

The Silver Bill.

SPEECH

OF

HON. WILLIAM W. MORROW,

OF CALIFORNIA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, July 12, 1890.

The House having under consideration the conference report on the bill (H. R. 5381) directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes—

Mr. MORROW said:

Mr. SPEAKER: On two occasions during the present session of Congress I have voted with the gentleman from Missouri who has just taken his seat [Mr. BLAND] in favor of the free coinage of silver. I think also that on another occasion in the Forty-ninth Congress we voted together in favor of free coinage. We are therefore probably in accord on some principles involved in what may be deemed to be a desirable monetary system for this country, but I can not agree with him in opposing the adoption of this conference report. I am in favor of the bill agreed upon by the conferees of the two Houses, believing that it is legislation in the direction of the free coinage of silver. I firmly believe that the conditions are favorable to a return to the principle of a bimetallic currency that was established with the very foundations of the Government.

The wisdom of the statesmen who framed this Government has been made evident at every point of its structure, and I believe it is nowhere more manifest than in the financial system adopted as one of the elements of our national Independence. A protective tariff and the free coinage of our gold and silver products secure absolute independence in the affairs of the people of this country, and that is what we want. The bimetallic system as originally devised for the basis of our national currency was, as we all know, more favorable to silver than gold. It was in fact founded upon the silver unit of a dollar. We might have had the British gold sovereign representing the pound sterling for our unit, with its divisions of shillings and pence, a system brought over with the common law, and almost as much a part of our business transactions; but instead the silver dollar was adopted as the American unit,

with its decimal divisions of dimes and cents, and it is well to remember that this silver unit was adopted on the recommendation of Mr. Jefferson and by the approval of President Washington. It was a significant departure. It meant that the unit of value in this country should be silver, and not gold.

I have heard gentlemen speak of a silver dollar being worth only 70 cents, and with rotundity of phrase insist upon having a currency based upon an "honest dollar." These gentlemen evidently do not remember that from the date of the mint act of April 2, 1792, down to the act of February 12, 1873, the legal meaning of the word "dollar" in the currency of this country was $371\frac{1}{4}$ grains of pure silver, with a certain number of grains of alloy of pure copper, which from 1792 to 1837 was fixed at the weight of $44\frac{1}{4}$ grains, and since the latter date at $41\frac{1}{4}$ grains. During this period a promissory note calling for the payment of one hundred dollars required in legal effect that the maker of the note should pay one hundred units, each unit of which was to contain $371\frac{1}{4}$ grains of pure silver. It is true that during part of this period gold and latterly Treasury notes were made a legal tender, but such provisions of law did not change the meaning of the word "dollar," which, as I have said, meant silver, and not gold.

This was the foundation principle of our financial system. It was departed from in 1873 by the demonetization of silver. I have not the time now to discuss the question, as to how that came about, nor is it necessary for my present purpose. I believe that the material interests of this country require that we should return as soon as possible to the principle of the bimetallic currency as it was established in this country prior to 1873. This bill is in that direction, and the mere fact that this legislation is pending, with a prospect that it will become a law in the near future, and be carried into effect by a friendly Republican Administration, has had a sufficient influence to start the price of bullion silver on its upward course. This proves that our treatment of silver determines very largely its relative value to gold, and if we look into the recent history of the price of silver we will find that its rise and fall may be attributed almost wholly to legislation.

Mr. Horton is of the opinion that both gold and silver are controlled by this influence. He says:

The predominating demand and use for these metals (gold and silver) is monetary and the laws of nations control the demand.

It is a noteworthy fact that in the last thirty-one years silver has fluctuated to greater extremes than ever before known in the history of the world, and it will be interesting as a part of this discussion to identify these extremes and notice the intermediate influences which have operated to produce them.

HIGHEST PRICE OF SILVER.

The highest point reached in the bullion price of silver since 1790 was on the 24th day of March, 1859, when the price in London was $62\frac{1}{2}$ pence per ounce, .925 fine. This was the equivalent in our money of \$1.3755 for an ounce of fine (1.000) silver at par of exchange. At this rate the bullion value of a standard silver dollar was \$1.0639 and the ratio between gold and silver was 1 to 15.028.

At this time by legislative enactment of the principal nations silver was the great monetary metal of the world and this was the basis of its value. It was the lawful coin of commerce and the medium of exchange for the bulk of all traffic.

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The immediate causes which produced this high price of silver are found in the political and commercial affairs existing at and immediately prior to that time, involving large shipments of silver to India mainly for the following purposes:

1. To purchase Indian products which had before been purchased in Russia, but the demand transferred to India by the Crimean war.
2. The construction by the British Government of railroads and canals in India.
3. The expenditures made on account of the military operations in suppressing the Sepoy rebellion.

