

THE SILVER QUESTION.

SPEECH

OF

HON. CHAS. P. WICKHAM,
OF OHIO,

IN THE

HOUSE OF REPRESENTATIVES,

JUNE 6, 1890.

WASHINGTON.

1890.

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OF
HON. CHARLES P. WICKHAM.

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

Mr. WICKHAM said:

Mr. SPEAKER: There is no power conferred upon Congress by the Constitution we so much revere more important to the people of these United States than the power to provide a circulating medium, in which that people may make the exchanges and carry on the business transactions of their daily life.

It is a power the exercise of which or the failure to exercise which is felt, and oftentimes sorely felt, in the economy of every family in the land, no matter whether rich or poor, whether near or remote, sometimes causing widespread distress and anxiety, as at the present time, and sometimes relieving the otherwise unbearable burdens of the struggle honestly to obtain daily bread.

The bill we now have under discussion is the expression of an attempt, partially, to exercise that power. It is a measure intended or designed to bring into the channels of trade and commerce an increased volume of good money. If we have a need for more money it will be a beneficent exercise of that power; if not it may be fruitful of no good.

It would seem to be the part of wise statesmanship first to inquire and determine whether the country is suffering from a scarcity of money, and, if it shall be found that such is the fact, fearlessly to apply the remedy. I do not need to enter into any elaborate discussion for the purpose of showing such to be the fact. The universal reign of low prices attests it. The constant shrinkage in prices shows that the volume of money is growing more and more inadequate. Besides it is conceded almost unanimously by those who do not favor the free coinage of silver that the volume of money needs enlarging.

I do not stop to deal with per capita amounts of money. They have very little to do with the problem. The amount of money per capita that would be sufficient in one country might be wholly insufficient in another, owing to the difference in the habits and customs of the people of the two countries and the difference in their business methods. The only true criterion is are prices too low, or are they reasonable. If they are too low, then more money is needed.

It being ascertained, then, that more money is needed for the relief of the people, the only thing left for us to do is to provide a method or way in which the money volume may be increased.

Believing that it will go a long way in the direction of affording this relief so sorely needed, I will state, in brief, my reasons for supporting this measure, and in order to bring the argument within the limits I have assigned myself I must premise without elaboration certain elementary assumptions of doctrine, whose simple announce-

ment must suffice, and I am confident that they will command the assent of every student of the subject.

I assume metallic money as against any scheme of fiat. I assume that our monetary unit must continue to be constituted of a definite weight of money metal, and that in that regard there is to be no innovation or departure from immemorial usage and established definition. Another generation, with a larger knowledge and a more scientific mastery of the subject, may devise a kind of money which will more equitably serve in the great office of measuring and distributing goods, and save society from financial panics; but here and now we are all assuming a metallic basis, and consequently a limitation of definition money to the output of the mines, and the question before us is, shall the volume of our primary money be by legislative restriction limited to a single metal, supplemented by copper, nickel, silver, to be used as token coins, and bank paper, all to be forced to par with the favored metal, or shall the volume of primary money be frankly committed to the self-adjustment of the aggregate metallic output? The question is whether the vast commercial and industrial interests of this nation, the equities of contracts—those outstanding as well as those still to be made—the beneficences of all economic intercourse of our people and all wealth-creating processes will be best subserved by one metal alone or by both.

A competent treatment of the legal constitution of money must proceed by a careful scrutiny of just what it is that constitutes the equity and efficiency of money in its main uses and purposes. In order to that inquiry let us first define those uses. Money has been devised to serve as an instrument for appraising or measuring out, as by a common measure, all goods for the purpose of transfer and distribution, for buying and selling, and also to be a form or mode into which capital, resources, or purchasing power can be converted for convenient transport, for safe keeping, or loan upon interest. Now, in each and all of these uses or modes of employment, there is by universal consent one chief and paramount excellence, one single supreme criterion of merit, of such overmastering importance as to sink every other feature quite out of mentionable worth.

I make bold to defy denial of the truth of my proposition or belittlement of its central importance in this whole discussion when I affirm that a dollar which stands approximately steadfast and constant to the customary and familiar purchasing power or value as expressed in the great staples for food and fabric, and which will give the strongest assurances of continuing stability in the future, is, from the standpoint of legislation, the best dollar; and that legal constitution of standard money which will best secure such constancy is the desideratum of statesmanship. I denounce as unqualifiedly false and fraudulent the proposition, not, in deed, explicitly affirmed and overtly supported by anybody who knows how to be ashamed, but still constantly insinuated and injected into the popular utterances on the subject, that the most valuable dollar is the best dollar, and that it is wise legislation to foster increase in the value of money. I deny that it is either wise or just. On the contrary, I affirm that it is grossly unjust, in relation to outstanding contracts and disastrous to the future of production, for legislation to commit all obligations and all the products of toil to the tender mercies of an appreciated and appreciating dollar.

