TREASURY NOTES AND SILVER BULLION.

How shall we secure the concurrent circulation of both gold and silver as money?

SPEECH

OF

HON. JOSEPH N. DOLPH,

OF OREGON,

IN THE

SENATE OF THE UNITED STATES,

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SPEECH

OF

HON. JOSEPH N. DOLPH,

On the bill (S. 2350) authorizing the issue of Treasury notes on deposits of silver bullion.

Mr. DOLPH said:

Mr. PRESIDENT: I have neither the time nor the disposition to enter upon an extended discussion as to the origin, character, and functions of money or to recount at length the history of the production, use, and ratio of value of gold and silver. These are all interesting topics; topics involving questions, which for several years I have studied as opportunity offered, but which, if a correct understanding of them is necessary to intelligent action upon the propositions before us, have already been sufficiently discussed by others.

We are confronted with practical questions of vital importance to the business and material interests of the country, and what I shall say will be directed mainly to what I suppose to be their object, scope, and effect, with such brief reference to our own experience with gold and silver and the history of the legislation for the coinage and the use of the two metals as money in this and other countries as I conceive will be instructive and will assist us in arriving at correct conclusions concerning the propositions before us.

I shall endeavor to consider these propositions with candor and upon the assumption that all the members of this body are equally honest in their opinions and equally desirous of doing the best thing for the interest of all the people of the United States.

I regret that upon several of the measures proposed I am not in accord with some of my colleagues from the Pacific coast. While I do not pretend to be indifferent to the good opinions of my associates on this floor and of my fellow-men in general and as a rule on political questions do not hesitate to act with my party, sometimes accepting the judgment of the majority when my judgment is not entirely in accord with theirs; still, upon a measure which I conceive to be fraught with such grave consequences to the people of this country as the measure now under consideration, if I should, for the purpose of avoiding criticism or inconvenience to myself, fail to express my honest convictions and to give my reasons for them, I should deem myself unworthy of the position I occupy in the national councils.

It is not my present purpose to inquire whether silver coin in silver countries—in the Indies, China, South America, and Mexico—has depreciated, or, if so, whether there has been a corresponding change in the prices of commodities, or whether gold has appreciated since the free coinage of silver was stopped by Germany, the Latin Union, and the United States.

It appears to me to be of little practical value to discuss the question as to whether the fall in prices of all commodities in this country and in Europe within the last few years is attributable to the rise of gold, the fall in the price of silver, or to the increased facilities for production.

The ablest men who make it the business of their lives to study such questions are not agreed. The members of this body hold diverse opinions concerning them and no amount of discussion here or elsewhere will reconcile these differences.

They do not admit of mathematical demonstration. My own opinion is that the prevailing low prices for all commodities in this and other countries has been caused by a combination of all the causes mentioned; that the intrinsic value of gold has increased by reason of the increased demand for it for coinage purposes; that the intrinsic value of silver as compared with commodities has decreased by reason of the decreased demand for silver bullion for coinage purposes and the increase of the supply; and that the fall in the prices of all commodities is due in part to these causes and in part to the multiplication of labor-saving machines, the increase of great establishments for manufacturing purposes, and to overproduction in almost every branch of industry.

But be this as it may, in my judgment, whatever the cause of the decline in the prices of commodities has been, it does not necessarily affect the questions now demanding treatment at our hands. All parties in this country are agreed that international bimetallism is desirable; that it is necessary in order to secure to the world a sufficient amount of coin and to give the inhabitants of the civilized world a stable currency, affected as little as possible by periodical fluctuations in the yield of the precious metals; that it is desirable that mankind should have a single money, and not that four hundred millions of people should have gold for a circulating medium and two or three times that number should have silver alone, and the value of each metal be left to be determined solely by the demand and supply.

So far as I know there is not a member of this body who is not in favor of the use of both gold and silver as money and of any measure which would, while securing a sound, safe, and sufficient circulation, enhance the price of silver bullion. Neither is it profitable in my judgment to spend our time wrangling over the causes which have at any period in the world's history fixed the ratio between the values of gold and silver, and which has caused the extraordinary decline during the last seventeen years in the price of silver.

It is a condition, and not a theory, that confronts us. Silver has been demonetized by the principal countries of Europe. It has steadily depreciated in value until 412½ grains of standard or 371¼ grains of pure silver, at the date of the last annual report of the Secretary of the Treasury, were worth but 72 cents on the dollar in gold of our coinage, and to-day are worth only about 81.2 cents on the dollar, notwithstanding the late speculative rise of silver.

European nations are not ready to unite with the United States in an agreement to open their mints to the free coinage of silver at an agreed ratio. International bimetallism at present is therefore out of the question. National bimetallism at a ratio different from the market value of bullion is chimerical. If attempted it would be a pretense; in fact, it would be silver monometallism.

It is idle to suppose that the United States alone by legislation can fix the relative values of gold and silver for the world. The question which faces us is, what shall we do with silver and gold; which standard shall we have? Shall we stop the coinage of the silver dollar? Shall we so amend the Bland act so as to make the purchase and coinage of $4,000,000 worth of silver per month compulsory upon the Secretary of the Treasury? Shall we repeal the provision of the Bland act which requires the coinage of the silver purchased under it either in connection with or without increased purchases? Shall we authorize the purchase of silver bullion at the market rates and the issuing of Government notes redeemable in silver bullion at the market price at the date of the redemption, or shall we authorize the free coinage of silver?

These are the momentous questions with which we have to deal, and whoever is to vote upon them should at least endeavor to do so understandingly. I understand the measure under consideration to be intended for the purpose, first and principally, of securing to the country an increase of the circulating medium which shall possess the qualities and perform the functions of money and, secondly and incidentally, for the purpose of enhancing the value of silver.

There are two policies concerning silver which have been advocated on this floor, both of which are intended to secure an increased demand for silver bullion in this country for coinage or for furnishing the basis of a circulating medium in the form of Government notes. Under one may be grouped the plan proposed by the Secretary of the Treasury for the purchase of silver bullion and the issuing of Government notes therefor receivable for public dues and redeemable in lawful money or silver bullion; the bill reported from the Senate Committee on Finance to provide for the purchase of $4,500,000 worth of silver monthly and issue in payment for the same Government notes, which shall be redeemable in lawful money; the several amendments which have been proposed looking to the retention of the gold standard; the proposition to amend the Bland act so as to require the compulsory purchase and coinage of $4,000,000 worth of silver bullion monthly, and all similar schemes. All these proceed upon the theory that the value of the silver dollar and the silver certificate is to be maintained at a par with gold by the provision that they shall be received for public dues and be redeemed in lawful money or bullion the equivalent of gold.

The other policy is free coinage of silver dollars containing 412½ grains of standard silver, with whatever divergence that may cause between the value of gold and silver coin and with whatever changes it may cause in the prices of commodities generally, the avowed object being to obtain more and cheaper money and to make silver the standard for the measurement of all values.

I at first saw objections to the plan of the Secretary of the Treasury to purchase silver bullion and issue certificates for the same, which should be redeemable in silver bullion at the market value at the time of redemption. I believed that the redemption of the notes in silver bullion in connection with the requirement for the purchase by the Secretary of a given amount of silver per month might afford opportunity for speculation while the Government would take the risk of loss by the depreciation of silver bullion. But after more mature reflection I am satisfied that the plan proposed by the Secretary is open to fewer and less serious objections than any substitute for it which has been proposed, if the purpose of the legislation is to maintain the parity of the gold and the Bland dollar and to keep both gold and silver coin in circulation in this country. The measure proposed by the Senate committee, in my judgment, if amended so as to make the Government notes to be issued under its provisions a legal tender, would be a decided improvement over the present law, if the purchase of silver under it to the maximum amount provided in the act were made compulsory, as has been proposed.

I have understood that the intention of the authors and principal supporters of the bill reported from the Finance Committee is to create an increased demand for silver and to provide an increased circulation upon the basis of the present standard of values, which is, in fact, a gold standard; that it is expected and believed that, notwithstanding the large increase in silver certificates and silver coin which would take place if the bill became a law, the provision for the receipt of the silver certificates and silver coin for public dues, and if they shall be made a legal tender, the requirement that they shall be received for private dues, and the fact that they are redeemable in coin—gold and silver coin—and the further fact that the gold value of the certificates will be in the Treasury in the shape of silver bullion, will have the effect to preserve the parity of the value of gold and silver coin and certificates.

The fact that the face value of the notes, unless silver continues to depreciate, will be in the Treasury, in my judgment, will have very little influence to create public confidence in the silver certificates. The certificates are to be redeemable in coin; that is, at the option of the Secretary of the Treasury, in silver dollars, and their issue will be, in effect, an increased issue of silver coin. There ought to be no impression created which would induce the public to suppose that any redemption will ever be made of the certificates other than that provided for in the bill, namely, in coin or lawful money, which will be silver dollars, at the option of the Secretary of the Treasury.

Any bill, by which the United States becomes a purchaser of fifty odd million ounces of silver per year, to be locked up in the Treasury vaults, will undoubtedly increase the price of silver.

The Director of the Mint estimates the silver product of the United States in 1888 to have been 43,000,000 ounces; that of the two American continents 97,000,000, and that of the whole world 110,000,000 ounces. The consumption of silver in 1888 in the United States he estimates was 34,000,000 ounces, 29,000,000 ounces for coinage and 5,000,000 ounces for manufacturing purposes; and in the rest of the world the consumption was for coinage 68,000,000 ounces and for manufacturing purposes 10,000,000 ounces. The effect of the purchase by the United States of an additional 25,000,000 ounces annually will certainly have a tendency to enhance the value of silver, provided the Treasury notes which are issued for the purchase of the silver are maintained at a value equal to gold. If there is any covert design or any expectation that under the operation of the provisions of this bill silver and gold coin of the United States will part company, and the operations of the Government and the business of the country be placed upon a silver basis, it certainly is not shared in by the majority of Senators. If I believed that this bill would produce such an effect, or would, as it has been claimed, lead to free coinage of silver by bringing us gradually to a silver basis, it would not receive my support. If I were going to support a measure designed or, in my opinion likely to bring about free coinage of silver, I should much prefer to support the amendment proposed by the senior Senator from Colorado: to provide directly and openly for free coinage; to give the country warning, and at one bound to go from the gold standard to the silver standard, and let the industries of the country adjust themselves to the new standard of values with one convulsion.

I can conceive of nothing more disastrous to the business and prosperity of the country than would be the gradual and unlooked-for divergence in the value of our gold and silver coin and certificates and the fluctuations in the money centers of the country from day to day and from week to week of the gold value of silver certificates until the value of our silver coin and certificates was no greater than silver bullion.

Our experience during the war, when the values of gold and legal-tender currency were subject to fluctuations, and they were dealt in in the stock markets as commodities, ought to induce us to avoid a repetition of such a condition of affairs. I am not in favor of any measure the result of which is uncertain. The finances of the country can stand heroic treatment. The wealth, the energy, and the patriotism of our people are so great that we will survive the effect of any legislative measure likely to become a law, but the industries of the country require that whatever changes in our financial policy are adopted shall be fair and open and understood by the business community. If the measure which shall be adopted by Congress looks to the maintenance of the present standard and to the enhancing of the price of silver so as to bring it nearer the price of gold, it seems to me apparent that nothing should be omitted which is calculated to enable the Treasury Department, in the execution of the law, to carry out the intention of Congress by preserving the parity of value between the silver and gold currency; and if, like the legal-tender currency, the new Government notes are to be given the legal-tender quality and to be made redeemable in coin, I can see nothing but a merely sentimental objection against giving the Secretary of the Treasury the same powers for their redemption that he possesses for the redemption of the legal-tender notes.

The question of the power of the Government under the Constitution to make Government notes redeemable in coin legal tender is settled beyond controversy. The Supreme Court of the United States is the tribunal which, under the Constitution, is intrusted with jurisdiction to hear and finally determine all questions arising under the Constitution, and to construe that instrument. There may be diversity of opinion as to what the Constitution means until that court passes upon the question, but when it has declared the meaning of any provision of that instrument that is the end of controversy. I see no reason why, Congress possessing the power to do so, the certificates to be issued under the provisions of this bill, which will be the promises of the Government to pay the amount called for by them in coin, should not be made legal tender in the payment of private debts as well as public dues.

Such a provision, I believe, would help to keep them at par with gold and to keep them in circulation.

The following article from the New York Tribune sets forth the dangers and inconveniences likely to arise from the fluctuations of silver, and is worthy of careful consideration:

SILVER FLUCTUATING.

There have been three distinct prices for silver this month. Silver certificates have sold at 101½ and at 106. The actual bullion at New York has sold at 101 and as high as 104½. Silver bars at London declined to 46 pence per ounce and then then rose to 47¼, the New York equivalents of which are about 100¼ and 103½ cents per ounce. These sharp fluctuations remind one unpleasantly of the scenes in the gold-room during the war. Is the country going to have another trial of a currency which varies from day to day in value and even from hour to hour?

Congress has no power to determine what the weather shall be, and it has just as little to determine what shall be the money of the commercial world. But it has power to cut American currency loose from the money of the commercial world, so that the value of American currency shall be determined by the frantic shrieks of speculators, who are buying and selling silver just now without any regard whatever to permanent relations of supply or demand, just as they were buying gold during the war, and would buy and sell gold again if the paper currency should come to be redeemable in silver. Then men who trade in money and gamble in prices would get back the power to rob the laborers of the nation at their pleasure, a power of which they were deprived by specie resumption eleven years ago. To all appearances there are men in Congress who want nothing else so much as a revival of that wholesale robbery of industry by fluctuating money.

It ought to be safe to assume that a Republican Senate would not suffer itself to be forced into antagonism with a Republican House or a Republican President on a measure of political importance. But if some Republican Senators are willing to co-operate with the Democrats of that body in defeating the recommendations of the President and Secretary of the Treasury, and also defeating a measure adopted in partial accord with those recommendations by the caucus of Republican members in the House, it may be that the country will have to rely for the safety or integrity of its currency upon the veto of its President. For it is not easy to see how such measures as are proposed in the Senate could receive the approval of the President, whose deliberate and carefully matured convictions were expressed in his annual message last December.

Compulsory purchase of more silver than this country produces, and issues of silver notes redeemable in any lawful money, but not in bullion, lest redemption in bullion should too surely prevent their depreciation, could hardly be reconciled with the convictions of any conservative President of either party. President Cleveland made it known that he would have vetoed any such measure, and President Harrison gave assurance in his annual message that no measure calculated to impair the soundness of the currency or to force upon the United States a monetary basis different from that of the commercial world would accord with his convictions. Whether he can be persuaded that an issue of $4,500,000 to $6,000,000 monthly of certificates redeemable in standard silver dollars, and not redeemable in any other way if the Treasury loses much of its gold, would be consistent with soundness of the currency remains to be seen, but it is significant that those who advocate extreme measures in the Senate are also canvassing to ascertain whether a veto can be overcome by the votes of a few Republicans with all the Democrats.

It is to be hoped that Senators and Representatives will have the patriotic good sense to avoid such an antagonism, for its effects could hardly fail to be harmful to the Republican cause, and also to the industries and business of the country. Practical men know that a measure which is distrusted is almost sure to do mischief, for the distrust itself is mischief. If a President and his advisers feel compelled to pronounce a measure unsafe, the strongest financiers here and abroad will be apt to accept that judgment, at least so far as to guard against loss by withdrawing gold from use. A distrusted measure would therefore mean contraction, and a contraction to which no limits can be set.

If any act for the purchase or coinage of silver bullion and the issue of Government notes, redeemable at the option of the Government in silver coin, enhances the value of silver bullion, a policy must be pursued by the Government which will keep all its currency, all money, of equal value and make it interchangeable.

At the present time the currency of the country is not equal in its intrinsic value. Gold is the unit of value by the statutes of the United States, and is the medium of exchange with the principal commercial countries of the world. Whatever may be substituted for gold in the United States and whatever functions it may be made to perform, in all foreign exchanges with European countries everything will be measured by gold. Gold will continue to be the international money. Balances of trade with the principal commercial nations of the world must be settled with it. The currency of the country at the present time consists partly of gold and gold certificates, redeemable upon presentation in gold deposited in the Treasury for their redemption; partly of silver coin and silver certificates redeemable in silver coin, the coinage of which is authorized under the act of January, 1878, intrinsically worth at the present time about 80 cents on the dollar, but which is made to pass current at par, not so much because the Government has made it a legal tender for the payment of private debts, but because it has provided for its practical conversion into gold by agreeing to receive it for taxes and custom-house dues; and partly in what is known as legal tender, redeemable on demand in coin, for which a fund of $100,000,000 in gold is held in reserve in the Treasury.

If the Government should to-day demonetize gold, it would still perform the functions of a medium of exchange in all international transactions and in ordinary transactions between citizens. The stamp of the Government adds nothing to its intrinsic value. Let the Government repeal the law providing for the redemption of its legal-tender notes, and they would rapidly depreciate. Let the Government repeal the provision of the act of 1878 for the receiving of the silver certificates in payment of public dues, and the Bland dollar and the silver certificate would at once depreciate until they were worth no more than the value of the silver bullion in the dollar and in the silver represented by the certificate.

But I need not pursue this matter further. Every one will substantially agree with me who believes that the value of money depends upon the amount of the precious metals it contains or can be converted into: paper money is valuable only because it is a promise to pay in gold or silver coin, and the stamp of the Government and statutes declaring something to be money having no intrinsic value, without some promise which makes it convertible into gold and silver, can neither give it value nor make it perform the functions of money. Nothing could be more admirably adapted to the wants of trade or more acceptable to the business community than the certificates issued by the Government for gold bullion or gold coin deposited in the Treasury. They possess all the utility of both gold coin and paper currency, they represent the full intrinsic value of the amount of gold they call for and at the same time possess all the advantages for handling and transportation of a paper currency. In them the reliability of coin and the convenience of paper money are united. As they represent only money of intrinsic and standard value among all nations, their issue can never unduly inflate the currency, and so long as the gold remains on deposit for their redemption on demand they can never depreciate. If the amount of silver in a silver dollar were increased so that it would be intrinsically worth a dollar in gold, and kept there, or silver certificates were made redeemable in bullion at the market value in gold upon the day of redemption, which is the substance of the plan of the Secretary of the Treasury, silver certificates would perform an equally valuable office as a medium of exchange as gold certificates, and that without danger of depreciation of silver currency and the retirement of gold.

The silver coin of the United States, coined under the Bland act and now stored in the Treasury vaults, may be compared to a leaning tower. The fact that a silver dollar is intrinsically worth but about eighty cents on the dollar is the law of gravitation that is constantly pulling the whole mass downward to the level of the price of silver bullion. The fact that the Government receives it in payment of public dues upon a par with gold and redeems the certificates in gold if preferred by the holder is the counteracting force that prevents the fall; but every month's coinage represents a course of material that raises the height of the tower and carries it towards the center of gravity, which, once reached, the law of attraction will precipitate the mass downward. That there is such a line between the opposing forces, beyond which we can not safely pass, is conceded by most people in this country, and because some persons have miscalculated its position and the precise time when it will be reached does not prove that it does not exist.

If the theory of gentlemen who deny that the intrinsic worth of gold and silver adds anything to their value as money and who contend that it is the fiat of the Government that alone gives value to the circulating medium is correct, it is poor economy to retain gold or silver, or even copper, as money. We should take the cheapest metal which is divisible and malleable and can be coined and stamped. The coin of the country might be of iron and of the same size, the stamp of the Government alone indicating whether a coin was a one-cent piece or a double eagle. As the cost of the metal would be merely nominal, the Government could regulate the amount of the circulating medium at pleasure; and if the value of money depends entirely upon its volume, as is contended by some, it could regulate the value also, or we need not have a metallic currency at all. We could substitute paper for metal. But, instead of using the promises of the Government to pay coin at a fixed day or at the pleasure of the Government, it would only be necessary to express upon the face of the paper and to determine by law what its value should be in payment of public dues and private debts, and send it forth to perform the functions of money without further responsibility on the part of the Government.

