

## **SPEECH OF MR. EVARTS.**



A PLEA FOR THE RESTORATION OF SILVER  
TO ITS MONEY USES.

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SPEECH

OF

MR. EVARTS,

IN THE

SENATE OF THE UNITED STATES,

ON

THE 12<sup>TH</sup> DAY OF JUNE,

1890.

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WASHINGTON.

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## SPEECH OF MR. EVARTS.

*The Senate, as in Committee of the Whole, resumed consideration of the bill (S. 2350) authorizing the issue of Treasury notes on deposits of silver bullion, when Mr. Evarts spoke as follows:*



MR. PRESIDENT, as the Senate approaches its decision and its vote on this important measure, I feel a great solicitude that it may be properly disposed of, and this feeling, I have no doubt, is shared by every member of Congress in either House, and I have no doubt that the executive government will look upon the disposition made here not in any sense of differing from the views of the Executive or of the Treasury Department, but solely in its bearing on the great interests of the country, the money of the country, and the commerce of the country. I have not had the honor of holding a place in the Senate until this session, except during a Democratic administration of the executive power. I had hoped from time to time that there might be such a concurrence of action in

the Senate and in the House of Representatives and in the recommendations of the Executive as might bring the country and Congress near a decision upon what has been, during this period and for a long time before, the gravest question in the material affairs and prosperity of this country. Disappointed in that expectation, I have felt very confident since the opening of the present Congress that, the responsibility in all the forms of authority, in law-making and its execution, being deposited in one party, we were quite sure to be brought to an actual and a deliberate and probably an almost conclusive decision of the question. Measures and views were presented to Congress by the Executive and by the head of the Treasury Department that have formed to a certain degree the basis of discussion and of concurrence or division that has marked the progress of debate and the resolutions that have been reached in either House of Congress.

We now have a bill of affirmative and large proportions that has already passed the House of Representatives, and this bill has been laid on the tables of Senators this morning as reported back from the Finance Committee with amendments. A comparison of the bill as it passed the House and the bill as it is reported with the amendments of the Senate Committee on Finance brings the divergence of opinion within substantially narrow limits. I do not say that

the differences are not important, but still we are brought, so far as the action of either House of Congress is concerned, to a very definite proposition of affirmative action.

But it is equally apparent that in the public mind and in the thoughts of Senators and of Representatives there is another question of large proportions and of very decisive consequences if that should supersede the narrower arena that is now filled by divergent opinions between the two Houses—I mean the free coinage of silver, opening our mints to the bullion of the world, and taking a step of such gravity and wide consequence, that when taken will be almost irretrievable. I shall therefore consider that subject, confined, I hope, within the strict limits of its bearing upon the immediate consideration and decision, to mark the steps and stages of this Government and this people on the subject of an enlarged specie basis.

Now, Mr. President, with unaffected regret I have to say that I do not feel that I can contribute much of very great importance or weight bearing upon what I regard as the greater, I would say the great, question—and that is of our action as bearing upon our relation to the money of the world and the commerce of the world—as distinguishable from the consideration and the arguments, the rhetoric and the logic, that have so widely and so wisely attended all

the minor considerations, as I regard them, of the bearing of the measure upon domestic money.

I need not insist upon some personal circumstances which embarrass me very much as a fit combatant on so large an arena as this which we now occupy; but my difficulty and my regrets attend the fact that the subjects, the enlistments, the arguments, and the zeal, eluster very much, wholly, upon the question of domestic money as embraced within the operation of this proposed measure. I do not undervalue that as a subject of legislation.

There is another much inferior consideration as regards what may be shortly spoken of as the patronage of the industries of the mines and miners and mine-owners in the development of the two precious metals. About these, too, there cluster, justly and necessarily, great interests, not confined to these selfish and separate engagements in that industry, but of the country at large, in respect of any great and important industry, and beyond that of special interest in any industry or in any great possessions which we hold within our wide territory of the money metals. As to these topics, so pressing and so interesting, having so many champions both able and zealous, I feel a great regret that I can not hope, within the scope of my examination of what is interesting to me, to be able to avoid them and fix the attention of the Senate and of the House and of the country upon the great

question—that is, the money of the world and the relation of this country to the commerce of the world.

