

IN FAVOR OF FREE COINAGE OF SILVER.

SPEECH

OF

HON. RICHARD COKE,
OF TEXAS,

IN THE

SENATE OF THE UNITED STATES,

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WASHINGTON.
1890.

S P E E C H
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H O N . R I C H A R D C O K E .

The Senate being in Committee of the Whole and having under consideration the bill (S. 2350), authorizing the issue of Treasury notes on deposits of silver bullion, the pending question being on the amendment submitted by Mr. PLUMB to the amendment of Mr. SHERMAN—

Mr. COKE said :

Mr. PRESIDENT : Since prehistoric times gold and silver have been the money of the world. The largest volume and greatest quantity of this money have always been the concomitant of the highest civilization and most general wealth and prosperity. By the common law of England, transplanted to America by her then colonies, gold and silver were legal tender for private debts and public dues. When through successful revolution these colonies became independent States and came to frame the constitution of Government under which we live they gave to Congress the power "to coin money and regulate the value thereof and of foreign coin," and prohibited the States from coining money or from making "anything but gold and silver coin a tender in payment of debts."

By act of Congress in 1792 the silver dollar of 371½ grains of pure silver was made the monetary unit and standard of value of this country, and it so remained until February 12, 1873, when silver was demonetized and the gold dollar was substituted as the monetary unit by act of Congress of that date. When silver was thus degraded by being discarded as money the silver dollar outvalued the gold dollar 3 per cent. Specie payment not having been resumed at that time, the business of the country was being done on an exclusively paper basis, and little or no coin, either gold or silver, was actually in circulation. The subject of silver demonetization had not been thought of, much less discussed, either in Congress or by the press. The people knew or heard nothing of it. Their sentinels seemed asleep at their posts.

Even President Grant, who signed the bill, as a letter written by him seven months afterward showed, did not suspect that it demonetized silver, reversed the policy of the Government of a century's standing in favor of a bimetallic currency, and established the single gold standard as the basis of our currency system. Hon. R. P. BLAND, a distinguished member of the House and a sturdy advocate of the free coinage of silver, in a speech delivered in the national silver convention at St. Louis in November last, gave the following graphic account (which I read) of the passage of the demonetizing act:

Epecially should we repeal a law that has been so universally condemned as the demonetization act of 1873. As far as I can now recall, every man in either House of Congress who participated in the passage of this act has protested that he did so in utter ignorance of its effect. The President who signed the act afterward expressed his desire to see silver come again into general circulation as an aid to specie resumption, evidently ignorant that his own hand had signed the decree against it.

No matter whether the interested few who engineered this legislation meant well or not, it was practically a fraud upon Congress and the American people. The act contains 67 sections. Its title is "to revise and amend the laws relating to the mints, assay offices, and the coinage." At that time we were on a paper basis, and the subject of coinage was not so likely as now to attract general attention. The only important change in the law was the part of it that dropped silver from the coinage and made the gold dollar instead of the silver dollar the standard of value. The silver dollar, 412½ grains of standard silver or 371½ grains pure silver, had always up to that time been the unit of account, the standard of value. Had the title of the act made known this purpose then no one ought to plead ignorance of it, but it studiously avoided doing so.

Section 15, approaching midway of this cumbersome act, provided for the coinage of the trade-dollar of 420 grains of standard silver for the half-dollar, quarter, and dime. They are made a legal-tender for only \$5. The full legal-tender standard dollar is not named at all, but wholly ignored. Section 17 provides that no coins, either gold or silver or minor coinage, shall be issued from the mints other than those of the denominations, standards, and weights therein set forth.

This was a clear-cut prohibition of the coinage of the standard silver dollar, for that had not been named either in denomination, weight, or standard. The stab in the dark of the monetary assassin is here brought to view. The whole thing is accomplished by indirection, both as to title and context. This act bears all the earmarks of stealth and cunning. Had the title of the act declared its purpose to be to make gold the sole standard of value and to demonetize the silver dollar it would have been an honest declaration of its purposes. But this would have given the alarm; the hand of the assassin would have been paralyzed.

