.43
Mexico	Silver	1 to 16½		11,600,000	5,000,000	50,000,000		50,000,000	2,000,000	.43	4.31	.17	4.91
Central America	do	1 to 15½		3,000,000		500,000		500,000	2,000,000		.17	.67	.84
South America	do	1 to 15½		35,000,000	45,000,000	25,000,000		25,000,000	600,000,000	1.29	.71	17.14	19.14
Japan	Gold and silver	1 to 16.18		40,000,000	90,000,000	50,000,000		50,000,000	56,000,000	2.25	1.25	1.40	4.90
India	Silver	1 to 15		255,000,000		900,000,000		900,000,000	28,000,000		3.53	.11	3.64
China	do			400,000,000		700,000,000		700,000,000			1.75		1.75
The Straits						100,000,000		100,000,000					
Canada	Gold		1 to 14.95	4,500,000	16,000,000		5,000,000	5,000,000	40,000,000	3.56	1.11	8.89	13.56
Cuba, Haiti, etc.	do	1 to 15½		2,000,000	20,000,000	1,200,000	800,000	2,000,000	40,000,000	10.00	1.00	20.00	31.00
Total					3,582,605,000	3,469,100,000	553,600,000	4,042,700,000	2,635,873,000				

155

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