Now, this measure—for I will dispose of these which seem to me subordinate though great subjects—this measure is very important as a currency measure. I do not disparage it in that light, nor have I any difficulty in giving my judgment upon the bearing of the bill as it now stands in opening the Treasury to silver bullion, in the measure either of the House, or as it has been proposed in debate in another form of measure in the Senate. But a currency question, a provision of abundant money, a provision of safe money, and an adequate control against undue expansion and undue restriction, may be managed in various other ways than that in which it is now being disposed of. It is not, therefore, in itself so critical and so fundamental an inquiry as that to which I have sought to invite the attention of the Senate. For myself I am ready to say that the enlargement of the currency is an important and pressing matter, and this bill, as it looks to that result, or any bill that shall find favor with the two Houses of Congress that accomplishes that result and does not at the same time throw an impediment and an obstacle in the way of the progressive, practical, and fruitful measures of solving the difficulties of the money of the world and of removing the disturbance in the commerce of the world, will find my ready accord.

I do not feel any solicitude in the enlargement of any issues of the paper of the Government that is strictly fixed upon the value commercially of silver bullion; and therefore I do not feel occasion to debate or to question the safety of such an enlargement of our currency as shall be tied down to a measure in the nature of things and to the product of nature not controlled by man. On the other question, of the patronage of the mining interests and their development, that is to a certain extent a measure of importance. It is so looked upon by those who foster this interest and pursue it as their gain, their lawful gain; and those communities in which the mining regions are situated and where this industry is to be developed, if at all, feel a great interest in this very proper topic of attention by Congress and in legislation to a situation so valuable to a great nation as the development of the precious metals. If this measure in that regard does not impinge upon this larger subject of final adjustment in the arena of the world's money and commerce, I can readily concede and give my support to it as proper and convenient to the result.

But I would press upon those who insist upon these considerations, upon the States and communities that are interested in this, that they, not only in common with the rest of the country, but especially in regard to this their limited industry and production, must see to it that they are vitally interested in the

restoration of *parity between silver and gold in the world at large*. I would, if I were permitted, advise and even caution them not to overlook, in the arrangements we are now making, the danger, as I shall maintain there is, in impeding the progress towards the money of the world reaching its parity between the metals, and thus this production of our mines and these private interests put upon a basis, and in a width of their prosperity, which bears no comparison with their patronage in the arrangement of domestic money. If I can propitiate in this way and conciliate the real attention, both of domestic money and of the mining interests, upon the only topic that I should think it behooves me to insist upon, I shall have accomplished a great deal more than I can venture to hope I have done.

Mr. President, I do not propose to treat the subject of money either academically or historically. I agree with the Senator from Louisiana [Mr. Eustis] that the range, the experience, the interests involved, the instructions given and the instructions to be sought, may be properly confined to the reach between the demonetization of silver in 1873 in Europe and here and the time and the occasion of our present deliberations. Yet there are some postulates or propositions that need to be had in mind if my observations shall deserve any attention from the Senate on the practical measure that I am to debate. It is vain to argue on

the basis of money and arrangements of money, unless the conception of the distinction between *money* and *commodity* is recognized. Both the experience of the world and the observations on a large scale within this country must have shown us that any misunderstanding upon this point carries with it a constantly accumulating mass of error and continually diverging lines of argument.

Mr. President, we are told by physiologists that the three great vital functions of the human body—digestion, respiration, and circulation—these great functions on which all life depends, are wholly unnoticed when health prevails. None of these, in the wisdom of Providence, have ever been subjected to the control of volition, not one of them. Our will reaches out widely in the uses of the body and of the mind, but these essential, these inevitable elements are not left to human volition; they remain uncontrollable by the will. We shall never be tired of tracing analogies between the natural and the social body. Easily enough we can understand that all the social functions and all the social interests are but arrangements and interests for man, equally embraced in the Divine Providence in its care for the individual man. Now, without any metaphor, the most practical mind and the most universal usage treat money as circulation, and nothing else. That is its function, and it should have no interest what-

ever of its own. It should be the servant of what its circulation is to care for and never occupy itself with its own virtues or its own faculties or its own functions.

There have been various ingenious efforts in developing society and politics to find some power or will of man that, under this temporary volition, from time to time, could be trusted with the subject of money. All such schemes have failed. All such proud endeavors will come to naught. The subject-matter is anchored to the best and foremost interests of society in all that touches labor and property. As in the natural body the life of the body is the blood, so the life of all the exchanges which make up commercial, domestic, or international relations, is commerce, and it all turns on the circulation of money. Nature, giving us these precious metals with a very sparing hand in the infancy of recorded social and political life, has kept pace with all the junctures of greater demand since man's wisdom has been adequate to receive these gifts as their nature admits of and does not attempt either to suppress or subvert them. All the money of the world in this sense is said to be computed at \$7,000,000,000, about equally divided between the gold and silver metals.