Senator W. M. STEWART, of Nevada, in a speech delivered in the same convention, used the following strong language on the same subject:

The governments of the civilized world made a radical departure from honesty and fair dealing when they permitted the holders of fixed capital to cut off

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half the supply of the world's money and thereby double the value of their holdings. It was the crime of the nineteenth century. I have no time to explain to you in detail the various devices and tricks by which this crime was committed. All the nations of the civilized world, or rather all the governments of the civilized world, were used to perpetuate this fraud. I was in the Senate of the United States when the bill demonetizing silver was passed. I did not know that that was the purpose of the bill. I had no means of knowing it, because the fact was not announced. No suggestion whatever was made that any such scheme was contemplated. On the contrary, the discussion in the Senate plainly shows that the silver dollar was in that fatal bill when it passed that body.

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One thing is certain, and that is that the silver dollar was omitted from the statute. How or when it was done must remain a mystery. No one can honestly claim that this was not either a crime or a mistake. If it was a mistake, and the persons who made it had consented to its correction, the people would have been satisfied. They did not consent. They have used the power and prestige of money to maintain the fraud. Some persons claim that they knew it at the time. Whether they did or not can not be determined. The fact that the monometallists have subsequently insisted that this legislation should not be repealed indicates that they might have been cognizant of the original conspiracy. After they had fraudulently rejected silver as money, and destroyed its use for that purpose throughout the civilized world, and thereby reduced its price as compared with gold, they sneeringly declare it is worthless and fraudulent. At the time this legislation was had the silver dollar was at 3 per cent. premium. Who made it a fraudulent dollar, the people or the men who clandestinely passed the bill or secured the printing of it in the statute?

As was to be expected in a country like ours, which except for a few years when interrupted by the conditions of a great war has always based its currency exchanges and business on specie—gold and silver—the destruction and sweeping away of this basis as respected silver (which entered so largely into it) necessarily and inevitably produced a large contraction of the volume of the circulating medium, increasing enormously the value of money and its purchasing power, the value of bonds, State, national, municipal, and railroad, and of all fixed incomes and investments paying stated rates of interest; indeed, of all classes and varieties of credits, while of course adding in a corresponding degree to the burdens of the debtor class who are compelled to pay in the dearer and higher-priced money, and in the same degree depressing and lowering the values of all property, which could only be exchanged, bought, and sold in the same enhanced currency.

Every contract for the payment of money in existence when silver was demonetized was violated, to the great advantage of the creditor and a corresponding detriment to the debtor. The generally accepted estimate is that the values of money, bonds, and all classes of credits

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were increased an average of 33 per cent., and that the burden of debts was increased by the same per cent.; while property and all the products of labor were decreased in value in the same proportion. Thus were the rich made greatly richer and the poor very much poorer. A faint conception of the enormous wealth transferred to the moneyed, bondholding, and creditor class by this single act of national legislation may be gained when the vast transactions in commerce, traffic, production, and debt liquidation which have occurred among the people of this country since 1873 are considered.

The losses in all the lines of production may be imagined when one distinguished statistician, Mr. Michels, figures out the losses of the wheat-growers at over \$1,900,000,000, and of the cotton-planters at \$2,900,000,000 since 1873. These figures, if approximately correct as to only two sources of production, illustrate the vastness of the results of silver demonetization and consequent currency contraction if followed out through the entire range of its malign operation on the production of the whole country. As the business, the traffic, and production of the country increase as they have been doing at a constantly accelerating pace, notwithstanding the slight addition to the circulating medium by the coinage of \$2,000,000 worth of silver monthly (the minimum, instead of the maximum of \$4,000,000 worth allowed by the act of 1878), the stringency and scarcity of money continues to send down prices and depress values until agricultural products do not repay the cost of production.

A comparison of the crop of corn, wheat, and oats of the year 1888 with that of 1889, as exhibited by the statistics of the Agricultural Department, shows that of these three cereals 249,664,000 bushels more was raised in 1889 than in 1888, yet the crop of 1888 sold for \$145,942,-215 more than did the crop of 1889. The history of the country for one hundred years past shows no such depression of the great agricultural interest as has existed since 1873, and its condition is constantly growing worse, attributable not entirely, but in a great degree to the destruction of one-half of the metallic basis of our paper currencies and credits, the volume of which has shriveled and shrunk to fit the proportions of the metal in which it is redeemable.

