Silver.

SPEECH

OF

HON. JOHN C. BELL,

OF COLORADO,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, August 23, 1893.

The House having under consideration the bill (H. R. 1) to repeal the 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. BELL, of Colorado, said:

Mr. SPEAKER: However we may disagree upon other matters I think we may unite upon these propositions:

First. The demand for money of some kind is equal to the sum of our demands for all other purchasable things.

Second. That our trouble does not arise as to differences between varied products of the field and shop, but the discrepency arises between all of the products of toil and promiscuous property on one side and legal-tender money on the other.

Third. That there is not a depreciated coined silver dollar in France, the United States, or any other great nation, and in the United States coined silver is at a premium over gold.

Fourth. That when silver was demonetized and reduced to a commodity it was at a premium, and that no political party, newspaper, or petition from the people demanded its demonetization.

Fifth. That since demonetization prices of all commodities including silver bullion have gradually decreased, as compared with gold, until they have reached ruinously low prices.

Sixth. That there is now a money famine raging in Europe and America.

When we reach the causes leading up to these injuries and the remedy to be applied we meet a chaotic confusion of ideas.

Our friends east of the Allegheny Mountains and some others plant themselves firmly upon the narrow and, we think, illogical foundation that the purchase of 4,500,000 ounçes of silver monthly is the principal cause of disasters and the transcendent question of the hour. If it is possible that this great Government, with its matchless wealth, intelligence, and enterprise, is so weak and unstable in governmental sagacity as to be thrown into irretrievable ruin with so little provocation, then our friends are quite right;

we are incapable of self-government, and should supplicate with the mother country for a financial policy. Think of the absurdity of a Government with $27,396,055,389 in assessed valuation quaking at the drop of a mere pebble. It is illogical and, it seems to us, unworthy of serious consideration.

WHY ALL OF THIS SHUFFLING?

We were told long prior to the object lessons given us by the officers of the Government, financial circles, and the public press that the tightening up of money was caused by our securities being thrown back upon our hands from foreign investors. We were then told that the cause of this was losses sustained in India and the Argentine Republic. These were mostly gold securities. Why this change?

We know our gold drifted to Europe early in the year because of adverse balances of trade, and is now flowing back because of reverse conditions. Why did not the Government use the means at its command? Because the Administration is unfriendly to silver.

It is puerile to talk about a failure of silver to circulate when the Government is determined that it shall not circulate. People are clamoring for silver and can not get it. Ever since the Bland act the Executive and the Treasury Department of the Government have done everything in their power to make these acts odious.

Why is it that the silver dollar is now at a premium over gold? (This should bring the blush of shame to the cheek of its defamers.) Silver is and always will be the money of the people in cash transactions.

When people say hold on, we will check up and balance our accounts. We have another object lesson: that is your gold and bank conveniences are satisfactory while we are running on unlimited credit, but when we have to check up and cash in we must have money.

These panics come surely and regularly every few years, and it is here that the mighty and strong swallow up the weak. They call it cleaning out the unstable financial and commercial institutions.

WHAT DID CAUSE THE PANIC?

It was partially caused by the Baring failure, Argentine Republic complications, large purchases of cheap goods from overstocked merchants in Europe and an attempt to further spread gold as a money standard, and the hoarding of money. The officers of the Government, the bankers and boards of trade, which represent one and the same class, sent out interviews, circulars, and inflammatory articles through the press for the purpose of influencing this Congress, and intimidated the laboring men and women and that class of our citizens not in active commercial or manufacturing pursuits, but who owned and held the idle and ready money of the country, and caused them to lock it up in safety deposits.

In Colorado it was a significant fact that practically all of the panic-stricken were women and citizens not engaged in active business. They took you at your word when you predicted the great danger. It is also a significant fact that the scramble was not for gold but for any kind of legal-tender money. The merchants and manufacturers generally owed the banks, and their fears were "that the banks would run upon them."

It is said that in the panic of 1864 in India a large financial and commercial institution failed with £100,000 of gold, upon which it could not obtain a loan of rupees.

In July, in Colorado, money could not be raised on gold ore. In India silver was legal tender, and in Colorado coin and paper, and the banks were expecting the demands of depositors at any moment and would let no one have a legal-tender dollar even upon gold bullion. Legal-tender money is what we need and must have, and abundance of it, to prevent panics.

Bankers and this line of specialists in finance tell you there is abundance of money. This is deceptive. While the business of the country is prosperous and 80 to 90 per cent of our transactions are on credit we may thrive, but the moment a disturbance arises credit is shut off, a money famine sets in, and the weak fall into the hands of the strong.

If it can be said that we had an abundant amount of money while our credit was expanded to 90 per cent of our transactions, then after credit has been contracted three-fourths it would leave us short of money just to the extent of the contraction of credit. Credit is a circulating medium that expands and contracts with the ebb and flow of good or bad conditions, but never does or can pay a debt when people say we will stop, invoice, and cash in. Then the crash comes, as the legal-tender money does not exist.

