USES AND ABUSES OF FINANCIAL LEGISLATION.

SPEECH

OF

HON. WILLIAM BAKER,

OF KANSAS,

IN THE

HOUSE OF REPRESENTATIVES,

FRIDAY, AUGUST 25, 1893.

WASHINGTON.
1893.

SPEECH

OF

HON. WILLIAM BAKER.

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. BAKER of Kansas said:

Mr. SPEAKER: There is quite a diversity of opinions in regard to the causes which have led to the conditions which confront us at the present time. They are not the work of a single day or a single year, but the result of a carefully laid plan thoroughly and intelligently executed.

While other factors have entered into the general scheme, the contraction of the currency of the nation has been the chief cause of all this distress and disaster.

In 1866 there was $1,863,409,216 of currency, exclusive of gold, silver, and State-bank issues, being used as a circulating medium by 35,819,261 people, making an average of $52 per capita. This amount of currency was composed of the following:

One-year notes of 1867	$8,908,341
Two-year notes of 1868	9,415,250
Compound-interest notes	159,012,140
Seven-thirty notes	806,251,550
Temporary loan, ten days	120,176,196
Certificates of indebtedness	26,391,000
United States notes (greenbacks)	400,891,368
Fractional currency	27,070,876
Gold certificates	10,713,180
National-bank notes	294,579,315
Total	1,863,409,216

Of this amount $1,289,967,442 were interest-bearing obligations.

The funding act of April, 1866, empowered the Secretary of the Treasury to call in these interest-bearing notes and fund them into 5-20 6 per cent bonds. He was further authorized to call in and destroy $4,000,000 of United States notes or greenbacks each month. From the date of this act to June 30, 1869, bonds to the amount of $1,095,162,000 had been issued and $77,018,837 of greenbacks had actually been burned up. In this manner the circulation had been contracted from $1,863,409,216 in 1866 to $691,028,377 in 1869.

In the meantime business failures had increased from 495, with liabilities of $8,579,000, in 1864, to 2,780, with liabilities of $96.666,000, in 1868. Because of these increased failures the law of February, 1868, was passed, which forbid the further destruction of the greenbacks.

At this time the question of the kind of money these bonds were payable in began to be agitated. The contract on the bonds declared them payable in lawful money, which at that time was gold, silver, and paper money.

A bill was passed March 18, 1869, known as the public credit strengthening act, which declared these bonds payable in coin. This act took from the people one-third of their means of payment and changed the contract of the public debt from lawful money to coin. As coin was then at a premium, this act added fully $600,000,000 to the burden of taxation. The act of July 14, 1870, refunded this enormous debt into ten, twenty, and thirty year bonds, bearing 5, 4½, and 4 per cent, respectively, payable in coin. Having refunded this great debt and thereby placed future generations under tribute, the next step in the conspiracy was to make it all payable in gold alone. This was accomplished by the act of February 12, 1873, which stopped the coinage of the standard silver dollar, and the act of June 22, 1874, which demonetized it. With the passage of these two acts the entire bonded debt of the nation, principal and interest, became payable in gold alone.

Not being satisfied with this, these conspirators forced through Congress what is known as the resumption act, passed January 14, 1875, which provided that specie payments should be resumed January 12, 1879. Immediately after the passage of the resumption act, the fact that silver had been stealthily demonetized in 1873 became known. A general burst of indignation went up all over the land, which assumed such proportions as to frighten Congress, and compelled the enactment, in 1878, of what is known as the Bland bill, which obligated the Secretary of the Treasury to purchase and coin not less than two nor more than four millions of silver dollars each month.

During the same year the further retiring of the greenbacks was prohibited.

On July 14, 1890, the present silver law was passed which compels the purchase of 4,500,000 ounces of fine silver, to be paid for in a new issue of legal-tender Treasury notes. Briefly, the above is the history of our currency laws since the war. It will be noticed that the contract between the people and the bondholder has been changed twice, and each time against the interest of the people and for the profit of the bond-owner—first, payable in lawful money, which was gold, silver, or paper; second, by the strengthening act, made payable in coin—gold or silver; third, by the demonetization of silver, made payable in gold alone. Meantime, gold was appreciated in value to such an extent as to more than double all indebtedness.

Is it strange under such conditions there are those who object to the passage of the present bill, which strikes down one-half of the metal money of the country and will again double the value of gold?

The statistics of the past twenty-eight years prove the following proposition beyond a shadow of a doubt: First, that the per capita of currency has been materially lessened. Second, that the business of the country and the uses for money has quadrupled during that time and that bankruptcy and failures have rapidly multiplied in consequence of it. Third, that the national debt during that time has been increased instead of being diminished.