Not only is this true, but the demonetization of silver has in another

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direction inflicted what it is to be hoped will not prove to be an irreparable injury on the agricultural interests of this country. As long as silver was at par with gold, the wheat-raisers and cotton-growers of the United States had no competition to meet in European markets with the wheat and cotton of India. The demonetization of silver having made of silver bullion a commodity to be dealt with in the markets of the world as any other commodity, reduced and degraded its value so that our silver could be bought in the London markets at a discount of 31 per cent. India being a silver money country and her money containing 3 per cent. less of pure silver than is contained in our silver money, the silver thus bought in London when sent to India and coined into rupees, though costing but 66 cents, possessed the purchasing power of one dollar.

India wheat and cotton through this process, while commanding the full market price in India, is bought by the English consumer or speculator 34 per cent. below the cost of American product. India never exported one bushel of wheat to England until 1874, one year after the demonetization of silver in the United States, and then less than 100,000 bushels. The United States was then exporting upwards of 150,000,000 of bushels of wheat at an export value of \$1.20 per bushel; whereas India now exports 50,000,000 bushels annually, while the exports of the United States have fallen to about 45,000,000 of bushels at an export value of 90 cents, and are still decreasing.

While the prices of cotton have been to a considerable extent affected through this same cause, the same degree of injury has not resulted because of the great superiority of American cotton over the India product. This new market, opened up to the wheat and cotton products of India through the agency of cheap American silver bullion, as results show has stimulated tremendously the production of cotton and wheat in that country with the effect of inflicting incalculable injury upon our American producers who have to meet the competition in European markets. The insane folly of demonetizing silver when we were producing nearly one-half of all the silver produced in the world, has already deprived us of a market for one-half of our surplus wheat product, besides reducing the price of that which we export one-third; and the India wheat and cotton products continuing annually to largely

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increase, the outlook for our farmers is certainly not an encouraging one.

When, in addition to this, it is remembered that our home market for agricultural products is glutted, that all foreign commerce is exchange or barter of commodities, and that our tariff laws are avowedly made for the purpose of preventing this exchange, of checking the importation of foreign goods, and therefore necessarily have the effect of prohibiting the exportation of our surplus products, it is difficult to perceive whence relief is to come to our sorely distressed agricultural interests. The free and unlimited coinage of silver would withdraw the most potent agency in the stimulation of the great production of wheat and cotton in India; it would add annually \$50,000,000 to the volume of our circulating medium, now utterly inadequate, and it would insure at an early day the triumph of bimetallism throughout Europe, so necessary to the realization of good prices for our exported surplus products. If England is compelled to pay par for silver she will have to pay better prices for wheat, cotton, and other agricultural products, and without the discount on silver India can not compete with our producers.

It is a fact borne out by the statistics of the world that silver, wheat, and cotton have always risen and fallen together. There has been no exception to this rule, as is susceptible of the clearest proof. It is equally true that since the demonetization of silver the decline in the value of silver bullion has been no greater than the decline in all other commodities. Silver at its present decreased value will buy as much of other commodities as it would have done before it was demonetized, for the simple reason that all other commodities have declined in the same or a greater proportion with silver. It is only by comparison with gold, which has been made the standard of value, that silver has declined. Gold has risen in value in consequence of legislation, while silver accompanies in decreased value all other commodities. In order to elevate the prices of our products we have only to rehabilitate silver with the money power of which it has been stripped. This will bring it to par with gold, which it exceeded in value 3 per cent. when demonetized, and along with it will go our products now so depressed in price.

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Every objection made to the free coinage of silver has been answered and refuted by the logic of facts and experience. Throughout Europe silver circulates at parity with gold in the proportion of 15½ to 1, while our silver coin bears to gold the relation of 16 to 1, containing more pure silver than the European coins. The nations of the earth which use concurrently gold and silver money, or which in other words have a bimetallic currency, according to Mr. Edward Atkinson's official report to the State Department in 1887, had in circulation in 1885 \$2,463,002,000 of gold, and by the side of it and at parity with it \$1,738,114,000 of silver, while the monometallic nations had in circulation \$717,570,000 of gold and \$128,520,000 of silver. British India and the Asiatic states which use silver alone are not included in the estimate.

