

THE NATIONAL CURRENCY.

SPEECH

OF

WILLIAM SPRAGUE

IN THE

SENATE OF THE UNITED STATES,

*MARCH 30, 1869.*

NEW-YORK :

JOHN A. GRAY & GREEN, PRINTERS, 16 & 18 JACOB STREET.

1869.

THE NATIONAL CURRENCY.



SPEECH

OF

WILLIAM SPRAGUE,

IN THE

SENATE OF THE UNITED STATES,

MARCH 30, 1869.

## THE NATIONAL CURRENCY.

---

Is it the habit of men constituted like this assemblage and the other House to bow in obedience to, and believe the suggestions made by, wealthy capitalists? The same influence is operating on every public officer in the land, and if he be not more than human, as I have heretofore said, he will surrender to the temptations placed before him. Here, under my own observation, was an offer to a \$3000 clerk to report upon a certain matter in a certain way; and \$100,000 worth of temptation was placed before him. Here, also, in my belief, was the cause of a provision agreed to by both Houses of Congress, being left off an appropriation bill involving a saving to this Government of \$2,000,000. These are two instances out of thousands.

The people are led to believe that the distillers of whisky are the real offenders in corrupting public officers. This is not so. The laws of Congress are of such a character that the distiller can barely survive after he has paid the levies put upon him by Government officials, acting as the tools of the power I have indicated, which stands behind and shares in the theft and extortion. The forced levies of arbitrary power, in the most corrupt days of the Roman empire never much exceeded those I have indicated. In their operations stand charged some names that are high in the estimation of the people of the Republic. As this power is unseen and subtle, it is much more dangerous and vicious. It shields itself, if attacked, behind its victim or tool. Hence the capitalist will as readily abandon parties, politicians, legislatures, banks, etc., as he has used them, whenever they fall into disfavor with the people, whenever the people are tempted to strike against this tool or victim to obtain redress—and each time missing the real cause of their misery—the actual culprits escape. You can never put your hands on them bodily, for their number is added to or taken from as speculations or operations succeed or fail. The people may strike down the tool or victim, as they did in the case of Jeffreys, but they will never reach the seat of their troubles until they have driven the

king from the throne; in our case by taking the control of the money market, as indicated by the proposition to disburse the Government funds and place on the market daily the balances of Government receipts and individual deposits, and this through men who have the public confidence, and whose operations will surely command the situation, give stability to material interests, to society, to religion, and politics, and liberate the people.

I have not raised my voice to destroy any public or private interests, but to preserve them all, and I come to show the clear way to remedy the difficulty. Adopt it, and that speedily, or your seats will be vacated and the people will do it for themselves; and as constitutions are of no possible account without it, they will make it the first article that they next enact. This statement is made for the consideration of the candid and thoughtful, and I ask of those who can comprehend what I now say to show the people the true cause of their difficulties.

I made a statement some days since as to the disparity of production between this country and Great Britain. I have obtained some information on that point, which I send to the desk to be read as part of my remarks.

[The Chief Clerk read as follows:]

DEPARTMENT OF AGRICULTURE,  
WASHINGTON, March 12, 1869.

DEAR SIR: In response to your request for a statement showing the rate of increase in the product of wheat per acre in Great Britain, and giving some idea of the rate of decrease in production per acre in this country, allow me to say that our temporary occupancy of lands in wheat, and the extension of wheat-growing to new fields, which will in turn be abandoned in a few years, prevents a proper appreciation of the alarming decrease in the yield which is actually observed in localities in which wheat-growing has been long practiced.

It is a fact that diminution of yield is the rule, to which the only exceptions are furnished by a few scientific farmers in all States in which the same lands are cultivated in wheat for a series of years. For instance, in Ohio, for a period of five years ending in 1854, the average yield was thirteen and three tenths bushels; for succeeding period of five years, eleven and two tenths bushels; for eight years, ending in 1867, ten and five tenths bushels. Comparing the period ending in 1854 with the last five years, a still greater reduction is shown, nine and three tenths bushels being the average, or a reduction of four bushels, or thirty per cent decrease in fourteen years.