The volume of money as I have given it has been carefully compiled from the reports of the Comptroller of the Currency. The fact is overlooked or ignored by the partisan that certain stringent laws are on the statute books which specifically demand that certain portions of this currency must be locked up and held as a reserve, hence not in any sense in circulation, and that other portions have been lost, destroyed, or sent out of the country, or used for other purposes. When proper deductions are made and reasonable allowances given for factors which conspire to reduce the amount in circulation, we believe the following table will prove substantially correct:

Circulation per capita.

Year.	Population.	Circulation.	Per capita.
1866	35,819,281	$1,863,409,216	$52.01
1867	36,269,502	1,350,949,218	37.51
1868	37,016,949	794,756,112	21.47
1869	37,779,800	730,705,638	19.34
1870	38,558,371	691,028,377	18.70
1871	39,750,073	670,344,147	16.89
1872	40,978,607	661,641,363	16.14
1873	42,245,110	652,896,762	15.45
1874	43,550,756	632,032,773	14.51
1875	44,896,705	630,427,609	14.04
1876	46,284,344	620,316,970	13.40
1877	47,714,829	586,328,074	12.28
1878	48,955,306	549,540,087	11.23
1879	50,155,783	534,424,248	10.65
1880	51,660,456	528,524,267	10.23
1881	52,693,665	610,632,433	11.51
1882	53,747,538	657,404,084	12.23
1883	54,812,488	648,205,895	11.82
1884	55,908,737	591,476,978	10.58
1885	57,016,911	533,405,001	9.35
1886	58,157,249	470,574,361	8.08
1887	59,320,393	423,452,221	7.13
1888	60,506,800	398,719,212	6.58
1889	61,717,936	306,999,982	4.97

As a logical result of such a rapid contraction of the circulating medium the following table of business failures is given:

Year.	Number.	Liabilities.	Year.	Number.	Liabilities.
1865	520	$17,625,000	1879	6,658	$98,149,053
1866	632	47,333,000	1880	4,735	65,752,000
1867	2,780	96,666,000	1881	5,582	81,155,932
1868	2,608	63,694,000	1882	6,738	102,000,000
1869	2,799	75,054,000	1883	9,184	172,874,172
1870	3,551	88,242,000	1884	10,968	226,343,427
1871	2,915	85,252,000	1885	11,211	267,340,264
1872	4,069	121,936,000	1886	12,292	229,288,238
1873	5,183	228,499,000	1887	12,042	335,121,888
1874	5,830	155,239,000	1888	13,348	247,659,956
1875	7,740	201,000,000	1889	13,277	312,496,742
1876	9,092	191,117,000			
1877	8,872	190,660,000	Total	161,332	3,919,394,824
1878	10,478	234,483,132			

By comparing this table with the one that precedes it, it will be found that the number of failures have kept even pace with the reduction of the volume of the currency.

And now, Mr. Speaker, has the result of our financial legislation been a success? Was it necessary for a hundred and sixty-two thousand business men to pass through the horrors of bankruptcy and suffer the torture which always awaits such conditions? Or that four billions of hard-earned property should be unnaturally and wrongfully transferred from the debtor to the creditor class on account of an inadequate volume of money? Is our nation the stronger for this trying ordeal in order to make United States bonds bear a premium?

Feeling that I have established the truthfulness of the two first propositions laid down, I shall now proceed to establish the truth of the third proposition, that the national debt during that time has been increased instead of being diminished:

The national debt as given by the Secretary of the Treasury in 1866 was	$2,783,000,000
Paid on principal	1,756,000,000
Paid as interest	2,538,000,000
Paid as premium	58,000,000
Total paid	4,352,000,000
Amount due 1893	1,027,450,000

Had this debt been contracted payable in wheat it would stand as follows:

In 1866 the entire debt could have been paid with ....bushels of wheat..	1,007,000,000
Paid on principal ....do......	1,986,000,000
Paid as interest ....do......	2,974,000,000
Paid as premium ....do......	62,000,000
Total ....do......	5,022,000,000
Amount due 1893 ....do......	2,054,900,000

Had the debt been contracted payable in cotton it would stand as follows:

In 1867 it could have been paid in full with, bales of cotton	14,184,000
We have paid on principal ......bales of cotton..	34,800,000
We have paid as interest ....do......	58,760,000
We have paid as premium ....do......	1,130,000
Amount paid to 1893 ....do......	94,690,000
Amount due 1893 ....do......	34,251,600

It now requires nearly two and one-half times as much cotton to pay the debt as it would the entire debt in 1867.