The free coinage of silver, with full money power, by a great and powerful nation like the United States, would impart additional value to silver coin throughout the world, and produce a confidence in it which would cause all who have it to prize it more highly. In the face of facts like these, the fears of our Secretary of the Treasury, that free coinage would make the United States the "dumping ground" of all the European silver and expel all our gold from the country, would seem to be groundless. Foreign silver coin, containing less of pure silver than our coin, could only come to this country at a loss, while it would have to be bought in Europe at par and paid for with gold with which it circulates at parity.

The people of the United States have never been satisfied with the manner of the passage of the demonetizing act. They have never believed that honest methods were pursued in passing it through Congress, and more than suspect that the greed and avarice of the direct beneficiaries of it rather than patriotic desire to promote the general welfare prompted its enactment. This fact, coupled with a widespread conviction that the prosperity enjoyed by this country prior to the demonetization of silver can only be restored by the full remonetization and free coinage of that metal, by placing silver on exactly the same footing with gold, accounts for the universal popular demand for this action.

This demand commenced immediately after the discovery by the people of the effect of the act of February 12, 1873, and has continued.

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without interruption and with constantly swelling and increasing force and volume to this day. Although this demand has been treated with contempt by every administration since 1873, it will continue to be made until the will of the people is obeyed. They intend to have the wrong perpetrated against them in 1873 undone, as far as it is possible to accomplish it, and silver restored to free coinage and full money power. The persistent defiance of the popular will for seventeen long years by the executive department of the Government in its open war upon silver, is one of the most remarkable facts in the history of free representative Government.

Since 1874 an overwhelming majority of the people of the United States, backed by the best thought of the country, through their representatives in the two Houses of Congress, through party conventions, through the press, through conventions composed without reference to party, to act on the subject, through State Legislatures, by every means and method by which their will could be expressed, have demanded that silver shall be restored to the same place occupied by it as money prior to the surreptitious passage of the act of February 12, 1873; and these expressions have been and are now being painfully emphasized in the extreme and constantly increasing depression of many of the leading industries of the country which were prosperous and thrifty until silver was demonetized; in the almost hopeless distress of the farmers who are being eaten out by mortgages while their granaries are bursting with the fruits of abundant harvests, for which they can find no market; yet the holders of money, of bonds, of capital, who are being enriched by a meager, insufficient circulation, whose capital would be cheapened and lose a part of its purchasing power by an increase in the volume of circulating medium such as would result from the free coinage of silver, have been, though insignificant in number as compared with the great body of the American people, able to control the judgment and dictate the policy of Presidents and Secretaries of the Treasury in direct opposition to the expressed will of the people, and to lead them to use all the power of their great offices to disparage, discredit, and degrade silver as money.

No report has come from the Treasury Department since 1878 that has not in the strongest possible terms deprecated the coinage of silver

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dollars and predicted the direst calamities from the continued coinage of silver. It was predicted that gold would leave the country and that the cheap silver dollar would be our only coin, whereas we have \$500,000,000 more of gold now than we had in 1878. It was prophesied that silver would not circulate, yet we have now \$360,000,000 of coined silver dollars circulating either as coin or through representative certificates. Gold coin is exchanged freely for silver certificates, whereas it was said that \$50,000,000 of silver was as much as the country would absorb at par with gold.

Every prediction of disaster has proved false and only the most beneficent results have followed. The present Secretary of the Treasury admits in his report that all the prophecies of evil have failed of verification; but, true to the traditions of his office, proceeds in the oracular style of his predecessors to prophesy anew of incalculable calamities to ensue if silver coinage is not stopped. It is wonderful that the silver dollar should be at par with gold, that silver certificates should be sought in exchange for gold, under such persistent, long-continued, and reckless assaults from the great Treasury Department of the Government. If the power of the Treasury Department had been exerted to uphold and maintain silver coinage as it has been to degrade and discredit it, if the silver dollar had been commended to the confidence of the world rather than to its suspicion and distrust, the question would long since have been settled and would not now be vexing the public mind.