Our gold-standard friends insist that there is abundance of money if the people would place it back in the banks that they might lend it to the people. The world has gone mad in its scramble for gold and manipulations of money for the purposes of hire. This is not the object of money. This country has so legislated that the great army of producers have been forced to become mortgage-ridden and it has taken away and is trying to take away from them the power to repay.

It is not a loan of your money or England's money we demand—we demand that our mints be thrown open to the free coinage of silver, and that Mexico, South and Central America, and all other silver using and producing countries of the world be invited to bring on their silver, coin it into standard dollars, buy our wheat, cotton, and other products at good prices, that we may pay our debts and owe no man.

The increase of population in the United States, estimated at 3 per cent of 67,000,000 people, equals 2,010,000 people. This increase must have, from the new or old money supply, a per capita of $24. This will require $48,000,000 per annum. Mr. Henry Hucks Gibbs, ex-governor of the Bank of England, after allowing for abrasion any irretrievable losses by shipwreck and otherwise, says that $35,000,000 in gold is a liberal allowance for additions to the old stock of the world. What part of this would the United States obtain?

If she received her portion, as equitably divided between the gold-using people of the world, she would receive only $4,020,000 per annum, or 6 cents per capita, and no provision for the increase of population. Do you wonder that the scramble is so sharp for gold?

The weight of silver in the world is only about 15.7 of silver to 1 in gold—not 16 to 1. This may seem at first blush to be deceptive, as the world has more dollars in silver than gold, but when we take into account the great mass of light-weight divisional silver coin, this reduces the weight of silver as above.

Six hundred and fifty-eight millions of the world's population have an exclusive silver currency, and the remaining 561,000,000 use both metals in some form as a full or limited tender, as shown by table below.

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	....	....	....	1,219,000,000 *—658,000,000 †=561,000,000	3,582,605,000	3,469,100,000	553,600,000	4,042,700,000	2,635,873,000	......	......	......	......

* Silver-using people.

† Gold-using people.

TREASURY DEPARTMENT, *Bureau of the Mint, August 16, 1893.*

How is it that $714,636 in Treasury notes have been redeemed in silver during this month (August. 1893) on demand of the holders, while the Government has been freely offering gold instead? Why is it that the people have been offering gold for silver and can not get it? It is because silver is, and always will be, the money used in our ordinary domestic transactions.

THE SIXTY-CENT DOLLAR.

This is a delusion and a snare. The silver dollar is and always has been the honest 100-cent dollar, but the gold dollar has appreciated and has been a 140-cent dollar. This is not only proven, but demonstrated. Mr. Allard, director of the Belgium mint, and others, the representatives from Mexico at the Brussels Conference, showed that the Mexican dollar bought as much of the necessities of life now as it did in 1873. An ounce of bar silver in 1873 would buy a bushel of wheat, and has purchased the same ever since when general conditions of crops were normal. I submit here an interesting table published by "Coin" relative to cotton, silver, and wheat:

Year.	Wheat.	Cotton.	Silver.
1872	1.47	29.3	1.32
1873	1.31	18.8	1.29
1874	1.43	15.4	1.27
1875	1.12	15.0	1.24
1876	1.24	12.9	1.15
1877	1.17	11.8	1.20
1878	1.34	11.1	1.15
1879	1.07	9.9	1.12
1880	1.25	11.5	1.14
1881	1.11	11.4	1.13
1882	1.19	11.4	1.13
1883	1.13	10.8	1.11
1884	1.07	10.5	1.01
1885	.86	10.6	1.06
1886	.87	9.9	.99
1887	.89	9.5	.97
1888	.85	9.8	.93
1889	.90	9.9	.93
1890	.83	10.1	1.04
1891	.85	10.0	.90
1892	.80	8.7	.86
1893	.72	7.3	.78

MEXICANIZING AMERICA.

The gentleman from Ohio [Mr. HARTER] appeals to us not to level this country with Mexico by Mexicanizing our coin. Comparisons are odious unless conditions are proximately similar. Mexico has 751,700 square miles of territory; the United States 3,602,990 square miles. Mexico has 11,632,924 inhabitants; the United States 67,000,000 people. Mexico is inhabited by a people whose wants are yet limited, credit small, etc. But let us take the condition of Mexico from one of her citizens and not secondhand:

CHICAGO, *July 29*, 1893.

EDITOR EVENING POST:

Your paper of July 25 brings an optimistic article about Mexican money and trade. I am Mexican myself and well acquainted with my native country, and as such beg to submit the following remarks: Mexico is the only happy country without monetary troubles, because it has free coinage of silver, and for that reason Mexican banks are in excellent condition, as they do not try to transact business with a substance they can not obtain—gold.

Mexican silver mines continue partly their work for the same reason as banks continue business; they pay their laborers in solid silver coin and don't swindle them with "paper that only means gold," but when redeemed proves to be based mostly on "credit and confidence," which are of no value in hard times.

