

The Coming Battle-Cry—"Free-Trade and Free Coinage."

SPEECH

OF

HON. WILLIAM J. STONE,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, June 7, 1890.

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

Mr. STONE, of Missouri, said:

Mr. SPEAKER: Until 1873 we had free coinage of both gold and silver. Both were money metals, and the silver dollar was as valuable as the gold dollar. The money power, so called, and properly so called, with a view to curtailing and decreasing the volume of money circulation, in 1873 secured the passage of an act which forbade any future coinage of standard silver dollars, and which further provided that the silver already coined should not be a legal tender for any sum in excess of \$5.

By one quick, sharp, desperate blow, surreptitiously dealt, more than one-half the money-producing metal of the country was, for monetary purposes, destroyed; and silver dollars already coined, and which had been in circulation for decades, and which were recognized as money in the Constitution of the country, were deprived of their legal-tender quality. All this was done in a single day, without debate, without warning or preparation. It was a dangerous and wicked thing to do, and could not have been done in any other country under heaven without bloodshed and revolution, nor probably in this at any other period of its history.

So it remained until 1878. During that period, from 1873 to 1878, gold was the only money coined at our mints, and was our sole standard of value. In 1878 the House of Representatives passed a bill repealing the demonetization act of 1873, and restoring to silver its legal-tender quality and providing for its free coinage on a par with gold, according to the law as it stood prior to the act of 1873. The Senate refused to agree to the bill. The Senate would not agree to the free coinage of silver again; instead, it insisted upon a limited coinage. The conflict of the two Houses resulted finally in the passage of an act restoring to silver its legal-tender quality and providing that the Secre-

tary of the Treasury should purchase and coin not less than \$2,000,000 and not more than \$4,000,000 worth of silver per month. That law requires him to purchase and coin not less than \$2,000,000 worth per month; he may, in his discretion, purchase and coin as much as \$4,000,000 worth per month.

That is the law now, and has been since 1878.

For some years there has been a growing demand for a larger circulation. The hoarding of immense sums of money in the Treasury as reserve funds; the collection by taxation of vast sums over and above the public needs of the Government, and the necessary detention of the surplus from active use, together with the rapid retirement of the national-bank circulation, have so contracted the volume of money in actual circulation as greatly to embarrass the business of the country, to depress values, to cripple enterprise, to add new burdens to labor, to create the necessity, while it increases the difficulty of borrowing, and to heap added hardships on the shoulders of our people who are unfortunately in debt. This condition of things has originated a widespread popular demand for more money. This bill pretends to meet that demand. Is it properly met, fairly and satisfactorily met? Is it such a measure as the people of the country and the business of the country demand? Is it an honest, straightforward, manly response to the public demand? Or is it a snare, a deception, a piece of financial juggling? Let us see.

Under the law as it is already, under the act of 1878, the President, through his Secretary of the Treasury, can purchase and coin \$4,000,000 of bullion into standard silver dollars per month. He has the right, the power, under existing law to do that. He can do it, but he does not. - What he does do is to buy the least amount of bullion the law allows him to buy for coinage, namely, \$2,000,000 per month. He could now do twice as much as he does in this behalf for the relief of the people. If he did all in his power it would not be enough; but it would be a source of great relief. If he carried out the law as it is, to the full extent of his power, he could add more than \$62,000,000 annually to our circulation. I say that because under the law the seigniorage goes to the Government. The seigniorage amounts to about \$300,000 on every \$1,000,000 worth of bullion. On \$4,000,000 worth of bullion per month, or \$48,000,000 worth per year, the seigniorage would amount to \$14,000,000 per year. So that under the present law, the Secretary of the Treasury could add \$62,000,000 to the sum of our money volume.

However, instead of doing that, this bill is proposed. What will it do if it becomes a law? In the first place it will repeal the act of 1878. It will put an end to the coinage of the \$2,000,000 now being coined, or the mandatory coinage of any other sum. It will again close the doors of the mints against silver. Silver will cease to be coined as money. It will, in effect, demonetize silver again. That is one thing it will do, and that will be another triumph of the single gold-standard people over silver, another triumph of the magnates of Wall street.