Mr. President, an absolute necessity exists for a change in the financial policy of our Government in respect to silver coinage not only for the relief of distress at home, by increasing and broadening the basis of our paper circulation—for all of it is redeemable in coin—but for the influence of our example on European nations where silver has been wholly or partially demonetized, and who are now almost persuaded to restore it to full money power. It is to these countries that the bulk of our surplus products are exported, and the export prices fix the prices of the same products in our home markets. A bold and determined move by this Government in re-establishing silver money would exert a tremendous influence throughout the world toward the complete restoration of silver to its pristine money power.

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Free and unlimited coinage of silver in the United States, which produces nearly four-fifths of the silver which goes into commerce, would withdraw from the great London market \$25,000,000 worth of silver bullion annually and at once send up the commodity value of silver to the near neighborhood of its money value if not to par, thus offering the strongest possible inducement to European nations to restore silver, and with this restoration of silver would come our old export prices for surplus products. Germany adopted the single gold standard in 1871. The United States, the greatest silver-producing nation of the world, followed suit and demonetized silver in 1873; and France limited her coinage of silver in 1874. Until the United States struck down silver in 1873, when, as I have before remarked, silver commanded a premium of 3 per cent. over gold notwithstanding demonetization by Germany, France was content with silver money, but followed the lead of the United States.

The United States struck the blow which destroyed silver, and if it is to be restored must lead in its restoration. To put forward the pretext, as is invariably done from the Treasury Department, that this Government must await the co-operative action of European Governments in lifting up silver to full money power, when it is well known that three distinct efforts have been made to secure this co-operation without success, is tantamount to a refusal to do anything. Not one of the European Governments which have wholly or partially demonetized silver consulted the United States. Each one acted for itself and its own interests. Why shall not the United States, with 65,000,000 people, possessed of wealth, of power, and resources not claimed by any other three nations of the earth together, pursue the same course?

Mr. President, I repeat, if silver is to be restored the United States must neither follow nor longer plead for European co-operation, but must lead boldly and aggressively in the assertion of an American silver policy. We are officially informed by the Director of the Mint in his latest report that "the amount of metallic and paper money in circulation in the United States outside of the Treasury on July 1, 1889, was \$1,380,418,091." This divided among 65,000,000 people would give them a per capita of \$21, while the people of France, occupying a territorial area not so great by 70,000 square miles as that of Texas, have

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a per capita circulation of \$55. If all the money hoarded in our Treasury should be brought into the estimate we would have less than \$32 per capita, \$23 less than that of the French people.

Unless specie payments are to be suspended and irredeemable paper is to be issued we have no other metallic resource upon which to base an indispensable extension of paper circulation than our silver; and in order to give it the largest measure of value and respectability we must give it free coinage and full power and place it on the same plane with gold. Silver and gold (and silver as much so as gold) have been the money of the world through all the ages. These metals, when yoked together, have been yielded from the bosom of Mother Earth to the labors of man in sufficient quantities to meet all the wants and requirements of the business, trade, and commerce of the world. It is true that they have been produced in varying quantities and proportions at different times, but it is also true that any excess of one has always been corrected by an enlarged production in due time of the other, and that the production of both has kept pace with the growth of population, commerce, and business of the world.

Between 1851 and 1856 a flood of gold was poured from the mines of California, Australia, and Russia estimated at \$900,000,000 worth, causing a decline of 5 per cent. in gold and creating a strong sentiment in favor of demonetizing that metal; yet we all know that the more recent discoveries of silver have restored the former proportions between that metal and gold, and so it has been for all time. A law of nature seems to have joined these metals together and to have denied perfect efficacy to their functions as money except as co-operative forces. Under the double standard they support each other. If gold is scarce and high, silver becomes more abundant; if silver disappears, gold takes its place.

The people who have both to rely on can depend with absolute certainty on the presence at all times of one of them; a corner on both is impossible. It is through this co-operative action of the two metals under the double standard that a sufficient circulation is assured for the demands of trade and commerce, for living wages to labor, and for fair valuations in the transfers of property, and a safeguard is furnished,

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as far as human wisdom can devise one, against crises and panics and the loss and ruin they entail.

