

SILVER.

SPEECH

OF

HON. WILLIAM T. ELLIS

OF KENTUCKY,

IN THE

HOUSE OF REPRESENTATIVES OF THE UNITED STATES

DELIVERED

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HON. WILLIAM T. ELLIS,
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IN THE HOUSE OF REPRESENTATIVES,

Tuesday, August 22, 1893.

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

Mr. ELLIS, of Kentucky, said:

Mr. SPEAKER: There appears to be no conflict of opinion that some pernicious influence is seriously affecting the business and financial interests of the country. It is equally agreed that this malady, whatever it may be, has spread to almost every community and threatens, unless speedily arrested, to culminate in the bankruptcy and ruin of many enterprises and industries upon which the country largely depends for prosperity. If we were to look abroad we would discover, I think, conditions quite similar to those which affect our own domestic affairs. But it is with reference to our own interests, and with a view of arresting evils that prevail at home, as far as that may be done by mere legislative enactment, that this body has been convened in extraordinary session.

The good temper which has prevailed throughout this discussion justifies the belief that this body, without reference to political bias, is in a frame of mind to deal with the question submitted to it in the manner best calculated to relieve not only the business interests of the country from what appears to be a perilous situation, but in a manner that will be best calculated to benefit all classes and to benefit them all alike.

Although entertaining strong convictions and fixed opinions of my own, I do not hesitate to say that I am both willing and anxious to concede much of my own individual judgment in order to meet, in a spirit of fair and just compromise, the views and opinions of those who may differ from me as to what the true financial policy of the United States should be. I am all the more willing to do this that the purpose for which this body was assembled may be accomplished, and that whatever relief is to result from our action may be promptly granted.

It is assumed by the advocates of the bill introduced by the gentleman from West Virginia [Mr. WILSON], the object of which is to repeal the purchase clause of the so-called Sherman act, that the present financial stringency and business depression is due exclusively to the operation of that law. While I do not concur in that view, but dissent from it in the most unqualified manner, and while I find no trouble in believing that the Sherman law has had very little to do with bringing about the situation from which we desire to be relieved, I am quite ready to co operate with those who seek its repeal, if any fair or reasonable substitute providing for the continued use of silver is adopted in its stead.

Believing silver, equally with gold should be treated as a money of ultimate payment—a legal tender for every debt, public and private, and that gold and silver ought to be coined at the present ratio of 16 to 1, I am willing to agree with those who do not share that opinion, on some other ratio—on any ratio that will make and keep the silver dollar as good as the gold dollar. But while being willing to make the concessions already indicated, I may state here and now with all the emphasis I possess that I can not, under any

state of case, support the pending measure, unless some amendment authorizing the future coinage of silver is now engrafted upon the bill.

The bill before us, and which will pass into the legislative history of the country as the Wilson bill, while it looks on its face as innocent and as genuine as its author, will be far more reaching in its consequences, if it succeed, than might at first blush be supposed. Its passage means more than the simple repeal of the purchase clause of the Sherman act. If that were all it meant, and if that were the only effect it would have on the financial affairs of the country, its passage would not be calculated to provoke serious opposition in any quarter. But that is not what it means. It means to strike out bimetallism; it means an outright abandonment of the double standard, a system to which this Government has adhered for a century; a system which has the sanction of many centuries.

When the Wilson bill becomes a law this Government will be on a single gold basis; we will as effectively and as completely have demonetized silver as England did more than fifty years ago, and as Germany did twenty years ago. No such proposition as that can have my support or sanction, and while it is no part of my purpose to question the motives or challenge the good faith of others, I cannot refrain from expressing the belief that the gentleman from Missouri [Mr. BLAND] was entirely accurate the other day when he said, in his speech, that the members of this House who voted for any proposition having for its purpose the demonetization of silver, especially those representing agricultural districts in the South and West, would have abundant leisure to study the financial question at home after their present commissions had expired. If the object of the pending measure is not to change our system from a bimetallic to that of a monometallic system and to discontinue the future use of silver as a coin of ultimate payment, what valid reason exists why some suitable provision for the future coinage and use of silver should not be inserted into the bill; why should the bill not be perfected so as to settle once and for all the financial question, at least so far as we are concerned.

The Sherman law repealed the Bland act, or so much of it as required the monthly purchase and coinage of not less than \$2,000,000 or more than \$4,000,000 of silver per month. If we are going now to repeal the only law which provides for the use of silver in any form, ought we not, at the same time, to provide by suitable legislation for its future coinage if the use of silver is to be further continued? With those who criticise the Sherman law I have no controversy; I was among the number who voted against its passage; but bad as I believe that law to be, vicious in principle, as I am quite sure it is, it is the last fragment left of bimetallism in this country, or more properly speaking, it is the last obstruction that stands in the way of those who are bent upon the destruction of silver and the establishment of a single standard of gold.