These and other similar expenditures drew heavily through British channels on the world's stock of silver, while the world's stock of gold had been largely increased by the discovery of gold in California and Australia. The result of these influences operating together was to raise the bullion price of silver to the highest point reached in this century. From this point we will now trace its rapid and most extraordinary descent in a period of twenty-nine years to the lowest point known in history, a descent, it will be observed, accomplished by the political and legislative action of the leading nations, and not by the force of natural laws.

LOWEST PRICE OF SILVER.

The lowest point ever reached in the price of silver so far as we know from the history of prices was on the 19th day of May, 1888, when the price in London was 41½*d.* per ounce, .925 fine. This was the equivalent in our money of \$0.9124 for an ounce of fine (1,000) silver at par of exchange. At this rate the bullion value of a standard silver dollar was \$0.7057, and the ratio between gold and silver was 1 to 22.664.

For comparison the extreme fluctuations may be tabulated as follows:

Highest and lowest price of silver.

Extremes.	Date.	Price of silver in London per ounce, .925 fine.	Equivalent in money of United States per ounce, 1.000 fine.	Bullion value of standard silver dollar.	Ratio of 1 of gold to silver.
Highest	March 24, 1859.....	<i>Pence.</i> 62½	\$1.3755	\$1.0639	15.028
Lowest.....	May 19, 1888.....	41½	0.9124	0.7037	22.664
Decline.....	21½	0.4631	0.3582	7.636

DECLINE IN THE VALUE OF SILVER.

The influences which operated to produce a decline in the relative value of silver as compared with gold, from the highest point reached on the 24th day of March, 1859, to the lowest point reached on the 19th day of May, 1888, grew out of a movement which had for its proposed beneficial object the establishment of a common unit of money of identical value among all commercial nations, thus providing the basis for an international and uniform system of coinage and currency. The movement undoubtedly had its inception in a wise purpose; but, failing in its earliest stage of progress to accomplish that purpose, it was turned aside by the force of the moneyed power of the world to crush

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silver as a money metal, and thereby secure to the capitalists and money-lenders the unearned increment resulting from the monopoly of the gold standard. The character of the movement may be discovered in the following proceedings:

First. The formation of the Latin Union in 1865, composed of France, Italy, Switzerland, and Belgium, and the agreement to the monetary treaty of December 23, 1865, establishing a relation between the monetary laws of the contracting states, and providing for the circulation of their coins over the whole extent of their respective territories.

Second. The action of the International Monetary Conference of 1867, representing nineteen nations, in declaring in favor of an international monetary unit and the adoption of the gold standard.

Third. The action of Germany in establishing the gold standard by the act of December 4, 1871.

Fourth. The treaty entered into between the Scandinavian states of Norway, Sweden, and Denmark, December 8, 1872, adopting the gold standard and discarding silver.

Fifth. The action of the United States in demonetizing silver under the provisions of the act of February 12, 1873, and in the revision of the statutes approved June 22, 1874.

Sixth. The action of Germany in withdrawing the silver currency of the several German states and in the substitution of a gold currency under the act of July 9, 1873.

Seventh. The action of France under ministerial orders of September 6, 1873, November 19, 1873, and May 28, 1874, restricting the coinage of silver to 100,000 francs per day.

Eighth. The agreement of the Latin Union limiting the aggregate of silver coinage of the several states to 120,000,000 francs per annum.

Ninth. The action of The Netherlands, in suspending the coinage of silver and adopting the gold standard by acts of June 6, 1875, and May 10, 1876.

Tenth. The action of France under act of August 5, 1875, and presidential order, suspending the coinage of silver except for subsidiary purposes.

Eleventh. The action of the Latin Union by treaty of November 5, 1873, suspending the coinage of silver five-franc pieces.