No; in the view of the lawmaker, that is not the best dollar which has the greatest commercial value, nor necessarily the one

which has the least, but rather that one which shows the greatest constancy as a valuator of goods. This would seem to be a self-evident proposition and one pointing the way to a solution of the main question. Which one of the two money metals, then, is it that has departed from the fair dollar value? In taking on a market relation of 22 to 1, instead of 16 to 1, which metal has been misbehaving in respect to constancy?

Let us not be deceived by words and appearances, by a conventional nomenclature born of the vicious legislation of the past. A statute compelling the mint to give out a coin dollar for every equivalent weight of bullion brought to it will, of course, fix and maintain the price of that metal up to exactly the minting rate, and will give to it what to the shallow view seems a magic property of stability of value; but that fixity is merely a fixity in the price of a metal in terms of itself. Under free coinage of silver that metal could never fall in price below the legal par with its own coin. This is not due to any property in the metal. It would take place in precisely the same manner with any metal to which might be given unlimited minting privileges.

In this discussion we must go below conditions as they are, so far as they are the result of our own legislation, and have regard to how they necessarily will be under the legislation of free coinage. For a proper comparison we must examine both metals as divested of the money faculty or both as fully invested with it. Let us consider the question in this way: Which metal has been more constant for the last seventeen years in value, an ounce of gold or an ounce of silver? or, what amounts to the same thing, a gold dollar or a silver dollar, both at their bullion value? I must not stop to enlarge upon the answer or picture the distress and wrong incident to the increase in the value of gold money and all money kept to a gold level under a single-standard policy. Let the universal reign of low prices and the resulting loss by foreclosure of thousands of toilers' homes furnish both the answer and the picture. It is popularly described as a great fall of prices in gold countries.

Market statisticians tell us that prices in the large aggregate have fallen off about one-third since 1873, which is the same fact as a rise in the value of gold of 50 per cent. Now, there may be and, indeed, there is controversy as to what has caused such an increase in the value of money—that is, such a falling off in prices—and boundless nonsense is abroad on it; but it is not necessary to my argument at this point to enter upon a discussion of causes. Let it be that the Suez Canal, railroads, inventions, etc., are the cause. We are all agreed that these agencies and *indicia* of an advancing civilization must go on with increasing acceleration, and therefore regarded as a cause of the abnormal relation of money to goods, those who ascribe the increase to this cause would condemn us to an appreciating money. The discussion of these gentlemen becomes comic when they argue that, inasmuch as it is the multiplication of goods that has occasioned this increase of value of gold, therefore there is no increase of its value at all!

In such statement there is betrayal of gross misapprehension of the nature of value and the law of value-change, and revelation of the key to the current error. Value is of the nature and quality of a relation, a rate, a ratio. It is a mental conception purely, and is a product of two factors. It is like a common fraction. It can not remain constant as a quantity if one of its terms is increasing or diminishing, but only as the other term changes equally. Value

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is never intrinsic, but always extrinsic, and is always the other term in the trade. The value of a dollar can never be ascertained or expressed except by the quantity of things it will buy; and an alleged change in its value can be learned simply by consulting market reports.

But, returning from this digression to the line of our argument, the palpable fact is that gold has increased about 50 per cent. in command over goods since 1873, whatever may have been the cause of it, and its inconstancy under the concerted monometallic policy of the Occidental world since 1873 stands confessed.

Now, how about silver? There is absolute unanimity and confession by all writers that silver has remained approximately stable and constant; and in silver-standard countries they have no agricultural depression.

Here the whole theory about the Suez Canal, telegraphs, railroads, etc., breaks down, for these great cheapening agencies have failed to lower prices in silver-standard countries. Why, the rise of gold corresponds exactly with what the vicious legislation of 1873 makes it possible to call the fall in the price of silver; and under free coinage of silver, whatever our standard might have of value in goods, one thing is certain, the bullion in it could never go below a silver dollar. I only wish our gold friends could be made to see the tangle of money words and confused notions of value that make them unwittingly perpetrate a perfect "give away" of their case in stigmatizing silver as too cheap for a dollar by about the difference which I have shown gold to have appreciated above its normal value or purchasing power.

Now, if it is true that silver, even under the severe ordeal of its outlawry as money, has remained constant in value, has continued true and stable in its relation to products, and that prices computed in it, at its bullion value, have not fallen off so much as 1 per cent., who will predict that when the full money function is given to it, by free coinage, our prices will not be restored to their normal level, and that, gold itself being firmly anchored by law to silver, all or any part of our money will be put into jeopardy?