Under the present law we have been able to add something like \$4,000,000 monthly to our volume of currency, and while bimetallists are in no manner responsible for the presence of the Sherman law on our statute book, they cannot afford, in order to get rid of it, to vote for a bill that demonetizes silver and establishes a single standard of gold, as the present bill proposes to do. But we are invited to support this bill and to trust to the future for such silver legislation as may be proper and necessary. This is advice which no prudent man, who conscientiously believes that this country needs all the gold and silver it has or can get as its circulating medium, would be likely to heed.

When the bill under consideration becomes a law, if it ever does, the last

hope of bimetallism, for many years to come, in this country will be gone, and we had as well understand and appreciate that fact now; and those professing to be the friends of bimetallism who vote for this measure, much as they may dislike to do so, must assume the responsibility of having demonetized silver and of placing our monetary system in line with England and Germany, whose systems are a single standard of gold. For no man who reads this bill can doubt, for a moment, what its effect on silver will be; in fact it seems to have been conceded throughout this discussion that the purpose of the bill is to discontinue the further coinage and use of silver as a standard money of the country.

Though believing that this country is amply able to maintain the two metals on a parity at the present ratio of 16 to 1, and while believing that the best interests of all classes of people demand the adoption of that policy if it shall be insisted that ratio cannot be maintained, I am ready, as already observed, to agree upon some other ratio which would "insure the maintenance of the parity of the two metals and the equal power of every dollar at all times in the markets and in payment of debts." But if all propositions to agree upon a fair and just ratio are rejected by the advocates of the pending measure and all efforts of compromise refused, I am unable to perceive how the friends of bimetallism can do otherwise than conclude that the fixed purpose of those who oppose the use of silver as a legal tender money is to cast it out as a base metal no longer worthy of a place in our financial system. Believing such to be the object of the bill, convinced that its passage would accomplish the results I have indicated, it can never become a law with my sanction nor by my vote.

I had supposed; Mr. Speaker, when my colleague [Governor McCREARY] arose to address the House the other day that he would adhere to the position he had uniformly occupied here and elsewhere. I had always regarded him not only a friend of the coinage of silver, but one of the ablest defenders of the bimetallic standard; and you may imagine my surprise, Mr. Speaker, when my colleague declared that he had so far lost faith in the doctrine of bimetallism that he was unwilling to vote for the further coinage of silver.

Mr. McCREARY, of Kentucky. Will my friend allow me to interrupt him?

The SPEAKER *pro tempore*. Does the gentleman from Kentucky yield?

Mr. ELLIS, of Kentucky. I do, of course.

Mr. McCREARY, of Kentucky. The gentleman is mistaken in saying that I have lost faith in bimetallism or changed the position that I had taken before. In 1884, in this House, I voted to stand upon the Bland-Allison act, which required the coinage of not less than \$2,000,000 worth of silver per month, nor more than \$4,000,000 worth per month. That is the way I voted in 1884. I stated distinctly on last Saturday that I was a bimetallist; that I believed in the double standard; that I believed in gold and silver, and the proposition now for the free coinage of silver, in my opinion, when all the countries of Europe had demonetized silver or suspended its coinage, and India had closed her mints, it was not advisable for us at this time. If we adopt free coinage of silver now, there is danger of leading to a silver basis, and I am opposed to coming to a silver basis because I am in favor of gold and silver both.

I wish to call attention to the fact that a gold and silver commission, consisting of twelve able men, was appointed to look into the change that had taken place in the relative values of silver and gold, and into the question of bimetallism, and that, after that commission in England, consisting of six bimetallists and six monometallists, had considered the subject, they reported that—

"Neither metal alone exists in sufficient quantities to serve as a sole standard without causing such a change in the level of prices as to amount to a financial and commercial revolution.

"No settlement of the difficulty is, however, possible without international action. The remedy we suggest is essentially international in its character, and its details must be settled in concert with the other powers concerned. The essential features of the agreement to be arrived at are:

"Free coinage of both metals into legal-tender money.

"The fixing of a ratio at which the coins of either metal shall be available for the payment of all debts at the option of the debtor."

Mr. ELLIS, of Kentucky. Mr. Speaker, I certainly have no desire to misrepresent the position of my friend or to do him the slightest injustice. But he has announced his purpose to vote for this bill which discontinues the coinage of silver and to vote against the amendments offered by the gentleman from Missouri [Mr. BLAND]; that is his present position, and it is, I insist, hostile to silver. My colleague says he voted for the Bland-Allison act, but that act was repealed in 1890, and one of the pending amendments proposes, if all propositions for free coinage are defeated, to substitute the Bland-Allison act for the present law, and my colleague will vote against that. I fail to discover anything friendly to silver in that position. On the contrary, it is precisely the position occupied by those who do not hesitate to say that they are opposed to bimetallism and in favor of a single gold standard.

Mr. McCREARY. When we pass the bill now pending it will not change in any respect the \$700,000,000 of gold that we have in the United States or the \$600,000,000 of silver, or any of the other currencies. In other words, when we pass the bill known as the Wilson bill we still leave gold dollars and silver dollars and Treasury notes and other money exactly as they are now, neither reduced in value nor impaired in legal-tender quality. On the contrary, the bill pledges that we will maintain the legal-tender quality of the silver in the United States, and that we will preserve the parity of gold and silver.