The "silver trouble" is a wrong expression for the present situation, which is really a genuine "gold trouble," that upsets banks and produces panics. Free coinage of silver on a 20 to 1 ratio would bring to the United States the whole Mexican and South American and even East Indian trade, and Europe would be obliged to adopt also free coinage of silver as it could not eat and drink gold. Silver depreciation is a consequence of its demonetization and not vice versa. If you give a law to prohibit the use of diamonds, these pretty stones would be worth one cent a dozen.

The interior trade of Mexico does not depend much on the silver question in London and New York, as inside of Mexico $1 is always 100 cents; but exterior trade will be reduced to the most indispensable articles, and even their importation must decline in proportion to the increase of the gold-currency premium, and at last we would have to live after the old Aztec's fashion.

Gold standard is a wicked monopoly of money and the only way to kill it is free coinage of silver. I am on a visit to the World's Fair, and should be much obliged if you would publish these ideas.

JOSE MAXIMILIANO DAMEN,
Durango, Mexico.

Let us take France, with only 204,177 square miles, while we have 3,602,990 square miles. France has 38,218,900 population, the United States 67,000,000; France fully developed, the United States in the very midst of her developing period. France supports without a ripple $17.95 in silver for every inhabitant, the United States only $9.18. The United States produces the silver, France does not. It would require $1,192.650,000 in silver to make our per capita equal to that of France.

The people ask why is it this per capita can be maintained in France and not in this country.

RATIO.

This portion of the discussion should not be neglected. We should not be deceived into changing the ratio. When silver was demonetized it was above par and silver dollars are now at a premium over gold.

The New York World, silver's worst enemy, on August 13 said:

It is not so long ago that apprehension was felt that the continued purchases of silver by the Government would send gold to a premium. A hoarding of the yellow metal resulted in consequence. Last week, however, gold was actually worth less than the Government promises to pay or paper money, and even the discredited silver dollars commanded a larger premium.

A ratio of 20 to 1 would not only require a recoinage of our present stock of silver, contracting the currency by over a hundred million dollars, but would probably disturb and cause a like recoinage and shrinkage in France and other silver-using countries. We can not be indifferent to the volume of money in our foreign markets. If our customers have an abundance of money prices will range high. An abundance of good automatic metallic money of final redemption is what we need.

The actual weight of silver in the world is only about 15.7 of silver to one of gold. There is a sharp demand for it on both sides of the Atlantic. It is simply borne down by an infamous brokerage system. The world has not only absorbed all of the silver produced since 1890, but has greatly reduced the old supply.

Give it a fair coinage test with a friendly administration, then if it will not stand it will be time for a new ratio. As you change the ratio you pin us down permanently to the low prices that the manipulators of the gold power have fixed upon us. There is no excess of production or cause for a change.

I here submit a table showing the varying quantities of the metals produced from year to year:

Year.	Gold.	Silver.
1851	$67,600,000	$40,000,000
1852	132,750,000	40,600,000
1853	155,450,000	40,600,000
1854	127,450,000	40,600,000
1855	135,075,000	40,600,000
1856	147,600,000	40,650,000
1857	133,275,000	40,650,000
1858	124,650,000	40,650,000
1859	124,850,000	40,750,000
1860	119,250,000	40,800,000
1861	113,800,000	44,700,000
1862	107,750,000	45,200,000
1863	106,950,000	49,200,000
1864	113,000,000	51,700,000
1865	120,200,000	51,950,000
1866	121,100,000	50,750,000
1867	104,025,000	54,225,000
1868	109,725,000	50,225,000
1869	106,225,000	47,500,000
1870	106,850,000	51,575,000
1871	107,000,000	61,050,000
1872	99,600,000	62,250,000
1873	96,200,000	81,800,000
1874	90,750,000	71,500,000
1875	97,500,000	80,500,000
1876	103,700,000	87,600,000
1877	114,000,000	81,000,000
1878	119,000,000	95,000,000
1879	109,000,000	96,000,000
1880	106,500,000	96,700,000
1881	103,000,000	102,000,000
1882	102,000,000	111,800,000
1883	95,400,000	115,300,000
1884	101,700,000	105,500,000
1885	108,400,000	118,500,000
1886	106,000,000	120,600,000
1887	105,775,000	124,281,000
1888	110,197,000	140,706,000
1889	123,489,000	162,159,000
1890	113,149,600	172,234,500
1891	120,518,800	186,733,000
1892	130,816,600	196,605,200

In addition to this our national debt; a great portion of our State, municipal, and private indebtedness was made when silver was money, and common honesty and fairness demand that it should be money when these debts are paid. It is well known that the bonded indebtedness was created through the conduit of greenbackism, costing the bondholder only about 60 cents upon the dollar in gold. These bonds were redeemable in any kind of legal-tender money.

The bondholder cunningly secured a Congressional act in 1869 making his debt payable in coin instead of any legal-tender currency. At this time silver was above par. He very cautiously had a provision incorporated in the funding act of 1870 that these bonds should be paid in coin of the standard values of July, 1870, which is our present gold and silver coin. Encouraged by these successes in an American Congress, he now asks that they be paid in gold.