But that all such theories are radically and totally wrong is demonstrated by all human experience. The necessity for money arose from the division of labor among men, the necessity for the interchange of the products of their industry to supply their wants, and the inconvenience of barter. The convenient prosecution of commerce requires a common representation of values, a medium or tool of exchange. This medium of exchange we call money. Gold and silver were originally selected in preference to all other articles of value for money because they possess, in a greater degree than any other commodity we know of, the qualities necessary for convenient use as such. They constitute the bulk of the money of the world to-day for the same reason. A medium of exchange should possess considerable value; that is, be capable of being used for a great many purposes. It should be tolerably scarce and hard to obtain; it should be easily transported and pass readily from hand to hand; it should be easily subdivided and changed in form, and it should be abundant enough to answer the wants of commerce. Some metals are too abundant to possess the necessary value; some are too scarce. Precious stones, while of sufficient value, can not be subdivided. But the white and yellow metals possess all the qualities necessary for a medium of exchange, and therefore, by a law of natural fitness, have been selected for money, and by the same law retain the place.

But all transactions are not cash transactions. Sometimes, for want of ready money, the purchaser buys on credit; that is, he promises to pay money on a future day. In actual business this promise may be implied, it may be verbal, or it may be by a formal instrument in writing, in which case it becomes a note or bond. It may be worth all the money it calls for, but it is not money. The principal is not different when the Government issues its promises to pay money at a future day, either fixed or left at its option. The Government may provide by law—so says the Supreme Court—that its promises to pay money shall perform certain functions or even all the functions of money, but their value will still depend upon the promise of the Government to redeem them in gold and silver money and upon its ability to do so. The legal-tender notes were promises of the Government to pay money—that is, gold or silver coin; but the time at which payment was to be made was left to the option of the Government, and during the war some people lost faith in the ultimate ability of the Government to pay them. The consequence was that the legal-tender notes depreciated in value until they were worth no more than 35 cents on the dollar in gold, and even when the war was over, and the ability of the Government to pay its notes was unquestioned, the notes remained at a discount until the Government fixed a time when it would redeem them by the payment of gold and silver, and made provision for doing so. The legal-tender notes to-day are equal to gold, because the holder knows he can present them at the Treasury of the United States and receive coin for them.

A member of this body said to me not long since: "A silver dollar is just as good to me as a gold dollar. I can purchase as much with it as I can with a gold dollar, and I can exchange it for a gold dollar." This is true, but it is true only because the Government receives it in lieu of a gold dollar in payment of public dues; and this qualified or, rather, limited redemption has so far, with other favorable causes, been sufficient to maintain it at par.

The same thing is true in regard to the greenback. It is as good to me or even better than gold coin; but it was not always so. At one time it was worth but 35 cents on the dollar. It is worth par now because it is convertible at the pleasure of the holder into coin. To the same effect was the argument of the senior Senator from Nevada, in his able and instructive speech recently delivered in this body, illustrated by the story he told of sending a silver dollar from the Senate cloak-room to a telegraph messenger to pay 50 cents, the cost of a telegram, with the message to the boy that if, in his judgment the dollar was worth but 75 cents, to send him back 25 cents in change, but if worth 100 cents to send him back 50 cents in change. The boy sent him back word that the silver dollar was good enough for him. All such arguments, if they may be dignified by calling them such, in favor of silver coinage will not stand investigation. They are like a sleight-of-hand performance that deceives the uneducated eye. They appeal to a fact which is uncontroverted without going into the causes which make the fact possible, and they prove nothing.

What does free coinage of silver mean? It means that every man who has silver bullion may carry it to the mints and receive for every 412½ grains of standard silver a Bland dollar; or, under the Bland act, if he deposits bullion in sufficient amount may receive a Government note which is receivable for public dues and redeemable in silver coin.

What would be the effect of a free coinage of silver? It would stop the coinage of gold. No one would take metal worth 100 cents to the mint to obtain a dollar in coin while he could take metal worth 75 or 80 cents and obtain a dollar for it. It would at once depreciate the silver dollar to the value of silver bullion.

Mr. TELLER. I should like to interrupt the Senator if he is at a point where I may ask him a question. I should like to inquire where he would get his silver bullion at those prices.

Mr. DOLPH. I will show the Senator from Colorado later. If the effect of any legislation we may adopt is to permanently advance the price of silver we should get it from all over the world.

Mr. TELLER. I should very much like to hear the Senator on that point.

Mr. DOLPH. I prefer to consider it later, and will do so before I yield the floor.

Mr. TELLER. I do not wish to interfere with the order of the Senator's remarks.

Mr. DOLPH. Some people affect to believe that free coinage of silver would enhance the value of silver and bring it to par with gold, but such a belief is not justified by the experience of this or any other country. The gold dollar and the gold certificate and the Bland dollar and the silver certificate would part company the moment any act providing for the free coinage of silver was approved by the President; and before the first dollar coined under it could be put into circulation the silver dollar would be worth, as compared with gold, no more than the value of the bullion it contained. Silver would become the medium of domestic exchanges and the measure of all values in the United States, but the gold value of property would not be enhanced.

The value of our currency would fluctuate from time to time as the price of silver rose and fell in the markets of the world. Gold and silver would be sold daily in the stock enchanges of the great cities and be subject to similar speculations to those in legal-tender currency and gold during the war.

From the time the gold dollar and the Bland dollar parted company all the public dues of the Government would be paid in silver and the transactions of the Government would be upon a silver basis. The outstanding bonds of the United States and the interest on them would be paid in silver; or if, as some suppose, they are payable in gold, the Government would be compelled to purchase gold in the market at a premium for the purpose of their payment. In a word, we would at once, as to our financial policy, take our place alongside of the Asiatic countries. We would join the thousand millions of people of Asia, Africa, and South America, who to-day have silver for their currency, and part company with the three hundred millions and over of the inhabitants of the enlightened countries of Europe, who maintain a gold standard.

It is claimed that free coinage of silver in the United States would increase the price of silver bullion; that the fortunate holder of silver bullion would reap great advantage by free coinage, and that the United States would be made the dumping-ground for the silver of the world. But this, in my judgment, would not be the case; at least, any increase in the price of silver bullion would be but temporary. With free coinage the price of silver in the United States, including silver coin, would speedily become the market price of silver bullion everywhere, and there would be no inducement to import silver and no special inducement to coin the product of our own mines. The world's product would be distributed much the same as it is now for coinage and manufacturing purposes. It could not be otherwise. There is no alchemy in the coining process that could convert without limit 80 cents' worth of silver bullion into a dollar worth 100 cents.

And what would we gain? We might enhance the temporary value of silver somewhat, but even that is doubtful. If the compulsory coinage by the United States of $2,000,000 worth of silver per month has not had the effect to stop the decline in the price of silver, who can say that the use of the amount we should coin under free coinage would increase its value?

No one can predict with certainty that as much silver would be coined with free coinage as is now coined under the Bland bill. Free coinage would, in my judgment, not only not increase the price of silver, but would relieve the fears of European nations concerning the result of the continuation of their present gold standard, and we should be shorn of our influence with them, if we have any, to bring about an international agreement for the opening of their mints to both silver and gold at uniform rates.

The five hundred millions of gold now in circulation and in the Treasury would go abroad to pay balances of trade, and, if the free coinage of silver enhanced the value of silver to pay for silver bullion to be coined at our mints or if it remained in the country, would be withdrawn from circulation and hoarded. This disappearance of gold would be more rapid than the coinage of silver could be, and would, for a time at least, violently contract the currency.

The additions to our currency by coinage of silver would be uncertain and irregular, depending upon circumstances over which the Government would have no control.

The late Secretary Manning, in his annual report for 1886, advocated the redemption and cancellation of the legal-tender currency with the surplus revenues, without proposing to provide any substitute. That would have at once contracted the currency of the country $246,000,000. The effect of such a contraction would have been to demoralize every industry in the country and to increase the purchasing power of gold. As the currency contracts, the merchants, the bankers, and the business men of the country correspondingly contract their business operations, the demand for labor is lessened, and the laborer loses his employment; so that at last the loss falls upon those least able to bear it, the men whose only capital is their daily labor and whose daily wages are necessary to secure support for themselves and families.

The retirement of the legal-tender notes, leaving the bonds outstanding, would have been scarcely less than criminal; but, in my judgment, a policy which would drive $500,000,000 of gold out of this country without providing a certain and sufficient substitute would be quite as great a crime. Secretary Manning's plan would have withdrawn the currency gradually, and the industries of the country would have had an opportunity to adjust themselves to the change. The $100,000,000 of gold reserved for their redemption would have been returned to circulation, so that the actual contraction of the currency would only have been $246,000,000; whereas gold, with free coinage of silver, would suddenly cease to circulate and there would be a sudden contraction of more than double the amount which would have been caused by the adoption of Secretary Manning's plan for the retirement of the legal-tender currency.

Both for the purpose of securing an addition to our circulating medium and for enhancing the value of silver bullion, a law which requires the purchase of an amount of silver bullion approximating or exceeding our production of silver and the issuing of Government notes possessing the qualities and performing the functions of money, appears to me to be far preferable to free coinage.

I can see how if with free coinage the price of silver was enhanced the prices of commodities might be enhanced also. The price of wheat and cotton in silver countries might to some extent follow silver in its upward tendency and so the price of those commodities in the foreign markets improve; but it would not necessarily be so. Indeed such a result is hardly probable. The natural consequence would be for the price of commodities to depreciate as the measure of value appreciated.

I can also conceive, if the payment of debts could be made in silver coin or certificates which were at a discount with the present currency, the debtor class might be benefited, but practically the benefit would be but little. Where the obligations of the debtor did not call for gold coin they would be speedily changed and made to correspond with the new standard of values.

The people of the Pacific coast, foolishly as I thought at the time, during the war adhered to coin and transacted their business on a coin basis, to the detriment of the consumer and debtor class and the benefit of the middlemen and the creditor class. If the business of this country should be placed upon a silver basis, I do not think the debtor class upon the Pacific coast would be greatly benefited, as the Bland act only provides that the Bland dollar shall be a legal tender for private debts when not otherwise provided; and it is an almost universal custom upon that coast to make promissory notes and other obligations to pay money payable in gold coin, and the courts enforce specific performance of the contract.

Of what benefit would the change of values from the gold to the silver basis be to the people generally? The benefits which could possibly accrue to any class of our citizens by free coinage of silver may be summed up in the scaling down of indebtedness; and it might well happen that the derangement of our currency would bring about a state of affairs by which it would be more difficult for the debtor to pay in the new measure of values than in the present one.

Take for illustration one commodity, wheat. Suppose for argument's sake the price under the present standard to be 80 cents per bushel, the value of the silver bullion in a Bland dollar measured in gold; suppose with free coinage of silver a bushel of wheat becomes worth a dollar in silver, but the dollar is worth only 80 cents in gold—the actual price of the wheat in the domestic and foreign market would be unchanged. Everything the farmer had to buy would be advanced when the value was measured in silver instead of in gold, in the same proportion with wheat. His grocercies, his clothing, and his agricultural implements would advance in price, and the price received for his wheat would go no further and have no greater purchasing power than the price previously received.

The laboring class would suffer first and longest from the change. The products of the looms, the factories, and the farms would quickly respond to the change in the measure of values; but the men whose only marketable commodity is their daily labor would find that wages are not as easily adjusted. They would be expected to be content with a dollar having a purchasing value, as compared with the present standard, of only 80 cents.

That these results will follow free coinage of silver may be demonstrated to an almost absolute certainty by our own experience with free coinage of gold and silver at a fixed ratio.

The true situation—I call the attention of the Senator from Colorado to this as being a partial answer to his question—the true situation of the various states of Europe, whose action concerning silver will affect the price of silver as compared to gold and counteract any legislation we may enact, is as follows:

Roumania is going to demonetize 25,000,000 or 30,000,000 francs in five-franc pieces, and in such haste too, induced by the prospect of legislation upon the subject in the United States, that the minister of finance has invited offers for the sale of the silver, and it is rumored that an American syndicate has been formed to purchase it for the purpose of speculation.

Mr. TELLER. I did not understand where the Senator got that.

Mr. DOLPH. This refers to Roumania. I am not giving my authority at present for all these statements.

Mr. TELLER. A newspaper statement?

Mr. DOLPH. I am not giving a newspaper statement.

Mr. TELLER. That is all there is of it.

Mr. DOLPH. No, I am not giving newspaper statements. There is only one man in the world better qualified to give information concerning it than the man whose statement I now quote. I will pursue that later.

Mr. McPHERSON. Where did I understand that was?

Mr. DOLPH. Roumania.

The settlement of their silver accounts by the countries composing the Latin Union is close at hand. At the end of the present year the three debtor countries, Belgium, Italy, and Greece have to take back from France their depreciated five-franc pieces, and the Bank of France holds, ready counted, packed, and set aside ready for delivery, the following sums: 132,000,000 francs in Italian five-franc pieces, 204,640,000 francs in Belgian five-franc pieces, 2,300,000 francs in Greek five-franc pieces, 5,500,000 francs in Italian fractional currency, and 2,750,000 francs in Belgian fractional currency. Belgium can not use such an amount of silver, and must sell part of it whether she likes it or not.

Mr. TELLER. I do not like to interrupt the Senator, but I wish to ask him to give us his authority.

Mr. DOLPH. I will do that before I get through. The Dutch Chambers have long ago placed the discretionary power to sell 25,000,000 florins in pieces of 2½ florins in the hands of the minister of finance, who will, of course, seize the opportunity, if we enhance the price of silver, to sell it.

Germany stopped its sales of silver in 1878 when silver fell to about 50*d*. But the thalers must be sold, as she has no use for them under her monetary system, and arrangements are being made to resume sales when the market will warrant, and then 450,000,000 of marks of fine silver will be put upon the market.

Mr. SHERMAN. I ask the Senator whether that is in the Bank of Germany or is in circulation? Has the Senator any information upon that subject?

Mr. DOLPH. It is in the bank. This is the silver, as I understand, not in use, not in circulation. If we should adopt free coinage of silver and the price was permanently enhanced, which I do not believe would be the case, we would be flooded with these millions and millions of dollars of silver, and it might come to pass that India would suspend silver coinage and send her silver to our markets. I shall have more to say about silver coinage in India directly.

Secretary Windom, in his annual report, dismisses the proposition for free coinage of silver as impracticable. I quote what he says upon that subject:

FOURTH. FREE COINAGE OF STANDARD SILVER DOLLARS.

This may be called the "heroic" remedy. To open our mints to free coinage for depositors, when 412½ grains of standard silver are worth in the markets of the world only 72 cents, would be to say to everybody at home and abroad, bring us 72 cents' worth of silver, and by the magic of our stamps and dies we will transmute it into 100 cents.

Free coinage of silver, while it is an indispensable condition of permanent restoration, were it bestowed by this country at a time when the metal value of the silver in the full legal-tender dollar is 28 cents less than its nominal value, would simply have the effect, by opening the mints to the free coinage of silver into legal dollars, to close them for the free coinage of gold. No doubt our mints would find ample employment. If they were now open to the free coinage of silver we should not need them for the coinage of gold, because gold would command a premium and become a commodity to be hoarded or shipped abroad, and not a coin for circulation at home. It would stop the simultaneous circulation of gold and silver. Our customs dues would be paid only in silver, our legal-tender notes would be used to draw the gold from the Treasury, and would then represent only a debt in silver, and we should be compelled to go into the market and purchase gold to meet our obligations or pay them in silver dollars. Rich and powerful as the United States is, we are not strong enough nor rich enough to absorb the silver of the world without placing our country wholly upon the Asiatic silver basis. This policy would in nowise tend to restore the desired equilibrium between gold and silver nor to promote their joint use as money.

Nor would it meet the hopes and expectations of those who desire an increase of our circulating medium.

The amount of gold and gold certificates owned by the people and in actual circulation, exclusive of $187,572,386 owned by the Treasury on November 1, 1889, was $496,622,300. Free coinage of silver dollars would, as already stated, very soon put this large amount of gold at a premium and cause it to be hoarded or exported, and thus retire it from circulation.

Even if we should coin 100,000,000 standard silver dollars a year, it would be five years before enough of them could be put in circulation to equal the gold thus banished, and by the time 500,000,000 silver dollars, in addition to our present stock, could be circulated, their depreciation from the gold standard might require one or two hundred millions more to do the same amount of work now done by gold.

It is difficult to conceive of a method by which a more swift and disastrous contraction of our currency could be produced.

It is within the memory of all that for several years prior to 1879 gold was not in circulation as money, but when resumption took place the hidden treasures, which had so long been banished from actual use, at once flowed into the channels of business and produced the most substantial and satisfactory conditions of prosperity.

The free coinage of silver dollars, under existing circumstances, would be to reverse the results achieved by resumption.

To show that my views as to the causes which have heretofore operated to maintain silver coin and silver certificates at a par with gold are the views entertained by the best-informed persons on the subject, I quote from two Secretaries of the Treasury under different Administrations. Secretary Manning, in his annual report for 1886, said:

Our 215,000,000 silver dollars are by law full legal tender. Sharing that function with the monetary unit itself, the honor of the country, not less than its interests, is involved in the preservation of their equivalence with that unit wherever our citizens dwell and our laws run. Equivalence in foreign trade, for the reasons above indicated, is for the present quite impracticable. Equivalence in domestic trade is practicable. But that equivalence is now imperiled by the continuing coinage and increasing number of the silver dollars. This is much more than a deliberate judgment of the Secretary of the Treasury. It is attested to him from the centers of trade in all parts of the country, as much from the South as the North, as much from the West as the East. Not alone our able statesmen and instructed economists and financiers advise the stopping of the silver coinage now, but wherever our fellow-citizens are concentrated in commercial cities and towns the business classes engaged in the trade, the enterprises, and manufactures of those centers, and the still larger masses of workingmen employed by them, urge the stopping of the silver coinage now. It is these classes which are always first to perceive such perils to industry and trade and the consequences they entail. To their judgment in such a matter even the acts of Congress touching commerce and currency are finally appealed. For it is their interests first, and afterward the interests of the agricultural classes, which are endangered. Every business man from day to day must form his separate judgment of any medium of exchange which he may be obliged by law to take in his next bargain. Twenty years ago the gold dollar was not kept from a premium, to-morrow the silver dollar can not be kept from a discount, in disregard of their appraisal.

ONE-METALLISM OR TWO-METALLISM—OUR ONLY CHOICE.

The choice before Congress is not between silver monometallism and gold monometallism. Both are inadmissible. The choice before Congress is not between bimetallism and either gold or silver monometallism. The latter are not admissible, and bimetallism is only possible with the co-operation of other nations, which is not now to be had. For, although France holds the same friendly attitude, and would be followed by some of her associates of the Latin Union, England now, as in 1878 and 1881, is unwilling to depart from her mintage of gold alone into coins of unlimited legal tender, and Germany now, as in 1881, regards the concurrence of England in an international bimetallic union as a *sine qua non*. Such being the facts, established upon abundant testimony, official and unofficial, gathered by the Department of State, it becomes plain that the choice of Congress is only in fact between stopping the coinage of silver dollars or risking by further coinage the inequivalence of those dollars with our monetary unit, risking the fall of the value of 215,000,000 silver dollars from their legal domestic rating to their commercial international value, which is 20 per cent. less, and involving such a disuse in our domestic trade of 550,000,000 dollars of gold coin as when gold was ejected by paper during the war.

Secretary Windom repeats the warning in the following language:

SILVER.

The continued coinage of the silver dollar, at a constantly increasing monthly quota, is a disturbing element in the otherwise excellent financial condition of the country and a positive hinderance to any international agreement looking to the free coinage of both metals at a fixed ratio.

Mandatory purchases by the Government of stated quantities of silver and mandatory coinage of the same into full legal-tender dollars are an unprecedented anomaly, and have proved futile, not only in restoring the value of silver, but even in staying the downward price of that metal.

Since the passage of the act of February 28, 1878, to November 1, 1889, there have been purchased 299,889,416.11 standard ounces of silver, at a cost of $286,930,633.64, from which there have been coined 343,638,001 standard silver dollars.

There were in circulation on November 1 of the present year 60,098,480 silver dollars, less than $1 per capita, the remainder, 283,539,521, being stored away in Government vaults, of which $277,319,944 were covered by outstanding certificates.