In 1866, owing to the severe winter-killing, the average was ruinously depressed in the Ohio Valley, being but four and five tenths bushels in Ohio, five and nine tenths in Indiana, and six and five tenths in Kentucky. The average for the United States in that year did not exceed ten and five tenths bushels.

A remarkable decrease in production is reported in the Genesee Valley, the bread-yielding section so famous a few years since. The New-York census of 1865 gives but twelve bushels as the average for the crop of 1864 in that State. Our national average for a few years past has not exceeded

twelve bushels per acre, notwithstanding the larger yields of California, and occasionally some of newly-settled western and north-western States.

Turning to England, an increase in production can be shown amounting in one hundred years to five bushels per acre. In 1770, according to Arthur Young, the yield was twenty-three bushels; in 1850, by the estimates of Caird, twenty-six and a half bushels; at the present time twenty-eight bushels is considered the real average, though the crop of last year exceeded it. The average in Ireland for twenty years past is placed at twenty-four bushels; for Great Britain—England, Scotland, and Ireland—twenty-seven bushels.

Very respectfully,

HORACE CAPRON, *Commissioner.*

Hon. WILLIAM SPRAGUE, *United States Senate.*

Mr. SPRAGUE. Mr. President, prior to 1861 the farming as well as the manufacturing interest of this whole country was in a state of general bankruptcy. There is not a member here from the West who can gainsay the position I assume. There is not a man in New-England that can disprove my proposition.

Mr. WILSON. What is the proposition?

Mr. SPRAGUE. The proposition is, that if the manufacturing interest of New-England had been sold prior to this war, it would not have paid the debts of those engaged in it. If legislators of the past can find satisfaction in the hand they have had in shaping the destinies of this country, I must confess they are satisfied with very small results. Why should we be behind the nations of Europe? Why should we be behind Great Britain, with a territory not greater than the State of New-York, and with a climate not favorable to the development of the industries in which she is engaged, while this country has every variety of climate, a virgin soil, and every thing that the hand of man desires? We are considered in the estimation of the world as destructives and disorganizers. That is the estimate put upon the people of this country when they go abroad, or whenever legislation is directed toward the relations that exist between this and other countries. Is that a picture to rejoice the heart of an American citizen?

Mr. President, I have no other object than to convince you of the disastrous condition of our situation, and to point out the remedy. I tell the Senator from Massachusetts that the condition of the industries of his State and of New-England may be compared to a row of bricks; when one goes, your fabric is gone. If, sirs, you are not standing on a volcano, I am no judge of the condition of things; and it is all in consequence of the mighty money power waged against the industries of the country and the masses of the people.

Here come to me letters from the South: "Extricate us from the terrible extortions made upon us by the moneyed men;

twenty-five per cent per annum to carry on our business, and money difficult to get at that." Why, sir, it is in my remembrance that a shaver of paper beyond the legal rate was detested and despised by the whole community wherein he lived, but to-day he commands all branches of your industry and property, and is as surely enslaving the people of this country as the slave-master who commanded his negro household. I have felt anxious about the situation, because I have seen this tendency for three years; and I have studied it deeply, night and day, for three years, and I believe I comprehend the situation.

Does the Senator from Massachusetts understand the forces by which business is regulated? Can he create a business and carry it on profitably? Can he, when that business is in danger of being brought to a stand, suggest measures that will carry it on successfully? Yes, sir, he can, in the issue of more money power to the masters here and elsewhere, for that in substance is the character of the proposition he presents to this body. I have no doubt that he is informed by those around him that the condition of the people of the country is peaceful and prosperous; but the information he receives is from men who derive advantage from his great position and great influence. Can he tell, of his own knowledge, that the statements he makes can be relied upon? Can he tell that his informants know correctly as to the information which they give him? Certainly not. What does he know about society? How much of it does he mingle with? He mingles with those that he comprehends. Are they such men as can give a comprehensive view of our present situation? No man shall stand here, either through inattention or ignorance, or from any other cause, and mistake the situation, if I can help it.