FALSE LOGIC.

You tell us we are scarce of money and you propose to increase it by cutting off the supply. You tell us your shops have all shut down and your labor is unemployed and you wish to return it to its old position by narrowing the already too limited fields of labor. You will relieve labor, you tell us, by adding 50,000 more tramps to the list. You propose to start up the manufactures of the middle and New England States by destroying their best customer.

Joseph Nimmo, jr., the statistician, is quoted as saying: "The silver States are the best customers of the manufacturers, taking over $50,000,000 per annum of their products, and are worth more to the manufacturers than all of South America and Europe combined." It is now estimated that over $6,000,000 in fall orders have already been countermanded.

Is turning loose 150,000 laborers in the West going to increase your demand for labor in the East? How is the destruction of the greatest demand for railroad iron, cars, machinery, and all kinds of manufactured goods going to start up your manufactories? This new and developing country is your great consumer and a loss of this market will add hundreds of thousands of your laborers to our idle list.

I here submit a table showing the national debts of the world:

Austria-Hungary	$2,643,021,000
Belgium	213,000,000
Denmark	58,467,000
France	4,982,840,000
Germany (entire)	2,695,265,000
England (and dependencies)	5,695,659,000
Greece	13,625,000
Italy	2,250,000,000
Montenegro	1,900,000
Netherlands	540,000,000
Portugal	593,670,000
Roumania	176,000,000
Russia (all)	4,869,768,000
Servia	50,615,000
Spain	1,106,650,000
Sweden	58,000,000
Norway	29,860,000
Switzerland	65,000,000
Turkey	868,590,000
Argentine	148,000,000
Bolivia	19,000,000
Brazil	600,500,000
Canada	273,000,000
Chili	92,800,000
Colombia	15,000,000
Mexico	110,000,000
Peru	342,624,000
United States	915,962,112
Uruguay	79,109,000
Venezuela	63,700,000
Egypt	732,000,000
All other countries (about)	3,500,000,000

This makes a grand total of about $35,100,000,000. It is said the house of the Rothschilds, of Germany, and the Bank of England own $28,000,000,000 of this sum attempted to be made payable in gold. There is but $3,700,000,000 of gold in the world. If the wheels of business should stop to-day and the debtors of the world were required to pay, if they had all the gold in the world they could only pay 10 cents on the dollar if they were limited to these national obligations only.

This fight is indeed between the debtors and the creditors. The creditors are determined that the debtor shall only have money enough to pay the interest on these obligations. They are determined to make these national obligations perpetual that they and their posterity may forever clip coupons and have fixed incomes. The beginning of this fight was for another United States bond issue.

THE PLANS OF THE OPPOSITION.

In every paper from the money center the cry is, issue bonds. The advocates of gold here say, issue bonds.

THE WILL OF THE PEOPLE.

The gentleman from Ohio [Mr. GROSVENOR] and most of the Democrats agree that the Chicago platform declared for and was understood to be for free silver. We know the Populist platform was unmistakably so. President Cleveland received 45.7 per cent and Mr. Weaver 9.23 per cent of the popular vote, making a total of 54.93 per cent of the popular vote for free coinage. However, the Republicans of the West declared and insisted that their platform and party favored free silver.

The President and his followers speak in pathetic tones for the poor laborer. Is it not strange that these horny-handed sons of toil do not know what they want? Is it not strange that those they regard as their oppressors always assume to represent and speak for them? I wish to say to you that this assumption is wholly unauthorized. Mr. Powderly is a vice-president of the American Bimetallic League and one of its strongest advocates. A cardinal principle of the Farmers' Alliance is free silver. You can not longer feed them on sham platitudes.

In the minority report on the silver bill in the Fifty-first Congress, Mr. Bartine exposes this hypocrisy by saying:

From the general tenor of their arguments one might be led to suppose that the millionaire capitalist is in reality the poor man, while the money of the country is virtually owned by the factory hands and servant girls of New York and New England. And yet it is a fact worthy of the most careful consideration, that these workingmen and women were not represented by a single one of their own number and class upon that side of the question.

Almost every man who appeared in opposition to free coinage was a president or other executive officer of some bank, some great insurance company, or other firm, corporation, or association controlling vast aggregations of capital. About the only exceptions to this rule were college professors and lawyers, who appeared rather in the character of special pleaders.

Upon the other hand, it may not be out of place for us to mention the circumstance, by way of contrast, that at the conclusion of Mr. Atkinson's statement Mr. Dunning, the duly accredited agent of the Knights of Labor and various other kindred organizations comprising nearly 4,000,000 voters, stepped forward and laid on the table the petition of these toiling millions, praying for the free coinage of silver.

In addition to this it is proper for us to call attention to the further fact that the great organization known as the Farmers' Alliance has adopted a demand for the free coinage of silver as the cardinal feature of its creed.

COLORADO.