I desire to make the further statement that conditions have changed.

Mr. ELLIS, of Kentucky. Will my friend mention the changes, especially the changes that have taken place since 1892, when our party pledged itself to the free coinage of both gold and silver?

Mr. McCREARY. In 1884 the whole product of the world's silver was only \$90,000,000. The world's product of silver last year was \$190,000,000. The product of silver in the United States in 1884 was \$40,000,000. Last year the product was \$75,000,000. Now, I hold that as the product last year of the world's silver has more than doubled, and as the product of silver in the United States has about doubled, and as all those countries that bought silver from us have either suspended its coinage or demonetized it, there is now no market for our silver, and, therefore, if we adopt free coinage, the silver of the United States and of the world at large will come to our mints, and the result will be that we shall be put upon a silver basis, which I am opposed to.

I want to say again that I am as much the friend of silver now as I ever was. I am in favor of both gold and silver, and, while I know that my friend from Kentucky [Mr. ELLIS] is honest and sincere in his views, I know that I am as honest and as sincere as he is. I believe that the path I marked out, or tried to mark out, when I addressed the House last Saturday is the true one. I believe that in order to have free coinage of silver we must have an international agreement, or several of the leading nations of the world must agree

upon free coinage at the same ratio and then it may be established and maintained. I believe that the United States with France and the countries that constitute the Latin Union can maintain that system, and whenever they agree to it then we shall have free coinage.

In 1884 I was in favor of coining \$2,000,000 of silver monthly and I am now in favor of coining this amount monthly. I believe that unemployed labor, shrinkage in values, closed banks, depressed condition of trade, and the hard times prevailing all over the country demand the repeal of the purchasing clause of the Sherman act. We should do this quickly.

Mr. ELLIS. Mr. Speaker, my colleague fails to point out wherein conditions have changed, but seems to have unlimited faith that an international conference can alone solve this financial problem for us, he evidently has no faith in the ability of Congress to do it. If an international conference is my colleague's only hope for the free coinage of silver, it is a hope which he will never realize unless this country takes the initiative, which it is able to do and ought to do, as I will try to show before I conclude.

Mr. McCREARY. How many of your colleagues are with you in your present position?

The SPEAKER *pro tempore*. Does the gentleman yield to his colleague?

Mr. ELLIS. I decline to yield further, but will reply to the inquiry of my friend by saying that I do not know how many of my colleagues stand with me on this question now, but I do know that ever since I have been a member of this body all of my colleagues on this side of the House have uniformly voted for the free coinage of silver whenever that proposition has been submitted; and much as I would regret to part company with them now, I am prepared to do it if they vote for this bill.

I have seen nothing in supposed changed conditions that would authorize me now to cast my vote for any proposition having for its purpose the demonetization of silver, and glad as I always am to be able to agree with my colleagues, I cannot afford to agree with them when to do so I am required to surrender a principle which I believe is right. I am glad I have the courage to stand for what I believe to be right, even though I should be obliged to part company with all my colleagues.

I am content to trust my course in this matter to the manhood and patriotism of my people, absolutely sure that they will justify it. [Loud applause.]

WHY SHOULD SILVER BE DEMONETIZED?

What fact has transpired, or what change in condition demands that the further use of silver, as money, should cease? Just a little more than a year ago it was the unanimous judgment of the Democratic party assembled in national convention that silver, equally with gold, was a valuable money metal, and as such entitled to coinage on equal terms with gold. I have not heard of any change in the situation since, that would either justify or excuse the Democratic majority of this House now, if it should disregard the solemn pledges and promises made in its party's platform last year.

One of the reasons assigned by my colleague and those who think with him why we ought to abandon the further use of silver, seems to be based on the belief that the United States can not maintain bimetallism, except as the co-operation of the countries of Europe can be first obtained, and that an attempt to do so would result in putting this country on a silver basis. The gentleman from Tennessee [Mr. PATTERSON] in his remarks the other day assumed the role of a prophet and predicted that, if we attempted to maintain bimetallism, the result would be that our gold "would take wings and

fly away." If he had examined the record he would have discovered that precisely the same prophecy was indulged in by those who opposed the passage of the Bland-Allison act, of 1878. They said then that the coinage of fifty millions of silver dollars would have the effect to drive all the gold out of the country.

There was coined under the Bland act about \$378,000,000, and yet our gold failed to seek a more favored clime; on the contrary we steadily accumulated gold. From \$312,199,979, the amount of gold on hand in this country at the passage of the Bland act, it increased until, on the 1st day of January, 1889, according to the report of the Director of the Mint, the amount of gold, coin and bullion, in the United States was \$704,608,169, an increase of \$392,408,190, in ten years. The average annual product of gold in the United States since 1878, excluding the amount used in the arts, is estimated at \$20,000,000. It thus appears that under the operation of the Bland law, we not only kept at home all the gold we produced, but got from other countries about \$152,408,190 in addition to the amount we produced.