If the same principle holds good in private indebtedness as it does in public, then Mr. A, who mortgaged his farm prior to

1872 for one-half the purchase money, who has worked hard and economized closely to lessen his indebtedness, finds himself to-day more in debt, when measured by the remuneration received for his own efforts, than when the debt was contracted. In order to show that money has become dear and the products of labor cheap in the last twenty-eight years, I will give the following illustration:

Mr. A is a banker, Mr. B a capitalist, and Mr. C a farmer. Mr. A invests his money in government bonds, Mr. B places his in a savings bank and allows it to remain idle. Mr. C invests his in wheat and puts it in a granary. At the end of twenty-eight years we find their investments would be about as follows:

For each dollar the banker invested, with principal and interest, he can buy to-day ten times as much of the product of farm labor as he could in 1865.

The capitalist whose money has lain idle in the savings bank can buy four times as much of the product of farm labor, while the farmer realizes less than one-third of the original price for his wheat.

By these illustrations we can readily see the causes that have been at work in this country; that has effected the great change in the financial condition of the laborer and the capitalist.

He who will carefully study the legislation we have had on the money question and the effects which have followed in the wake of such legislation, in the face of history will be forced to this conclusion, that nearly all the legislation we have had has been in the interest of the creditor class and against the debtor class, or in favor of the moneyed class against the laborer.

There are two great classes at this time demanding recognition and action of this body. One is the debtor, the other the creditor class. One finds that their burdens are too grievous to be borne; the other is demanding an additional pound of flesh.

One comes from the home-builders of our nation, the other from those who are absorbing the wealth of the toiling millions. Realizing the great benefit they received by the contraction of the currency in the first few years after the war, the latter class are now demanding that greater sacrifices shall be made at their behests; that silver shall be fully demonetized, that the basis upon which all our debts have been contracted shall be destroyed. They have much to say about the 50-cent dollar, but they have nothing to say about the 40-cent wheat, the 5-cent cotton, the 15-cent corn and wool. They have nothing to say about the sheriff's vain efforts to sell the homes of the people at from one-third to one-half what they brought a few years ago. They have much to say about the honest dollar.

Pray, what is an honest dollar? Is it not the dollar of contract? Deceive not yourselves by this cry of honest dollar. The American people are aroused to the true situation. You despise the honest dollar which is the dollar of contract, and by legislation have sought to debase it and destroy its legal tender in payment of debts contracted when it was one of the basic metals.

If you are honest in the use of both the metals, as you say you are: if you wish to strengthen the public credit and the credit of all our people, do as was done in 1834, reduce the amount of gold in the gold dollar, and make its commercial value the same as that of the silver dollar. There was a perfect consensus of opinion at that time by such men as Webster, Clay, Benton, Wright, John Quincy Adams, and many others that I might mention. They all agreed that if any change was made, it must be done by reducing the value of the dearer metal.

Benton said as soon as that was done gold began to flow in the country through all the channels of commerce, old chests gave up their hoards, the mints were busy, and in a few months, as if by magic, currency banished from the country for thirty years overspread the land and gave joy and confidence to all the pursuits of industry.

Is this an age of advancement or of retrogression. Are we seeking to formulate laws in harmony with the spirit of the age, or are we seeking by class legislation to confiscate the property of our home-builders and build up a moneyed aristocracy in our midst? These are questions, gentlemen, that are forcing themselves upon the consideration of this House, and alarming the people of this country. History teaches us that England by the demonetization of silver confiscated four-fifths of the landed property of her country, and made beggars of one-tenth of her people. Shall we, with the light of history before us, yield to the demands of the moneyed aristocracy of our own country and that of Europe, follow in her footsteps, demonetize silver, reduce one-half of the basis upon which the currency of this country rests, and thus confiscate the homes of our people?

The righteous judgment of mankind says no.

Alison, in his History of England, uses this language:

> A considerable contraction of the currency, to the extent of, perhaps, one-third or a half, at once adds a third or a half to the real amount of the whole debt, public and private.

Can it be possible that this House is ready to force this additional burden upon our people?

He also says that—

> All attempts to pay off a public debt contracted under high prices and during an exuberant currency, when the currency has been contracted, and prices have in consequence fallen, will be found to be difficult, if not impossible.

We are brought face to face with conditions which we feel to be very unfortunate. On the one hand we have riots of the starving poor; on the other, failures of banks and general suspension of business and a million creditors demanding their pay of twenty millions of debtors who are unable to meet their obligations.

The nations of Europe have had just such experiences as we are now passing through, and instead of changing the conditions that brought that unhappy state upon their people, they increased their elements of destruction that they might the further subjugate the masses of the people.

With the proposed demonetization of silver and the reduction of the volume of money in circulation, with the increase of our population and additional demands for the uses of money, owing to the increase of business interests, we will be forced to follow still further the example set by Europe.

She has strengthened her arm of oppression to a degree unparalleled in the history of the world.