The gentlemen advocating the gold standard seem to think this fight is only made by a few mining States. If this conclusion was true we would be advocating an American and not an unlimited coinage. No; we are not so narrow-minded or unpatriotic. The gentleman from Massachusetts [Mr. MORSE] complained that a little Western State has as many Senators as the great States of New York or Massachusetts. It is indeed very important as to whose ox is gored.

New York has thirty-five times as many people as Delaware, eighteen times as many as Vermont, and so on down the line, and New York has nearly three times as many inhabitants as the great State the gentleman represents. Under his precise distribution Massachusetts would be entitled to about two-thirds of one Senator.

Let us see if the West has injured the State the gentleman represents. We have always voted for your protection, bought your manufactured goods, and borrowed your money at high rates of interest. I will submit you some figures, the result of the reasoning of Mr. S. S. King, from the census of 1880 and 1890, and let the people judge whether Massachusetts and the North Atlantic States have been imposed on by overrepresentations of the Western States.

The nine Atlantic States and the producing South and West: He shows that Nebraska, Iowa, Illinois, Indiana, Louisiana, Mississippi, Alabama, Georgia, and North Carolina in 1880 had 58 acres of land to Massachusetts' 1; the nine producing States had a population of 7 to Massachusetts' 1; in the assessed valuation the nine States had $2 to Massachusetts' $1, and yet between 1880 and 1890 Massachusetts gained about $10,000,000 more in wealth than these nine great States; or, add to the nine producing States Florida, Kentucky, and Kansas, making twelve great producing States, giving them 14 acres of land to Pennsylvania's 1; the population of the twelve States is about 4 to Pennsylvania's 1; capital in the twelve States is about $2 to Pennsylvania's $1, and yet Pennsylvania from 1880 to 1890 gained in wealth $12,000,000 more than these twelve great States; or, add to the twelve great States Tennessee, Virginia, and West Virginia, making fifteen great producing States, with 16 acres of land to New York's 1; the fifteen States have 4 people to New York's 1; the fifteen States have $1.50 to New York's $1, and yet from 1880 to 1890 New York gained in wealth $6,000,000 more than these great producing States; or, add to the fifteen States Missouri, Ohio, South Carolina, Arkansas, Maryland, and Delaware, making twenty-one great producing States with 6 acres of land to 1 acre in the North Atlantic States of New York, Pennsylvania, Vermont, Maine, New Hampshire, Massachusetts, Connecticut, New Jersey, and Rhode Island.

The twenty-one States have two persons to the nine States' one. The twenty-one States have about the same capital as the nine States, and yet the nine States gained in wealth between 1880 and 1890 $1,356,567,065 more than the twenty-one great producing States. These glaring discrepancies are traced by Mr. Cox to special legislation in favor of the manufacturing and financial center of the nine North Atlantic States.

COSTS OF PRODUCTION.

The assumption that cost of the production of silver affects its value is false, in fact. See report of Senator Stewart's committee on this subject February, 1893, and Prof. Hague's article in Forum.

It is a general economic truth that cost of production affects value but indirectly as a circumstance in determining supply. In its relation to every commodity, demand is the fundamental factor in fixing value; for example, the demand for wheat, iron, cotton, or any other product regulates its price regardless of its cost of production, which must vary at different times and places.

If demand is destroyed prices must fall regardless of cost of production.

Now the chief demand for precious metals arises from their convertibility into money. Destroy that convertibility, the demand is paralyzed and prices fall.

It follows that decline in silver values results from legislative limitation placed on its use as money. Similar treatment of gold will produce similar consequences. Sir David Barbour says:

> Gold and silver owe almost the whole of their value to the fact that they can be converted into and used as money.

Robert Barclay says:

> Law singles out gold or silver or both to be used as money and gives them special functions which it confers on no other commodity. In virtue of this selection the demand for these metals is greatly increased, and as they are only of limited production their value is increased accordingly.

Mr. Samuel Smith (M. P.) says:

> Gold and silver derive their value mainly from their use as money. If all the world passed such laws as England and Germany have done, silver would be almost valueless.

Silver was never below 16 to 1 with gold until the combined German and American legislation of 1873, coupled with the closing of the mints of the Latin Union to it, made a commodity out of it. Ever since then, its market value has approached its mint value or receded from it just in proportion as the prospect of free coinage in the United States has been good or bad.

All political economists, from Adam Smith down (who expressly refers to the precious metals), agree that the commodity or article is a durable and not a transient one. The existing stock or supply bearing a large proportion to its annual supply, the effect of cost of production on its value is slight and indirect and always uncertain.

If the cost of the production of silver was an important factor in fixing its price, the cost and the price would vary together. There have been violent up and down movements in silver in the last few years, varying from 6 per cent to 36 per cent as compared with gold. No sane man will pretend that similar fluctuations have existed in its cost of production.

Another well-established and undisputed economic principle is that cost of production does not affect value when applied to an industry of a highly speculative character. Such is the nature of mining for the precious metals, especially gold, whose occurrence in large quantities is always accidental. The industry is quite analogous to a lottery, where chance is more potent than calculation.