Twelfth. Last, but by no means the least in its effect, was the election of Grover Cleveland President and a Democratic House of Representatives, November 4, 1884, and the declaration of war against silver by the President-elect, in the following letter:

ALBANY, *February 24, 1885.*

GENTLEMEN: The letter which I have had the honor to receive from you invites, and indeed obliges, me to give expression to some grave and public necessities, although in advance of the moment when they would become the object of my official care and partial responsibility. Your solicitude that my judgment shall have been carefully and deliberately formed is entirely just, and I accept the suggestion in the same friendly spirit in which it has been made. It is also fully justified by the nature of the financial crisis which under the operation of the act of Congress of February 28, 1873, is now close at hand. By a compliance with the requirements of that law all the vaults of the Federal Treasury have been and are heaped full of silver coins which are now worth less than 85 per cent. of the gold dollar prescribed as "the unit of value" in section 14 of the act of February 12, 1873, and which, with the silver certificates representing such coin, are receivable for all public dues. Being thus receivable while also constantly increasing in quantity at the rate of \$28,000,000 a year, it has followed of necessity that the flow of gold into the Treasury has been steadily diminished. Silver and silver certificates have displaced and are now displacing gold, and the sum of gold in the Federal Treasury now available for

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the payment of gold obligations of the United States and for the redemption of the United States notes, called greenbacks, if not already encroached upon, is perilously near such encroachment.

These are facts which, as they do not admit of difference of opinion, call for no argument. They have been forewarned to us in the official reports of every Secretary of the Treasury from 1873 till now. They are plainly affirmed in the last December report of the present Secretary of the Treasury to the Speaker of the present House of Representatives. They appear in the official documents of this Congress and in the records of the New York clearing-house, of which the Treasury is a member and through which the bulk of the receipts and payments of the Federal Government and of the country pass.

These being the facts of our present condition, our danger and our duty to avert that danger would seem to be plain. I hope that you concur with me and with the great majority of our fellow-citizens in deeming it most desirable at the present juncture to maintain and continue in use the mass of our gold coin as well as the mass of silver already coined. This is possible by a present suspension of the purchase and coinage of silver.

I am not aware that by any other method it is possible. It is of momentous importance to prevent the two metals from parting company; to prevent the increasing displacement of gold by the increasing coinage of silver; to prevent the dilute of gold in the custom-houses of the United States in the daily business of the people; to prevent the ultimate expulsion of gold by silver. Such a financial crisis as these events would certainly precipitate, were it now to follow upon so long a period of commercial depression, would involve the people of every city and every State in the Union in a prolonged and disastrous trouble. The revival of business enterprises and prosperity so ardently desired and apparently so near would be hopelessly postponed. Gold would be withdrawn to its hoarding places, and an unprecedented contraction in the actual volume of our currency would speedily take place. Saddest of all, in every workshop, mill, factory, store, and on every railroad and farm the wages of labor, already depressed, would suffer still further depression by a scaling down of the purchasing power of every so-called dollar paid into the hand of toil. From these impending calamities it is surely a most patriotic and grateful duty of the representatives of the people to deliver them.

I am, gentlemen, with sincere respect, your fellow-citizen,

GROVER CLEVELAND.

Hon. A. J. WARNER and others,
Members of the Forty-eighth Congress.

When silver reached its lowest point, on the 19th day of May, 1888, Mr. Cleveland was President and a Democratic majority was sitting in this House. But thirty-seven days later General Benjamin Harrison was nominated for President of the United States by the Republican national convention at Chicago, and a platform was adopted containing the following declaration of principles:

The Republican party is in favor of the use of both gold and silver as money and condemns the policy of the Democratic Administration in its efforts to demonetize silver.

The price of silver took an upward turn. General Harrison was elected President and a Republican majority sent to this House. When this Congress convened legislation was at once proposed looking to the restoration of silver to its legitimate position as a money metal. The subject has been fully considered and the bill now under consideration is the result. It is a compromise measure, but it is wholly Republican; no Democrat has so far yielded it any support. It will probably be the law in a few days by the approval of a Republican President. Its provisions have been discussed in all the financial centers of the world. At New York, London, Paris, and Berlin it has become a factor in the market price of silver. What has been its effect? The price of silver bullion in London to-day is 48½ pence per ounce. At par of exchange a fine ounce of silver is worth \$1.0659 and the bullion in a standard silver dollar is worth \$0.824. The ratio between gold and silver is 1 to 19.39.

From the lowest point reached twenty-six months ago, the price of

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silver has recovered 7*d.* per ounce in English quotation of the extreme and extraordinary decline of 21½*d.* that took place during the twenty-nine years from 1859 to 1888. This remarkable recovery is expressed in our own quotations as the equivalent of an increase of 15.35 cents per ounce for fine silver, and the bullion in a standard silver dollar has risen in value 12 cents. In other words, in the short period of twenty-six months silver has recovered almost exactly one-third of its extreme decline, and a larger percentage of the decline from the parity in the American standard silver dollar.