The price of silver on March 1, 1878, was $54\frac{15}{16}$ pence, equal to $1.20429 per ounce fine. At this price $2,000,000 would purchase 1,660,729 ounces of fine silver, which would coin 2,147,205 standard silver dollars. At the average price of silver for the fiscal year ended June 30, 1889 (42.499 pence), equivalent to $0.93163 per ounce fine, $2,000,000 would purchase 2,146,755 fine ounces, out of which 2,775,628 standard silver dollars could be coined.

The lower the price of silver the greater the quantity that must be purchased, and the larger the number of silver dollars to be coined, to comply with the act of February 28, 1878.

No proper effort has been spared by the Treasury Department to put in circulation the dollars coined under this law. They have been shipped, upon demand, from the mints and subtreasuries, free of charge, to the nearest and the most distant localities in the United States, only to find their way back into the Treasury vaults in payment of Government dues and taxes. Surely the stock of these dollars which can perform any useful function as a circulating medium must soon be reached, if it has not been already, and the further coinage and storage of them will then become a waste of public money and a burden upon the Treasury.

It is freely admitted that the predictions of many of our wisest financiers, as to when the safe limit of silver coinage would be reached, have not been fulfilled, but it is believed that the principles on which their apprehensions were based are justified by the laws of trade and finance, and by the universal experience of mankind. While many favorable causes have co-operated to postpone the evil effects which are sure to follow the excessive issue of an overvalued coin, the danger none the less exists.

The silver dollar has been maintained at par with gold, the monetary unit, mainly by the provisions of law which make it a full legal tender, and its representative, the silver certificate, receivable for customs and other dues; but the vacuum created by the retirement of national-bank circulation and the policy of the Government in not forcibly paying out silver, but leaving its acceptance largely to the creditor, have materially aided its free circulation.

The extraordinary growth of this country in population and wealth, the unprecedented development in all kinds of business, and the unswerving confidence of the people in the good faith and financial condition of our Government have been powerful influences in enabling us to maintain a depreciated and constantly depreciating dollar at par with our gold coins, far beyond the limit which was believed possible a few years ago.

But the fact must not be overlooked that it is only in domestic trade that this parity has been retained; in foreign trade the silver dollar possesses only a bullion value.

What I have said concerning the effect of opening our mints to the free coinage of silver does not refer to free coinage under an international agreement, fixing a ratio between gold and silver and for opening the mints of the principal countries of Europe to free coinage of silver.

I do not understand that there has ever been an hour in the history of this country when the Government has not favored bimetallism, that is, the coinage of both gold and silver at a fixed ratio, provided the ratio can be maintained, so that both metals can be coined and circulated as money. But some of us believe that national bimetallism is impracticable, that it is not possible for the United States alone to control by legislation the values of gold and silver, and that the only way to secure the use of both gold and silver as money, so that free coinage of both at a fixed ratio is possible, is to secure an international agreement with the principal countries of Europe for the establishment of such an international ratio as would secure free coinage of both metals in the mints of those countries and ours. There is no middle ground for us while the principal countries of Europe decline to enter into an agreement to remonetize silver, and we must either stand with the countries which maintain the gold standard or join those in which silver is the medium of exchange.

There does not seem to be any immediate prospect of securing such an international agreement.

By the act of February 28, 1878, the President was authorized to invite the Governments of the countries composing the Latin Union, and such other European nations as he might deem advisable, to join the United States in a conference to adopt a common ratio as between gold and silver, for the purpose of establishing internationally the use of bimetallic money, the conference to be held at such place as might be agreed upon.

The President was authorized to appoint, by and with the advice of the Senate, three commissioners to attend the conference. Mr. Fenton, Mr. Groesbeck, and Mr. Walker were appointed, and afterwards Mr. S. Dunn Horton was added to the commission. The invitation was extended, and the conference met at Paris, August 10, 1878. Delegates were present from nine countries, Austria-Hungary, Belgium, France, Italy, Netherlands, Russia, Sweden and Norway, Switzerland, and the United States.

The conference was composed of some of the most distinguished men of the countries represented. Every phase of the question was ably discussed, and the report of its proceedings is a most valuable document, containing a vast amount of information, but the conference was barren of results. England could not be induced to abandon her system and Germany would not consent to do so without the concurrence of England. Another conference was held at Paris in the spring and summer of 1881, in compliance with the joint invitation extended to the countries of Europe by the Governments of France and the United States. The delegates from this country were Mr. EVARTS, Mr. Thurman, Mr. Howe, and Mr. Horton.

The result of this conference was like that of 1878: the attitude of England and Germany was unchanged, and no agreement was reached.

President Cleveland in his first message (1885) says:

I delegated a gentleman well instructed in fiscal science to proceed to the financial centers of Europe, and, in conjunction with our ministers to England, France and Germany, to obtain full knowledge of the attitude and intents of those Governments in respect to the establishment of such an international ratio as would procure free coinage of both metals in the mints of these countries and our own. The attitude of the leading powers remains unchanged since 1881, and the views of those Governments are supported by the weight of public opinion.

Mr. Manton Marble was the person referred to. The President stated that four out of five of the countries comprising the Latin Union mentioned in our coinage act had stopped the coinage of silver, and had also agreed that silver already coined should be redeemed in gold by the government that had coined it.

During the last administration, Mr. Edward Atkinson, of Massachusetts, was appointed by the President to proceed to Europe and ascertain whether there was any change in the attitude of the principal European powers towards an international agreement for the opening of their mints to the free coinage of silver at a ratio between gold and silver to be agreed upon.

The result of his mission is best told in his own words. I quote from Mr. Atkinson's report to the President, which is a very elaborate and able one.

Mr. SHERMAN. What is the number of it?

Mr. DOLPH. Senate Executive Document No. 34, first session, Fiftieth Congress.

In his report to the President Mr. Atkinson says:

In presenting this case for discussion, beginning early in June, my method has been as follows:

I have stated that the circumstances of the time in the United States, such as the payment of all the interest-bearing bonds which are now due, the impending contraction of the paper currency by the withdrawal of bank notes from circulation, the probable accumulation of the surplus revenue in the Treasury in the form of legal-tender United States notes or coin, and other influences, might soon render important legislation an absolute necessity, both in respect to our monetary system as well as to the reduction of taxation. I next called attention to the fact that in the mean time this contraction of the paper currency might or must in almost any event continue long enough to render the circulating medium of the United States insufficient for the wants of the country. Therefore, a heavy and perhaps long-continued draft for gold coin might be made upon the reserves of coin of Europe to fill the gap, which demand soon after began and has not yet ceased.

In view of such prospective legislation in the United States, I have stated that, it had become very desirable to ascertain what changes in monetary legislation, if any, were likely to be made ere long in Europe; and, it having been confidently represented in the United States that the bimetallic theory was making rapid progress, the main purpose of my mission had been to ascertain the facts. It being important that if any such action were about to be taken by the commercial and manufacturing states of Europe to restore the free coinage and full legal tender of silver at any agreed ratio of silver to gold, suitable measures might be advised by the executive, or might be taken by the Congress of the United States, for concurrent action.

I have further stated that if the principal commercial and manufacturing states of Europe had no immediate intention of changing from the present status of a limited coinage of silver for subsidiary use, the standard of full legal tender being limited in practice to gold coin only, then it might become the true policy of the United States to take action to maintain the gold dollar as the "unit of value," according to the present statute, and for the Executive to recommend to Congress suitable measures, if any further action is necessary, to maintain permanently the present interchangeable quality or convertibility of our currency into gold coin on demand, whether consisting of notes, silver coin, or silver certificates.

From the beginning of my work, early in the month of June, until the present date I have called urgent attention to two points which I consider of paramount importance.

Mr. Atkinson further says, after continuing his statement of the manner in which he had approached the subject:

Having thus stated how I have endeavored to perform the duties assigned to me, I now report that in my judgment—

1. There is no prospect of any change in the present monetary system of European states which can modify or influence the financial policy of the United States at the present time.

2. There are no indications of any change in the policy of the financial authorities of the several states visited by me which warrant any expectation that the subject of a bimetallic treaty for a common legal tender, coupled with the free coinage of silver, will be seriously considered at the present time by them.

3. There is no indication that the subject of bimetallism has received any intelligent or serious consideration outside of a small circle in each country named as a probable or possible remedy for the existing causes of alleged depression in trade.

4. There is no considerable politically organized body of influential persons in either country with whom a combination could be made, if such a combination or co-operation were desirable on the part of a similar body in the United States, for promoting any definite or practicable measures of legislation to bring about the adoption of the bimetallic theory according to the commonly accepted meaning of that term. The discussion is as yet almost wholly personal, and without concentration of purpose or the presentation of any well devised measure capable of being acted upon.

He also says in regard to the different countries:

Germany can not, or will not, take up the consideration of any change in her present acts without the concurrence of Great Britain. The discussion of the theory of bimetallism is actively continued in an academical manner by the professors of her universities; but in March last, at a convention of delegates, the various chambers of commerce, which are very important representative bodies, declared against any change in existing acts by a vote of 71 chambers to 4. *Vide* report of her Britannic Majesty's Consul Strachey, of Dresden, to the Government of Great Britain, a copy of which is submitted herewith.

Great Britain awaits the report or reports of the royal commission on gold and silver, which has adjourned until the autumn or winter, after the examination of sundry witnesses whose testimony has been published, a copy of which is submitted herewith.

The possibility of a bimetallic treaty without the concurrence of Great Britain has been suggested, but it has apparently no prospect even of consideration in Germany, and very little elsewhere. At every point and by the representatives of every phase of opinion on the Continent, I was assured that the continuance of the present status or the future adoption of a bimetallic system of legal tender virtually rested upon the action of Great Britain.

Then he proceeds to state what the support is of the so-called movement in Great Britain for bimetallism.

The bimetallists have brought to their support the East Indian civil and military officers who maintain their families in England and who are obliged to remit depreciated rupee paper to London; also a portion only of the manufacturers and merchants, especially of Lancashire, who have been exposed to more or less difficulty and expense in realizing the proceeds of their goods, which are exported to the East. Outside of these two classes, who have, or are assumed to have, a direct personal interest in the matter, the great body of the English people are apparently indifferent or else are ignorant of the subject. Bimetallism has not yet become a live question of any great parliamentary or political importance.

The most important part of his report is the following:

The most important point which I beg leave to present is this: I am convinced by my own observation, sustained by the judgment of others, citizens or officials of the United States, whom I have consulted, that it would be unwise and inexpedient for the United States again to take the initiative in promoting action for a general adoption of a bimetallic legal tender, coupled with the free coinage of silver, for the reason that such action is misconstrued and may tend to retard rather than to promote the object aimed at. It may also increase rather than diminish the discredit of silver.

The reason is this: The general conviction among the financial men in Europe is that the United States Government is loaded with an excessive quantity of silver dollars which it can not get into circulation. These dollars are coined at a standard which is at variance with the silver money of any other country, to wit, at the ratio of 16 of silver to 1 of gold. It is believed that the financial officers of the United States are convinced that the product of silver is excessive and that the ratio of silver to gold, *i. e.*, its price as bullion, is liable to fall even lower than it is now; therefore any initiative by the United States is looked upon as an attempt to relieve itself of an unprofitable stock and to provide a market for the future product of silver. Any effort of the United States to promote a bimetallic treaty and to restore the free coinage of silver is not therefore regarded as a sincere effort to promote a better monetary system, of which all nations may share the benefit, but rather as being induced by a desire to promote the special interest of the United States at the cost of whom it may concern.

It is utterly impossible for the thoroughly trained and intelligent statesmen of Europe, either bimetallists or monometallists, to comprehend why the United States should continue to coin dollars of the present standard, of the ratio of 15.98, say 16 parts of silver to 1 of gold, which can not be adjusted by any treaty to the present standard of any silver coin in circulation in other countries without the recoinage of European and East Indian coins. Therefore, when the subject of a common legal tender is suggested the question comes up about in this way: If the United States really mean what they propose, the coinage of Bland dollars must of necessity be stopped and the coin be withdrawn. For if free coinage were re-established in Europe, and a treaty of common legal tender were made at the ratio of 15½ to 1, and if Bland dollars were still outstanding, all these Bland dollars would immediately be shipped to Europe and India, and the United States would be relieved of the burden. On the other hand, the United States could not agree to coin at any higher ratio than, say, 15½ to 1, without a recoinage on their own part of the dollars now existing at the ratio of 16 to 1. A treaty is impossible except the same ratio be adopted by all the parties thereto.

I have quoted more at length from Mr. Atkinson's report than I would have done except for the fact that it is, I believe, the latest official information we have concerning the progress which the proposition for international bimetallism is making in Europe. Since the date of Mr. Atkinson's report the final report of the royal commission has been made. The results arrived at were as follows, and I call special attention to the quotations which I make from this report for the reason that all the authorities agree that there never can be an international agreement for the free coinage of silver by the principal European countries at a ratio to be agreed upon until England is ready to concur in it. What I quote is from Part I of the report, under the heading of "Conclusions as to the causes of the divergence in the relative value of the precious metals." I will ask the Senator from Illinois [Mr. CULLOM] to be good enough to read it.

Mr. CULLOM read as follows:

CONCLUSIONS AS TO THE CAUSES OF THE DIVERGENCE IN THE RELATIVE VALUE OF THE PRECIOUS METALS.

178. We will now proceed to state the conclusions to which we have been led by a consideration of the several arguments set forth in the previous pages.

Mr. TELLER. Please state what that is.

Mr. CULLOM. "Final report of the royal commission appointed to inquire into the recent changes in the relative value of the precious metals."

Mr. TELLER. What is the number of the document?

Mr. CULLOM. Senate Miscellaneous Document No. 34, Fiftieth Congress, second session.

Mr. TELLER. On what page?

Mr. CULLOM. Page 77.

Mr. CULLOM resumed and concluded the reading, as follows:

179. We have pointed out that the phenomena with which we had to deal were (*a*) extensive fluctuations and (*b*) a considerable fall in the gold price of silver, which have manifested themselves since 1873.

For forty years preceding that date there was a difference of only 2⅞*d*. between the highest and lowest annual average price of bar silver in London. Between 1873 and 1887 the difference was 14⅝*d*.

Not only have the variations in price covered this greatly extended range during the later period as compared with the former, but the fluctuations from time to time in the course of a month, or even of a few days, have been much greater.

180. The first point which naturally invites attention as an explanation of the fall in the gold price of silver in recent years is the large increase in the production of silver, coincident with some diminution in the production of gold.

The annual average production of the former metal, according to Dr. Soetbeer's estimate, has increased from 1,339.085 kilograms, valued at £11,984,800, in the five years 1866–'70 to 1,969,425 kilograms, valued at £17,232,450, in the five years 1871–'75, and to 2,861,709 kilograms, valued at £21,438,000, in the five years 1881–'85; thus showing an increase between the first and last periods mentioned of upwards of 100 per cent. in quantity and nearly 80 per cent. in value.

On the other hand, according to the same authority, the annual production of gold, which averaged 195,026 kilograms, equivalent to £27,206,900, from 1866 to 1870, fell off to 173,904 kilograms, or £24,260,300, from 1871 to 1875, and to 149,137 kilograms, or £20,804,900, between 1881 and 1885, a diminution of nearly 25 per cent.

181. In addition to changes in the relative production of the two metals during the last fifteen years, there appears to be ground for the allegation that there has been during that period both increased use of gold and diminished use of silver for currency, resulting from changes which were made in the currency systems of various countries immediately before or during that period.

182. The amount of gold actually coined in Germany since 1871 has been upwards of £98,000,000, of which about £80,000,000 is said to represent the new demand. But a considerable proportion of this new demand appears to have been satisfied prior to or in 1872 and 1873, as the German coinage in those two years amounted to £50,000,000; and there seems reason to believe that some portion of this gold was taken from hoards of that metal in France which were not previously in circulation.

It is also to be observed that while in the years 1866–'70 the United States retained on an average £2,533,000 a year out of their own home production, in the period from 1871 to 1875 they exported nearly £1,500,000 in excess of the quantity produced in the country in those years.

The force of the United States demand did not begin to make itself felt until the middle of the year 1877; but since that date the use of gold in that country has increased very largely, the value of the metal absorbed during the ten years 1876–'85, having been £112,589,600, as against £11,196,000 in the ten years immediately preceding.

There has also been a certain demand, though of a less important character, owing to the requirements of Italy, Holland, and the three Scandinavian countries.

On the whole there can be very little doubt that there has been a considerable increase in recent years in the use of gold for purposes of currency.

183. Turning next to silver, it is very difficult to estimate the extent to which the use of this metal has diminished in Europe and America owing to currency changes.

No doubt the adoption of a gold standard in Germany diminished the demand for silver in that country; but on the other hand there has been a very large coinage of silver in the United States during the last ten years, amounting to upwards of $300,000,000, while in the ten years preceding 1873 the currency in that country was paper and but very little silver was coined.

When all the facts are taken into account it seems doubtful whether there has been on the whole any great diminution in the use of silver for currency purposes.

184. The silver placed on the market by Germany since 1873 is another element which must be taken into account. The amount actually sold and thus added to the supply available for the use of the world was not very large, but the mere fact of the sale and demonetization even of the amount in question would probably tend to discredit silver, and produce an effect upon the market disproportionate to the amount which was actually sold, if the latter were regarded merely as an

addition to the supply. The sales of the German silver, however, practically ceased in 1878 or 1879, and this influence has therefore probably ceased to operate directly since that date, though apprehensions of further supplies being thrown upon the market may have exercised a depressing effect.

Mr. REAGAN. May I ask the Senator what part of the report that is?

Mr. DOLPH. That is from Part I. The extract is found on pages 77 and 78 of Senate Miscellaneous Document No. 34. I will now quote from page 113 of the same document:

102. We are fully impressed with a sense of the difficulties which surround the Indian Government, and of the serious questions to which any proposed additional tax must give rise.

It is not only the embarrassment which has already been caused to the Government of India that has to be borne in mind, but the impossibility of foreseeing to what extent those embarrassments may be increased and their difficulty augmented by a further depression in the value of silver.

We have no hesitation, then, in expressing the conclusion that the changes in the relative value of the precious metals are causing important evils and inconvenience to the Government of India, which are well worth the endeavor to remedy them, if a remedy can be devised which could be adopted without injustice to other interests and without causing other evils or inconveniences equally great.

It must be remembered, however, that if the view be correct that there has been a substantial fall in the value of silver which has prevented the silver prices of Indian produce being as low as they otherwise would have been, then to that extent the Indian tax-payer has escaped the increase of his burdens which would have resulted, assuming the taxes imposed to have remained the same.

It will be observed that the commission is silent about any disturbance to Great Britain. The whole inconvenience is the inconvenience of the Government of India, where the business of the country is upon a silver basis, and not to the mother country. I now quote ——

Mr. REAGAN. I presume that is from the report of the six members of the commission who opposed the silver coinage, and not from the six who favored silver coinage.

Mr. DOLPH. The first extract I read I think was from the report of the full commission. This is from the report of the majority of the commission.

Mr. REAGAN. I do not know how it can be called a "majority" when the commission was six to six.

Mr. DOLPH. I now read from page 122 to see what kind of a proposition this commission would have Great Britian make to the United States and other countries in regard to silver.

136. The real difficulty of the present situation lies in the position of the Government of India on the one hand and of the foreign nations whose currency consists in a large part of silver on the other.

The nations forming the Latin Union are large holders of silver and are greatly interested in maintaining its value. It is possible, moreover, that India—

Just listen to this—

It is possible, moreover, that India, in order to obviate the difficulties from which she at present suffers, may determine, as she has already proposed, to follow the example of the Latin Union and close her mints, a measure which would still further depreciate the value of silver.

That is to say, the commission thinks it is possible that India, already upon a silver basis, may withdraw the free coinage of silver and close her mints to silver on account of the inconveniences she suffers by the depreciation of her currency.