And in any event the cost of the production of silver is beyond human calculation, for it is a commodity which is the joint product of the same process which produces other commodities, and therefore can not have an independent cost of production. The entire silver product of our mines is in the ores blended with gold, copper, lead, zinc, etc.

If cost of production is a factor of importance in determining value, it should affect gold as well as silver; yet the cost of production of gold varies as that of silver, or more, but its value is standard.

If cost of production affected values, the decline in value would limit the amount of production; and per contra increase of value would stimulate production. But, as a fact since 1873, with gold rising in value, its production has fallen off, while the value of silver has steadily fallen while its production has steadily increased. For example, it is a fact that during the decade 1871-1880, with a constantly changing market ratio, production was very close to the ratio in weight of 15½ to 1.

Amount of product independent of or with cost does not affect to any degree the relative values of the two metals if both are money metals. For example, Lord Liverpool admits that fifty-five years after the discovery of the Potosi mines, their silver yield had no visible effect on the valuation of coins at the English mint. On the other hand, during the twenty-five years between the discovery of gold in Australia and California and the demonetization of silver the effect of the enormous product of gold upon current coins was hardly more than appreciable.

If it costs so little to produce silver which sells for so much, why does not capital interest itself more largely and readily in silver mines? We know that capital shuns both classes of mines and because the business is so largely speculative.

I am fully aware that a reversion to the history of this deplorable legislation, when so well known, is tedious and tasteless, but the gentlemen from Ohio [Mr. HARTER, Mr. GROSVENOR, and others] have scouted the idea of a crime. I will here submit the record of this infamy as gathered by Mr. Frewen and published in the Fortnightly Review for June, 1893, and confidently assert that on these indisputable facts that any grand jury would return an accusation of guilt if the perpetrator could be located.

Here is what Mr. Frewen says in his article:

We first find an honorable and respected member, Mr. Kelley, introducing a bill in 1872, to codify for the general convenience, the various mint enactments. When Mr. Kelley reported the bill in the lower chamber, Mr. Potter of New York asked: "Does it make any change in the standard of weight or fineness of the coin?" Mr. Kelley replied: "It does not." Next, Mr. Hooper of Massachusetts appears in charge of Mr. Kelley's bill; so purely formal was the bill considered—this bill which yet contained within it a provision to demonetize silver forever—that in reply to Mr. HOLMAN of Indiana, who asked whether the bill, before being voted upon, would be read to the House, Mr. Hooper said: "I hope not; it is a long bill, and those who are interested in it are perfectly familiar with its provisions."

The bill was accordingly passed without being read. Now, since leaving Mr. Kelley's hands, section 16 had been imported as a Senate amendment. Here is section 16, which has probably cost the world of human industry more than all the wars of the century:

"The silver coins of the United States shall be a dollar, a half-dollar, a quarter-dollar, and a dime; and the weight of the dollar shall be 384 grains, the half-dollar, quarter-dollar, and dime shall be, respectively, one-half, one-quarter, and one-tenth of the weight of the said dollar, which coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment."

Such is the clause which, without debate or consideration, has effected a revolutionary change in the currency of the United States. Every Senator, without doubt, read the legal-tender limitation as applying not to the standard dollar but only to the subdivisions of the dollar. It was this clause which is, I think, responsible for the closing of the French mints, for the shrinkage of the rupee, for the catastrophic fall of prices, and for the great increase of the burdens of every mortgagor.

It is little wonder then that, in view both of the motives and the consequences, public opinion in America has been educated to denounce this legislation as a crime against mankind.

"If this step was taken without full appreciation of the results that were to follow, it was a piece of delirious folly; if with full consciousness of the consequences, it was, on the part of the creditor classes, nothing less than an act of treason against the human race." (Senator JONES at Brussels.)

Let us see by what means this section 16 was arrived at in the Senate, because the vehement partisanship to-day of Senator STEWART and many others arises from their conviction that they were duped in 1873.

The bill, having passed the House, was now in the hands of the Senate Committee on Finance, Senator SHERMAN, of Ohio, being the chairman. The bill was amended in the Senate, and this is what Senator SHERMAN said of the intention of the amendment:

"This bill proposes a silver coinage exactly the same as the French and what are called the Associated Nations of Europe, who have adopted the international standard of silver coinage; that is, the dollar provided by this bill is the precise equivalent of the 5-franc piece * * * the 5-franc piece of France will be the exact equivalent of a dollar of the United States in our silver coinage; and in order to show this, wherever our silver coin shall float, and we are providing that it shall float all over the world, we propose to stamp upon it, instead of our eagle, the intrinsic fineness and weight of the coin."

Senator CASSERLY:

"We can not have an international coinage on the basis of our silver coin unless our silver coin is up to the standard of all the nations with which we expect to have relations. Now I ask the Senator whether this bill proposes a silver coinage of that character?"