The gentleman from Tennessee, and those who agree with him now, must rely on something more trustworthy than prophecies which have already been demonstrated to be false if they expect to convince the judgment of others. Of course, it is the height of folly to attempt to maintain silver and gold at a parity as long as the former metal is deprived of the monetary functions accorded to gold. While gold is protected by the Government and as long as silver is boycotted and outlawed the most hopeful bimetalist would hardly expect that the parity of the two metals could be maintained at any ratio.

This discrimination in favor of one and against the other metal is precisely what bimetalists complain of; what they insist upon is that both gold and silver shall be placed upon an equal footing before the law, and until that is done there can be no reasonable hope that the silver dollar will be equal in its commercial value to the coin value of a dollar in gold. But with a fair and equal chance, silver, if its past history proves anything, would at once come into use as money in the true sense, and would prove as efficient and as powerful in quickening the pulse of commerce as gold. It would set in motion as many wheels, turn as many spindles, and move as many bushels of corn and wheat, as many bales of cotton, and give as much employment to labor, dollar for dollar, as gold.

Recent declines in the market value of silver bullion are also pointed out as additional evidence of the folly of any further attempt to maintain the parity between silver and gold. But those who rely upon this circumstance as justifying the character of legislation proposed by this bill ought not to overlook the fact that these declines in the market value of silver bullion are largely, if not exclusively, due to the unfriendly and discriminating character of the legislation which deprives silver of its function as a money of ultimate payment; for it must be remembered that under the present law silver is no longer money in fact, but only the representative of gold. But those who insist upon the use of silver claim, and what they are justified in insisting upon is, that if silver is restored to its legal-tender status and made by law a coin of ultimate redemption, its commercial value would become its coin value, and that value would be equal to the commercial or coin value of gold.

It has been repeatedly stated here that any attempt on the part of this Government to maintain bimetalism and to keep silver at a parity with gold would require the United States to take all the surplus silver which other nations would certainly bring to our mints; and while professing great solici-

tude for silver and sincerely desiring to continue its use, these gentlemen tell us that the only hope for bimetallism is an international monetary conference, which may or may not be held at some indefinite period in the future, and that in the meantime the only wise policy we can adopt is to discontinue altogether the use of silver and join with the countries of Europe in a general scramble for gold. If gentlemen are in earnest about the use of silver and candidly believe an international conference is the only channel through which we may reasonably hope to reach a satisfactory solution to the financial problem, I ask them whether or not, as the speediest and surest means of bringing about such a conference, it is not incumbent on us to take the initiative and thus demonstrate in good faith our attachment to bimetallism and our purpose to maintain it by at once entering upon that policy.

How can we, having a larger interest in the silver question than any other nation, reasonably expect to secure the co-operation of others in the use of silver money as long as we refuse its free use ourselves? We must first make an honest effort by placing silver on an equal footing with gold before we can consistently ask other people to adopt a similar policy. Until we do this it is idle to talk about solving this problem by an international monetary conference. When we have acted in the matter ourselves other nations will be glad to treat with us.

In support of the correctness of this I cite the following :

“ A recent speech of Lord Balfour's, late prime minister of England, indicates clearly that other nations are hoping for our action in this direction. Surely we, who have a stronger interest than any other nation in sustaining the value of silver, ought to take the initiative in our own behalf. An international monetary conference can only be asked for with self-respect when the United States shall have shown other nations that she has the courage to act for herself in her own interest before asking their co-operation to help her help herself.

“ It is a trite old adage that ‘ He who would be free himself must strike the blow.’ But we have appeared in three international monetary conferences as a party self-maimed; committed to an illogical policy of duplicity; asking help to steer towards a harbor of financial safety, after having sailed away from it of our own volition, and while continuing to sail away from it. No ability of our delegates, exceptionally able as they were, could extricate our Government from the humiliating position they occupied in such conferences. American ears have tingled with shame to hear from foreign representatives—‘ If your Government believes in bimetallism, why does not your Government vote for it and adopt it? None so much interested as yourselves in doing it.’”

But whether we secure the desired co-operation of others or not, this country is able to maintain bimetallism without the aid of outside influence, and this is the opinion of many of the ablest economists and best financiers of the country. Being able to do so, a refusal on our part to at least make an honest effort in that direction indicates either a fixed purpose on the part of the Government to abandon bimetallism, or exhibits an absence of that independent spirit which has always characterized us as a nation. In the first place, all the dread apprehensions of those who profess to believe that an avalanche of Europe's silver would bury us beneath its ruin are without foundation. Those who express or entertain such fears are in dread of evils that will never occur.