I submit the following table for the careful consideration of thinking people:

ARMAMENTS OF EUROPE.

[La Question Sociale, Bordeaux.]

Throughout the whole of Europe, even in the smallest states, people speak of nothing but the increase of the armament. This madness has even taken hold of nations which, from their geographical position, are not in danger of an attack at all. To give our readers an insight into the tremendous armaments of Europe, we append the following statistics compiled by Captain Molard of the (French) general staff, showing the increase of the European armies since 1869, and strength to which they will be increased when the new plans are carried out:

Country.	Number of men.		
	1869.	1892.	In future.
France	1,350,000	2,500,000	4,350,000
Germany	1,300,000	2,417,000	5,000,000
Russia	1,100,000	2,451,000	4,000,000
Austria	750,000	1,050,000	1,900,000
Italy	570,000	1,514,000	2,236,000
England	343,000	450,000	6,202,000
Spain	300,000	450,000	800,000
Turkey	220,000	700,000	1,500,000
Switzerland	150,000	212,000	489,000
Sweden and Norway	130,000	270,000	510,000
Belgium	95,000	128,000	258,000
Portugal	70,000	80,000	150,000
Denmark	45,000	61,000	91,000
Holland	45,000	110,000	185,000
Montenegro	40,000	55,000	55,000
Greece	35,000	70,000	180,000
Roumania	33,000	153,000	280,000
Servia	25,000	80,000	180,000
Bulgaria	....	70,000	200,000

There is not a member on the floor of this House but knows that if we follow the financial legislation of Europe we must also imitate her in the increase of our army and navy. Let us throw off the domination of Europe and act like free Americans.

Can it be possible that this House will further destroy the use of silver, reduce the volume of money, and change the form of contract upon which $32,000,000,000 of indebtedness has been contracted.

No, no; let us alike keep faith with both debtor and creditor. Let us ignore the demands of the creditor class and create a sufficient volume of money that the debtor may be enabled to pay his debts. He asks for no favors, but he demands justice.

I will not longer claim the attention of this House at this time, but will adopt as my sentiments and arguments the speech delivered by Gen. A. J. Warner at Chicago, August 1, 1893. He said:

A most extraordinary condition of affairs meets the assembling of this convention. Almost profound peace prevails over the world. The harvests are bountiful; there is enough and to spare, and yet never before in the history of this country has there been such widespread fear and distrust; never before such a loss of confidence and destruction of credit. Industries everywhere are breaking down, and laborers by tens of thousands are thrown workless on the streets, with want staring them in the face. Trade is stagnant, and business of all kinds is in a state of semisuspension. Scores of banks, most of them prudently managed, and showing as they close their doors assets which, under ordinary circumstances, would place them above suspicion, are driven into suspension.

There has been a reported shrinkage in the value of stocks in this country since the break in the market of $1.000.000.000. and perhaps twice that in real estate and other holdings, and a ruinous fall in almost all products. Nor is this shrinkage in prices confined to this country. It extends to all gold-standard countries, and in some parts of the world has been more violent and destructive than in the United States. The shrinkage of stocks in London. since the closing of the mints in India. is estimated at $1,000,000,000. Altogether, the financial situation is unparalleled.

THE SILVER LAW NOT THE CAUSE.

There must be some adequate cause for such a general depression in the financial condition. To attribute this condition of affairs to the present silver-purchase law in the United States would be to magnify a mole hill into a mountain, even if the law were not in itself beneficent. Under this law, since July 14, 1890. about $150.000.000 have been added to our currency. Does anybody believe that the presence now of this $150,000,000 in our currency produces the present money famine or makes money scarce and dear? Would we be better off if this new money should be dropped out of our currency, or if it had never been issued? Besides this $150.000.000, issued under the act of 1890, we have $400.000,000 of silver, or paper representatives of silver, making altogether $550.000,000 of silver coin, silver certificates, and coin notes.

The gold-standard men have fought this money at every step, as they are now fighting the present silver law. Suppose none of this money had been issued, what would be our condition now? Would it be better than it is? This volume of silver and paper representatives form nearly two-fifths of our entire volume of money. What would be our situation now without it? No, gentlemen, to attribute the present financial condition to the so-called Sherman law implies a state of ignorance that exists, so far as I know, nowhere outside of the banks, the chambers of commerce, and boards of trade, that reiterate, *pro forma*, such declarations. If gold has been drawn from the Treasury by presenting coin notes, issued under the act of 1890, the fault has been in the execution of the law and not in the law itself.