Senator SHERMAN:

"This bill proposes a silver coinage exactly the same as the French and what are called the associated nations of Europe, who have adopted the international standard of silver coinage; that is, the dollar provided by this bill is the precise equivalent of the five-franc piece."

Could language be more explicit? Every Senator who heard this statement must have understood that the bill was a bill to include the United States within the Latin monetary union, and that her silver equally with theirs was to be coined freely into legal-tender money at a ratio of 1 to 15½. Such is the history of the act of 1873. The nation was shortly to awaken to the fact that the bill to make American silver dollars "float all over the world"—which, in the words of the chairman of the Finance Committee, was to arrange for a silver coinage "exactly the same as the French"—which was to promote "international coinage," that this bill had positively deprived silver altogether of free coinage and legal tender!

And yet Senator SHERMAN declares to-day, and with indignation, that he at least understood the provisions and scope of the bill, and that he considered a dollar which was not even to be legal tender at home was yet good enough "to float all over the world."

Let me now point out with what amazement the act of 1873 broke upon the chiefs of both parties in Congress, when they first discovered that the currency had been tampered with before their very eyes. Grant was at that time President; more than eight months after he had signed the act which had forever excluded silver from the mints we find him writing to his friend, Mr. Cowdrey (McPherson's Handbook of Politics):

October 6, 1873.—The panic has brought greenbacks about to a par with silver. I wonder that silver is not already coming into the market to supply the deficiency in the circulating medium. When it does come, and I predict that it will soon, we shall have made a rapid stride toward specie payments. The circulation of silver will have other beneficial effects. Silver will become the standard of value, which will be hoarded in a small way. I confess to a desire to see a limited hoarding of money. General (afterwards President) Garfield said, at Springfield, of the act of 1873:

"Perhaps I ought to be ashamed to say so, but the truth is that I, at that time chairman of the Committee on Appropriations, and having my hands overfull during all that time, never read the bill. It was put through as dozens of bills are in Congress, on the faith of the report of the chairman of the committee; therefore I tell you, because it is the truth, that I had no knowledge of it."

Senator BECK, of Kentucky, said:

"What I complain of is that this House never knew what was in the bill. Will any sane man believe that they (Senators) deliberately consented to strike down silver coinage? Mr. SHERMAN says they all did. I do not believe him."

Senator STEWART, of Nevada, said to Senator SHERMAN:

"Whatever may be your construction of their meaning now, the words you used then induced me to vote with you, because you made me believe that you were sending out a bona fide dollar as good as any in the world."

Mr. Kelley, the father of the original measure, who was chairman of the Committee on Coinage, said (CONGRESSIONAL RECORD, Vol. VII, p. 1605):

"In connection with the charge that I advocated the bill which demonetized the standard silver dollar, I say that, though chairman of the Committee on Coinage, I was as ignorant of the fact that it would demonetize the silver dollar or of its dropping the silver dollar from our system of coins, as were those distinguished Senators, Messrs. Blaine and VOORHEES. I do not think that there were three members of this House that knew it. * * * The Committee on Coinage who reported the original bill were faithful and able, and scanned its provisions closely. As their organ I reported it; it contained provision for both the standard gold and silver dollar and the trade dollar.

"Never having heard till long after its enactment of the substitution in this Senate of the section which dropped the standard dollar, I profess to know nothing of its history; but I am prepared to say that in all the legislation of this country there is no mystery equal to the demonetization of the standard dollar of the United States. I have never found a man who could tell how it came about or why. * * * I wish gentlemen to know what the bill was; it was a bill to reorganize the mints, and it was passed without allusion in debate to the question of the retention or abandonment of the standard silver dollar. * * *

"I was the chairman of the committee that reported the original bill, and I aver upon my honor that I did not know that it proposed to drop the standard dollar, and I did not learn that it had done so for eighteen months after the passage of the substitute offered by Mr. Hooper."

Mr. HOLMAN said (RECORD, Vol. VII, p. 193):

"I have before me the record of the proceedings of this House on the passage of that bill—a record which no man can read without being convinced that the measure and the method of its passage through the House was a colossal swindle. I assert that the measure never had the sanction of the House, and does not possess the moral force of law."

Mr. BRIGHT of Tennessee said (RECORD, Vol. VII, p. 584):

"The bill passed by fraud in the House, never having been printed in advance. It was passed under such circumstances that the fraud escaped the attention of some of the most watchful as well as the ablest statesmen in Congress."

Senator ALLISON said (RECORD, Vol. VII, p. 1058):

"When the secret history of this bill comes to be told, it will disclose the fact that the House intended to coin both gold and silver, and intended to place both metals upon the French relation (ratio) instead of our own."

Senator HOWE said (RECORD, Vol. VII, p. 764):

"Mr. President, I do not regard the demonetization of silver as an attempt to wrench from the people more than they agreed to pay. That is not the crime of which I accuse the act of 1873. I charge it with guilt compared with which the robbery of a thousand million dollars is venial."