The stock of foreign silver consists almost exclusively of coin, and circulates freely at home, while silver abroad is coined at a less ratio with gold

than it is here. To melt all this silver into bullion and bring it here to be recoinced would entail ruinous loss on its owners, which fact is in itself a sufficient guaranty that none of Europe's silver would seek recoinage at our mints, if we should now throw them open to the world. Mr. William P. St. John, president of the Mercantile National Bank of New York, a gentleman of great learning and financial ability, discussing this very question in an address to the American Bankers' Association at New Orleans, 1891, clearly demonstrated how groundless were the fears of those who believed a flood of foreign silver would deluge us, should we establish bimetallism. He said:

"Europe's only stock of silver is her money. Europe's primary silver money is the unlimited legal tender equivalent of her gold. As such it circulates in settlement for every day's transactions. As such it constitutes a liberal share of the coin reserves which Europe's great banks accumulate for the liquidation of their vast liabilities, including the redemption of their circulating notes. This European standard coin values silver at 359.91 grains to the dollar. Our mints exact 371.25 grains of pure silver for our standard dollar. Thus, 11.34 grains would be Europe's first sacrifice, with loss of weight and transportation costs additional, in every dollar for dollar exchange of Europe's standard silver coin for ours. Or, more intelligibly: Europe's silver money which circulates at home at 100 cents would recoin at our free mints into less than 97 cents.

"Next, if Europe's pursuit is presumed to be our gold, let it be understood that equally free coinage for gold and silver is only a promise of gold coin for gold, and of silver coin for silver. Therefore, in order to obtain our gold for silver, Europeans must bargain with the owners of our gold, after the recoinced of their silver into our standard silver dollars. In this contemplation, and in words now memorable: 'Unless the Yankee has lost his quick scent of danger and forgotten his cunning * * * probably before the swiftest ocean greyhound could land her silver cargo in New York, the last gold dollar within reach would be hidden safely away * * * to be brought out only by a *high premium* on gold.' Upon experience of high premiums on gold in the United States, 10 per cent. would appear to be moderate, as a high premium. Add 10 per cent., as premium on gold, to over 3 per cent. lost in the exchange of silver at our mints, and 13 per cent. will be the premium first cost which Europe is to contemplate. Thirteen per cent. of \$1,100,000,000, or \$143,000,000, will be Europe's sacrifice in contemplation, therefore, if she will thus exchange her silver for our gold.

"If Europeans are to pursue our gold so ardently, our proposed measure, if enacted, will enable our Secretary of the Treasury to defeat them. He need only follow the course by which the Bank of France maintains the parity of their gold and silver coins acceptably in France. He need only exercise the option we propose for him, and redeem the United States notes in silver only, refusing gold, upon every slightest proof that foreign silver money threatens our reopened mints.

"But unless these Europeans differ altogether from Americans, they will not make the estimated necessary sacrifice, or any sacrifice at all, in order to exchange their equivalent silver money for our gold. Yet, if I may tax your patience with details, note further:

"England will not seek our reopened mints with her coined silver, all of it subsidiary coin. She has increased its volume recently, to the profit of her Government, substituting silver coin for light-weight gold half sovereigns. This English subsidiary coin values silver at 348.3 grains to the dollar. One hundred cents of it would, therefore, yield only 93.8 cents of our standard silver coin.

"Germany does not threaten our mints with silver. She, too, is minting subsidiary coin. Her only other stock of silver are thaler pieces, in all about \$107,000,000. These silver thalers are unlimited legal tender in Germany at about the French valuation of silver; at which 100 cents would recoin into less than 97 cents at our free mints. About \$55,300,000 of these silver thalers, together with about \$118,400,000 gold, constituted the legal-tender coin reserves of Germany's Imperial Bank at a recent date. When Germany sold silver it had been received as a part of a vast indemnity from France during 1871 to 1873. All except about \$5,000,000 of it, *i. e.*, about 85,200,000 ounces, was sold before the end of 1879. The remaining sales, in dribbles, were made to clean up. Within two years after Germany's selling was completed, it was reported that Bismarck sighed, repiningly, that 'gold has become as scarce as a coverlet too scant for two persons, so that each must struggle for a share.'

"Spain does not threaten us with her silver. The Bank of Spain whose charter was extended last July for thirty years, was then authorized to enlarge her issue of circulating notes to the gross sum of \$300,000,000, but under the requirement that her coin reserves are to be maintained strictly at not less than 33 $\frac{1}{3}$ per cent. Spain is now coining full legal tender silver liberally, at the French ratio, on Government account. One hundred cents of it would recoin into less than 97 cents of our standard money.

"The Netherlands and Belgium reported recently the following reserves of coin in bank: Netherlands, \$29,800,000 of silver, with \$17,700,000 in gold; Belgium, \$7,200,000 of silver, with \$14,500,000 of gold. Switzerland is not feared. Her difficulty is to keep a sufficiency of both gold and silver at home as against the natural gravitation of both toward France in trade. Belgium suffers similarly in a less degree.

"Italy does not threaten us with silver. Her treasury and banks combined, showed a total stock of silver barely exceeding \$20,300,000, while her stock of gold exceeds \$88,200,000. The sum of her notes outstanding exceeding \$283,000,000. In 1883, under an act of 1881, Italy sold bonds for gold and silver, and redeemed with both a total of \$107,000,000 of her notes. Failing thereafter to complete the redemption, or to maintain sufficient coin reserves to assure redemptions on demand, she has subsequently continued under a suspension of specie payments. She will need all her gold and silver and more of both in order to resume.