If this course were adopted, the states of the Latin Union, as large holders of that metal, might be seriously affected; and it is worthy of consideration whether foreign governments—

Not Great Britain—

might not be approached with a view to ascertain whether they would open their mints to a greater extent than at present to the coinage of silver for a given term of years—

Now, for what consideration?

on an undertaking from India that she would not close her mints during the same period. In order to assist such an arrangement, we think that part of the bullion in the issue department of the Bank of England might be held in silver, as permitted by the bank act of 1844.

We are aware that a similar suggestion made in 1881 was not accepted, but the possibility that India may follow the example of the Latin Union in closing her mints may render the countries forming that combination more disposed to entertain the proposal.

Closing this part of the report they say:

138. Though unable to recommend the adoption of what is commonly known as bimetallism, we desire it to be understood that we are quite alive to the imperfections of standards of value, which not only fluctuate, but fluctuate independently of each other; and we do not shut our eyes to the possibility of future arrangements between nations which may reduce these fluctuations.

One uniform standard of value for all commercial countries would no doubt, like uniformity of coinage or of standards of weight and measure, be a great advantage. But we think that any premature and doubtful step might, in addition to its other dangers and inconveniences, prejudice and retard progress to this end.

We think also that many of the evils and dangers which arise from the present condition of the currencies of different nations have been exaggerated, and that some of the expectations of benefit to be derived from the changes which have been proposed would, if such changes were adopted, be doomed to disappointment.

Under these circumstances we have felt that the wiser course is to abstain from recommending any fundamental change in a system of currency under which the commerce of Great Britain has attained its present development.

The report of the commission does not show that there is any present probability of Great Britain changing her monetary policy and agreeing to open her mints to the free coinage of silver, and without her co-operation, as we have seen, an international understanding upon the subject is impossible.

The Senator from Colorado [Mr. TELLER] in his recent speech said:

Mr. President, the question presented, not for the American people alone, but for the entire world, is whether we shall do business in the future as we have done business in the past or until within the last seventeen years, by the use of the two precious metals, not made money by law, not made money metals by the edict of legislative minds, not by the consent of the merchants, but by the fiat of the Almighty when He created these two metals. The one goes hand in hand with the other. You can no more dispense with gold than you can with silver. The two are twin metals, allied and united by the Creator for beneficent purposes of the human race. It is with that idea that I approach this question, realizing what the Senator from Nevada [Mr. JONES] so well said yesterday, that money is indispensable to the civilized world, indispensable to the happiness of man, and that the number of units regulates its value.

The Senator appears to be oblivious to the fact that there has never been a time in the history of this country, except a short period after the act of 1792 took effect, when we have been able to retain both gold and silver in circulation, that practically our currency was silver from about 1810 to 1834, and that from 1834 to 1873 it was gold alone, and that we have coined more silver and had more silver in circulation since 1873 than ever before. The movements of gold and silver in this country show beyond all question that we can not have free coinage of both gold and silver at a ratio different from that of their commercial value and keep both in circulation.

By the act of 1785 it was provided that the dollar should be of the weight of the Spanish milled dollar.

By the act of 1792, establishing a mint and providing for the coinage of gold and silver, it was provided among other things that the gold dollar should contain 24.75 grains of pure gold and that the silver dollar should contain 371¼ grains of pure silver. Secretary Hamilton had recommended that the alloy of each, if I recollect correctly, should be one-twelfth. That was the alloy fixed for the gold coin, but for the silver coin the alloy adopted was about one-ninth of the whole mass, so that a silver dollar coined under the act of 1792 weighed 416 grains, and the ratio of the two metals was as 1 to 15.

Secretary Hamilton, in submitting the plan for the organization of the mint and the coinage of gold and silver, expressed a decided preference for gold, on account of its alleged greater stability of value, but he suggested that inasmuch as the United States was a new country and the silver of Mexico and South America was more accessible, we might more readily supply ourselves with a sufficient currency by the adoption of silver. He, however, undertook to submit to Congress a ratio of the then commercial values of the two metals.

He confessed his inability, for want of time and sources of information, to ascertain what the relative value of the two metals was in the commercial countries of Europe. He therefore proceeded to inquire and to report as to the ratio of the commercial value of gold and silver in the United States. Fortunately the ratio selected, which was 1 to 15, was very nearly the ratio between the commercial values of gold and silver in European countries at that time. The difficulty which was afterwards experienced under the system was due to the fact that silver was then slowly depreciating and continued to depreciate in value.

Mr. TELLER. What was the date of that?

Mr. DOLPH. Seventeen hundred and ninety-two. As early as 1803 in France, by a decree of the First Consul, Napoleon, the ratio for coining purposes between gold and silver was fixed at 1 to 15½. This accelerated the downward tendency of the price of silver, and as early as 1810 silver had become so much overvalued by the ratio which had been fixed by the act of 1792 that gold had already begun to leave the country.

In 1816 Great Britain adopted the gold standard. In 1819 she resumed specie payments, which had been suspended since the Revolution, and created a new demand for gold; and by 1820 gold had disappeared from this country and silver had become our currency as exclusively as if our mints had not been open to the coinage of gold.

This continued to be the case until 1834. In the mean time committees of Congress were inquiring into the cause of the exportation of gold from this country. In 1805 President Jefferson, who had been in favor of the plan reported by Secretary Hamilton and of the coinage of the two metals at the ratio of 1 to 15, finding that gold was leaving the country and that the silver dollars of our coinage were being sent to the West Indies to purchase Spanish milled dollars for recoinage in our mints, suspended the coinage of the silver dollar without authority of law, but his act seems to have been acquiesced in by Congress and the country, and no more silver dollars were coined until 1836.

Mr. COCKRELL. If it would not interrupt the Senator from Oregon, I should like to ask him in what way President Jefferson suspended the further coinage of the silver dollar, whether it was by proclamation, or order, or anything of that kind?

Mr. DOLPH. I can state the fact that the coinage of the silver dollar was suspended by President Jefferson. It is an historical fact. It appears in numerous reports of committees and in works upon finance. It was undoubtedly done without any statute authorizing it. I do not understand that there was any proclamation. It was done, I suppose, by direction to the Director of the Mint to cease the coinage; and, as a matter of fact, equally well authenticated and shown by the reports of the Treasury Department, no silver dollars were coined from 1805 up to 1836.

Mr. COCKRELL. Mr. President——

The PRESIDING OFFICER (Mr. ALDRICH in the chair). Does the Senator from Oregon yield to the Senator from Missouri?

Mr. DOLPH. I do.

Mr. COCKRELL. The reason why I asked the question in regard to that statement was because I have the official reports made by committees of Congress after 1820, in which they make the statement expressly that silver was coined up to 1821; that is, it was in circulation. I do not know about when it was coined, but it was in circulation.

Mr. DOLPH. I do not know but that it is as good a time now as ever to submit and incorporate in my remarks a table, which is entirely authentic, showing the coinage of gold and silver from the organization of the United States mints, in 1792, to 1884. If I had the material to do it, I should bring it down to date. Of course that would show a very large additional coinage of silver under the Bland act.

Coinage of gold and silver from the organization of the United States Mint to 1884.

Years.	Silver dollars.	Total silver coinage, including dollars.	Total gold coinage.
1793–1795	$204,791	$370,683.80	$71,485.00
1796	72,920	79,077.50	102,727.50
1797	7,776	12,591.45	103,422.50
1798	327,536	330,291.00	205,610.00
1799	423,515	423,515.00	213,285.00
1800	220,920	224,296.00	317,760.00
1801	54,454	74,758.00	422,570.00
1802	41,650	58,343.00	423,310.00
1803	66,064	87,118.00	258,377.50
1804	19,570	100,340.50	258,642.50
1805	321	149,388.50	170,367.50
	1,439,517		
1806	....	471,319.00	324,505.00
1807	....	597,448.75	437,495.00
1808	....	684,300.00	284,665.00
1809	....	707,376.00	169,375.00
1810	....	638,773.50	501,435.00
1811	....	608,340.00	497,905.00
1812	....	814,029.50	290,435.00
1813	....	620,951.50	477,140.00
1814	....	561,687.50	77,270.00
1815	....	17,308.00	3,175.00
1816	....	28,575.75	....
1817	....	607,783.50	....
1818	....	1,070,454.50	242,940.00
1819	....	1,140,000.00	258,615.00
1820	....	501,680.70	1,319,030.00
1821	....	825,762.45	189,325.00
1822	....	805,806.50	88,980.00
1823	....	895,550.00	72,425.00
1824	....	1,752,477.00	93,200.00
1825	....	1,564,583.00	156,385.00
1826	....	2,002,090.00	92,245.00
1827	....	2,869,200.00	131,565.00
1828	....	1,575,600.00	140,145.00
1829	....	1,994,578.00	295,717.50
1830	....	2,495,400.00	643,105.00

Coinage of gold and silver from the organization of the United States Mint to 1884—Continued.

Years.	Silver dollars.	Total silver coinage, including dollars.	Total gold coinage.
1831	....	$3,175,600.00	$714,270.00
1832	....	2,579,000.00	798,435.00
1833	....	2,759,000.00	978,550.00
1834	....	3,415,002.00	3,954,270.00
1835	....	3,443,003.00	2,186,175.00
1836	$1,000	3,606,100.00	4,135,700.00
1837	....	2,096,010.00	1,148,305.00
1838	....	2,333,243.00	1,809,595.00
1839	300	2,176,296.00	1,355,885.00
1840	61,005	1,726,703.00	1,675,302.50
1841	173,000	1,132,750.00	1,091,597.50
1842	184,618	2,332,750.00	1,834,170.00
1843	165,100	3,834,750.00	8,108,797.50
1844	*20,000	2,235,550.00	5,428,230.00
1845	24,500	1,873,200.00	3,756,447.50
1846	169,600	2,558,580.00	4,034,177.50
1847	140,750	2,379,450.00	20,221,385.00
1848	15,000	2,040,050.00	3,775,512.50
1849	62,600	2,114,950.00	9,007,761.50
1850	47,500	1,866,100.00	31,981,738.50
1851	1,300	774,397.00	62,614,492.50
1852	1,100	999,410.00	56,846,187.50
1853	46,110	9,077,571.00	39,377,909.00
1854	33,140	8,619,270.00	25,915,918.50
1855	26,000	3,501,245.00	28,977,968.00
1856	63,500	5,135,240.00	36,697,768.50
1857	94,000	1,477,000.00	15,811,563.00
1858	....	8,040,730.00	30,253,725.50
1859	288,500	6,187,400.00	17,296,077.00
1860	600,530	2,769,920.00	16,445,476.00
1861	559,900	2,605,700.00	60,693,237.00
1862	1,750	2,812,401.50	45,532,386.50
1863	31,400	1,174,092.80	20,695,852.00
1864	23,170	548,214.10	21,649,345.00
1865	32,900	636,308.00	25,107,217.50
1866	58,550	680,264.50	28,313,945.00
1867	57,000	986,871.00	28,217,187.50
1868	54,800	1,136,750.00	18,114,425.00
1869	231,350	840,746.50	21,828,637.50
1870	588,308	1,767,253.50	22,257,312.50
1871	657,929	1,955,905.25	21,302,475.00
1872	1,112,961	3,029,834.05	20,376,495.00
1873	977,150	2,945,795.50	35,249,337.50
1874	....	5,983,601.30	50,442,690.00
1875	....	10,070,368.00	33,553,965.00
1876	....	19,126,502.50	38,178,962.50
1877	....	28,549,935.00	44,078,199.00
1878	8,573,500	28,290,825.50	52,798,980.00
1879	27,227,500	27,227,882.50	40,986,912.00
1880	27,933,750	27,942,437.50	56,157,735.00
1881	27,637,955	27,649,966.75	78,733,864.00
1882	27,772,075	27,783,388.75	89,413,447.50
1883	28,111,119	28,835,470.15	35,936,927.50
1884	28,099,930	28,773,387.80	27,932,824.00

This table shows that from 1773 to 1805, inclusive, there were coined of silver dollars $1,439,517, and that no further coinage of silver dollars was had until 1836; that in 1836 $1,000 were coined; that there was no coinage of silver dollars in 1837 or in 1838; that in 1839 but 300 silver dollars were coined; and that the total coinage of silver dollars until the free coinage of the silver dollar was withdrawn in 1873 was, as is stated by the Secretary of the Treasury, something over $8,000,000.

Another interesting fact appears from this table, and that is that from 1873, when the free coinage of the silver dollar was withdrawn by Congress, up to and including 1877, five years, there was more silver coined in the United States, fractional coin, of course, to redeem the fractional currency, than had been coined in the United States of all coin for twenty-five years previously, when there was free coinage of silver.

As I have already stated, by the ratio fixed by the act of 1792 gold became under value early in the nineteeth century.

Mr. REAGAN. Will the Senator allow me to interrupt him for a moment?

Mr. DOLPH. Certainly.

Mr. REAGAN. I hold in my hand a table contained in the American Almanac for 1884, prepared by Mr. Spofford, who is considered a very careful authority on such subjects, giving the total coinage of the United States mints from 1793 to 1883, inclusive, and it shows that in 1793–1795 there were $370,683.80 coined.

Mr. DOLPH. That included the fractional coin as well as the silver dollar?

Mr. REAGAN. Minor coin, $11,373.

Mr. DOLPH. Minor coin, but not fractional coin.

Mr. REAGAN. Then in 1796, the next year after that, the coinage was $79,077.50; the minor coin, $10,324.40. In 1797 the coinage was $12,591.45, and of minor coin the coinage was $9,510.34. In 1798 the silver coinage was $330,291, with the minor coinage added; and then the next year, 1799, it was $423,515. In 1800 it was $224,296; and it goes on consecutively, giving the amount of coinage each year from that time down, and without a break.

Mr. DOLPH. I have submitted a table, showing the amount of silver coinage for those years, and vouch for its correctness. So far as the coinage of the silver dollar is concerned, the table corresponds exactly with the statements made by every Secretary of the Treasury since I have been in the Senate, as to the amount of silver dollars coined during that time. I do not suppose Mr. Spofford means by minor coins fractional coins. If he means fractional coins he is incorrect. I will explain to the Senator from Texas. Under the act of 1792 the fractional coins contained the same amount of silver in proportion to the value they bore to the dollar that the silver dollar did. That is to say, two half-dollars in silver contained 371¼ grains of pure silver; four quarter-dollars contained the same amount of silver, and so did ten dimes. That is the reason why, after the ratio was changed in 1834 and silver in turn was expelled from the country, the fractional coin went with the silver dollar.

Mr. REAGAN. I presented this for the purpose, as I remembered it (I sent for it because I did so remember it), of showing, if this table is authority—and I do not know who is going to question Mr. Spofford's authority on such a subject—that Mr. Jefferson never suspended silver coinage.

Mr. DOLPH. The trouble with the Senator is that he does not distinguish between minor coin and fractional coin. Minor coins and fractional coins are entirely different. Our minor coins, at the present time, are the one, two, and five cent pieces. Our fractional coins are the half-dollars, the quarter-dollars, and the dimes.

Mr. REAGAN. It may be that the Senator is to this extent right, that there were very many more half-dollars coined than dollars, because by our law the Mexican dollar, the Spanish milled dollar, was also a dollar, and it may be that we used that as our dollar, and very largely coined half-dollars. But the point I made is in answer to the general statement that Mr. Jefferson had suspended silver coinage, which I take it can not have been the case.

Mr. DOLPH. I did not make the statement that President Jefferson had suspended silver coinage. I said President Jefferson suspended the coinage of the silver dollar, and I have documents here, if it is disputed, to show that it has been stated officially by more than one committee of Congress.

Mr. REAGAN. I stand corrected.

Mr. DOLPH. The table which I presented shows that not a silver dollar was coined in this country from 1805 to 1836.

The mints of France being open at least as early as 1803 like our own to all comers at a fixed ratio of 1 to 15.5, the exportation of gold from the United States was profitable, and the United States lost their gold, and, while the arrangement for the free coinage of both at a fixed ratio was in law what is now termed bimetallism, in fact silver was the only money of this country. In 1834 the United States sought to recall gold, and changed the ratio by reducing the amount of pure gold in the gold dollar to 23.2 grains. The amount of pure silver in a dollar was unchanged. This made the ratio between gold and silver for coinage purposes about one to sixteen. Gold was overvalued for the purpose of securing it as a circulating medium, with little care whether silver was retained or not.

The debates during the passage of that bill through both Houses of Congress show that it ought to have been understood and was understood by the most intelligent members of both Houses that under the ratio established by the bill silver would be expelled from the country and gold would be retained; and such was the fact. Under the act of 1834 the condition of things in this country was precisely reversed.

France and other European nations continued free coinage of both metals at the ratio of 1 to 15.5, and that ratio being more favorable to silver than ours there was a profit in exporting silver, and the United States began to lose its silver circulation and gold became the actual currency of the country.

The act of 1837 changed the amount of alloy in both gold and silver coins to one-tenth, so that the coins were .900 fine. This reduced the weight of the silver dollar to 412½ grains.

Two-tenths of a grain of pure gold was added to the eagle, so that 24.22 grains of pure gold was contained in a dollar under the act of 1837.

Under the ratio established by the acts of 1834 and 1837 even our fractional silver coins, which, as I have said, contained relatively the same amount of pure silver as the silver dollar, were driven from the country. We had no money for change. The situation demanded the attention of Congress, and in 1853 an act was passed reducing the amount of standard silver in the fractional coin, half-dollars, quarter-dollars, and dimes, so that it would be unprofitable to export them and they would remain in the country.

The ratio adopted by the act of 1853 between our fractional coins and gold was 14.88 to 1, which was an overvaluation of silver, and as a consequence the subsidiary coin provided under this act remained at home.

The debates during the passage of the act of 1853 show that gold was our only currency, that there was no expectation of securing any circulation of silver, except fractional coins, and no attempt to fix a ratio between the two metals which would secure the circulation of both. The free coinage of fractional coin was withdrawn by the act, although it was afterwards restored by the arbitrary act of some Secretary of the Treasury in violation of the statute.

The mints were still open for the coinage of silver dollars, but few were coined, and what were coined left the country.

As stated by Secretary Windom, the total amount of gold dollars coined from 1852 to 1873 was only $8,045,838, and this had disappeared from circulation in 1873.

To substantiate what I say about silver having driven out gold prior to 1834 and gold having driven out silver after that date, and as to the intention of Congress in passing the acts of 1834 and 1853, I will quote from the reports of committees and speeches in Congress during the passage of those acts.

I will first quote from the report of Mr. Mr. C. P. White, who was at that time the chairman of the House committee having the bill in charge and was authority upon questions of finance. I will ask the Secretary to read what I have marked in the volume which I send to the desk.

The Secretary read as follows:

Upon matured deliberation, the committee can not doubt the correctness of the following general principles in regard to money, corroborated by the history of commercial nations and recorded in their former report:

First "That gold or silver is the only sound, invariable, and perfect currency that human wisdom has yet devised."

Second. "That every nation will possess its equitable and useful portion of the gold and silver used as money, if they do not repulse it from domestic circulation by substituting a different medium of exchange."

Third. "That one metal may be selected with a certain assurance of finding in the metal chosen such proportion of the entire amount of the money of commerce as their exchangeable commodities bear to the total amount of merchandise produced."

Fourth. "If both metals are preferred, the like relative proportion of the aggregate amount of the metallic currency will be possessed, subject to frequent changes from gold to silver and vice versa, according to the variations in the relative value of these metals."

The committee think that the desideratum in the monetary system is a standard of uniform value; they can not ascertain that both metals have ever circulated simultaneously, concurrently, and indiscriminately in any country where there are banks or money dealers; and they entertain the conviction that the nearest approach to an invariable standard is its establishment in one metal, which metal shall compose exclusively the currency for large payments.

Impressed with the accuracy and practicability of the principles and views detailed, the committee do not conceive it to be of much importance, abstractly considered, whether "gold be a tender in large and silver a legal tender in small payments, or the reverse." The money of England for large transactions is gold; that of France is in practice silver; and the prosperity of these nations, under different systems, exemplifies that skill, industry, and capital are the active and efficient causes of producing wealth.