The bullion has not been coined for the redemption of the notes, as required by the third section of the act, and the Secretaries of the Treasury, by giving the holders of these notes the right to demand gold, have made it possible for gold speculators to get gold from the Treasury of the United States easier than from any other source: otherwise this part of our currency has had no more effect to expel gold than bank notes, or, for that matter, an equivalent volume of bank credits. The "object lesson," therefore, so far as it was intended to make the Sherman law a scapegoat, has proved a dismal failure. The real "object lesson" is a very different one from that which the gold conspirators intended. It enables us to see the beginning of the shrinkage in prices that must take place in order to go to a purely gold basis.

It is true that the shrinkage necessary to come down to the single gold standard has but just begun; but it is enough to show what must take place if the world's wealth is to be measured by gold alone. It is enough to show, if gold is to be the sole measure, what property must come down to. Five billions will not measure the shrinkage of stocks, nor twice five billions the shrinkage of real estate and other property that must take place before they are brought down to the compass of the single gold standard.

The difference between measuring property by gold and silver together and gold alone will be found to be much greater than most people calculate.

DOUBLING THE DOLLAR.

One thing, however, will not shrink; evidences of debt; they must be paid in the same number of dollars, though the dollars be doubled in value. If the world's wealth be $300.000,000,000 and its debts $100.000,000.000, it is easy to see what doubling the dollar means. It is playing for the world. Double the world's debts and the owners of the debts will own the world—

"The great globe itself,
Yea, all which it inherit."

A DIABOLICAL PLOT.

It is a plot that one would think only fiends could engage in. But evidence is abundant that no less a scheme of plunder than this was conceived after the close of our war, and the conspiracy was concluded on the close of the Franco-Prussian war. All that was needed to accomplish the spoliation of the world was to change the money standard from gold and silver to gold alone.

HOW THE MONEY STANDARD MAY BE DOUBLED.

The value of the money standard may be doubled, either by doubling the weight of standard coins or by destroying half the metal out of which coins can be made. While the one method is open and above board, the other is stealthy and deceptive: but the one is as effective as the other. Hence the establishment of the single gold standard is equivalent to putting the value of two dollars into one: it is doubling up the money unit and cutting property down one-half. To do this, and still require the same numberof dollars in payment of debts and taxes, is to ordain public robbery and to sanction by law the spoilation of one class by another; and to talk of such a standard as "honest money," or of such policy as "sound finance," is the rankest hypocrisy.

Moreover, such a policy necessarily paralyzes industries, discourages enterprise, renders trade profitless, makes tramps of laborers, and creates conditions under which industrial activity and social contentment are impossible. To wantonly produce such a condition is a public crime. But this is the meaning of the movement inaugurated in 1873, and is the condition we are approaching now.

How the United States could be ensnared into such a plot in 1873 can be explained in but one way. The people were taken unawares. In 1873 we were using neither gold nor silver. All debts then existing had been created in an inflated paper currency. No direct step had yet been taken towards a return to specie payment. Gold and silver were the money of the Constitution. Free coinage of both metals had existed from the foundation of the Government. The option to pay debts in coin of either metal had always been exercised both by individuals and by the Government.

Bimetallism is the right to the unlimited use o both metals as money. Wherever this right exists the bimetallic standard prevails, whether both metals are at the same time in use or not. It is, therefore, untruthful to claim, as we now so often hear, that the United States never had a bimetallic standard. The bimetallic standard prevailed continuously from the adoption of the Constitution to 1873, and when the press persistently declares, as it has recently been doing, that we never had any other but the gold standard in the United States, and that the act of 1873 did not in fact change the standard, and that this act was passed after full discussion in both Houses and with the full knowledge of the people, it lies as only a million-tongued press can lie!

The truth is, not forty people out of 40,000,000 in the United States knew of the act at the time. Not a man, it is safe to say, then or now connected with the press knew of it. A previous bill reducing the dollar to the weight of the French 5-franc piece had been somewhat discussed, but the substitute for this bill, which became the act of 1873, passed the House under suspension of the rules, without debate, and without being read. In the Senate there was not one word, either in the explanation of the bill or in the brief debate that followed, to lead anyone to suspect that it demonetized silver. On the contrary, the explanation of Mr. SHERMAN on calling up the bill bears evidence of covert intention. Not a member of either House from the great State of Illinois, it is safe to say, knew the bill demonetized silver, and I do not believe a single citizen of this State knew it. Senators from the most important States in the Union did not know it. The Speaker of the House did not know it. The President who signed the bill did not know it. Mr. Kelley, chairman of the Committee on Coinage, Weights, and Measures of the House, did not know it. Of all this and much more we have incontrovertible proof.