"Austria-Hungary has been suspected of desiring to sell her silver. For answer, note that, while we are usually debtor to Austria in trade, Austria is invariably debtor to India. Her settlements range between \$9,000,000 and \$16,000,000 for a year. Yet Austria does not recoin her suspected 'surplus silver' in British India; but settles in the equivalent of gold by purchasing council bills in London or kindred gold exchange. A recent press dispatch reported: 'There is little prospect of the speedy establishment of a gold currency in Austria-Hungary. Dr. Steinbeck, the new Austrian finance minister, is opposed to any course that would tend to weaken or impair the confidence of trade.'

"The altogether safer dismissal of our fear of Austria's silver, however, is her financial condition reported recently as follows: Her bank's resources, against all its vast liabilities, were \$27,300,000 of gold with \$81,500,000 of silver. Her total note issues were \$229,500,000. No pretense is made of redeeming these paper issues on demand. They are accepted for Government revenues, and are legal tender for private debts.

"Russia is not threatening us with silver. A million dollars will cover her accumulated stock of silver; \$162,300,000 was her recently reported stock of

gold. And Russia does not pretend to redeem her \$807,300,000 of rouble paper in either coin.

"Lastly, France does not threaten us with silver. And yet the estimated sum of silver in bank and afloat in France exceeds \$700,000,000, together with \$900,000,000 gold. Her population is almost stationary at about 38,000,000. Her traders establish such relations to the foreigner that France is the accumulator of the money metals among nations generally, in her international trade. Unless M. Leon Say has blundered, France has adopted 'a waiting policy * * * being committed to the bimetallic standard.' France can afford to wait and contentedly permit her merchants to establish title to foreign gold. If, by our legislation, supported by the aid assured us elsewhere, the United States enhances the market price of silver to a parity of value for the gold and silver contained in our gold and silver dollars, the inducement to continue a waiting policy on the part of France is made to disappear. The act of France will dictate the policy of her neighbors.

* * * * *

"The stock of silver in the Bank of France has occasioned some concern. About \$25,000,000 of it is Italian coin and about \$20,000,000 is Belgian coin. Circulating in France by treaty it is accepted as French money, but is subject to demand upon Belgium and Italy, at the end of any year, for the redemption of it in gold at par. Our mints can not attract it at a discount; a discount of 3.05 per cent., and loss in weight additional. The total stock of silver in the Bank of France approaches \$251,300,000. Her stock of gold exceeds \$262,900,000. But if reasons, not evident, exist to necessitate the exchange of silver for gold by this Bank of France, or by the French people generally (the Government owns no silver), India's mints are open to their silver money at a premium. As remarked, 137.8 cents is India's mint price per ounce, and 129.3 cents is our mint price (stated in terms of our primary money).

"France, too, is debtor in trade with India, invariably. Sometimes, to an amount exceeding \$40,000,000 for the year. During this current year, 1891, due to her short crop of wheat, France may establish a trade-debt to India exceeding \$50,000,000, or \$5,000,000 more than the total sum of Belgian and Italian silver in the Bank of France.

"But the entire stock of silver in the Bank of France is money. As such it is not governed as bullion is, by market price. As unlimited legal-tender money, it is as serviceable to that bank as her stock of gold is for the liquidation of vast liabilities. It has been accumulated to constitute, together with her gold, the coin reserves maintained to assure the liquidation of her liabilities, including redemptions of her circulating notes. Thus available for the liquidation of her debts at par, her stock of silver is not a burden but a buttress to the Bank of France. With her total sum of circulating notes exceeding \$609,000,000, and a total stock of silver barely exceeding \$251,200,000, and all this silver applicable to redemptions of these notes at par, the Bank of France is not more concerned about the 'bullion value' of her 'lawful money' silver, than the national banks of the United States are concerned about the paper value of United States legal-tender notes.

"A vain search, therefore: The impending flood of Europe's silver at our mints!

"But if imagination is still unsatisfied that Europe's silver will not denude us of our gold, recollect that Europe's money is deficient by 3.05 per cent. for an exchange with us of silver coin for silver coin. Remember, too, that Europe's silver circulates in coin, and her coin is old. It will therefore shrink importantly in melting. The very moderate total shrinkage of 5 per cent.

of \$1,100,000,000 of Europe's silver would contract her currency by \$55,000,000. Think of this minimum contraction of her currency as Europe's entirely voluntary sacrifice in rejecting silver to obtain our gold. Remember that this sum exceeds by \$25,000,000 the entire world's aggregate annual increase of money, if gold is the only acceptable coin. Allot to Europeans about as little sagacity as we modestly accord ourselves. And, finally, if I mistake not, 'The Impending Avalanche of Europe's Silver' will rank, hereafter, with 'Alibaba and the Forty Thieves.'

But assume, for the sake of argument, that all the silver of Europe, in the case of reopening our mints, should pour in upon us, what would be the result if we got it all? It is estimated that all the silver of the world, reckoned on the ratio at which it is coined here, is worth \$3,800,000,000. The population of the United States at present estimate is about 67,000,000, so that if all the silver, saved from the minings of all ages were suddenly turned loose upon us it would be only about \$54.28 per capita, just about the amount of money constantly in use in France. But the business of the countries of Europe cannot be carried on without silver, and I do not suppose that even the most timid would estimate the amount of silver which could possibly come in any event at over one-half of that which is held abroad, but there is no foundation for the belief that any of it would come.