What next? The bill directs the Secretary of the Treasury "to purchase from time to time silver bullion to the aggregate amount of \$4,500,000 worth in each month, at the market price thereof, not exceeding \$1 for 371.25 grains of pure silver." That is the specific sum he is required to purchase. That amounts to \$54,000,000 worth per year. How is this bullion to be paid for? The bill provides that the Secretary of the Treasury shall "issue in payment for such purchases

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of silver bullion Treasury notes of the United States to be prepared by the Secretary of the Treasury, in such form and of such denominations, not less than \$1 nor more than \$1,000, as he may prescribe."

That is to say, the Secretary shall buy silver bullion from the producer, the mine owner, to the extent of \$4,500,000 worth per month, or \$54,000,000 worth per year, paying therefor the market price for bullion, with this limitation—that he shall never buy less than 371.25 grains of pure silver for \$1. To pay for it he is required to prepare certificates or Treasury notes to the amount of \$4,500,000 per month, and deliver them to the owner and seller of the bullion in payment therefor.

Now, what about these Treasury notes? They are to be a legal-tender for all debts, public and private, except when otherwise stipulated in the contract, and shall be receivable for customs, taxes, and all public dues. So far so good. What next? They are made redeemable in two ways. First, they are redeemable on demand, in coin, at the Treasury of the United States or at the office of any assistant treasurer of the United States; second, the holder of the Treasury notes may, at the discretion of the Secretary, exchange them for the bullion on which they were issued, receiving therefor an amount of bullion equal thereto in value at the market price of bullion on the day of exchange.

Now, if this proposed bill should be honestly executed according to its apparent purpose, it would result in adding annually \$54,000,000 of these Treasury notes to the sum of our money circulation. There is no provision in the bill, however, which will require the Secretary to buy in one month a different lot of bullion from that which he had bought the month before. In other words, if the Secretary should be so disposed he could conspire with the banks of New York, so that the banks could at the beginning of any month present and sell to him the \$4,500,000 of bullion, and at the end of the month take back the Treasury notes to him, or such part of them as they might see fit, and exchange them for the same bullion, and thus have it in readiness to sell again on the next day, or the beginning of the next month. That operation could be repeated from month to month indefinitely, so that really there would be no increase whatever in the actual circulation, or the amount of the increase, if any, could be controlled by the banks. It will not do to say, in the light of past experience, that the Secretary would not do that thing. Secretaries have conspired with banks in the past. The present Secretary is opposed to silver. He does not disguise his opposition to its further coinage. He boldly proclaims that any increase in the coinage of silver—that the continuance of its coinage—is unwise and dangerous. The original bill which we are now considering came from him. He has instigated this movement with a view to putting an end to the further coinage of silver dollars. Is it vain, therefore, to presume that he will so manipulate the law in its execution as to defeat the purpose for which it is apparently proposed?

But even if honestly administered, what then? Is it better than the present law? Is it as good? Will it add as much to our circulating medium as might be added under the act of 1873, which is now the law? Certainly not. I have already shown that if the Administration really desired to relieve the financial pressure on the country the Secretary of the Treasury, under the act of 1873, could increase the volume of money in circulation to the extent of more than \$62,000,000 per year; while if you pass this bill, thereby repealing the act of

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1878, you can not add to our circulation more than \$54,000,000 annually. Under the pretense of increasing the circulation you propose to repeal a law under which you can coin 62,000,000 of standard, legal-tender silver dollars, in order to enact a law under which you can add only \$54,000,000 of Treasury notes of an uncertain and fluctuating value, and with an inferior legal-tender capacity.