Here was an act fraught with consequences more disastrous to human welfare than any in the financial history of the world, literally sneaked through the Congress of the United States; an act that surreptitiously increased all private obligations and well-nigh doubled the cost of the war. The rebellion cost dearly enough, but history will not deny that the head of it possessed integrity and was unpurchasable. But the generations to come will never believe that the only man in the Senate of the United States who knew that the mint act of 1873 contained the provisions that demonetized silver, if he knew the meaning of it, was unpurchasable.

THE CRIME OF 1873.

This plot to destroy half the world's money and double the value of all evidences of debt, will be known in history as the crime of 1873. If ever men appear as whited sepulchers they are such who, after perpetrating this crime upon the people of this country, now parade as advocates of "honest money." Let their memories rot in oblivion.

THE PURPOSE OF THE ACT.

The purpose of the act of 1873, in conjunction with steps in other countries having the same object in view, was to demonetize silver metal and, at the same time, reduce existing silver coins to the status of subsidiary money and thus to finally establish, at least for the nations of Europe and for the

United States, the single gold standard. This purpose was in part frustrated by the action of the Latin Union states, but chiefly by the act of 1878 restoring the silver dollar to limited coinage and full legal tender in the United States. This law stood as the principal barrier in the Western world against the consummation of the conspiracy of 1873, until repealed by the so-called Sherman law of 1890.

INDIA AND AMERICA THE TWO BULWARKS.

Until a month ago this law in the United States, and open mints in India, stood as double bulwarks against the absolute overthrow of silver and the complete triumph of the gold conspiracy.

There has been no cessation in the assaults upon these two barriers against the full consummation of the gold conspiracy of 1873. The same interests, the same forces, the same conspiracy directed the attacks on free coinage in India and on the Sherman law in the United States. Their object could not be fully achieved without the mints of both countries were closed to silver. It was believed that one could not stand without the other. The action of the American Congress was considered doubtful. The closing of the mints of India was at any time in their power. There was no Congress in India to act, nobody to consult. An order in council was all that was necessary, and the order of June 26 was made and the London papers announced at the same time that "Of course the effect will be severely felt in the United States and Mexico and wherever silver mines abound: and the American Congress will be bound to expedite its actions in consequence."

"The American Congress will be bound!" Who has bound it? The same power that struck the blow in India, the gold clique of London? Will Congress thus be bound? We shall see. At one blow 30 per cent was added to the debt of India. By a stroke of the pen of the secretary in council for India the silver mines of half the globe were closed, and prices are overturned as if by an earthquake shock. No other country was advised with, no interests were consulted but those to be benefited by the act; if they gained who might lose was of little concern. I refer not to industrial England, which suffers in common with the rest of the world, but to bond-holding, Semitic England.

If the Sherman law is repealed, the last support of silver is removed; the last barrier against the establishment of the single gold standard is broken down.

NECESSARY CONSEQUENCE OF REPEAL.

What will be the consequences, immediate and remote?

Gold is now supplemented in the United States by $550,000,000 of full legal-tender silver on the ratio of 16 to 1, or paper supported, dollar for dollar, by silver coin or silver bullion; in Europe by $1,100,000,000 of full legal-tender coin on the ratio of 15½ to 1; and in India by $1,150,000,000 in rupees on the ratio of 15 to 1. If the Sherman law is repealed and all mints are closed to silver, this metal may fall to 50 cents an ounce or less. At 50 cents an ounce the bullion value of an American dollar will be 38 cents, the value of the 5-franc piece 35 cents, and the value of the rupee 16½ cents. Does anybody with competent understanding of what is involved believe that this mass of silver money can be retained permanently in circulation as a value currency?

When full-weight coins, legal tender for 100 cents, can be fabricated for 38 cents, or 5-franc pieces for 35 cents, or rupees for 16½ cents, will they not be fabricated? Rupees are current over nearly all Asia. If they remain full legal tender they will be struck elsewhere than at Bombay or Calcutta. So with American dollars and 5-franc pieces. It will be impossible to permanently retain this mass of coined silver as an inconvertible value currency. In that form it is little better than so much inconvertible paper on which has been conferred the power of legal tender.

THE FIRST STEP.

The first step will be to limit its legal tender. When this is done it must be made redeemable in gold. The metal might as well then be sold for what it will bring, and only the paper representatives retained. It will be no longer in fact a value currency; and it would be far more economical to use paper for a mere inconvertible currency. Each of the States of the Latin Union, by the terms of the compact, must redeem in gold its own coin held by the other States of the Union. This they would undoubtedly be called upon to do to the ruin of the weaker members.

The repeal of the Sherman law means, therefore, an enormous cutting down of what is now standard or basic money. Can this be done and the present fabric of credit stand? You might as well expect this building to stand with half its foundation taken away.

But confining ourselves for the present to the United States, we have, perhaps, $450,000,000 of gold, all told, not more; we have of full legal-tender silver, or paper representative. $550.000.000. This is now all standard money. On this foundation of primary money of. say. $1,000,000,000, all other forms of currency and our entire fabric of credit now rest.