Holding these views, Mr. President, I can not support the bill reported from the Finance Committee. This bill discriminates against silver by requiring the purchase of \$4,500,000 worth of silver bullion monthly, but directs the purchase of all the gold bullion that may be offered. It again discriminates against silver in leaving it to the Secretary to determine whether any, and if any, how much of the silver bullion shall be coined into money, and this when informed in advance by the Secretary in his official report that too much silver has already been coined—that not another dollar should be coined.

In view of the well-known determination of the Secretary of the Treasury that no more silver shall be coined if he can prevent it, the provision of this bill which directs him to purchase silver bullion to be coined or not as he may direct, is neither more nor less than a provision to convert the Treasury of the United States into a warehouse for silver bullion, to be held as a commodity upon which the Government will advance money. The last clause of the bill repeals so much of the act of 1878 as requires the monthly purchase and coinage of silver bullion. The passage of this bill in its present form would repeal the only law on our statute book requiring the coinage of silver dollars, and whether another silver dollar should be coined or not would be left dependent on the discretion of a Secretary of the Treasury who has already assured us that another shall not be coined if he can prevent it.

The cessation of the compulsory coinage of silver provided for by this bill in the repeal of the coinage clause in the act of 1878 will prove, if it becomes law, the severest blow at silver remonetization that has been given since the demonetizing act of 1873. It will be regarded by the world as an abandonment of silver coinage and a relegation of silver bullion a second time to a place in the list of commodities which are bought and sold in the markets of the world. There is no provision made in this bill for the free coinage of silver, or for any coinage of it at all, except by the permission of the hostile Secretary of the Treasury, if (as its friends contend it will) it should raise silver bullion up to the value of the coined dollar. In that contingency, it still could not be coined without the consent of the Secretary of the Treasury.

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In a word, Mr. President, the bill from the Finance Committee effectually repeals all law providing under any circumstances for the compulsory coinage of a single dollar of silver. Under this bill the whole matter rests in the hands and within the discretion of the Secretary of the Treasury and upon his affirmative positive action. For one, I am not willing to trust such tremendous power in the hands of any living man. Hundreds of millions of dollars might and would hang upon the simple order of the Secretary to coin or not to coin silver. We are not sent here to hand over to the autocratic control of any one man the fortunes of our people, but are here to enact laws by which all shall be bound, in furtherance and promotion of the general welfare of all. The Secretary of the Treasury should be governed by law whenever an exercise of discretion is not absolutely necessary; and if it is expedient to buy silver bullion for coinage, it can not be inexpedient for the law to provide that it shall be coined, especially when we know that the Secretary of the Treasury will not coin it unless compelled by law to do so.

This bill, Mr. President, is neither more nor less than a silver warehouse bill. I am opposed to the Government of the United States going into the warehouse business. An expansion of the volume of our circulating medium being imperatively demanded by the business interests of the country, if the coinage of silver is to cease and that metal is to be treated as a marketable commodity, rather than give it preference over other commodities by buying it up for storage in Government warehouses and issuing money on it, I would infinitely prefer to see paper money based, as our legal-tender notes are, on the wealth of the whole country and the power of the Government, issued for the relief of the country.

Those having especial charge of the silver-mining interests would do well to see to it that a choice between these two methods is not forced upon the people of this country, for in my judgment the latter would be almost universally preferred. If the committee's bill shall be so amended as to compel the coinage of the monthly purchases of silver into legal-tender coins, and to invest the silver certificates provided for with full legal-tender power, I shall be willing to vote for it if the free and unlimited coinage of silver provided for in the amendment of the

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Senator from Colorado can not be passed, and I propose, so far as I am concerned, to leave no stone unturned in the effort to pass it. If this can not be done, and the committee's bill shall not be amended in the particulars named, then I prefer the law of 1878 as it now stands to any proposition now before the Senate, believing that when the next Congress meets the people will have lashed into obedience to their will those who are now and have been for years openly defying it in obstructing the free coinage of silver.

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