Mr. DOLPH. I also read from page 11 of the same report:

Although the committee have recommended the standard of value to be regulated in silver alone, they are not insensible of the utility of using gold coins also; but their convenience can not be obtained without hazarding the loss of silver as the chief measure of value, unless gold be subjected to a seigniorage and restricted to small payments. This course is analogous to the money system of England, and the only means yet practiced by which coins of both metals can be freely procured and permanently maintained in general circulation.

I also ask to have read the closing portion of the report.

The Chief Clerk read as follows:

The committee have carefully collated the diverse opinions of many writers of great distinction and celebrity upon this complicated and controvertible subject, and having engaged in its examination with unprejudiced minds, and an earnest desire to arrive at just views of general principles, and of their beneficial adaptation to the peculiar circumstances of the United States, they will now conclude their report with a recapitulation of the result of their deliberations and investigations.

First. That the operations of commerce will assuredly dispense to every country its equitable and useful proportion of the gold and silver in currency, if it is not repulsed by paper or subjected to legal restrictions.

Second. That it can not be of essential importance to any State whether its proportion of the money of commerce thus distributed consists of gold, or of silver, or of both metals, it being the instrument of exchange, but not the commodity really wanted.

Third. That, there are inherent and incurable defects in the system which regulates the standard of value in both gold and silver, its instability as a measure of contracts, and mutability as the practical currency of a particular nation, are serious imperfections, whilst the impossibility of maintaining both metals in concurrent, simultaneous, or promiscuous circulation appears to be clearly ascertained.

Fourth. That the standard being fixed in one metal is the nearest approach to invariableness, and precludes the necessity of further legislative interference.

Fifth. That gold and silver will not circulate promiscuously and concurrently for similar purposes of disbursement, nor can coins of either metal be sustained in circulation with bank-notes possessing public confidence, of the like denominations.

Sixth. That if the national interest or convenience should require the permanent use of gold eagles and their parts and also of silver dollars, the issue of bank bills of one, two, three, five, and ten dollars must be prohibited.

Seventh. That, if it should hereafter be deemed advisable to maintain both gold and silver coins in steady circulation, and to preserve silver as the measure of commerce and of contracts, gold must be restricted to small payments.

Eighth. That, if it is the intention to preserve silver as the principal measure of exchange permanently and securely, it will be necessary to estimate the relative value of gold under its present average or probable future value in general commerce.

Influenced by these considerations, the committee recommend that the standard value of gold be regulated according to the ratio of 1 of gold for $15\frac{625}{1000}$ of silver, and that the portion of alloy hereafter used in coinage be established at one-tenth.

	Grains fine gold.		Grains standard gold.
The gold eagle to contain	237.6	=	264

Mr. DOLPH. I also ask to have read a short extract from the report of Mr. Lowndes, from the Senate Committee on Currency, made on the 2d of February, 1821, for the double purpose of showing that at that date gold had already left the country and the reason for it.

The Chief Clerk read as follows:

The committee report—

That they are of opinion the value of American gold, compared with silver, ought to be somewhat higher than by law at present established. On inquiry they find that gold coins, both foreign and of the United States, have, in a great measure, disappeared, and from the best calculation that can be made there is reason to apprehend they will be wholly banished from circulation, and it ought not to be a matter of surprise, under our present regulations, that this should be the case.

There remains no longer any doubt that the gold coins of the United States are, by our laws, rated at a value lower than in almost any other country, in comparison with that of silver. This occasions the gold to be constantly selected, when it can be obtained, in preference to silver, whenever required for remittance from this to foreign countries and, at the same time, prevents those who have occasion to remit to the United States from doing it in gold. Hence, there is a continual and steady drain of that metal from this country without any correspondent return, which must continue while there remains any of it among us. The importations of it will be confined to small quantities, and from countries from which nothing better can be obtained.

There have been coined at the Mint of the United States nearly $6,000,000 in gold. It is doubtful whether any considerable portion of it can, at this time, be found within the United States.

Mr. DOLPH. I also incorporate in my remarks certain extracts from the report of the Secretary of the Treasury in compliance with a resolution of the Senate of the 29th of December, 1828, respecting the relative value of gold and silver:

Whatever causes affect the relative values of gold and silver must have first affected the absolute or intrinsic value of one or both of them; and hence every inquiry as to the former necessarily involves the latter. The quantity of labor applied under all the variety of circumstances of soil, climate, etc., which enter into the production of any given article constitutes one principal measure of its value. But labor alone can not determine the value of a product; that which is not suited either to the real or imaginary wants of man can have no value in his estimation, whatever may have been the amount of labor required for its production. Hence another measure of value is to be sought in the adaptation of the product to these wants.

The aggregate of causes which control the value of these measures, respectively, is comprehended in the terms supply and demand, which alone regulate and establish the intrinsic as well as relative values of all exchangeable articles. Those of gold and silver are governed by the same general laws which determine the values of other products; but public necessity having required the establishment of some standard measure in which contracts may be made and exchanges regulated between communities, the precious metals have, by general consent, been adopted as the most fit material for this purpose. This application of these metals where two or more are used as standard measures of property, gives them a quality which does not necessarily belong to articles of commerce. It subjects their value to the influence of political regulations, whereby the demand may be increased or diminished for the one or the other, and their relative values changed according to the interests or caprices of governments. But this effect is also controlled by the same general considerations which determine the value of all other articles entering into the purposes of human economy, namely, supply and demand, and the values thus ascertained are the result of the public judgment made up by the combined intelligence of all those who best understand the real state of the market.

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The act of Congress of April 2, 1792, establishing the Mint and regulating the coins of the United States, fixes the weight of the eagle at $247\frac{1}{2}$ grains of pure gold, or 270 grains of standard gold, equal to $\frac{11}{12}$ parts fine; and the weight of the dollar at $371\frac{1}{4}$ grains of pure and 416 grains of standard silver, equal to $\frac{1485}{1664}$ parts fine. It may be remarked that, when the United States dollar was established at $375\frac{64}{100}$ grains pure silver, and the eagle at $246\frac{268}{1000}$ grains of pure gold, the proportional value of gold to silver was 1 to 15.253. At that time the ounce of standard silver in England, $\frac{37}{40}$ fine, or 444 grains pure, was valued at the mint at 5*s.* 2*d.*, and the ounce of standard gold, $\frac{11}{12}$ fine, at 3*l.* 17*s.* $10\frac{1}{2}$*d.*; hence the relative value of gold to silver was 1 to 15.209, nearly the same with that proposed by the resolution of 1786. But the weight of the United States dollar was supposed to be greater than that of the later coinage of Spanish dollars, and hence the reduction of it, by the act of 1792, to $371\frac{1}{4}$ grains, which, it appears from the report of the Secretary of the Treasury, was intended to be an average of the weight of the Spanish dollars then most current. The relative value of gold to silver, as fixed by the same act, was also founded on a supposed average of the relative values of those metals, as established amongst the principal commercial nations. But it does not appear for what reason the fineness of the silver was varied in that act from $\frac{11}{12}$ to $\frac{1485}{1664}$.

It is, however, not improbable that in fixing the ratio of gold to silver as 1 to 15, the mint regulations of other countries were referred to, rather than the market prices; and as silver has not been made a general tender nor is it extensively coined in England, the mint regulations of that country bear but a remote relation to the actual market value of silver, and were not to be relied upon as any guide in ascertaining the new ratio. Since the establishment of the ratio between gold and silver in the United States, various causes have contributed to lessen the comparative demand for silver. That which has the most direct influence upon it is the revolution in the India trade; some of the chief manufactures of that country are no longer consumed in the United States and England pays for her whole consumption of India fabrics of her own manufacture.

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Each nation has, however, a relief within its own power from all the evils incident to the regulation of the relative value of the metals used for current coins, which is to have one standard measure of property. Great Britain has, after a series of experiments for some centuries, in vainly endeavoring to adjust the relative values of gold and silver, come to this conclusion, in theory at least, and adopted gold as the proper standard. France maintains both gold and silver in circulation with tolerable success; but her currency is not merely founded on a specie basis; it is essentially a specie currency, having virtually no bank paper to interfere with it. Necessity for both metals, in due proportion, keeps up a regular demand for them, which is so extensive as in a great measure to control their relative values.

The policy of the United States in changing the ratio from gold to silver in the coins may be governed by the probability of effecting such an adjustment as will permanently maintain both metals in general circulation; or, if this be doubtful, by the preference to be given for the one or the other as a principal medium for currency.

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It seems very clear from these facts, to which many others of later date might be added, that, however exactly the proper equilibrium of values of gold and silver may be adjusted at the mint, the balance is liable to be disturbed by causes which can neither be anticipated nor controlled by political power. If the regulation be founded on the most exact calculation of relative values for the time being, the vibrations of the values of gold and silver must alternately cause the expulsion of each; and where one metal is more essential to public convenience than the other, the adjustment which exposes that under any circumstances to general exportation or melting may become a greater evil than a regulation which constantly excludes from circulation the less desirable coin.

I also quote from the remarks of Mr. Clowney in the House of Representatives June 21, 1834, while the act of 1834, changing the ratio between gold and silver coin, was under consideration. I read from volume 10, part 4, of the Congressional Debates, page 4649. Mr. Clowney said:

In these views Mr. Gallatin and Mr. Baring, the most experienced and distinguished financiers of the age, perfectly agree. They admit the fact, upon which the gentleman from New York [Mr. Selden] has so much relied, that when the coins of the two metals are placed upon an equal footing in the payment of debts a change in their relative market value would produce a change in their relative legal value, and that that metal which becomes the cheapest will drive the other from circulation and become alone the practical standard and currency. The truth of this theory has long since been clearly exemplified in the history of the monetary system of England, and also in the monetary system of these United States. Although, by our Constitution and laws, gold is regarded as money and is made a legal tender, the same as silver, in the payment of debts, yet, in consequence of the vast difference in the value of gold at our mint, compared with its relative value to silver in general commerce, it has long since departed from the United States, leaving silver the only metallic currency.

I also quote from a speech made by Mr. Gorham in the House of Representatives on the same day upon the same bill. Mr. Gorham said:

The gold at present in circulation was obtained from two sources, one in Russia and the other in our own Southern States. That from Russia was found in the Ural Mountains, whence from one to three millions sterling worth was obtained annually, while about a million and a half was obtained here. An increase in this latter source might go to make gold cheaper, but it would be better not to legislate until the price of gold should go down. The ratio of 16 to 1 had never been established by the legislation of any nation but Spain, and it was unquestionably above the true value. It might be asked how we were to get the true value? The answer he should give was, go into the great market of the commodity; there the average of demand and supply would be accurately fixed, and there only. That average, in England, was at present 15.771 to 1. In France it was 15.68 to 1. Here in the United States it was only 15.63 to 1. The medium of these three rates would be 15.731 to 1. To appeal from these great marts to the standard of the Spanish Government was futile. If that Government chose to say the rate should be 16 or 18 to 1, it could do so; but it would be a mere arbitrary *dictum*, without any real effect in practice.

I also quote from the remarks made by Mr. Gillet on the same day. He said:

In every point in which he had viewed this subject he deemed it our duty so to shape this bill as to give the country, as far as possible, a gold currency.

Mr. Binney said:

The honorable chairman had never supported nor suggested such a ratio in any of his reports. In one of them he had said that "the alteration in the quantity of gold representing $10, from 247½ grains to 233⅓ grains" (and the proposed alteration was still greater by 1½ grains), "was an actual reduction of 6 per cent. from the previously existing and long prevailing measure of contracts," and he had admitted the justice of the remark, that "such a change could not be made without disturbing the balance of intrinsic value, and making every acre of land, as well as every bushel of wheat, of less actual worth than in time past." He had also stated it as the final opinion of the committee that the rate proposed by the Secretary of the Treasury of 1 of gold for 15.625 of silver, was the utmost limit to which the value could be raised, with a due regard to a paramount interest, the preservation of our silver as the basis of circulation.

I read this to show that while some members stated that the object of the bill was to secure gold as a currency, the House was warned that the change in 1834 of the ratio would drive out silver and give us gold only. Mr. Binney continued:

The whole mass of reports might be considered as mainly intended to show "that the standard of value ought to be legally and exclusively, as it was practically, regulated in silver."

Mr. Gorham on the same day in the same debate said:

The House was going to make gold cheaper than silver, and the necessary result must be that the gold would be retained and the silver sent abroad. The cost of carrying two kinds of specie being the same, a man going abroad would, of course, take that kind in preference which would bring him the most where he was going; and if there was even a small difference, it would be sufficient to determine its choice. He had offered a proposition which he believed would meet and obviate the difficulty and keep both metals among us. Unless some such expedient should be adopted, he was very certain that the silver would shortly disappear and that nothing but gold would get into circulation; and then just the same difficulty would occur with gold as did now respecting silver.

Mr. McKim said:

He thought the ratio of 16 to 1 certainly too high; he believed 15.825 would be a better standard, but if it was found that they had gone a little over the mark it was a matter that might be easily regulated. The effect, in the meanwhile, would be to extend some encouragement to our gold mines at the South. The exportation of gold at present was a regular trade, and the effect was to injure men of small capital. Another result of the bill would be to drive out the circulation of bank-notes to a certain degree, which perhaps, would not be a bad thing. But he hoped the half-and-half plan of the gentleman from Massachusetts would not be adopted.

Upon the passage of this bill Mr. Adams said:

He should vote in the affirmative, though he did it very reluctantly and in the hope that the ratio would be amended elsewhere. He considered it as decidedly too high; but as the bill was a very important one he should not oppose its passage.

Mr. HOAR. Was that John Quincy Adams?

Mr. DOLPH. It was Mr. Adams in the House in 1834.

Mr. HOAR. It was John Quincy Adams?

Mr. DOLPH. I suppose so.

Mr. Wilde admitted that by the existing law gold was undervalued, but by this bill it would be so greatly overvalued that of the two he should prefer the old law.

To the same effect, for the purpose of showing that Congress knew or ought to have known that by the change of the ratio of the two metals by the act of 1834 the situation in the United States would be reversed and that silver would be expelled from the country as gold had been under the operation of the act of 1792, I quote from Benton's Thirty Years in the United States Senate, from a speech made by Mr. Benton upon the same bill. I will ask the Secretary to read this extract.

The Chief Clerk read as follows:

In the third place Mr. B. undertook to affirm, as a proposition free from dispute or contestation, that the value now set upon gold by the laws of the United States was unjust and erroneous; that these laws had expelled gold from circulation, and that it was the bounden duty of Congress to restore that coin to circulation by restoring it to its just value.

That gold was undervalued by the laws of the United States and expelled from circulation, was a fact, Mr. B. said, which everybody knew; but there was something else which everybody did not know, which few, in reality, had an opportunity of knowing, but which was necessary to be known to enable the friends of gold to go to work at the right place to effect the recovery of that precious metal which their fathers once possessed; which the subjects of European kings now possess; which the citizens of the young republics to the south all possess; which even the free negroes of San Domingo possess, but which the yeomanry of this America have been deprived of for more than twenty years, and will be deprived of forever unless they discover the cause of the evil and apply the remedy to its root.

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Mr. Secretary Hamilton, in his proposition for the establishment of a mint, recommended that the relative value of gold to silver should be fixed at 15 for 1, and and that recommendation became the law of the land, and has remained so ever since. At the same time, the relative value of these metals in Spain and Portugal, and throughout their vast dominions in the New World, whence our principal supplies of gold were derived, was at the rate of 16 for 1; thus making our standard 6 per cent. below the standard of the countries which chiefly produced gold. It was also below the English standard and the French standard, and below the standard which prevailed in these States before the adoption of the Constitution, and which was actually prevailing in the States at the time that this new proportion of 15 for 1 was established.

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Mr. Secretary Hamilton, in his proposition for the establishment of a mint, expressly declared that the consequence of a mistake in the relative value of the two metals would be the expulsion of the one that was undervalued. Mr. Jefferson, then Secretary of State, in his contemporaneous report upon foreign coins, declared the same thing. Mr. Robert Morris, financier to the Revolutionary Government, in his proposal to establish a mint in 1782, was equally explicit to the same effect. The delicacy of the question and the consequence of a mistake were then fully understood forty years ago, when the relative value of gold and silver was fixed at 15 to 1.

Mr. DOLPH. I now quote from the debates during the consideration of the bill of 1853 for the purpose of showing, first, that the result of the change of the ratio between gold and silver for coinage purposes in 1834 had been precisely what had been predicted for it, and, in the second place, to show that Congress was then satisfied with a gold standard and, making no effort to remedy the fault of the act of 1834 and to secure a return of silver, was only intent upon securing the fractional coin for purposes of change; that they thoroughly understood that at that time gold was the standard in this country and believed it was impracticable to secure the circulation of both gold and silver by legislation.

I send to the desk the Appendix to the Congressional Globe, second session of the Thirty-second Congress, and ask the Chief Clerk to read certain portions which I have marked of a speech by Hon. C. L. Dunham, of Indiana. Mr. Dunham was chairman of the House committee having the bill in charge, and made a very elaborate and exhaustive speech upon it.

The Chief Clerk read as follows:

The proposed change in the small silver coins is to reduce the weight of the half dollar from 206¼ grains, the present weight, to 192 grains, and the quarters, dimes, and half dimes in proportion, leaving the metal at the present standard of fineness. This will make the intrinsic value of these coins 6.91 per cent., not quite 7 per cent. less than the value of the present ones, and will make their relative value to our gold coins about what it was prior to the passage of the act of 1834, as that act reduced the intrinsic value of the latter 6.681 per cent. This reduction is rather more than the present difference between the nominal and intrinsic or market value of our silver coins, as they only bring in market, for purposes of exportation, about 4½ per cent., and for use as small change 5 per cent. premium. But as the same cause which has produced this difference in the relative value of the two metals, namely, the cheap production of gold, and consequently the increased quantity raised and brought to market, still exists, and indeed is increasing, this difference will go on increasing, and it is to be apprehended that we shall soon find that the proposed reduction is too small rather than too great to enable the new coins to maintain themselves in circulation. So far from there being any prospect of a diminution of the present stock of gold, each successive month adds immensely to it from the increasing productions of California, Australia, and Russia.

Mr. HALL (interrupting). I wish the gentleman from Indiana would explain the first amendment proposed by the Committee on Ways and Means.

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Mr. DUNHAM. I think it is susceptible of a very easy explanation. The only object of either provision is to give currency and credit to these new coins, and thereby to maintain them in circulation. The provision of the Senate for the accomplishment of this is to make them a tender in payment of small debts of $5 and under. This would no doubt be sufficient for the purpose, as the intrinsic value of the metal in them is so little below their nominal value, and as the supply is to be limited, under the direction of the Secretary of the Treasury, to the necessity for them for change. This, however, would make them a standard in all small transactions; we would thereby still continue the double standard of gold and silver, a thing the committee desire to obviate. They desire to have the standard currency to consist of gold only, and that these silver coins shall be entirely subservient to it, and that they shall be used rather as tokens than as standard currency, and they propose to maintain their credit and circulation not only by limiting the supply to the wants of the country, but by making them receivable for all public dues to the United States by providing a customer ready at all times to receive them at their nominal value to any amount. This would undoubtedly be also sufficient, even was the intrinsic value of these coins much less than we propose to make it. I think this preferable to the provision of the Senate, but I do not deem either very essential; for the supply will be limited, and their actual value, as compared to gold, will be so little below their nominal value that the convenience and necessity for them will be amply sufficient to sustain their credit and circulation without either of the provisions.

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I repeat, in reply to the gentleman, we propose, so far as these coins are concerned, to make the silver subservient to the gold coin of the country. We intend to do what the best writers on political economy have approved; what experience, where the experiment has been tried, has demonstrated to be best, and what the committee believe to be necessary and proper: to make but one standard of currency and to make all others subservient to it. We mean to make the gold the standard coin, and to make these new silver coins applicable and convenient not for large, but for small transactions. I trust this sufficiently explains the reason of our pursuing this course.