He tells the people of the country that their material interests are prosperous, and that every body is getting rich. He may influence this Senate, but the people will ask him if he intends to make them believe that white is not white, but that it is black. As the farmer who was rich laughed at one that made the statement that he was poor, so will the masses of the people of this country laugh at the statement made by the Senator from Massachusetts.

The Senator understands parties, the creation of parties, and the carrying of them on successfully. No man is more familiar with that subject; but he mistakes his calling when he gives utterance to opinions touching the interests of the masses of the people of the United States. Cities are indeed prosperous, and the whole capital of this country is collected in those cities, and the power of that capital is controlled and exercised in increasing the value of the property there; but the people

outside of the cities suffer, and *the people* in the cities suffer too. Not three weeks ago, information came to me of a gentleman advertising for labor to go to the South, and the first day he had three hundred applicants, and the next three thousand. Does that indicate a state of industrious contentment among the people in the rich city of New-York? The manufacturers of New-England, induced by my example, are manufacturing to-day at a loss, and accumulating stocks, and they have made no money for the past two or three years. Money is made by manufacturers only by the application of the power I have indicated, which crushes out those who are engaged in the same business with itself.

The tendency of this collection of capital in few hands, as I have repeated time and time again, is to crush out all small industries and to build up mammoth ones, and they are being built up on the poverty of the people of the United States, and to the sacrifice of their property, unchecked. They are running riot over this land. Why, sir, in the exercise of this power a man connected with the Erie Railroad who, two years ago, was without a dollar in his pocket, exercises five hundred times more control now over the business and social affairs of this country than Rothschild with his \$400,000,000 can exercise in the affairs of Great Britain. Rothschild to-day, exercising all the power of his \$400,000,000, can not change the value of consols one eighth of one per cent. Rothschild's capital is a part of the great working capital of the country, and he can not avail himself of it. Fisk, with the hoarded capital of banks, bankers, and others, which is at his command, is able any day to launch it upon any property or condition of the market favoring his designs.

I have spoken of society in this country. The Senator from Massachusetts has told us that the moral condition of the people of this country may be imitated with profit. My comparison of the people of our own country with people abroad has been criticised by anonymous letters, the writers of which say to me, "You must be familiar with the disturbing element in and among American society." Certainly, if I was not familiar with American society, I should not have hazarded the statement I made. I make no statement in this Senate or elsewhere that I can not substantiate by the clearest proof and the best evidence. Anonymous writers criticise the comparison. The corruptions, the dregs of society abroad, appear at places growing out of the purifying of the stream of general society, and Americans who travel abroad mix and mingle in that filth, and come home here to inoculate the immoralities they have seen into their own society. The comparison can not, in any

form or in any manner, cease to be exactly as I have indicated it. I might point to the condition of things, and the reeking corruptions attending the collection of your internal revenue. It is clear to any man with half an eye that the statement I made is true, and it is responded to perhaps more than any remark I have made since it was my duty to take my stand upon this floor.

The great power that I have referred to, corrupt and vicious, now controlling the affairs of this country, the people can never touch except by the application of a power of a like character, and equal to it. In a monarchical government it is resisted and subdued, as Charles I. subdued it, when he stole the deposits of the goldsmiths and put them in the tower, and then took them from the tower for his own use. We have no such controlling influence over this most despotic, this most tyrannical power upon our whole society.

Mr. President, I said on a former occasion, touching the ability of this body to originate wise legislation, that, owing to the pressure from without, it was impossible for its members to give time and close attention to the consideration of important public matters. I pointed to the President and to the various heads of Departments, the objective points of the office-seekers from every section of the country, and I told you that no man or set of men could stand before the pressure thus exercised upon them. The people of the country may as well understand that the men engaged in legislation, and in performing the executive functions pertaining to the administration of the Government, are muzzled, and the Government itself is breaking down under the force of the weight thus placed upon it.