The following comparative statement shows the price of silver to-day (July 12, 1890) as compared with the price at the lowest point reached (May 19, 1888):

Date.	Price per ounce, .925 fine.	Equivalent in money of United States per ounce, 1,000 fine.	Value of 371½ grains of pure silver.	Ratio of 1 of gold to silver.
July 12, 1890	<i>Pence.</i> 48.62	\$1.0659	\$0.82	19.35
May 19, 1888	41.62	.9124	.70	22.66
Rise in value	7.00	.1535	.12	3.27

In comparing the prices of silver at different periods it must be remembered that the high price of 1859 was extraordinary, and that the metal in a standard silver dollar was then worth more than 6 cents premium as bullion over its value as coin. We are not seeking to restore silver to its high price as a commodity, but to remove the restrictions that now prevent its return to par as a money metal. We want silver respected and honored in the coin of the Republic, and not subject to the speculations and caprices of the market as mere merchandise. In recovering this lost ground we have already come a long way out of the depths of despair into which we were plunged by a Democratic Administration, and we have only to be firm in purpose and reasonably wise in action to restore silver to its legal parity with gold upon the ratio adopted by the United States.

A comparison of the parity in the standard silver dollar with the present price of bullion silver may be tabulated as follows:

Coinage (standard) and bullion value of pure silver.

	Price per ounce, .925 fine.	Equivalent in money of United States per ounce, 1,000 fine.	Value of 371½ grains of pure silver.	Ratio of 1 of gold to silver.
Standard silver dollar (coinage value).....	<i>Pence.</i> 58.98	\$1.2929	\$1.00	15.98
Price of silver July 12, 1890.....	48.62	1.0659	0.82	19.39
Difference.....	10.35	.2270	0.18	3.41

Assuming that the average product of our silver mines is 50,000,000 fine ounces per annum, the rise in the value of silver has increased the

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value of that product \$7,675,000. But this is not the only benefit derived from the advance. The silver rupee of India has been proportionately increased in value. This will have the effect of increasing the cost of the products of India sold in the markets of Europe for silver, and as a result our wheat and other products competing in those markets will share in the general advance.

It may be said that it is a mistake to attribute the recent rise in silver to our proposed legislation, and that whatever effect it may have will soon pass away unless we secure the co-operation of the leading commercial nations of Europe in restoring silver to an equality with gold in accordance with a uniform ratio. If it is not the action of the United States that has increased the price of silver in the last two years will any one tell me what has produced that result? Perhaps some one will suggest that there has been a decrease in production. Let us see if that is so.

The production of silver in the world in 1888 was (coinage value).....	\$142, 333, 699
The production in 1889 was (coinage value).....	162, 915, 253

The increase of production in 1889 over 1888 was..... 19, 581, 554

This is the largest increase of any one year over a preceding year during the period for which we have reliable information. The production, therefore, so far as it operated as a cause was to depreciate the value of silver. Perhaps some one will suggest that the cause may be found in an increased demand for silver coinage. Let us see if that is so.

The amount of silver coined in the world in 1888 was.....	\$134, 922, 344
The amount coined in 1889 was.....	132, 280, 659

Decrease in amount coined..... 2, 641, 685

The demand for coinage, therefore, so far as it operated as a cause, was to depreciate the value of silver.

The fact is, there is no surplus stock of silver in the world, and the indication that the people of the United States intended to have silver re-established as a money metal in this country was sufficient to drive the speculators to cover and immediately raise the price of silver.

The question now is, what ought we to do to maintain our position? It is not pretended that this bill will accomplish all that is desired. Perhaps its effect has been already anticipated, and we may have to proceed at an early day to consider the next step. We can not afford to lose any of the advantage we have already gained. The people of this country will not submit to have their obligations and current business transactions measured by a constantly contracting unit of value at the dictation of the already much favored bondholders. On the other hand, they do not want a depreciated currency. They demand a safe and stable currency equal to the requirements of the legitimate business of the country, and it is our duty to provide by proper legislation a monetary system that will meet that demand.

If the leading European nations could be induced to act in concert with us in this matter it would undoubtedly have a decided effect in securing stability in the value of silver as a money metal, but the principal demand for silver comes, after all, from the nations on this continent and from India and China.

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Our interests are associated with the American nations, with every prospect that we are to come into the most intimate commercial and political relations with them. We ought to take them into consideration in fixing our future financial policy. Their trade and commerce would find a natural and easy exchange with us on the basis of a free gold and silver currency.

The International American Conference recently in session in this capital has proposed an International Monetary Union to consider this subject. If this should result in securing united action on the part of all the American nations the problem would be solved. We appear to be moving in the right direction. I feel certain that silver is to be restored to its ancient freedom and that its power will be increased and extended to encourage the thrift and industries of a mighty people.

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