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Another objection urged against this proposed change is, that it gives us a standard of currency of gold only. We sometimes become attached to old forms and usages and obstinately insist upon continuing them, without considering the reasons for their adoption or the propriety of their continuance. What advantage is to be obtained by a standard of the two metals, which is not as well, if not much better, attained by a single standard, I am unable to perceive; whilst there are very great disadvantages resulting from it, as the experience of every nation which has attempted to maintain it has proved. The constant, though sometimes low change in the relative values of the two metals has always resulted in great inconvenience, and frequently in great loss to the people. Wherever the experiment of a standard of a single metal has been tried, it has proved eminently successful. Indeed, it is utterly impossible that you should long at a time maintain a double standard. The one or the other will appreciate in value when compared with the other. It will then command a premium when exchanged for that other, when it ceases to be a currency and becomes merchandise. It ceases to circulate as money at its nominal value, but it sells as a commodity at its market price. This was the case with gold before the act of 1834; it is now the case with silver.

Gentlemen talk about a double standard of gold and silver as a thing that exists, and that we propose a change. We have had but a single standard for the last three or four years. That has been, and now is, gold. We propose to let it remain so and adapt silver to it—to regulate it by it. This is eminently proper. Gold is the production of our own country, silver is not. Let us use our own productions, and, so far as that use can, increase its value. Why should we leave our own to use the productions of a foreign soil when we can gain nothing by so doing?"

Mr. DOLPH. I now submit and ask to have read some extracts from a speech by Mr. Skelton, in the House of Representatives February 15, 1853, on the same bill, found in volume 26 of the Congressional Globe, second session, Thirty-second Congress, to the same effect.

The Chief Clerk read as follows:

The difficulty now to contend with is that silver is more valuable, relatively, than gold. By adopting the amendment proposed by the Committee on Ways and Means, the opposite difficulty, and a greater one, will be encountered by the country. The silver coin would then be the least valuable, and the result would be to drive the gold coin entirely from circulation and substitute that of silver, thus producing a greater evil than the one proposed to be remedied. For this reason I hope that this amendment, above all others, will be voted down.

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One word in regard to the objects which this bill proposes to accomplish. The main object of the bill is to supply small silver change, half-dollars, quarter-dollars, dimes, and half-dimes. No one will question the necessity of some change of this kind to supply the pressing wants of the community for small change. The bill does not propose to change the value of the gold currency; it does not propose to disturb the standard of value now in existence throughout the country.

Gold is the only standard of value by which all property is now measured. It is virtually the only currency of the country.

Mr. DOLPH. I will also quote from a report of Senator Hunter, from the Senate Committee on Finance, submitted on the 8th day of March, 1852, on the same measure for the same purpose:

If there were no other money but gold and silver, and if contracts were made, not according to arbitrary values assigned by legislation to given portions of them, but were measured by certain weights of fine gold or silver, then these metals would fluctuate precisely according to natural laws; that is to say, according to the proportion which they bore to the residue of the property of the world.

A contract might be measured in specie by a law of its own; that is to say, it might specify that it was to be paid in such a weight of gold or in such a weight of silver, and this arbitrary rule might differ a little from its real value as bullion; but in the general the great mass of transactions would be measured in these metals nearly according to their true bullion value; that is to say, their currency and their bullion values would correspond.

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These metals derive their value from two distinct sources: one from their use as a currency, the other from their application to manufacturing purposes. The demand for them as currency in any given year is to be measured by the number and amount of exchanges to be made in specie during that year; their value for mechanical uses is their bullion value; that is to say, it is measured by their proportion to the residue of the property of the world, for the demand for them in the arts will be very nearly in proportion to the wealth of society.

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But to approach still nearer to the real state of things, we now take the case of a difference in the ratio of gold to silver, as established in different countries. Instead of a common legal proportion of 15 to 1, we will now suppose that some nations adopt that ratio; others, that of 14 to 1; and that others, again, use only one metal as a standard, some preferring silver and others gold; and here, again, we will suppose an extraordinary increase in the supply of gold; the bullion price of silver now rises to 14 to 1; how will these different countries be affected? As a currency, silver will leave that in which its ratio is fixed to 15 to 1 of gold, and gold will there replace it; it will still be seen as a currency where its legal rate is 14 to 1, and it will be used as bullion everywhere until the increased quantities bring down its bullion to its currency value, taking the world together. But how will the first country be affected? It will purchase the gold to replace the silver, at a loss; that is to say, it will not get gold enough in exchange for its silver; and it must be remembered that this loss is sustained on far the largest value which it had invested in coin, because, where both circulate freely, the silver probably appears in so much greater quantities as to be more valuable.

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But, notwithstanding these considerations, the committee have determined to adopt the recommendation of the Secretary of the Treasury, which will at least accomplish the end of giving the community a currency of silver tokens, instead of one of bank notes of small denominations. The great measure of readjusting the legal ratio between gold and silver can not be safely attempted until some permanent relations between the market values of the two metals shall be established. The ratio of 14.884 to 1, as proposed by the Secretary of the Treasury, has a great recommendation in the fact that it will make the new silver coins of convenient weights, not only for the manipulations of the Mint, but for the money of account with the residue of the world.

To further show that national bimetallism is impossible, that it is impossible with free coinage of both gold and silver at a ratio which differs from the ratio of the commercial value of gold and silver bullion to maintain the two metals in circulation, I read from Macaulay's History of England certain extracts concerning the clipping of silver coin. Macaulay says:

In the reign of Elizabeth it had been thought necessary to enact that the clipper should be, as the coiner had long been, liable to the penalties of high treason. The practice of paring down money, however, was far too lucrative to be so checked; and, about the time of the Restoration, people began to observe that a large proportion of the crowns, half-crowns, and shillings which were passing from hand to hand had undergone some slight mutilation.

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That was a time fruitful of experiments and inventions in all the departments of science. A great improvement in the mode of shaping and striking the coin was suggested. A mill, which to a great extent superseded the human hand, was set up in the Tower of London. This mill was worked by horses, and would doubtless be considered by modern engineers as a rude and feeble machine. The pieces which it produced, however, were among the best in Europe. It was not easy to counterfeit them; and, as their shape was exactly circular and their edges were inscribed with a legend, clipping was not to be apprehended. The hammered coins and the milled coins were current together. They were received without distinction in public, and consequently in private, payments. The financiers of that age seemed to have expected that the new money, which was excellent, would soon displace the old money, which was much impaired; yet any man of plain understanding might have known that, when the state treats perfect coin and light coin as of equal value, the perfect coin will not drive the light coin out of circulation, but will itself be driven out. A clipped crown, on English ground, went as far in the payment of a tax or a debt as a milled crown. But the mill crown, as soon as it had been flung into the crucible or carried across the

Channel, became much more valuable than the clipped crown. It might, therefore, have been predicted, as confidently as anything can be predicted which depends on the human will, that the inferior pieces would remain in the only market in which they could fetch the same price as the superior pieces, and that the superior pieces would take some form, or fly to some place in which some advantage could be derived from their superiority.

Continuing he says:

Meanwhile the shears of the clippers were constantly at work. The coiners too multiplied and prospered; for the worse the current money became the more easily it was imitated. During more than thirty years this evil had gone on increasing. At first it had been disregarded; but it had at length become an insupportable curse to the country. It was to no purpose that the rigorous laws against coining and clipping were rigorously executed. At every session that was held at the capital Old Bailey terrible examples were made. Hurdles with four, five, six wretches convicted of counterfeiting or mutilating the money of the realm were dragged month after month up Holborn Hill. On one morning seven men were hanged and a woman burned for clipping. But all was vain.

Again he says:

Whether Whigs or Tories, Protestants or Jesuits, were uppermost, the grazier drove his beasts to market; the grocer weighed out his currants; the draper measured out his broadcloth; the hum of buyers and sellers was as loud as ever in the towns; the harvest home was celebrated as joyously as ever in the hamlets; the cream overflowed the pails of Cheshire; the apple juice foamed in the presses of Herefordshire; the piles of crockery glowed in the furnaces of the Trent; and the barrows of coal rolled fast along the timber railways of the Tyne. But when the great instrument of exchange became thoroughly deranged, all trade, all industry, was smitten as with a palsy. The evil was felt daily and hourly in almost every place and by almost every class, in the dairy and on the thrashing floor, by the anvil and by the loom, on the billows of the ocean and in the depths of the mine.

Again he says:

Those politicians whose voice was for delay gave less trouble than another set of politicians, who were for a general and immediate recoinage, but who insisted that the new shilling should be worth only nine pence or nine pence half-penny. At the head of this party was William Lowndes, secretary of the treasury and member of Parliament for the borough of Seaford, a most respectable and industrious public servant, but much more versed in the details of his office than in the higher parts of political philosophy. He was not in the least aware that a piece of metal with the king's head on it was a commodity of which the price was governed by the same laws which govern the price of a piece of metal fashioned into a spoon or a buckle, and that it was no more in the power of Parliament to make the kingdom richer by calling a crown a pound than to make the kingdom larger by calling a furlong a mile. He seriously believed, incredible as it may seem, that if the ounce of silver were divided into seven shillings instead of five, foreign nations would sell us their wines and their silks for a smaller number of ounces. He had a considerable following, composed partly of dull men, who really believed what he told them, and partly of shrewd men, who were perfectly willing to be authorized by law to pay a hundred pounds with eighty.

I also present another instance of the operation of this law, which was formerly known as Gresham's law, by which the cheaper money, the poorer money, drives out the dearer and the better. I read from Money and the Mechanism of Exchanges, by Jevons. He says, under the head of "Gresham's law:"

Though the public generally do not discriminate between coins and coins, provided there is an apparent similarity, a small class of money-changers, bullion-dealers, bankers, or goldsmiths make it their business to be acquainted with such differences, and know how to derive a profit from them. These are the people who frequently uncoin money, either by melting it or by exporting it to countries where it is sooner or later melted. Some coins are sunk in the sea and lost, and some are carried abroad by emigrants and travelers who do not look closely to the metallic value of the money. But by far the greatest part of the standard coinage is removed from circulation by people who know that they shall gain by choosing for this purpose the new heavy coins most recently issued from the mint. Hence arises the practice, extensively carried on in the present day in England, of picking and culling, or, as another technical expression is, garbling the coinage, devoting the good new coins to the melting pot, and passing the old worn coins into circulation on every suitable opportunity.

From these considerations we readily learn the truth and importance of a general law or principle concerning the circulation of money, which Mr. MacLeod has very appropriately named the Law or Theorem of Gresham, after Sir Thomas

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Gresham, who clearly perceived its truth three centuries ago. This law, briefly expressed, is that bad money drives out good money, but that good money can not drive out bad money.

Continuing, he says:

The most extreme instance which has ever occurred was in the case of the Japanese currency. At the time of the treaty of 1858 between Great Britain, the United States, and Japan, which partially opened up the last country to European traders, a very curious system of currency existed in Japan. The most valuable Japanese coin was the kobang, consisting of a thin oval disc of gold about 2 inches long, and 1½ inch wide, weighing 200 grains, and ornamented in a very primitive manner. It was passing current in the towns of Japan for four silver itzebus, but was worth in English money about 18*s.* 5*d.*, whereas the silver itzebus was equal only to about 1*s.* 4*d.* Thus the Japanese were estimating their gold money at only about one-third of its value as estimated according to the relative values of the metals in other parts of the world. The earliest European traders enjoyed a rare opportunity for making profit. By buying up the kobangs at the native rating they trebled their money until the natives, perceiving what was being done, withdrew from circulation the remainder of the gold.

I now direct my attention to what has been called the demonetization of silver, which was in fact simply the withdrawal of the free coinage of the silver dollar, and was accomplished by the act of 1873. I quote from a History of Bimetallism in the United States, by Laughlin, from what he has to say in regard to the act of 1873. He says:

In 1873 we find a simply legal recognition of that which had been the immediate result of the act of 1853, and which had been an admitted fact in the history of our coinage during the preceding twenty years. In 1853 it had been agreed to accept the situation by which we had come to have gold for large payments, and to relegate silver to a limited service in the subsidiary coins.

The statement is thoroughly supported by the extracts which I have made from the speeches in Congress when the act of 1853 was under consideration.

The act of 1873, however, dropped the dollar piece out of the list of silver coins. In discontinuing the coinage of the silver dollar the act of 1873 thereby simply recognized a fact which had been obvious to everybody since 1849.

Mr. ALLISON. Since 1837.

Mr DOLPH. Yes; as stated by the Senator from Iowa, since 1837, because, as I have shown, it was understood by the most intelligent members of Congress when the act of 1834 was passed that the effect of it would be to drive out silver and give us a gold standard.

It did not introduce anything new or begin a new policy. Whatever is to be said about the demonetization of silver as a fact must center in the act of 1853. Silver was not driven out of circulation by the act of 1873, which omitted the dollar of 412½ grains, since it had not been in circulation for more than twenty-five years. In 1853 Congress advisedly continued in motion the machinery which kept the silver dollar out of circulation, and, as we have seen, avowed its intention to create a single gold standard.

The bill for the act of 1873 was transmitted to Congress with a letter of the Secretary of the Treasury, dated April 25, 1870, and which was printed as Miscellaneous Document No. 133, Forty first Congress, second session. The letter of transmittal is very brief. The important part of the document is the letter of the Deputy Comptroller of the Currency to the Secretary of the Treasury, in which all the provisions of the bill were taken up in detail and explained. Under the head of "Silver dollar—its discontinuance as a standard" is the following:

The coinage of the silver-dollar piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and, assuming the value of gold to be fifteen and one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about 3 per cent. (its value being $1.0312), and intrinsically more than 7 per cent. premium in our other silver coins, its value thus being $1.0742.

The present laws consequently authorize both a gold-dollar unit and a silver-dollar unit, differing from each other in intrinsic value. The present gold-dollar piece is made the dollar unit in the proposed bill and the silver-dollar piece is dis-

continued. If, however, such a coin is authorized it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of a Mexican dollar, which is the favorite for circulation in China and Japan and other oriental countries.

Mr. CULLOM. Who was Comptroller then?

Mr. DOLPH. John Jay Knox was Deputy Comptroller.

Mr. CULLOM. That was before the bill passed.

Mr. DOLPH. This is part of the document which was sent to Congress transmitting on April 25, 1870, the bill for the act of 1873, printed as a Senate document for the use of Congress. The history of the legislation upon that bill is as follows:

Submitted by Secretary of Treasury, April 25, 1870.
Referred to Senate Finance Committee, April 28, 1870.
Five hundred copies printed, May 2, 1870.
Submitted to House, June 25, 1870.
Reported, amended, and ordered printed, December 19, 1870.
Debated, January 9, 1871.
Passed, by vote of 36 to 14, January 10, 1871.
Senate bill ordered printed, in House, January 13, 1871.
Bill reported with substitute and recommitted, February 25, 1871.
Original bill reintroduced and printed, March 9, 1871.
Reported and debated, January 9, 1872.
Recommitted, January 10, 1872.
Reported back, amended, and printed, February 13, 1872.
Debated, April 9, 1872.
Amended, and passed by a vote of 110 to 13, May 27, 1872.
Printed in Senate, May 29, 1872.
Reported, amended, and printed, December 16, 1872.
Reported, amended, and printed, January 7, 1873.
Passed Senate, January 17, 1873.
Printed with amendments, in House, January 21, 1873.
Conference committee appointed.
Became a law, February 12, 1873.

I now ask the Chief Clerk to read from the remarks of Mr. Hooper upon this bill in the House, April 9, 1872, found at page 2306 of the Congressional Globe, part 3, second session, Forty-second Congress, for the purpose of showing that it was understood by at least some members of the House and by all who gave attention to the bill that by it the free coinage of the silver dollar was to be withdrawn.

Mr. ALDRICH. Mr. President——

The VICE-PRESIDENT. Does the Senator from Oregon yield to the Senator from Rhode Island?

Mr. DOLPH. I yield.

Mr. ALDRICH. The Senator speaks of the free coinage of silver dollars which was omitted by the act of 1873. Was it not true that the coinage of silver dollars under the act of 1853 was not the free coinage, but that there was a mint charge for all silver deposited to be coined into standard silver dollars?

Mr. DOLPH. If I have said what I intended to say, I have said that the free coinage of the silver dollar was authorized by the act of 1834, or rather had been authorized by the act of 1792 and continued by the acts of 1834 and 1837, and not discontinued by the act of 1853. I have not undertaken to state what, if any, changes were made in the law in regard to the coinage of the silver dollar by the act of 1853, but I have stated, or if not I will state now, that by the act of 1853 the free coinage of fractional coin was withdrawn and the Government alone was authorized to coin it.

Mr. ALDRICH. I desire to call the attention of the Senator from Oregon to the fact that by the mint act of 1853 what we understand to be the free coinage of silver dollars was discontinued, and that after that there was a mint charge of one-half of 1 per cent. per ounce for all bullion deposited in the mints for the coinage of the standard silver dollar.

Mr. DOLPH. I think the Senator confuses a charge for coinage, a seigniorage to the Government for the use of the mint, with free coinage. Free coinage, I understand, is the right of any person to take bullion to the mints and have it coined at the ratio fixed by the law.

Mr. ALDRICH. What I understand to be free coinage as the word is now used in the Senate Chamber is not only freedom to deposit bullion, but gratuitous coinage, as well as the freedom to deposit the bullion to be coined into silver dollars.

Mr. DOLPH. I have not undertaken to discuss that question. In what I have said in regard to free coinage, I mean simply the right of a person to take bullion to the mints and have it coined either with or without charge for the use of the mint.

Mr. ALLISON. I desire to say just one word, if the Senator will yield.

Mr. DOLPH. Certainly.

Mr. ALLISON. I think the statement of the Senator from Rhode Island might mislead some people. The same charge was made for coining gold by that law that was made for coining silver, so that there was no discrimination against silver.

Mr. ALDRICH. I was not alluding to the fact of a discrimination, but I was simply alluding to the fact that the act of 1853 provided that a mint charge should be made for coining standard silver dollars.

Mr. DOLPH. I ask the Secretary to read a further extract from Mr. Hooper, which I send to the desk.

The Secretary read as follows:

Section 16 re-enacts the provisions of existing laws defining the silver coins and their weights respectively, except in relation to the silver dollar, which is reduced in weight from 412½ to 384 grains, thus making it a subsidiary coin in harmony with the silver coins of less denomination, to secure its concurrent circulation with them. The silver dollar of 412½ grains, by reason of its bullion or intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of those manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose. The coinage of the half-dime is discontinued for the reason that its place is supplied by the copper-nickel five-cent piece, of which a large issue has been made, and which, by the provisions of the act authorizing its issue, is redeemable in United States currency.

Mr. DOLPH. Now turn to page 2316 and read from the remarks of Mr. Kelley in the House.

The Secretary read as follows:

Mr. KELLEY. I wish to ask the gentleman who has just spoken [Mr. Potter] if he knows of any Government in the world which makes its subsidiary coinage of full value. The silver coin of England is 10 per cent. below the value of gold coin. And acting under the advice of the experts of this country and of England and France, Japan has made her silver coinage within the last year 12 per cent. below the value of gold coin, and for this reason: It is impossible to retain the double standard. The values of gold and silver continually fluctuate. You can not determine this year what will be the relative values of gold and silver next year. They were 15 to 1 a short time ago; they are 16 to 1 now.

Hence, all experience has shown that you must have one standard coin, which shall be a legal tender for all others, and then you may promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a limited amount and be redeemable at its face value by your Government.

But, sir, I again call the attention of the House to the fact that the gentlemen who oppose this bill insist upon maintaining a silver dollar worth 3½ cents more than the gold dollar, and worth 7 cents more than two half dollars, and that so long as those provisions remain you can not keep silver coin in the country.

Certain silver bullion dealers of New York are making from $50,000 to $150,000 a year out of your Government. One of them admitted to my colleague on the committee and myself that his business averaged from $1,800,000 to $2,000,000 a year, and that he put the silver into the Mint and drew out for every $2 four half dollars and one 10-cent piece.

This bill, while it contains many other excellent provisions, will save to the people of the country at least from a quarter to a half million dollars in the next year apart from the jobbing in hypothecated bars, and when we come to specie payments we will save $5,000,000, which now go to the silver bullion dealers of New York.