It is not necessary to my argument to take into account the economical effect upon gold that free coinage would have. I will not therefore stop to demonstrate, by reference to fundamental principles, and justify conclusions as to what will happen to gold in relation to its value in silver or in goods. It must suffice here simply to assert that when gold is again relegated to its ancillary and subordinate place—anchored to its historic regulator—it will become again a useful and equitable money metal, co-ordinate with silver. But claiming nothing in this argument for that conclusion in regard to the commercial relation of gold to our money, the argument shows plainly that in case gold should not behave to silver as I predict under free coinage, then the wisest thing to do in regard to gold will be to sell it at the highest premium obtainable for it.

Let England be the "dumping ground" for our discarded gold, for it will prove itself to be an unconscientious money, on account of its too high and inconstant purchasing power. By such an unloading of it upon England we would greatly bring down its value, to the relief of the industrial strain there. Every man who owns gold should do with it what will be best for himself. It is his own individual affair. Enough for us to have established our money upon the most stable and constant basis possible for metallic money.

It will be observed that the clap-trap of an Asiatic silver standard

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does not alarm me. I appeal with anxious earnestness and urgency for an answer to my argument, a sincere attempt at its refutation. No one will be more thankful and rejoiced than I to have it pointed out if there is any false step, any missing or weak link in the chain of my argument for free coinage of silver.

If any local, partial, or special interest has had any influence in conducting me to my conclusion, I am not aware of it. There is no silver mine within the bounds of my district, nor mine-owner or bullion-owner among those whom I have the honor to represent on this floor, that I know of. If it is not simply regard for the common good of our country that has brought me to this conclusion, then I am constitutionally incapable of rising to that noble height. Furthermore, I am free to say that on no great public question has it ever been my fortune to be able to come to a more solid footing, a more severely reasoned conclusion of principle than on this subject. Nor is my confidence lessened by the fact that only a few short months since I was the unresisting victim of the current popular fallacies on the subject.

I have no fear of our becoming a "dumping ground" or being flooded with discarded silver. Only a little study has been necessary to show me that the real ground of fear is that there will not be enough metallic money to go round and maintain healthy prices.

I have taken no note of what to my mind is a matter of trifling moment, namely: A fixed par with England. Our foreign trade is a trifle compared with our domestic, and of our foreign trade only a trifle flies to and fro, as "balance of trade," and that goes as bullion, regardless of our money definitions, except when they happen to coincide with weight relations. In short, it is a simple matter of book-keeping.

No, the chief concern is to establish a sound, an equitable money for the United States, a money that will stand fair between debtor and creditor, that will not keep the word of promise to the ear of enterprise and break it to its hope; a dollar that in its office of measuring out goods for transfer and distribution will be honest, constant, and uniform, and not open to sinister manipulations; and to that end I do not hesitate to declare my belief in a mint that will be open to all the gold and silver that will come to it to be fabricated into standard money. My imagination is not sufficiently disordered to cipher out any evils that could come of it.

Mr. Speaker, I trust that I am not so vain as to suppose that all wisdom upon the money question is centered in me. There may be, and I believe is, much for all of us to learn. But this I am sure of: that I "know enough to know" when I am convinced, when sufficient has been brought to my mind to persuade it. I am responsible only for an exercise of my own judgment. Upon that I must act. I cheerfully accord to others the same right and the same duty.

While I honestly believe that the free coinage of both gold and silver would be most beneficent in its effect upon the interests and welfare of the people of the United States, I cheerfully support this measure. I do so because it is a long step in the direction of free coinage. It provides that \$4,500,000 worth of silver shall be purchased each month by the Secretary of the Treasury. This amount is substantially the surplus product of the world. This being so, it provides for the use as money, or as a basis for money, of about as much as would flow to the mints under free coinage.

The bill provides, too, that the Treasury notes issued in payment

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for the bullion shall be a legal tender for all debts. This is all the function that could be conferred upon the silver dollar.

There is provision, too, that these notes may be redeemed in silver or gold coin, so that a holder not satisfied with his note may obtain for it the same coin that he would get under free coinage. Then there is the crowning provision, and one that recognizes the right of silver to be coined, that when silver shall reach a parity with gold, the mints shall be open to its free coinage. Believing that under the operations of this bill silver and gold will soon meet in value, I anticipate an early opening of the mints to silver, so long denied the privilege of unrestricted coinage.

I support this measure, too, because I believe that it is the best that can be obtained at this time. As intimated before, I recognize the fact that there is a difference of opinion among the members of this Congress as to how far we ought to go in this matter. There are many who honestly, though I believe mistakenly, hold to the opinion that free coinage has dangers in it and that this bill furnishes the measure of the extreme limit to which we ought to go. Recognizing that compromise of conflicting views is the duty of those charged with legislation upon questions of policy—questions not involving moral principle—I for one am willing to concede much for the sake of harmony, and in order that we may accomplish something that will at least afford partial relief to those now suffering from the enormous evils of an insufficient and constantly shrinking volume of money. [Applause.]

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