Let us put this in a form that all can understand. Gold and silver as money of ultimate payment, or redemption money, $1,000,000,000; greenbacks and national-bank notes to be redeemed, $500,000,000; bank credits in the form known as deposits (confidence money). $4.500.000,000. In other words. $1,000,000,000 of money to redeem with, and $5,000,000,000 of credit and currency to be redeemed on demand, or 5 to 1. But of this $1,000,000,000 of primary money, a large part is held in the hands of the people, and is not available for the redemption of bank credits. Really, only the reserves of the banks are held ready for the redemption of bank credits, which makes the showing far worse; but the point I wish to bring out is the necessary consequence to the volume of credit, and to prices of reducing the money of ultimate redemption to gold alone.

Does anybody suppose as large a volume of paper money and bank credits can be maintained on a basis of only $450,000,000 of gold as on a basis of $1,000,000,000 of both gold and silver? It is simply impossible. Credit must be something more than wind. To give credit standing there must be not only the promise to pay, but the ability to pay when demanded; confidence can not otherwise exist; hence, there must be some safe relation, some recognized proportion between credit currency or credit devices and the money in which they are redeemable.

While 1 to 4 or 5 may be safe, it does not follow that 1 to 8 or 10 is also safe. Hence, nothing is plainer than that, if the basis of our credit fabric is reduced to gold alone, the credit fabric itself must be enormously reduced with consequences to prices and business better imagined than described.

The claim so often reiterated that 95 per cent of the business of this country is done by means of credit devices, and therefore that little importance attaches to the quantity of actual money. is a mischievous error. The above figures compass the entire volume of money and credit by which all cash transactions are performed. None are performed but by one or the other of these agencies—either by actual money or confidence money, in the form of bank credits, drawn upon by checks or drafts. The relative proportion of legal-tender money and bank credits is as $1,500,000,000 to $4,500,000,000, or 4 to 1: but the proportion of reserves to bank credits is, on the average, nearer 6 or 7 to 1; and this is what, in modern parlance, is called "sound currency."

If the efficiency, dollar for dollar, of money and bank credits, were equal, the proportion of work performed by each would be as four to one, but the one form is the same from day to day and year to year, the other exists today and is extinguished to-morrow. The efficiency, therefore, of a dollar of actual money is probably two or three times that of bank credits, and in times like these, four or five times. And right here this whole contest centers. Shall silver be given up and the volume of standard money be reduced one-half and its place supplied by credit or confidence money? Shall it be more credit and less actual money, or more money and less credit? The "object lessons" which are now afforded us ought, it would seem, to settle that question.

SCRAMBLE FOR GOLD.

Moreover, a new scramble for gold must follow the loss of silver; gold has not yet been made a legal tender in India; but the purpose is announced to finally set up the gold standard there. Austria requires yet $100,000,000 more of gold to carry out her scheme of gold redemption. Some of the states of the Latin Union must have more to redeem silver coins held by other states. The United States must have more to maintain a purely gold standard A veritable "monetary warfare" must set in, in which the "brigands may thrive but the people will perish."

The condition that confronts us is the most perilous in our whole history. We are on the brink; the abyss is next. Do the gold conspirators think this scheme of spoliation can be peaceably forced upon the American people? Gladstone expressed the interest of Great Britain in this movement, in his speech in Parliament, when he admitted that England held $10,000,000,000 or more of the debts of other countries, and that the dearer gold became, the more they would receive when the debt was paid or the interest on the debt received.

But what shall be said of the people of the United States, debtors to other countries to the extent of $3,000,000,000 or more, with annual interest of $150,000,000, hurrying to destroy a metal recognized as one of the money metals of the world for thousands of years, in order to increase the value of the other in which their debts must be paid?

If the Sherman law is unconditionally repealed, it is the end of bimetallism. It is the end, too, of automatic regulation of money; it is the abandonment of the principle of regulation that has stood the test of centuries of time. Do they know what they do when they destroy this principle? Where will rest the equity of contracts then?

I warn those who are forcing this condition upon us that they are preparing the way for a reign of fiat money. Gold can not be produced in quantities sufficient to maintain the stability of prices and the equities of contracts; it does not exist, and therefore with gold alone automatic adjustment of money supply to needs for money is quite impossible. With gold and silver, a supply for a long period at least may be relied upon. Nor was there ever too much gold and silver, nor can there be. Should the production of these metals, for a time, so increase as to make money plentiful enough to raise prices, the point is soon reached when a dollar can be obtained easier by producing commodities than by mining the metals, and production is checked; this is automatic regulation.