Senator VOORHEES said (RECORD. Vol. VII, p. 1063):

"I want to ask my friend from Maine whether I may not call him as one more witness to the fact that it was not generally known whether silver was demonetized? Did he know, as Speaker of the House presiding at that time, that the silver dollar was demonetized in the bill?"

Senator BLAINE:

"I did not know anything that was in the bill. And now I should like to exchange questions with the Senator from Indiana, who was then on the floor, and whose business it was far more than mine to know, because by the designation of the House I was to put questions, the Senator from Indiana, with his power as a debator, to unfold them, did he know?"

Senator VOORHEES:

"I very frankly say I did not."

Such were the circumstances attending the "outlawry of silver"—circumstances which are hardly reconciliable with common honesty. If, on the other hand, as is so generally believed in America to-day, a wealthy ring of European speculators for the fall in silver securities were busy with certain draftsmen and officials at Washington, then this covert mutilation of the law is at once accounted for.

If gold and silver were the money of the Uniied States Constitution it would seem that the exclusion of one or the other is a constitutional change, requiring the sanction of a two-thirds majority of the State legislatures.

In addition to this I wish to further submit the report of the Monetary Commission of 1876, showing that while the act of 1873 stopped the coinage of silver, it did not affect the full legal-tender quality of the silver then coined. That in 1874, through the revision of the statutes, the legal-tender quality of silver was not legislated but revised out of existence. (Report of the Monetary Commission, 1876, p. 90.)

"The demonetization of silver, coined and uncoined, was affirmatively completed in June, 1874, by the following section (3586) of the Revised Statutes: 'The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.'

"No law was ever passed by Congress of which this language can be considered a revision.

"The Revised Statutes were enacted in bulk. They were intended to be a revision merely of the existing laws, without change or introduction of new matter, and Congress was assured by its committee on revision that no new matter had been introduced into them. It was not possible for the members of the committee to have personally verified the exact accuracy of the revision. They must necessarily have relied upon assurances given to them by the persons actually engaged in the work. Whoever may be responsible for this error in the Revised Statutes, the ancient money of the country instead of being intentionally legislated out of existence was revised out of existence.

"Germany and the United States demonetized silver in 1873. At that time it was neither depreciated nor unsteady in value, nor had any change occurred in the relative production, consumption, or distribution of the precious metals to indicate its depreciation in the future, nor was any actual or probable depreciation assigned as a reason for its demonetization. The average flow of silver to India was undisturbed, and the Big Bonanza in the Comstock lode was undiscovered.

Manifestly, the real reason for the demonetization of silver was the apprehension of the creditor classes that the combined production of the two metals would raise prices and cheapen money unless one of them was shorn of the money function. In Europe this reason was distinctly avowed.

The scheme of demonetizing one of the metals throughout the western world originated soon after the discovery of gold in California and Australia, at a time when the yield was at what has since proved to have been its maximum, but which was then expected by many to continue on an ascending scale for an indefinite period. An eminent English writer (DeQuincey) published at that time an elaborate collation of current accounts, from which he arrived at the conclusion that the annual out-turn of gold would soon reach seventy millions sterling, or $350,000,000. On the basis of such expectations, the governments of Europe were invoked by Chevalier and others to prevent the anticipated depreciation in the value of money, or in other words, the anticipated rise in general prices, by the demonetization uot of silver, but of gold

Under these appeals of Chevalier and others, several nations in Europe, notably Germany and Austria, in 1857 demonetized gold. It is probable that the movement in that direction would have become universal in Europe but for the resistance of France. It was changed, at least as early as 1865, into a movement for the demonetization of silver. In the convention of 1865, in which the Latin Union was formed, Belgium, Italy, and Switzerland insisted strenuously upon the adoption of the gold standard, but were overruled by France. But this change, from demonetizing gold to demonetizing silver, was more of form than substance. The object aimed at by both was, through a disuse of one of the money metals, to protect the creditor classes and those having fixed incomes against a fall in the value of money and a rise in general prices. This is the pith and marrow of the monetary discussions of the last twenty-five years.

After this report was made the silver people at once began efforts to restore silver to the place from which, they think, it had been clandestinely and fraudulently taken. The same forces that are now trying to destroy silver, with some additions, forced the Bland act upon us. Here began the Government pawnbrokerage so glowingly and truthfully pictured by the eloquent gentleman from Maryland [Mr. RAYNER]. My friends, it has always been your shop, not ours.

In 1890 our same forces were trying to restore silver to the mints and its enemies forced upon them the Sherman act, as they confess, with a knowledge of its infirmities. Yes; and does not the history of this shady transaction conclusively show that these acts were forced upon us to appease the people until they could renew their hold and consummate the design of 1873. Are you going to condone this crime and help consummate this infamy? Ah, they say, it is immaterial how it was demonetized. I deny it. The subject should not be open for debate on its merits until this right is returned to the people; then if, after full debate and notice, a majority believes it should be repealed, then we should gracefully submit; but we never should condone a pillage of the American Congress.

198

O