It is said that the people of a republic will receive unwholesome truths carelessly, and that they will derive no advantage from such truths when placed before them; that they will not act upon them; that it is only under monarchical institutions that virtue can prevail. This statement comes from men who are familiar with both, and have watched both for years. I deny the assertion. If the people of a republic can be made to comprehend the principle on which monarchs give prosperity to their people, and apply it to their own institutions, why will they not succeed as well? A monarch, having his throne to sustain, is more watchful and guarded than any irresponsible representative body is likely to be. Hence he applies the principle and the means that will best promote his security. This people need never intrust superior control in any man's hands, as they have in the remedy I have proposed a sure one, more faithful, more honest, more reliable than any man can possibly be. The people of the United States have been pointed

to this man and to that man on whom they were to rely. The moment they made the application, commenced the temptation by which that favorite hoped to arrive at superior power over them. The people of this country should repudiate every man who is not competent to take care of the situation and give good and wholesome advice, no matter what may have been his previous history or his previous services. If any man foists himself upon the people of this country because of past services, unless he is successful in continuing those services in the interest of the people, he is a worthless instrument, and should be abandoned at once.

Sir, the Senate controls to-day the executive, the legislative, and the material interests of this country. The Senate of the United States is responsible for the present condition of the political, social, and material affairs of the people, and it is because I believe that responsibility rests here that I have taken the time of the Senate as I have, to give to them the benefit of my experience and my research. I shall close now with a hasty consideration of the idea—which has blinded this body, the people, and the executive department—that our present disturbed condition is in consequence of the non-payment of specie. We are told that specie payments will effect a cure for our financial difficulties. The aim, then, is to force such a condition. It is not to come as a natural consequence of the increase of the industries of the people, but it must be forced through by legislative enactment. Your commerce is destroyed; your manufacturing interests jeopardized; your agriculture paying no profit; trade stagnant and dull, and without profit; and yet specie payments are to be forced upon the people, and every time the screw is turned labor ceases to be employed, and the people are more anxious as to their living for the future. When specie payments are thus forced, the holders of national bank currency will apply for redemption. Let them do it, and see where they will come out. The bonds of the banks will be forced on the market. My friends will say, let them be forced.

The banks of New-England, under my own observation, were unable, prior to the war, to keep out more than ten per cent of their circulation, and the time that that circulation was kept out would not average more than fifteen days, and it would then be rediscounted. What value is there in a circulation when it must be constantly distributed in that way? Is it a capital on which business can be done, and is it that upon which you can rely, my friends from the South, to do your planting and farming and general business? Our bills were held at as high a credit as the national currency is now, or ever will be. Let the bills be redeemed before the sale of the bonds,

and the securities that were received when the currency was discounted must be sold. Then, what are the customers to do who have their obligations to meet, and who must pay the wages to those they employ? There will come on the market \$350,000,000 of your currency to be paid for by the capital of the banks, and your business will cease to be carried on. Besides, about the same time your market is to receive an additional amount of \$400,000,000 of your bonds. That, it must be easily observed, depreciates the value of both the bonds and the securities; but it does not lessen the indebtedness of the banks. You can never, so long as each of you live, arrive at a condition of specie payments on the road you have commenced and followed, with such terrific disasters to the interests of the people.

This measure is in the interest of speculators. My friends from the South will get no possible advantage from this act. They think they will. I vote against it because it adds to the power centralized in New-York, which holds despotic sway from the centre to the circumference of the country. If it were to rest in the hands of those engaged in the productive interests of the South, it might be confined to those interests; but I have never yet seen men engaged in any business, who would not apply their means where they would obtain the highest profit. Those who have money to loan will be exceedingly cautious how they invest this year to be paid in the next, dependent upon the price of the products of the farmer. The men who obtain this currency by depositing the bonds of the United States in the Treasury, will take it from the South and use it in the lotteries going on in every city of the United States. If its tendency was in any other direction, why is there not a flow of the \$700,000,000 of currency that now exists to the Southern States, where money commands twenty-five per cent? It will go to New-York. Our currency from Rhode Island goes to New-York; and when it is required to pay our people, we buy it. We send to New-York for it. It does not come to us.

