

Silver.

SPEECH
OF
HON. JOHN F. LACEY,
OF IOWA,
IN THE HOUSE OF REPRESENTATIVES,

Friday, June 6, 1890.

The House having under consideration the bill (H. R. 5381) authorizing the issue of Treasury notes on deposits of silver bullion—

Mr. LACEY said:

Mr. SPEAKER: In yielding precedence in this debate to my friend from New York [Mr. FLOWER], I supposed I would hear from him on the silver question, but on the contrary we have simply heard some golden thoughts upon the question of the election of postmasters. The only silvery thing about his speech was his voice.

Mr. FLOWER. I thank the gentleman from Iowa.

Mr. LACEY. Now, Mr. Speaker, at an early day in this session, realizing what I believe to be a necessity for more currency, I introduced a bill looking to some expansion of the legal-tender currency of this country. The present bill substantially proposes to meet the want that the bill which I introduced was intended to supply. The bill that is now before the House is in fact a free-coinage measure. I know some of my friends upon the other side, and also upon our side of the House, do not so regard this bill, but the proposition that is being discussed before this House, and that will be discussed before it, is the question of free coinage.

The proposition by my colleague [Mr. CONGEE], from the Committee upon Coinage, Weights, and Measures, is not what I believe he originally wanted. I believe it is not what a great many in this House desired; but it is the consensus of the opinion of conflicting minds that have yielded and come together and sought to supply the wants of the country in an expansion of the currency. Without such mutual concessions we would have done like the Fiftieth Congress, and that is nothing. My good friend from Missouri [Mr. BLAND], who has taken us so severely to task from time to time during the present session of Congress, always receives forgiveness at my hands for what he has done against us, on account of the good which I believe has arisen from what is known as the Bland act. The proposition now before the House is an expansion of that measure. It multiplies it by two, and adds \$500,000 a month besides.

We are met with a contraction of the currency to-day, caused by the prosperity of the country. The banks find that the bonds which they have to secure their circulation have risen in value because of the good credit of this country, until they can no longer afford to keep the currency in circulation, based upon these bonds at their present high price, and therefore the banks are calling in their circulation, and we have an actual contraction of the currency, notwithstanding the claim

of my colleague [Mr. CONGEE] and the Secretary of the Treasury to the contrary. It may be claimed that the official reports show there is as much money in existence in the United States to-day per capita as there ever has been, but there is in fact a scarcity of currency, and I think that almost every man, at least in my part of the country, will say so with me. This has grown in part out of a changed situation of things. There is a common belief in the contraction and increasing value of the currency that has led men having money to deposit it in New York in vast sums, at the nominal rate of 2 per cent. interest, rather than to invest it in property in the West and in the other growing parts of this country. This action is based upon the belief that there is a contraction of the currency, and that if they will hold on to it, even at a low rate of interest, it will become worth more than it now is.

This bill proposes to give us an increase to offset this contraction, and an increase in excess of the contraction to which I have alluded.

Now, I have said this bill means practical free coinage. What is the capacity of our mints, Mr. Speaker? About \$50,000,000 a year; and if we adopt unlimited free coinage \$50,000,000 a year will be the capacity of the shops that make the money. What is the capacity of our silver mines? About \$51,000,000. The free coinage of every dollar of the product of American silver will be only about \$50,000,000 per annum, and this bill proposes to give to the country \$54,000,000 every year of legal-tender Treasury notes, the best money that has ever been in use in America.

Savages prefer coin. Children prefer coin to cut their teeth on [laughter], but wise men and business men prefer the paper representative, if it is as good as gold; and this proposition is to furnish every month to the country \$4,500,000 of money that is absolutely worth its face in any currency upon earth. What farmer or business man would not rather have this paper than the metal that it will represent?

We have to-day, Mr. Speaker, a variety of currency. We have gold, we have silver, we have subsidiary silver, we have silver certificates, gold certificates, and national-bank notes. All these different varieties of currency are circulated side by side at the same value, and the proposition before the House provides for an addition which, under no circumstances, can be of any less value. It is a free-coinage measure, because when silver reaches par it provides that the mints shall be open to it. And it gives the entire support of the Government to the replacement of silver side by side as the equal of gold.

The people of the country ought to favor this bill because it provides for the additional currency that they need. The miners ought to favor it because it provides for the purchase by the Government of their entire output from year to year until their product becomes worth par in the markets of the world and then it opens the doors of the mints freely to that product. In short, Mr. Speaker, we have a proposition here for free coinage, surrounded by such safeguards as will make it absolutely safe and secure.

There is one feature of this bill, sir, with which I do not feel entirely satisfied, and that is the bullion redemption provision. This feature has been strenuously insisted on by some parties and as earnestly objected to by others. I do not personally like it. But in order that uncoined bullion may be paid out of the Treasury of the United States under this bill the holders of the legal-tender notes must in the first

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place demand it. In the next place, the Secretary of the Treasury must be willing that the holder so demanding shall have the bullion. So that when you have two minds meeting, the first the owner of the notes wanting the bullion and the Secretary of the Treasury willing that he shall have it, the bullion will then go out, but otherwise no bullion can be paid out of the Treasury.