All history shows that prosperity accompanies an abundance of gold and silver money; that industry is quickened, enterprise stimulated, production encouraged, wealth increased, and civilization advanced; while, on the other hand, depression of business, hard times, bankruptcies, want, and misery have ever been the consequences of an insufficient money supply. Our whole trouble to-day comes from the appreciation of gold, not from a fall in silver. It is from attempting to put the value of two dollars into one.

An ounce of silver, even since the closing of the mints of India, will exchange for as much wheat or cotton, or of any other of the great staples, as it would twenty years ago; but with a demand for gold to everywhere tak the place of silver as money of ultimate payment, gold will rise faster than ever. At the same time its production, with the closing of the silver mines, will be greatly reduced. The arts will consume the entire annual production and more. This is the feast to which we are invited; no new gold for money and a double demand for what there is to take the place of silver!

It is preposterous to suppose the vacuum can be filled by bank credits. To set up a gold standard without any gold for currency, and create bank credits to take the place of silver, is to give us the shadow for the substance. All such notions are idle dreams. Others tell us to repeal the Sherman law and restore confidence, and we can borrow capital from England.

Senator STEWART states the issue exactly when he says it is a question between coining our own money from gold and silver dug from our mountains and borrowing it from Great Britain.

And when we borrow, what do we get, gold? No. What then? Capital, they tell us. In what form? If goods, let us produce them at home. Others say it is credit we borrow, and credit is capital. If that is all we need, can not the United States create credit as well as England? Can not our banks create it as well as English banks?

The real truth is, we owe too much abroad now, and all we really get when we borrow from abroad is release for the time being from paying the interest on what we owe. It amounts to giving a new note for what we are not ready to pay, and nothing more. The continuance of this policy long enough will make us vassals of Great Britain. Let us declare our independence and coin our own money from gold and silver from our mines.

There must be an end to this borrowing some time, and the sooner the better. I say the idea that if we were on a gold basis, bank credits would supply the place of silver is preposterous. We have a foretaste now of this system. What would be our fate if a few hundred men controlled all the gold in the country, as would be the case practically, and also had it in their power to make or destroy, to create or extinguish credit? It is startling to think such a system possible. Yet this is what is called "sound currency." A gold standard with gold certain to increase at an accelerated rate is a dangerous experiment in any aspect of it, but it becomes alarming when considered as the sole basis of credit. Under such conditions prosperity would be impossible. A temporary credit bubble might be blown, but a chronic condition of falling prices will certainly follow an increasing money standard.

Industries can not thrive under such a system, and with loss of production labor will find less constant employment and wages must come down. The issue turns on the establishment of the single gold standard. All other questions sink into insignificance compared with this. The present order of civilization is involved in it, and the life and death of free institutions. In no way can a people be deprived of their liberties so surely as to first impoverish them. No people not already slaves will submit to such wrongs.

Are those who are attempting to foist this system on the people of this country so insane as to suppose it can be done with impunity and without resentment?

England may force such a system upon her dependencies, but the people of the United States will never submit to have inflicted upon them an Egyptian or an Indian system of spoliation.

The descendants of the race that overthrew the political domination of a foreign power will not submit to the financial domination of aliens of any race or nation. We did not wade through the slaughter of battlefields to destroy black slavery in this country in order to implant on the same soil a more galling servitude for our own children.

I say they are insane who think the people of this country will peaceably submit to the confiscation that must follow the establishment of the single gold standard, and I go further, and charge that those who seek to accomplish this purpose are the real anarchists of to-day, for they destroy the conditions necessary for the continuance of civilization and the existence of peaceful society.

Gentlemen, this is a world-wide struggle. The gold combination extends through many countries; it has unlimited means. It controls nearly all the great dailies of the large cities. The press that was once the bulwark of the rights of the people is so no longer. It is in the hands of the enemy and has been turned against the people. It is as though our arsenals and ships of war had been taken possession of and their guns turned against our own people! The owners employ editorial writers as attorneys to write what they are paid to write. The prostitution of editorial intellect in recent years has become a disgrace to humanity.

The pen most skillful to pervert the truth, to mislead, and to lie, is most in demand in this service. Such men, if they had lived in the days of the Revolution, for pay would have slandered Washington's army and extolled the political policy of Great Britain, as now they slander everything American and extol everything that is British or Semitic in finance.

This contest is therefore a life-and-death struggle, but if this country is to remain the land of the free and home of the brave—if it is to remain a country where government by the people and for the people is to continue—we must win, and we will win! The compromise we offer, therefore, is to repeal both the Sherman laws, that of 1873 and that of 1890, in the same act, and restore to the people the money of the Constitution as it existed prior to 1873.

Let us have American money coined at home and not borrowed from abroad.