But, sir, I do not oppose this proposition on that ground. This change is one of the most dangerous experiments that has ever been suggested by the Finance Committee and advocated by the Senate. I told you the other day that it would disturb the relations of sixty or ninety million dollars, if the proposition of the Senator from Indiana prevails. What will be the result of taking from the money-market, even for three or four days, any portion of this \$20,000,000? It will all be taken with great rapidity; for the sharks, who now observe with keen eye all opportunities to absorb lands, or money, or securities, will

seize upon it; and my Southern brethren invite them to take this capital, and to carry it to New-York.

I do not oppose this proposition at all because it will take circulation from Rhode Island. The Senate found it hard to believe that suggestion. But, sir, I have advised those who manage the banks in which I am interested to retire a portion of this circulation, that they may be prepared for that which, in my judgment, will speedily happen unless the change that I propose is made—the depreciation of the Government securities—to avail themselves of the high price of Government stocks at this time to save their capital. This bill does not take from the State of Rhode Island one cent of capital. It restores to that State capital. One dollar in every ten that is taken from her is a restoration. It is a matter of interest on that currency, and it is to transfer it from twenty thousand people; for I will observe here, that the banks that are dovetailed into the business in which I am engaged, are owned by six hundred people. My interest, and the interest of those that I represent, would be something like twenty thousand dollars. Take all these banks that are affected by the proposition under discussion, and it is to take from twenty thousand laboring people, who use these banks as their depositories, and give it to one hundred speculators.

Sir, it is following exactly in the precedents that have been established of creating great powers, great monopolies, and telling the people that you are engaged in promoting their material and social interests and their political advancement. Under the guise of doing something for the South, the business interests of the country will be jarred from its centre to its circumference, and the South will get not one cent of advantage from the experiment. It is not going to affect New-England alone. I predict that those who write me from the South, and complain of being compelled to pay twenty-five per cent, will, in consequence of this proposition, be forced to pay thirty per cent.

Is this a measure in the interest of the people of the United States? Sir, it is a measure in the interest of the establishment of institutions like the Park Bank of New-York. The condition of this country—I can not parallel it in any better way—is like that of a mad horse in full run with broken reins, or a steam-engine without a regulator. The remedy for it all is in the paragraph that I will read; and I point to this little book and ask Senators, when they have time, to examine it—Hankey on Banking. In the paragraph that I shall read is the whole secret of the success of Great Britain. Adopt her plan, and in six months your finances will be in as healthy a condition in the matter of interest as hers is. If you will provide this machinery, I will give a bond to the extent of my whole property that that

condition of things will exist; that instead of building your railroads and losing them at the same time, on the capital advanced to you from London, you will have the capital at your door thanking you for using it. Speaking of the Bank of England, the writer says :

"No. 3 is perhaps the most important of all, as it comprises all the accounts kept on behalf of Government, for whom the bank receives every shilling of the income of the nation, as well as the accounts of a large number of public and private mercantile and other establishments; and here it is that the economy of banking can be most fully appreciated. The whole revenue of the Government arising from its daily receipts of customs, excise, post-office, taxes, stamps, etc., no matter whether received in London, Cornwall, the Hebrides or Galway, finds its way almost immediately into the Bank of England, and is thereby rendered instantly available for the daily demands on the State. In all these transmissions scarcely a sovereign is used; the whole is effected by purely banking arrangements. The collector of Government may require to transmit £50,000 from Liverpool to London, but some private individual on the same day wants to remit £50,000 from London to Liverpool through the Bank of England, or through some other bank; both transactions are carried out by the mere entry in books and the advice or instructions sent by the post. The revenue is paid into the Bank of England at the rate of about one million pounds a week; that is, in ordinary times. A considerable portion of this is allowed to accumulate to provide means on each quarter-day for the payment of the dividends on the Government debt. Suddenly on those days, five or six millions sterling are paid away by the bank to the public; but the difference as to the abundance or scarcity of money, just before or just after the payment of this large sum, is scarcely appreciable."

There go into our Sub-Treasury, from day to day and from week to week, large amounts of taxes, and they are kept there, while the money in the market is bare and scarce, and is operated upon to make it still scarcer by the speculators with knowledge of the circumstance, to create for themselves increased value on the capital they employ.

I thank the Senate for their attention.