Whenever it is enacted by law that 371 $\frac{1}{4}$ grains of pure silver shall command \$1 at our mints we insure the use of that metal in our rapidly developing domestic trade, which is by far of more importance to us than our foreign trade, and this domestic use of our silver, it is confidently asserted by those who are in a position to know, would maintain the money parity of our gold and silver permanently. It is a familiar doctrine in which the highest authorities all agree, that the value of money does not depend upon the intrinsic value of the material of which it is composed. This fact understood and appreciated, much of the confusion that exists and much of the argument against the coinage of silver, on account of its alleged depreciated intrinsic value, is disposed of.

"The value of money as such, is not in the metal, but in the stamp.

"The logic of the situation and the reasoning of all the leading authorities on money lead irresistibly to the conclusion that its value does not reside in the metal, but in the stamp; in other words, on the legal-tender functions imposed on that material. It is an order for services.'" (Speech of Hon. JOHN P. JONES.)

Another high authority defines money as follows:

"Money by itself * * * has value only by law and not by nature; so that a change of convention between those who use it is sufficient to deprive it of all its value and power to satisfy all our wants."

Another authority of recognized ability defines money as follows:

"Anything which freely circulates from hand to hand as a common acceptable medium of exchange in any country, is in such country money, even though it cease to be such, or to possess any value in passing into another country. In a word, an article is determined to be money by reason of the performance by it of certain functions without regard to its form or substance."

If the foregoing definitions of money correctly define it, both debtors and creditors ought to be satisfied that silver money, equally with gold, if placed upon the same basis, would be "good money." Creditors who insist that their obligations should be paid in "the best money" would at least find no

room to complain that they were not paid in the money of the contract, for both gold and silver being a legal tender the one would be as good as the other and neither a cheap or a bad money.

It has also been suggested in the course of this discussion that the increased production of silver has rendered it impossible to further maintain the parity between gold and silver. We have already seen that mere intrinsic value is not the standard by which good money is measured. But the increased yield of our silver mines furnish no grounds for the apprehension that we would have an overstock of money if we coined and put into circulation every dollar of silver and gold bullion our mines yield. The increased production of the mines has not been in advance of the increase in population and business, an increasing population and developing business enterprises demand a corresponding increase in the volume of money.

When population and business are taken into account, it will be found that there is no foundation for the much talked of overproduction of silver, as illustrating this I quote from a paper recently prepared by Mr. St. John, of New York, in which the subject of overproduction of silver is exhaustively discussed and disposed of.

ALLEGED EXCESSIVE PRODUCTION OF SILVER.

"Indisputable records prohibit the assumption of an excessive production of silver in the world. The entire world's coinage of silver during any period of five years, counting our Treasury absorption as coinage, has exceeded by average the annual production of silver. For the five years ending with 1889 the average annual coinage of silver has exceeded the annual production of silver by \$10,700,000. In 1889 the production exceeded the coinage, but in 1890 (for which I have not figures) our required Treasury absorption was enlarged. The world's records thus manifest a recoinage of foreign moneys by one or more nations, for which a sufficient explanation is India's and China's absorption of Mexican dollars.

Estimates, too moderate to be disputed, of the world's annual gross requirement of silver by average of the five years ending 1889 (ending 1890 for India), are as follows—all at our coin value:

Art consumption in Europe and the United States	\$32,500,000
Art and money use of silver in China, Japan, Ceylon, and Africa	17,000,000
Retained at home, of their annual production, by Mexico, Central and South America, exceeding	8,000,000
Spain and Austria's full-tender and subsidiary, and the subsidiary coinage of the other continental states	12,500,000
British India's net absorption, exceeding	35,000,000
United States mint absorption prior to 1890, about	32,500,000
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World's average annual requirement of silver prior to our purchase act of 1890	137,500,000
Increase of United States requirement, now 54,000,000 ounces, coin value \$70,000,000, less \$32,500,000	38,500,000
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Total average requirement	176,000,000
World's greatest annual production of record	165,000,000
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Average shortage of annual production of silver for present requirement	11,000,000

"This present yearly excess of gross requirement over the largest production of silver in the world seems to be verified by the record of the United States imports and exports of silver for 1891. During the nine months to October 1, our exports of silver have exceeded our imports of silver by

\$5,526,346. It seems further to be confirmed by the year's decrease of about \$7,000,000 in the supply of silver bullion accumulated in New York. The New York accumulation of silver had been caused by fluctuations in the price occasioned by speculations upon the predicted legislation, and was greatest in amount before the act of 1890 became a law."

Although the present relative production of gold and silver is in great disproportion, the disproportion is nothing like so great as it has been at various periods in the past; and experience has shown that the two metals can be maintained at a parity when the yield of each more widely differs than at present. The yield of silver to-day in proportion to the yield of gold is about 23 to 1. In 1803 and thereabouts the yield of silver was $50\frac{1}{4}$ times the production of gold, and at that time we had no difficulty in keeping gold and silver at a parity at even a less ratio than the present.