Mr. DOLPH. I think these quotations demonstrate that the charge which has been so often made that the free coinage of the silver dollar was withdrawn surreptitiously is not correct. I do not suppose that the great masses of the people of the United States either knew or cared what was being done with the silver dollar, because they were not acquainted with it. As I have already stated, the silver dollar which had been coined in our mints was not in circulation; it had been driven out of the country. The dollars went out as fast as they were coined, because they were worth more than a gold dollar and were melted up. More were melted up and recoined in European countries than in our own. But that Congress did not understand what was being done, and that the Treasury Department did not ununderstand what was being done, is certainly not true, as is conclusively shown by the letter of the Secretary of the Treasury from which I have quoted and the remarks from the members of the House which have been read.

The only question open to discussion is as to whether Congress made a mistake; whether, in view of what afterwards transpired, the great fall of silver compared with gold, we made a mistake then in withdrawing the free coinage of the silver dollar; whether it would not have been better to leave the laws of 1834 and 1837 in force, so that when the value of silver fell, so that our silver dollar was worth less than the gold dollar according to our ratio, our coinage and our circulation would have been silver rather than gold. That is a question upon which there may be two opinions. All which has preceded in regard to the ratio between the two metals under our law and the effect of that ratio upon the circulation of the two metals has been to show that with the free coinage of silver we can not expect that both metals will circulate in this country; that we must have either a silver basis or a gold basis; that there is no middle ground, and we must choose between them.

If we were not able to keep gold in circulation under the act of 1792, on account of the slight overvaluation of silver and under the operation of free coinage of both gold and silver at the ratio fixed by the acts 1834 and 1837, which overvalued gold, silver was driven from the country, how can we expect that with the increased facilities for exchange, with time and space between all commercial countries so greatly reduced by telegraph and railroad lines and fast steam-ships, under free coinage of gold and silver at the ratio of 1 to 16, both gold and silver will remain in circulation when the ratio between the bullion value of the two metals is widely divergent from our legal ratio.

As to the cause of the depreciation of silver I can not do better than to quote from the report of the Secretary of the Treasury the following comprehensive but clear and compact statement concerning the legislation of European countries demonetizing silver, the use of Indian council bills, and the effect of the legislation of the United States upon the price of silver:

CAUSES OF THE DEPRECIATION OF SILVER.

From the year 1717 to 1873 the ratio between gold and silver was remarkably constant, being 15.13 to 1 in the former year and 15.92 to 1 in the latter year. During this long period of one hundred and fifty years there were slight flnctuations in the ratio, but not enough to cause any serious inconvenience. Even during the period of the immense production of gold, from 1848 to 1868, when $2,757,000,000 of gold was produced and only $813,000,000 of silver, the change in the ratio was only about 1.6 per cent.

The legislation of Germany in 1871-'73, immediately following the Franco-German war, adopting the single gold standard for that Empire, withdrawing rapidly from circulation silver coins which prior to that time had formed almost exclusively the circulating medium, and throwing large quantities of silver at short and uncertain intervals upon the market, was the initial factor of the great monetary disturbance which destroyed the legal ratio between gold and silver that had existed for half a century.

France and her monetary allies, Belgium, Switzerland, Italy, and Greece, alarmed at the immense stock of German silver which was sure to flow into their open mints, immediately restricted and soon afterward closed their mints to the coinage of full legal-tender silver pieces.

This action only hastened the catastrophe.

The other nations of Europe were not slow to follow the example of Germany and France. In 1873-'75 Denmark, Norway and Sweden adopted the single gold standard, making silver subsidiary. In 1875 Holland closed her mints to the coinage of silver. In 1876 Russia suspended the coinage of silver, except for use in the Chinese trade. In 1879 Austria-Hungary ceased to coin silver for individuals, except a trade coin known as the Levant thaler.

The result has been that while prior to 1871 England and Portugal were the only nations of Europe which excluded silver as full legal-tender money, since the monetary disturbance of 1873-'78 not a mint of Europe has been open to the coinage of silver for individuals.

It has been charged that the act of February 12, 1873, revising the coinage system of the United States, by failing to provide for the coinage of the silver dollar, had much to do with the disturbance in the value of silver. As a matter of fact the act of 1873 had little or no effect upon the price of silver. The United States was at that time on a paper basis. The entire number of silver dollars coined in this country from the organization of the mint in 1792 to that date was only 8,045,838, and they had not been in circulation for over twenty-five years.

Moreover, immediately upon the passage of that act the United States entered the market as a large purchaser of silver for subsidiary coinage, to take the place of fractional paper currency, and from 1873 to 1876 purchased for that coinage 31,603,905.87 standard ounces of silver, at a cost of $37,571,148.04.

Starting in 1878 with no stock of silver dollars, this country, standing alone of all important nations in its efforts to restore the former equilibrium between gold and silver, has, in the brief period of eleven years, added to its stock of full legal-tender money $343,638,001 of a depreciated and steadily depreciating metal.

What has been the effect upon the price of silver?

The value of an ounce of fine silver, which on March 1, 1878, was $1.20, was on November 1, 1889, 95 cents, a decline in eleven years of over 20 per cent.

In 1873, the date at which purchase of silver for subsidiary coinage commenced, the bullion value of the silver dollar, containing 371.25 grains of pure silver, was about 1½ cents more than the gold dollar; on March 1, 1878, the date of the commencement of purchases for the silver-dollar coinage, it was 93 cents, while to-day its bullion value is 72 cents in gold. In other words, there has been a fall of over 28 per cent. in the value of silver as compared with gold in the last sixteen years, and of over 20 per cent. since we commenced purchases in 1878. The downward movement of silver has been continuous and with uniformly accelerated velocity, as will appear from the following table:

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Average price of silver in London each fiscal year, 1873–1889, *and value of an ounce of fine silver at par of exchange, with decline expressed in percentages each year since* 1873.

Year.	Price in London.	Value of a fine ounce.	Decline from 1873.
	Pence.		*Per cent.*
1873	59.2500	$1.29883	....
1874	58.3125	1.27827	1.6
1875	56.8750	1.24676	4
1876	52.7500	1.15634	11
1877	54.8125	1.20156	7.5
1878	54.3107	1.19050	8.3
1879	50.8125	1.11387	14.2
1880	52.4375	1.14954	11.5
1881	51.9375	1.13852	12.3
1882	51.8125	1.13623	12.5
1883	51.0230	1.11826	13.9
1884	50.7910	1.11339	14.3
1885	49.8430	1.09262	15.9
1886	47.0380	1.03112	20.6
1887	44.8430	.98301	24.3
1888	43.6750	.95741	26.3
1889	42.4990	.93163	28.3

INDIAN COUNCIL BILLS.

In view of the almost unanimous concurrence of the leading commercial nations of the world in excluding silver from coinage as full legal-tender money, it would seem unnecessary to look further for the causes of its depreciation, despite the large purchases upon the part of this Government. There has, however, been one cause, which probably more than any other, except hostile legislation, has depressed the market value of silver, namely, the sale of Indian council bills.

About 1867 a diminution in the flow of silver to the East was clearly marked. This was due to the use of bills of exchange called "council bills," sold by the India council of the Government of India residing in London. These bills of exchange, which are claims for certain sums of silver, are bought by merchants wishing to make payments in India, silver being the standard and only legal tender in that empire; so that just as the expenses of the Indian Government rose, and, in consequence, the number of council bills offered for sale in London increased, the exportation of silver to India was saved.

In 1868–'69, the sale of these bills amounted to 3,705,741*l.*, in round numbers $18,000,000, whereas in 1888–'89 there was realized from the sale of these bills 14,223,433*l.*, about $70,000,000.

In some years their sale has risen as high as $90,000,000.

The average amount realized annually from the sale of council bills, for the fifteen English official years, 1875–1889, has been 13,756,882*l.*, or $67,000,000, while the annual shipments of silver to India for the same period have averaged 7,176,446*l.*, or $35,000,000.

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The following table exhibits the net imports of silver into India, and the amount realized from the sale of Indian council bills, each year, from 1875 to 1889:

Table showing the net imports of silver into British India, and the amount of council bills sold, during the fifteen English official years (ending March 31 *of each year)* 1874–'75 *to* 1888–'89.

Years.	Net imports of silver.	Amount of council bills sold.
1874–'75	£4,640,000	£10, 841, 614
1875–'76	1,550,000	12, 389, 613
1876–'77	7,200,000	12, 695, 799
1877–'78	14,580,000	10, 134, 455
1878–'79	3,970,000	13, 948, 565
1879–'80	7,870,000	15, 261, 810
1880–'81	3,890,000	15, 239, 677
1881–'82	5,380,000	18, 412, 429
1882–'83	7,480,000	15, 120, 521
1883–'84	6,410,000	17, 599, 805
1884–'85	7,250,000	13, 758, 909
1885–'86	11,610,000	10, 523, 505
1886–'87	7,160,000	11, 157, 213
1887–'88	9,310,000	15, 045, 883
1888–'89	9,247,000	14, 223, 433
Total	107,647,000	206, 353, 231
Annual average	7,176,466	13. 756, 882

These $50,000,000 to $90,000,000 of council bills, payable in silver, annually thrown upon the market affect the price of silver as would the sale of so much bullion. That these council bills hang like an incubus upon the price of silver can not be doubted, and they must enter largely into any inquiry as to the causes of depreciation and into any estimate of the probable advance of that metal.

* * * * * * *

The argument has been strongly urged that by reason of the rapid retirement of national-bank notes a severe contraction of our currency has been effected, which is paralyzing our industries, crippling our commerce, and depressing the price of all kinds of property. The facts, however, do not sustain this argument.

I need add nothing to this statement except to give with more particularity the provisions of the German acts of 1871 and 1873, to show that Germany initiated the hostile legislation against silver, and that the substitution of gold for silver caused the first decline in silver in the markets of the world.

I quote again from the work to which I have referred by Laughlin:

Germany, consequently, saw an opportunity to secure gold instead of silver, and was far-sighted enough to understand that if other countries were permitted to anticipate her in the course of monetary progress the acquisition of gold necessary to the upbuilding of a great commercial state with large transactions might later on possibly become a more costly proceeding.

Again, he says:

The substitution of gold instead of silver in a country like Germany, which had a single silver medium, was carried out by a path which led first to temporary bimetallism and later to gold monometallism. And for this purpose the preparatory measures were passed December 4, 1871.

More than two years before our act of 1873 was passed. I will submit so much of that act as is pertinent to the inquiry:

SEC. 1. There shall be coined an imperial gold coin, 139½ pieces of which shall contain 1 pound of pure gold.

SEC. 2. The tenth of this gold coin shall be called a "mark," and shall be divided into 100 pfennige.

SEC. 3. Besides the imperial gold coin of 10 marks (Sec. 1), there shall be coined imperial gold coins of 20 marks, of which 69¾ pieces shall contain 1 pound of pure gold.

SEC. 4. The alloy of the imperial gold coins shall consist of 900 parts gold and 100 parts copper; therefore 125.55 pieces of 10 marks, 62.775 pieces of 20 marks, shall each weigh 1 pound.

SEC. 6. Until the enactment of a law for the redemption of the large silver coins, the making of the gold coins shall be conducted at the expense of the empire.

Mr. Laughlin further says:

This law of 1871 created new gold coins, current equally with existing silver coins at rates of exchange which were based on a ratio between the gold and silver coins of 1 to 15½. The silver coins were not demonetized by this law; their coinage was for the present only discontinued; but there was no doubt as to the intention of the Government in the future, since in section 6 reference was distinctly made to further action looking to the withdrawal and permanent retirement of large silver pieces. Therefore, so far as Germany had had an annual demand for silver hitherto to replenish her currency, that demand ceased with the end of the year 1871. Existing silver coins still remained a legal tender equally with gold in a bimetallic system based on a ratio of 1 to 15½.

The next and decisive step toward a single gold standard was taken by the act of July 9, 1873.

I quote from that act:

SEC. 1. In place of the various local standards now current in Germany, a national gold standard will be established. Its monetary unit is the "mark," as established in section 2 of the law dated December 4, 1871. [Five-mark gold coins were authorized, in addition to gold coins authorized by the act of 1871.]

SEC. 3. There shall be issued in addition to the national gold coins: 1. As silver coins, 5-mark pieces, 2-mark pieces, 1-mark pieces, 50-pfennig pieces, and 20-pfennig pieces. [Copper and nickel coins were also established.]

P. 1. The pound of fine silver shall produce at coinage 20 5-mark pieces, 50 2-mark pieces, etc. The proportion of alloy is 100 parts of copper to 900 parts of silver, so that 90 marks in silver coin shall weigh 1 pound.

SEC. 4. The aggregate issue of silver coin shall, until further orders, not exceed 10 marks for each inhabitant of the empire. At each issue of these coins a quantity of the present silver coins equal in value to the new issue must be withdrawn from circulation, and first those of the 30-thaler standard.

SEC. 9. No person shall be compelled to take in payment national silver coins to a larger amount that 20 marks, and nickel and copper coins to a larger amount than 1 mark. The federal council will designate such depositories as will disburse national gold coins in exchange for silver coins in amounts of at least 200 marks, and of nickel and copper coins in amount of at least 50 marks, upon demand.

SEC. 14. P. 1. All payments to be made up to that time (the introduction of the national standard) in coins now current, or in foreign coins lawfully equalized with such domestic coins, are then to be made in national coins.

SEC. 18. By January 1, 1876, all bank notes not issued according to the national standard must be withdrawn.

From that date only bank notes, issued according to the national standard, and in denominations of not less than 100 marks, may be emitted and kept in circulation. These provisions also apply to bills hitherto issued by corporations.

Our act, having been passed in January or February of that year, preceded the German act of 1873. The Senator from Colorado said the other day that even the President of the United States did not understand the effect of that act and that the free coinage of the silver dollar had been withdrawn by that act. If so, if the people did not understand it, we not coining the silver dollar before, it is not probable that our action affected the action of Germany at all.

Mr. TELLER. I should like to ask the Senator if he understood me to say that our action influenced Germany. Germany preceded us in action.

Mr. DOLPH. I do not claim that, but I merely quoted the Senator from Colorado as saying the other day that the people of the United States did not understand until long afterwards that the free coinage of the silver dollar had been withdrawn by the act of 1873, and that even the President of the United States did not understand it.

Mr. TELLER. Does the Senator deny that?

Mr. DOLPH. A moment ago I said I presumed the masses of the people did not know or care then what was done with the silver dollar. As it was not in use and had not been coined in any quantity, they were strangers to the silver dollar. But I am not taking issue with the Senator in regard to that. I do not say that the Senator from Colorado said that our act of 1873 influenced Germany, but I merely said, supposing that some one might claim that it did, that probably it did not influence Germany.

Mr. TELLER. If the Senator will allow me a word, what I did say was not that our action influenced Germany, because the German act preceded ours, but if we had maintained the status as it was when Germany sent its silver on the market and silver began to depreciate, if it did, it would have opened our mints to the coinage of silver, which had been closed, not because of the law, but because of the high price of silver.

Mr. DOLPH. The Senator is entirely correct in regard to that. As I said a moment ago, the only possible question in regard to the act of 1873 is whether it was wise in view of what afterwards occurred, the fall of silver.

Mr. TELLER. That is it.

Mr. DOLPH. The question is whether it would have been better for this country to go to the silver basis or to maintain the gold basis which had existed since 1834. This writer, Laughlin, says:

> By this measure gold was established as the monetary standard of the country, with the "mark" as the unit, and silver was used, as in the United States in 1853, in a subsidiary service.

From this it will be seen that the coinage of silver was discontinued by Germany in 1871, and the demand for silver, that had been large for coinage purposes, was cut off, while the coinage of gold and the payment of the French war indemnity in gold created an additional demand for that metal. These two causes had begun to operate as early as 1872 to depreciate silver.

By the act of July 9, 1873, silver was demonetized and the bulk of the German silver was thrown upon the European market to further depress the price of silver. If our act of 1873 had any influence upon the price of silver it must have been very slight, as we coined more silver at the mints of the United States in the years from 1873 to 1877, inclusive, five years, than we had coined in all the years from 1850 to 1873, inclusive.

Mr. PLATT. That includes all subsidiary coin, fractional coin?

Mr. DOLPH. Yes, including all. The increase during those years was in fractional or subsidiary coin, to take the place, as I have already stated, of our fractional legal-tender currency. In fact, the United States entered into the market as a large purchaser of silver immediately after the passage of the act of 1873.

As the demand for silver for coinage in the United States was largely increased after 1873, if the act of 1873 had any influence at all upon the price of silver it must have been because it was a legal affirmance of the monetary policy adopted by the United States in 1853 of a gold standard with silver for a subsidiary coin.

I present here a statement showing the yearly coinage of silver in the United States from 1850 to 1877, inclusive:

Years.	Total silver coinage, including dollars.	Years.	Total silver coinage, including dollars.
1850	$1,866,100.00	1854	$8,619,270.00
1851	774,397.00	1855	3,501,245.00
1852	999,410.00	1856	5,135,240.00
1853	9,077,571.00	1857	1,477,000.00

Years.	Total silver coinage, including dollars.	Years.	Total silver coinage, including dollars.
1858	$8, 040, 730. 00	1868	$1, 136, 750. 00
1859	6, 187, 400. 00	1869	840, 746. 50
1860	2, 769, 920. 00	1870	1, 767, 253. 50
1861	2, 605, 700. 00	1871	1, 955, 905. 25
1862	2, 812, 401. 50	1872	3, 029, 834. 05
1863	1, 174, 092. 80	1873	2, 945, 795. 50
1864	548, 214. 10	1874	5, 983, 601. 30
1865	636, 308. 00	1875	10, 070, 368. 00
1866	680, 264. 50	1876	19, 126, 502. 50
1867	986, 871. 00	1877	28, 549, 935. 00

In addition to the diminution of the demand for silver for coinage purpose by the action of Germany, France, Belgium, Switzerland, Italy, Greece, Denmark, Norway and Sweden, Holland, Russia, and Austria-Hungary, there has been since 1873 a marked increase of the production of silver. In his annual report the Secretary of the Treasury states that the world's product of silver in 1878 was estimated at $95,000,000 (coining value), of which $45,200,000 was the product of the United States, and that in 1888 the world's product of silver was estimated at $142,000,000 (coining value), of which $59,195,000 was produced in the United States, showing an increase of the world's product of silver in a single decade of about 50 per cent. and an increase of 30 per cent. during the same period in the product of the United States.

As one object of the measure before us is to increase the circulation, it is pertinent to inquire whether there is at the present time a deficiency of circulation in this country. If the demand and necessity for money depends entirely upon population, the question would appear to be conclusively answered in the negative by the statement of the Secretary of the Treasury in his annual report, which shows a material increase of circulation per capita in this country during the last decade. If, however, there are other considerations necessary to a correct answer to the inquiry, it is not sufficiently answered by the fact that there has been an actual expansion of the currency as compared to population within a given period. One thousand millions of the world's inhabitants, the inhabitants of Asia, Africa, South America, and Mexico use a small amount of money as compared with the people of the United States and European countries. It seems reasonable that the amount of money required by a people should largely depend upon their character and the nature of their employments.

The Secretary of the Treasury in his annual report says, concerning the alleged contraction of the currency, that—

> The argument has been strongly urged that by reason of the rapid retirement of national-bank notes a severe contraction of our currency has been effected, which is paralyzing our industries, crippling our commerce, and depressing the price of all kinds of property. The facts, however, do not sustain this argument.

Since March 1, 1878, there has been no contraction, but, on the contrary, a very large expansion of our currency, as will appear from the following statement taken from the books of the Treasury:

	In circulation March 1, 1878.	In circulation October 1, 1889.	Decrease.	Increase.
Gold coin	$82,530,163	$375,947,715		$293,417,552
Standard silver dollars		57,554,100		57,554,100
Subsidiary silver	53,573,833	52,931,352	$642,481	
Gold certificates	44,364,100	116,675,349		72,311,249
Silver certificates		276,619,715		276,619,715
United States notes	311,436,971	325,510,758		14,073,787
National-bank notes	313,888,740	199,779,011	114,109,729	
Total	805,793,807	1,405,018,000	114,752,210	713,976,403
Net increase				599,224,193

From the above statement it will be seen that the—

Total increase of circulation of all kinds has been	$713,976,403
Total decrease	114,752,210
Net increase	599,224,193

The net expansion since March 1, 1878, has, therefore, been $599,224,193. The average net increase per month has been $4,342,204, $52,106,451 per annum. The total net increase has been a little over 74 per cent., while the increase in population has been about 33 per cent. In 1878 the circulation was about $16.50 per capita, and in 1889 it was about $21.75 per capita.