I say "an inferior legal-tender capacity." By that I mean that the Treasury notes provided for in the bill can not be used, as silver dollars may, in the payment of our national bonds. The bonds now stipulate for payment in coin. The standard silver dollar coined under the act of 1878, and which act you now propose to repeal, is a coin which can be used in the payment of our national debt, while the Treasury note you are now proposing to issue is to be a legal tender for all debts, public and private, "except where otherwise stipulated in the contract." The bonds come within the exception. The bonds are fast maturing, and this bill means that silver coin is to be got out of the way, so that gold only can be paid. It is the bill of the bondholder and the money-changer. I know the third section of the bill authorizes the Secretary of the Treasury to coin any part of the bullion in his possession which he may find necessary to use in redeeming any of these Treasury notes; but I would stake my salvation without fear of loss that he will never find it "necessary" to coin a dollar. Such of these Treasury notes as may get into circulation will stay in circulation until they are destroyed. They will not be presented for redemption in coin. If presented for redemption at all, it will be for redemption in bullion by those who may have a purpose to serve. At all events the Secretary has at his command already millions of silver dollars, and he can easily so manage it as to use the coin on hand, if he should have occasion for it, and thus avoid the necessity of additional coinage.

Mr. Speaker, I am opposed to this bill, because—

1. In effect it will demonetize silver and make it a mere commodity.
2. It will not increase the circulation.
3. It would repeal a bill under which greater relief could be afforded, if relief was the thing really desired; and the tendency, therefore, will be to contract, rather than to enlarge, the circulation.
4. It will prevent the use of silver in the payment of our national bonded debt.
5. It will furnish a ready means for the expansion and contraction of the currency at the pleasure of the banks, with the concurrence of an accommodating Secretary, and will thus place the business of the country more firmly in the grasp of the money power than ever before.

Sir, I hear a great deal of talk about the farmers of the West. The farmer is the subject of much hypocritical solicitude at this time. You think you can fool him, and I guess you can. You generally do. But if you really wanted to help him as you pretend to, why do not you pass a simple bill for the free and unlimited coinage of silver? That is what the farmer wants, that is what he demands. That is a simple proposition which he understands. Instead of that you bring in here this abominable monstrosity and call it a silver bill. You not only refuse to pass a free-coinage bill, but you refuse to let us have even a vote on the proposition of free coinage. You have brought in and forced through a special rule for the consideration of this bill. Under this rule the previous question is to be considered as ordered at 3 o'clock to-day, at which hour the debate is to close.

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Only three amendments can be offered under this rule. The Speaker has already recognized three Republican members to offer those amendments. They are pending now. It was all cocked and primed beforehand. Here my colleague [Mr. BLAND] stood demanding and pleading to be permitted to offer an amendment providing for the free coinage of silver. Here the rest of us stood at his back joining in that demand. The Speaker deliberately turned his back upon this side of the House, and recognized the three gentlemen on his own side who had been selected and designated to offer all amendments permitted by the rule. Thus we are arbitrarily and insolently refused the bare right to submit and have voted upon the proposition to enact a law for the free and unlimited coinage of silver.

Why is this? How does this happen? With a possible half-dozen exceptions this side of the House is ready and anxious, every man of us, to vote for a bill re-establishing the free coinage of silver; and there are a number of gentlemen on that side from the Western States who favor the same thing. A majority of this House is distinctly in favor of free coinage, though not a majority of the Republican Representatives. A majority of the Republican Representatives are against it. Hence that select company of statesmen who parade as your leaders on that side put their cunning heads together to devise some plan to prevent a vote on the proposition of free coinage. They know such a bill would pass if it could get to a vote. So they got you all into caucus. The free-silver Republicans, sent here by their constituents largely upon that issue, were whipped into line.

We all heard the amusing and somewhat humiliating colloquy which took place here on the floor during the debate on yesterday, between the gentleman from Massachusetts [Mr. WALKER] and the gentleman from Illinois [Mr. PAYSON], both of whom are prominent Republican members of this House. The gentleman from Massachusetts was endeavoring to convince himself or somebody else that silver as money is a bad thing. He had asserted that there is gold coin enough in this country and in the world to answer the monetary needs of mankind in carrying on the business and commerce of the world. He had accompanied that statement by the remarkable declaration that to increase our circulating medium would be to add to the burden of misery our people bear.