As to the cheapened cost of producing silver it is hardly necessary to add anything further on that subject, except to say that the cost of production of a money metal is not and never was a material factor in determining a correct opinion on the subject. If either gold or silver could be produced in unlimited quantities, at a moderate cost, then the cost of production would cut an important figure, but with the fact of a limited production of the two metals admitted, the relation of supply to demand and not the cost of production will always govern the market value of both metals. This is the settled judgment of those who have bestowed the carefulest consideration on the subject.

CAN THE UNITED STATES MAINTAIN BIMETALLISM WITHOUT THE CO-OPERATION OF OTHER COUNTRIES?

I do not hesitate to express my entire confidence in the ability of this Government to inaugurate and successfully maintain its own financial system regardless of what other countries may do. Richer and more powerful than any other civilized nation it is the sheerest nonsense to argue that we are, so far as our financial system is concerned, at the mercy of the shrewd and selfish governments of Europe. Such an admission is enough to touch the pride of any man calling himself an American citizen. As illustrative somewhat of the opinion which others have of our ability to adopt and maintain our own independent financial system, I quote the following extract from Sir D. Barbour, British financial secretary of India, in his official report for 1891-'92:

"No doubt the people of the United States are warned in some quarters that the adoption of free coinage for silver would lead to the loss of their gold (reduce us to a silver standard) and end in financial ruin. But the same authorities not infrequently warn India that her prosperity depends on her retaining the silver standard. I know no reason why such different results in the case of the two countries should spring from the same cause. *

* * The foreign trade of the United States is but a small fraction of its total trade, and there is no nation in the world that is more independent of the foreigner."

France has been often referred to in this discussion and her financial system much discussed. In support of the contention that we are amply able to adopt a financial policy of our own, the following extract, setting forth the success with which France, independently of all other nations, successfully provided for both the coinage of silver and gold, is not without interest:

"During the sixty-nine years following 1803, while the mint laws of all nations differed independently, the mint law of France provided equally un-

restricted coinage for the world's spare gold and silver, valuing the silver required for our dollar at 103 cents in gold. In the sixty-nine years \$1,447,329,208 of gold coin and \$917,735,863 of silver 5-franc pieces were emitted from her mints. By voluntary act of the owners of gold and silver France thus obtained so great a volume of coined money in circulation that embarrassments were not possible from occasional flights of either metal in settlements of her international trade. Thus in the period 1811 to 1820, while the world's aggregate production of gold and silver showed 75 per cent. silver, \$110,907,676 of gold and \$149,752,376 of silver were coined in France. (In the world's present aggregate production of the money metals only 59 per cent. is silver.) During 1841 to 1850, with the aggregate production showing 48 per cent. silver and 52 per cent. gold, only \$35,157,480 of gold with \$175,845,263 of silver were coined. In 1866 to 1870, with production showing 31 per cent. silver and 69 per cent. gold, \$227,777,130 of gold and \$51,954,842 of silver were coined.

"A conspicuously noteworthy result of such an automatic operation of her mints, under the equally unrestricted coinage law of France, was that in the face of widely varying proportions in the world's relative production of gold and silver, the relative market price of both was thereby maintained at an average of between 1 to 15.48 and 1 to 15.80, her mint valuation being 1 to 15.50. Thus effectually by France alone, the value possessed by either metal in its scarcity was bestowed upon the other in abundance by decree. Such were the means and the achievements by which France 'put a dollar's worth of silver in the dollar,' and for sixty-nine years maintained it independently at 100 cents.

"With this historic experience of France, who was not producing either gold or silver, for the assurance of the United States—we producing now about 40 per cent. of the world's annual output of silver and over \$30,000,000 worth of gold a year—I venture to predict success to the United States if we imitate her example."

What France has so successfully accomplished the United States should not hesitate to attempt. It is an example on which we can rely; a precedent we cannot safely afford to ignore. Already we have had too much tinkering with the silver question. To prevent its complete restoration as a money metal, the creditor class, without regard to the interests or rights of debtors, have succeeded in blocking the way for years with mere makeshifts and experiments. The demand now comes from those who have toiled much and sacrificed much for the complete restoration of silver to its rightful place in our monetary system, and from which it has been excluded for twenty years. It will not do to redeem a part only of the pledge contained in the Chicago platform and ignore the rest.

It will not do to simply repeal the purchasing clause of the Sherman act, which is demanded by banks and commercial industries, and refuse to keep the promise made to those who toil in the shops, in the mines, and on the farms. We ought to redeem the whole promise in good faith, and no time so fitting in which to do that as the present. I represent a constituency largely engaged in agriculture, a constituency as intelligent and patriotic as any represented on this floor. In their name and on their behalf I protest against the passage of this bill which, while proposing a repeal of the Sherman act, not only fails to provide for the further coinage of silver on equal terms with gold, but which strikes it from our system as unfit for further use and as unworthy of a place in our financial system. [Applause.]