Mr. Speaker, I believe we need an expansion of the currency, an expansion of the currency in a safe form. We know that an expansion of unsafe and depreciated currency may stimulate business and create new life in trade, but it is like the stimulus of an intoxicant, it is followed by depression and ruin. But any currency which is worth its face in the markets of the world can not be too redundant. It is like healthy food; it not only stimulates but it adds life, strength, vigor, and vitality to the body politic and can be followed by no dangerous reaction. This proposition, therefore, I believe will meet a favorable response at the hands of the people of the great Northwest. They have been asking for an increase in the circulating medium of the country, while other gentlemen who have lived at the congested centers have felt that there is no necessity for this expansion. We have suffered with a rush of blood to the head in this regard. The currency has been congested in New York and in the great money centers of the country, in many of which too much money is concentrated; and hence in them there is no recognition of the necessity for a larger volume to do business. But the money being thus concentrated requires in other sections of the country a larger volume than under the old methods, when currency was distributed all over the country at the local business centers instead of being massed in the great commercial cities.

Mr. Speaker, this country has never been committed to silver as its preferred medium of exchange. We have always had a ratio of 16 to 1 in our silver currency, while the other countries in the world have had $15\frac{1}{2}$ to 1, and the dollar of our fathers, of which we have heard so much, was only coined to the extent of about \$8,000,000 up to 1873 (or, to be exact, \$8,045,838), while we since that period have coined some \$360,000,000 in round numbers of the same currency.

When silver is at par with gold in this country it will not remain with us if other countries should retain the coinage ratio of $15\frac{1}{2}$ to 1. For coinage purposes silver was worth about 3 per cent. more in Europe than in the United States, which accounts for the fact that under free coinage before Germany demonetized silver we had coined less than \$9,000,000 of legal-tender silver in nearly a hundred years.

We are confronted with the fact that this metal has been discredited in the great money markets of the world, and a coined dollar only has a bullion value of about 72 cents. The Government has been coining these silver dollars and keeping them at par with gold and paper. The reissue or profit of this coinage received by the Government since 1878 has been nearly \$60,000,000.

Whilst the Government stands bound in good faith to maintain the value of every silver dollar at an equality with a dollar of any other kind of currency, this burden is not a heavy one, for the accumulated seigniorage is equal in amount to the difference between the coined value and bullion value of the silver. If the price of silver advances the Government will have gained the advance. If the price should remain stationary the seigniorage will stand in the Treasury to indemnify the Government for the amount of its "flat" included in each dollar. And the further decline of silver under this bill is impossible.

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Under this bill the advance in the price of silver is favored and contemplated, and whenever silver again reaches par unlimited free coinage is at once provided for.

By this bill we have provided for \$4,500,000 a month in legal-tender notes, which the country would much prefer to the coined silver.

The banks of the country can no longer be expected to play a prominent part in furnishing paper currency. New means must be devised, and what currency can be better than the Government's notes redeemable at will in coin and a legal tender for all debts, public and private? And when such notes are backed up by precious metal of equal market value no one can suggest a paper currency more secure. A legal-tender greenback like this, backed up and supported as it will be, can never lack for friends.

I repeat it, this is a free-coinage bill. It provides the means to bring silver to par, and the mints of the country are to be fully opened to it as soon as silver becomes worth its face in the markets of the world.

Free coinage now, without these restrictions, would yield to the bonanza kings a profit of 28 cents upon every dollar coined, instead of giving the seigniorage to the Government.

We are met with the stubborn fact that silver has been demonetized in the great money centers of Europe, and though our own laws are in part responsible for the change in its value, yet the real cause lies in the action of governments over whom we can exercise no control.

We have tried to do our part since 1878 in coining in twelve years forty times more silver than we had coined previously during our whole national life.

But this vast coinage has not brought back silver to its former value. We are interested in silver as a nation. Though our annual product of \$51,000,000 is a small matter compared with any one of our great agricultural products, it has this additional importance: The yield of 1890 will pay countless millions of debts in 1891, and from year to year the product of our mines will continue to perform, over and over again, the annual business of the country. And a measure which tends to restore and rehabilitate this metal as money is in the interest of every citizen of the Commonwealth.

Mr. Speaker, I favor this bill as a safe and wise bill. It opens the broad and safe road to ultimate equalization of the two precious metals, and it does so without giving to the mine-owner the difference in the present value out of the Treasury of the nation. The coinage of \$54,000,000 a year, giving the 28 cents of profit to the mine-owner, would cost the Government \$15,120,000 annually. We would not think for a moment to take the blank paper of the paper-mill and print Government money upon it at the cost of the people and return the printed notes free to the manufacturer.

The mine-owner has claims upon our attention. He is entitled to have such laws enacted as will aid in advancing his products to their old place by the side of gold, but he is not entitled to claim of the people an annual royalty of over \$15,000,000 for that purpose. The people want more money. They can aid the mine-owner by using his product as the foundation for this increased currency, but the Government can not afford to give him 28 cents on every dollar that is coined.

I believe this bill will meet the approval of the considerate judgment of the nation.

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