Thereupon the gentleman from Illinois rose to his feet and asked if he might interrupt the gentleman from Massachusetts. "Oh, yes," replied the gentleman from Massachusetts, "I heard your speech in the Republican caucus the other night, and I heard you say that your people would not send you back to the next Congress if you voted against free coinage." We were amused on this side at this indiscreet exposure of the secrets of the caucus. The gentleman from Illinois, however, was not amused. He replied petulantly that he rose to ask a question in good faith, and not to convert the proceedings into a circus. The gentleman from Massachusetts, stung by the words and manner of the gentleman from Illinois, without stopping to reflect, made a rather ill-natured but pertinent response to this effect: "Nor have I any wish to have a circus performance, and I hope the ring-master will not come in here with his whip to give to these proceedings any more the appearance of a circus than they have already."

That colloquy fairly illustrates the situation. The gentleman from Illinois declared in secret caucus that he must vote for free coinage or have a rough account to settle with his constituents. There were others

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like him in that caucus, enough of them, acting with this side of the House, to pass a free coinage bill. But a majority of the caucus determined to bring in the bill now before the House. It was to be preceded by a rule cutting off amendments. That rule was sprung upon the House suddenly Thursday morning. We tried to have the rule amended so as to allow amendments to the bill, and failing in that, we tried to defeat it. But the gentleman from Illinois and other free-coinage Republicans of the West, voted with their party and forced the gag rule through.

Then the bill was before the House, and then they saw the Speaker deliberately refuse to recognize any member to offer a free-coinage amendment. Those silver Republicans, so-called, sat over there like "dumb, driven cattle" and helped to gag themselves. They sat by and saw the Speaker commit an outrage on them and on their constituencies, and dared not even make a protest. The whip of the ring-master had got in its work.

Very well. The people of this country will be made to understand it all. Whether it will make any difference with them remains to be seen. I confess I shall not be surprised if they go on along the same old beaten path, at least for awhile longer, upholding the same men and the same old policies which have brought ruin to their thresholds.

The politician thinks the farmer and the industrial classes generally can be duped and deceived by cheap clap-trap and a good deal of thunder, and our past experience rather justifies him in that belief. For years and years the industrial and producing classes have been warned against the ultimate outcome of the economic policies which have been dominant in this country since the war. But those of us who sounded the alarm have been laughed at, derided, and denounced. We have now reached that point, however, when men are beginning to awake and to see. The people are beginning to manifest some evidence of weariness at the course of public events. Whether they have been ridden as far as they are willing to go, whether they have been galled as deeply as they are willing to stand, I do not know.

For many years we have pursued two lines of economic policy, both of which are radically wrong. First, it has been our policy to constantly increase taxation; second, it has been our policy to constantly decrease the amount of money in actual circulation. The policy of taxation has been one of constant expansion. The policy of finance has been one of constant contraction. Taxes have been wantonly increased until we are collecting millions in excess of the public need, notwithstanding the enormous waste of money in corrupt and extravagant expenditures. The volume of money in circulation has been contracted until the masses of the people find it impossible to obtain enough for use in effecting the ordinary exchanges of their neighborhoods. These policies ought to be reversed. They ought never to have been begun. The enforcement of them has built up favored classes in the country and millionaires have multiplied. But they have been hurtful to the great masses of our people. They have brought shadows full of anxiety and distress and hung them over thousands and thousands of homes throughout the country. The sooner these policies are reversed the better it will be. If much longer continued, ruin, poverty, degradation will result as surely as effect will follow cause.

But we are not reversing either of these policies. On the contrary, we are pushing them farther and farther along the same line. This House has just passed a bill increasing tariff taxation beyond anything

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it has ever reached before. Taxation is poised on a mounting wing, and its course is upward. And now, under a transparently false pretense of meeting an impatient public demand for increased circulation, you propose to dishonor silver as a monetary metal and to convert it from a coin into a mere commodity.

Very well; go on. I suppose there will be an end to this thing some day. There will be a day of reckoning. I cling to the hope that the time is not far distant when the slow-gathering wrath of the people, long cheated, deceived, wronged, outraged, will leap like a flame over the land, sweeping your custom-houses from the face of the earth, and melting our silver mines into money for the use of the people in the liquidation of their debts and in the convenient and profitable conduct of their business. Mark my prediction: Before the waning of many moons, "free trade and free coinage" will be a battle cry which will startle the dull ears and appall the sordid heart of monopoly from the beetling crags of the Pacific to the very sources of the Penobscot.

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