I do not understand that any one questions this statement, but the fact that there has been within the last ten years an expansion of the currency does not prove that a further expansion would not be beneficial and is not required by reason of the increased business activity of the country.

The senior Senator from Nevada the other day gave us a glowing and interesting account of the growth of our industries which I do not think was overdrawn.

Mr. Edward Atkinson, who was appointed by President Cleveland to visit the monetary centers of Europe and ascertain if there had been any change in the attitude of European countries concerning an international agreement for the free coinage of silver at a ratio to be agreed upon, makes the following statement in his report to the President:

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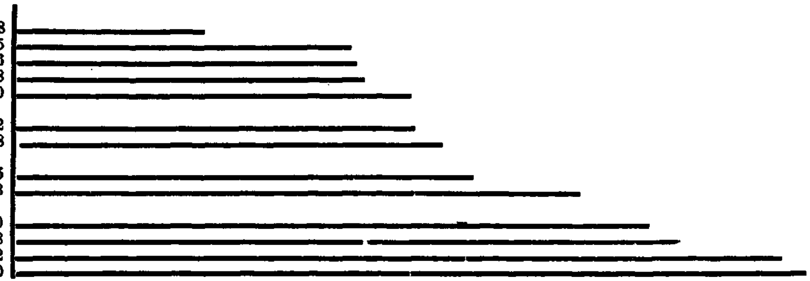
Between 1870 and 1885 or 1886 the relative increase in population, in production, in consumption, and in some forms of wealth has been as follows:

Gain in population, production, wealth, and savings, 1870 *to* 1885, *and on some items to* 1886.

To		
1885.	Population	48
1885.	Production of grain	85
1885.	Consumption of cotton	86
1885.	Consumption of wool	88
1885.	Production of hay	100
1885.	Deposits in savings-banks of Massachusetts	102
1885.	Production of cotton	108
1886.	Deposits in savings banks of Massachusetts	115
1885.	Production of iron	143
1885.	Insurance of property against loss by fire	160
1885.	Miles of railroad	168
1886.	Miles of railroad	192
1886.	Production of iron	200



It will be seen from this statement that in some forms of wealth in the United States (the statement relates to the United States only) the increase has been much greater than the increase in population. I have no doubt that the increase in almost all our industries within the last ten years has been greater than the increase of population, and I am ready to believe that the same number of people in this country need more money in 1890 than they did in 1878.

I have arrived at the conclusion, notwithstanding the figures given us by the Secretary of the Treasury, that the prosperity of the country would be promoted by an increase of circulation, and would be still further secured by such legislation as would provide for its future expansion to keep pace with the increase of population and of business.

The measure under consideration is also intended for the purpose of enhancing the value of silver bullion. As the United States is the largest silver-producing country in the world, furnishing nearly one-half of the world's product of silver, and is itself a large owner of silver, it is desirable to shape legislation so as to give silver an increased value rather than to add to the causes which have produced the decline in its value.

We differ as to the best method to accomplish this, but are agreed that it should be done.

I am decidedly of the opinion that the character of the measure most likely to enhance the price of silver is one which will secure an increased and fixed monthly purchase by the Government of silver bullion and the issue of certificates for the payment, with such provision for their redemption as will maintain them at par with gold.

But for the purpose of increasing the volume of the currency any measure proposed for the purchase or coinage of silver would, in my opinion, be at most a temporary expedient. The national currency grew out of the necessities of the nation in its great struggle for existence during the war of the rebellion; but both the legal-tender currency and the national-bank notes have proved to be a safe, convenient, and popular substitute for coin, and in my judgment legislation to perpetuate the national-bank system is desirable.

The system has realized all the good ever claimed for it by its most sanguine advocates. The defects of the system are fewer than those of any other banking system yet devised. It has won its way to popular favor, and I hope it is to be continued.

The people of this country will never again be satisfied with a currency which is not so secured as to be everywhere within our own borders of the same value and equal to coin.

As banks of discount and exchange national banks possess a decided advantage over State banks, owing to their frequent examination and the publication of the condition of their affairs and the limitation upon the amount and character of their loans, which have a tendency to strengthen their credit.

Nothing could be more satisfactory as security for the circulation of the national banks than Government bonds and the liability of the Government for its redemption. But this system being based upon the national debt, its usefulness has been crippled and its continued existence is threatened by the rapid liquidation of the debt. As the bonds have been called in those held by the national banks have been surrendered and their circulation withdrawn accordingly.

Unless some unexpected event should occur to stop the payment of the public debt and indefinitely postpone its final liquidation or some modification of the law is made by which other securities can be substituted for national bonds, the whole system must soon come to an end. One of two things must be done: either the national-banking law must be so amended as to allow State, municipal, and railroad bonds and mortgages on real estate or similar securities to be made the basis of circulation, to form, in connection with such currency as the Government can directly provide, a sufficient circulating medium, or the United States must surrender its monopoly of the banking business and permit the States to assume control of it.

Neither the bill under consideration nor free coinage of silver, while either would probably afford relief, would provide a sufficient circulation for the increasing business of the country, unless supplemented by a bank circulation, State or national. The matter of providing some substitute for United States bonds as a basis for national-bank circulation should have long since received the attention of Congress. The remedies proposed by the Comptroller of the Currency, namely, allowing the issue of notes to the par value of the bonds, reducing the rate of taxation, etc., are merely temporary expedients, well enough in themselves; but the subject demands more radical and courageous treatment.

I see no insurmountable difficulty and no danger to the currency and business of the country in the substitution of such securities as I have mentioned for national bonds.

The General Government would retain full control of the entire system. The securities required could be the most approved of their kind and made subject to frequent examinations.

With proper regulations and supervision, I have no doubt the system could be conducted with as much safety to depositors and with as absolute security for the circulating notes of the banks as at present.

I have before me the banking act of the State of New York, in force prior to the passage of the national-bank act and the taxing of the circulation of the State banks out of existence. It provides for the deposit of national and State stocks, and bonds, and mortgages upon real estate as security for bank circulation, and for the withdrawal of securities once deposited and the substitution of others. As all the securities substituted for United States bonds under the plan I advocate would draw interest and would of themselves be profitable investments, the amount of notes to be issued upon their security could, without detriment to the system, be made less in proportion to their par value than is allowed upon the security of national bonds. The junior Senator from Illinois [Mr. FARWELL] early in the session introduced a bill to provide for such a modification of the banking act as I suggest. But the bill is allowed to sleep in committee.

In my judgment the Senator did the country a service by placing the matter before the Senate, and I hope the Finance Committee will take it under serious consideration without delay.

The junior Senator from New York [Mr. HISCOCK] has also recently introduced by request a similar bill, but it seems to me he took unecessary pains to have it understood that the measure was not his own. He could not have introduced a bill upon a more important subject.

I have before me the draught of an act published in The American Banker recently, which proposes to substitute certain other securities for national bonds as the basis of circulation of national banks. I do not approve of the substitution for national bonds of all the securities proposed by this bill, but quote from it to show what substitutes have been proposed.

An act to amend and re-enact the act entitled "An act to prescribe a national currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act approved June 3, 1864, and known as the "national-bank act," be amended and re-enacted as follows: To provide necessary circulation for the transaction of the business of the United States, deposits of Government, State, railway, and municipal bonds of at least par market value, and not in default of interest for at least ten years past, be allowed to secure such circulation from banks chartered under the national-banking act, under such rules and regulations as the Secretary of the Treasury and the Comptroller of the Currency may adopt, the amount of circulation issued upon the deposit of the afore-named securities not to exceed 90 per cent. of their market value, except in the case of Government bonds, which shall be entitled to an issue of notes at their face value, and such margin to be kept good at all times by the banks depositing same upon the demand of the Treasurer of the United States, the custodian thereof.

2. In addition to the foregoing the following securities shall be received for the stated purposes of circulation:

I. First-mortgage loans secured on improved real estate at not exceeding 50 per cent. of its assessed value, when guarantied by corporations of $100,000 or more of paid-in cash capital, and whose stock is of par market value and has paid dividends regularly for three years past or more.

II. Certificates of deposit of gold and silver coin and bullion in the Treasury or mint of the United States.

III. Storage warrants and warehouse receipts of pig-iron, cotton, and wheat in responsible companies of at least $250,000 of paid-in cash capital, and whose storage yards and warehouses are approved by the Secretary of the Treasury and the Comptroller of the Currency; with insurance at all times on these commodities (except as to pig-iron in storage yards) in reliable companies to the extent of the market value of the same for the benefit of the bank depositing such warrants or receipts for the security of circulation issued against same, and by said bank assigned to the Treasurer of the United States as collateral security for the purpose herein stated, with the privilege of substitution of other warrants or receipts in lieu of those previously deposited. These warrants and receipts to come through national banks to whom the circulation shall be issued.

In conclusion, I repeat that I am thoroughly convinced that while international bimetallism is practicable and desirable, national bimetallism is impracticable; that it is idle to expect that the United States, by any legislation which can be enacted, can place silver at a par with gold at the ratio now fixed by law. Silver will never be at par with gold in this country until it is at par with gold in the markets of the world, and that never can be brought to pass without the co-operation of the principal nations of Europe.

There is no middle ground for us. We must maintain a gold standard or adopt a silver basis. Free coinage of silver dollars of the present weight and fineness means a silver standard.

No one can now tell what would have been the effect upon the credit, business, and prosperity of the country if the act of 1834 had remained in force, and after silver reached a point in the decline of its price, below the price of gold at the ratio fixed by that act, and when the mints of Europe were closed against it our mints had been open to the free coinage of silver.

From the time the market price of 371¼ grains of pure silver became less than $1 in gold of our coinage silver would have been the basis of all commercial transactions in this country, gold would have ceased to circulate, our currency and the price of all commodities measured by it would have fluctuated as the price of silver bullion rose and fell, and gold and silver as compared with each other would have been commodities and subjects of speculation in Wall street.

We know what the result has been of the financial policy that was adopted and has been pursued by the Government. We have seen the national credit grow stronger and stronger until it is better than ever before in its history and equal to that of any nation upon the earth.

We have seen our depreciated currency placed at a par with gold, largely sought after, as a most convenient and desirable currency, and passing current in foreign countries.

Under that policy the national debt has been refunded at greatly reduced rates of interest and is being liquidated with a rapidity not dreamed of before the alleged demonetization of silver.

Our Treasury is full to overflowing. Our bonds drawing 3 per cent. interest are at a premium, and money is cheaper in every part of the Union than ever before in our history. Under that system the country has enjoyed a longer period of uninterrupted prosperity than it ever before enjoyed. During the last seventeen years the settlement of our public domain, the extension of our railroad and telegraph lines, the development of our resources, the increase of our internal commerce, and the growth of every industry has been without a parallel in any previous period of our history.

I confess that when I consider all the phases of the question under consideration I do not feel certain that a radical change in the financial policy of the Government will be productive of desirable results, and I am disposed to be conservative. At all events, such a change as free coinage of silver would be largely experimental. It seems safer to endeavor by conservative measures to cure the ills we suffer than to fly to others we know not of. I prefer, therefore, some measure, if one can be devised, which will maintain the credit of the Government and preserve the existing standard of values, except as it may be affected by an increase of circulation and the enhanced price of silver.

Some such plan as that proposed by the Secretary of the Treasury or reported by the Senator from Nevada from the Finance Committee will certainly secure all the increase of the circulation needed at present and will have a direct and continuing tendency to enhance the price of silver. I am not one of those who assume to know all about silver and finance and I am not disposed to quarrel with any one who differs with me. All I claim is the right to exercise my judgment and express my opinions with the same freedom that others do, and to receive equal credit with them for a desire to secure the use of both gold and silver as money and to promote the honor and glory of the United States and the prosperity of its people.

Perhaps before closing my remarks I ought to revert to the action of the late Republican State convention in Oregon. In presenting my views upon this question I am very much in the situation of a lawyer who has permitted judgment to go against him by default and is asking to have it set aside and the case heard.

It is true that the last Republican convention of Oregon did declare in favor of the free coinage of silver. But I interpret the resolution liberally. I treat it as a declaration that the convention favored an increase of the currency and legislation to enhance the value of silver. I am in hearty accord with the convention in desiring to secure these results.

I believe that what the convention favored was the use of both metals as money, and would not have declared for a silver basis if it had been supposed that gold was to be driven thereby from circulation.

I am in favor of free coinage of silver, under such an arrangement with other countries as will enable us with free coinage to keep both gold and silver in circulation. As the measures before us were not before the convention, I venture to consider other measures, and to support that one which appears to me best calculated to secure the results desired by the convention.

Free coinage is a question that very few people are entirely familiar with. Since this bill has been under consideration I have had conversations with many representative men concerning silver coinage, and they all, as a rule, confess their ignorance upon the question. Among others, I talked with one of the ablest and brightest lawyers of this city, a man who aims to keep abreast of the public questions of the day, who frankly said to me that he had never studied the silver question and knew but little about it.

It is no disparagement to say that very few of the members of the convention, who were all representative and intelligent men, had probably ever made a special study of the silver question and understood clearly what effect the free coinage of silver, without the co-operation of other nations, would have on the finances and industries of the country.

I have the utmost respect for the opinions and wishes of the people of my State. When their wishes upon any economic question are authoritatively ascertained, whenever both sides of such a question have been properly presented to them and they have expressed a deliberate and intelligent judgment upon it, I shall respect that judgment so far as I can under my oath to support the Constitution, and my convictions as to what is demanded in the interest of the whole people of the United States. At all events, I shall place my views before them for their consideration and leave time to demonstrate the soundness of them.

Mr. TELLER. I desire to ask the Senator from Oregon a question before he leaves the floor. I understood the Senator to say that nothing but a sentimental objection can stand in the way of giving the Secretary of the Treasury authority to provide for the redemption of the Treasury notes to be issued under the so-called Jones bill. If that is so, I should like to know what he understands by that; how he proposes to redeem them. Will the Senator explain what that suggestion means?

Mr. DOLPH. Mr. President, as I have already stated, there are but two policies to be pursued by this Government concerning silver. There is no middle ground. National bimetallism is impracticable. If an agreement can be made with a sufficient number of commercial nations to open their mints to the free coinage of both gold and silver at a fixed ratio, I think it would be sufficient to make the commercial value of silver at the ratio agreed upon equal to that of gold and to sustain it there, but without such an agreement the United States, in my judgment, must choose which standard it will have, the present standard, the standard which we have had since 1834, practically a gold standard, or it must choose the silver standard. In other words, it must remain by the side of England and France and Germany and Belgium and Italy and other European countries, or it must take its place by the side of Asia, the South American countries, and Mexico.

There is but one proposition before the country or that has been made in Congress avowedly looking to the silver standard, and that is the proposition of the Senator from Colorado for free coinage. All the other propositions are claimed to be measures for the purpose of sustaining the gold standard, of securing an increase of circulation, and enhancing the value of silver, measures for keeping the silver dollar and the silver certificates at par with gold. If I believed they would not do it, I would a thousand times rather vote for the Senator's proposition for free coinage than to vote for either of them, for I think that the most disastrous thing that could possibly happen to the country would be, as I have said, the unexpected depreciation of silver, and for our silver currency to go fluctuating with the price of silver in the markets of the world from day to day until we reach the silver basis. I prefer a law under which the price of silver will be enhanced, under which sufficient circulation will be secured, and the present standard maintained, if that can be certainly done.

Mr. TELLER. The gold standard?

Mr. DOLPH. The gold standard. I repeat, I prefer a measure which will give the country a sufficient currency and enhance the price of silver while maintaining our silver coin at par with gold to the measure offered by the Senator from Nevada as an amendment to the pending bill. Therefore I said if it is the purpose of this Government to maintain a gold standard and to maintain the value of the silver certificates at par with gold, in pursuance of that policy Congress ought to place all the power in the hands of the Secretary of the Treasury necessary to secure that end. The proposition of the Secretary of the Treasury is to redeem the certificates in silver bullion at the market rate in gold at the date of presentation. That would maintain the certificates at a par with gold beyond question. The Senator from Colorado does not like that proposition. He prefers that they be made redeemable in lawful money or coin. If the purpose be to maintain their value at par with gold, to give them a legal-tender quality the same as we have the $346,000,000 of our greenback currency, what objection can there be but a sentimental objection to empowering the Secretary of the Treasury to redeem them in like manner?

I agree with what I understood to be the position taken by the Senator from Kansas [Mr. INGALLS] the other day. The deposit of one hundred millions of gold in the Treasury for the redemption of legal-tender notes at the time it was done was probably necessary to give the people of this country confidence that the legal-tender notes would be redeemed when they were presented. I believe its retention there has long since ceased to be necessary, because the Secretary of the Treasury is empowered under the law, for the purpose of redeeming those notes, to sell the bonds of the United States, which are at a premium everywhere, and $100,000,000 of bonds in the Treasury for the purpose of that redemption are just as good as gold coin. As was said by the Senator from Kansas, the coupons could be cut off half yearly and burned and the United States would thus save interest. Just as long as the bonds are there for the purpose of redemption the Secretary of the Treasury will never sell a bond. He never will be required to do it.

Let it be understood that there are one hundred or two hundred millions of bonds which the Secretary of the Treasury is empowered to sell whenever a demand is made for gold coin to pay legal-tender notes, and the bonds will never be sold. For the purpose of redeeming the legal-tender notes the bonds are just as good as the gold coin in the Treasury.

Now I come to what the Senator from Colorado wanted me to say.

Mr. TELLER. I did not want the Senator to say anything.

Mr. DOLPH. To what he expected I would say. I come to his question. What I meant was to make whatever provision has been made for the redemption of the $346,000,000 legal-tender notes applicable also to a redemption of the certificates we are to issue for the purchase of silver. If we make them legal-tenders and give them all the functions of money, make them money to all intents and purposes just as far as we can by legislation, receivable for public and private dues, why not extend to them the provisions of the resumption act and give the Secretary of the Treasury, if necessary for their redemption, power to sell bonds? With such a provision they would pass at par with gold, the present standard would be preserved, the credit of the Government would be maintained, no-body would ever think of bringing in one of them for redemption, and the bonds would never be sold.

That is what I meant by the language the Senator referred to. I say if we are to issue now monthly $4,500,000 of Government notes, or more, if you take the bill reported from the Senate Committee on Finance, which requires the purchase of 4,500,000 ounces of silver per month, and are to make these notes serve all the functions of money, there is no reason why we should not put behind them the same authority for their redemption and the same power to enable the Secretary of the Treasury to maintain them at par with gold that we have for the redemption of legal-tender notes.

There could be no difference of opinion between us, I think, upon this question if the Senator from Colorado and myself were agreed that the measure we are to adopt is to be a measure looking to the retention of the gold standard, to the maintaining of the Government notes to be issued at a par with gold; but if the object is not that, if the object is to pile up silver dollars in the Treasury, and to put out Government notes, payable in silver dollars, until gold and silver part company and we go to a silver basis, I admit we do not want to give to the Secretary of the Treasury power to redeem them in anything except silver dollars.

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Mr. TELLER. Mr. President, there is no silver anywhere to be dumped on this market. The Senator from Oregon gets up and talks about Roumania having forty or sixty million dollars. He makes that statement on a newspaper article.

Mr. DOLPH. I beg pardon of the Senator, I did not do any such thing.

Mr. TELLER. What did the Senator make it on?

Mr. DOLPH. I made it on the statement of M. Ottomar Haupt, a citizen of France, a resident of Paris, and, next to Dr. Soetber, the best-informed man on the silver question in the world.

Mr. TELLER. Published in the newspapers of the country?

Mr. DOLPH. No; I did not get it from the newspapers; I got it from a statement over his own signature.

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Mr. TELLER. Where is this great store of silver to come from, if we dispose of Roumania? Suppose Roumania had $40,000,000 of silver? I do not remember whether it was $40,000,000 or $60,000,000 that the Senator said.

Mr. DOLPH. Twenty-five million francs.

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