My first proposition is that that is all the money of the world on which the immense mass of this advanced and advancing commercial world of ours for

the generation in which we live must base its commerce and wealth and the development of its material prosperity. All of it rests upon this mass. We are frequently told that it is a waste of wealth and of labor to have this massive foundation laid for the commerce of the world. We are told that civilization can dispense with this faculty and measure of money and make paper money that shall save all this expense and dismiss these metals to the service of society as commodities. But let me now call attention to what should never escape attention, I agree, when this subject is to be fairly considered. The *vital point* in the circulation of the precious metals as money is not in their splendor or their divisibility, or in their suitability and readiness for the interchanges from hand to hand or in the large transactions of the world, but in their faculty of furnishing to labor in all its forms and at all times a *measure* based upon labor itself which has produced the metals and incorporated in them the *value* of the labor exerted in their production.

The Roman moralist has said life has given nothing to man without great labor. We know perfectly well that the air and the water and the open sea, which are the possession of the world and of man's enjoyment, are not property, nor do they come by labor, but are left indivisible to the race, neither to be reduced nor enlarged by labor, and man can not

separate any of these to himself and leave the rest of the world out of the common enjoyment of them. These matters are thus taken out of commerce and out of values and out of any measure or occasion for measure by money, but all the rest that is valuable to man in his material interests is acquired by and must be measured by human labor, labor at the moment or labor in its accumulated results.

Mr. President, the *vital point* in all this massive and universal scale of labor and accumulation of labor can never wisely submit to any measure of labor or accumulated labor, but by labor itself. If these precious metals had been as profuse as some of the gaudy glitters of the world, even with all the properties that we recognize in the nature of these metals, the mere profusion and openness to acquisition without labor would have required us to utterly reject them as the measure of labor. The world would not value them. I am shocked at the looseness, I might perhaps say the flippancy, of some popular discussions in which the effort is made to persuade laborers—to whom labor is, in its simplest form, their sole and indispensable possession—that the opinion that the precious metals, by their adoption as the money of a nation or of the world, would impose some limit upon the issuance of money, emanates from wealth, from misers, and speculators. Whenever the rich or the poor commit the measure of their labor and its accu-

mulations to the creation of money governed only by human will, not tied down by inexorable conditions to labor itself, it will be yielding itself a ready sacrifice to disaster and destruction.

Now, Mr. President, let us look at this mass of the precious metals which, for the purpose of my argument, I may call the intrinsic money of the world, taking into view its relation to human labor which, as I have shown, is in it accumulated and preserved. Let us suppose, then, disorder being recognized in the money of the world and discord between these precious metals. But perhaps I am assuming too much in saying that this supposed disorder and discord really exist. Where in the wide circulation of the commerce of the world is there a place where there is not disorder, and there is not distrust, and there is not friction, and there is not fear of still larger disturbance? We are prosperous beyond almost the dreams of so great a nation and so vast a population. From top to bottom this country is filled with the prosperity and the personal satisfaction of the possession of property; and yet wherever you cast your eyes, whether it be on this floor or in the other House of Congress, or in the discussions of the orators, or in the current literature of the newspapers, all say that things are wrong and they wish to have things set right.

Let us go to England, the great leader among

nations in commercial power and commercial prosperity. I understand that in the immense expansion of her commerce, which is larger than it ever was, her subjects are occupied with better wages and with more regular employment than they have ever known. Yet something is out of joint, and the only point of disorder that can be touched or named is in money and the money metals. Germany, France, the Latin Union, all the paper-money countries of Europe, all the paper-money countries on this hemisphere, all the money exchanges of the nations of this hemisphere, are in disorder. Their currencies are not in a sound condition. They may not be suffering under mortal wounds, but they are in a condition in which money wastes itself and its powers, which should be the mere united servants of the commerce of the world, and as a consequence there prevails between these two metals a struggle for the mastery and whether one shall not be turned into a commodity. Let us, then, look at what must be frankly looked at, the nature and circumstances of this disturbance.

Mr. President, if I am right, if all the money of the world rests and is anchored to this mass of the metallic money, let us suppose that this mass of seven thousand millions, to which all this commercial confidence is to be anchored, that this mass was reduced by one-eighth of its volume. Let us suppose that by an irruption of barbarians the civilized commercial

nations were overrun and this one-eighth of the mass of gold and of silver were carried away to the lairs of the robbers and thus taken out from the service of commerce; or, by another figure, let us imagine that one-eighth of the mass of these metal moneys might be in the course of transportation upon the seas of the world at one time, and by some great concurrence of disasters on the oceans of the world these treasures should be buried in the sea and it should be left for nature and man to supply the sudden loss. Is there any one who doubts that that stupendous event would affect the value of the metallic basis left in circulation? And, if the postulate is true, it never can be denied that the amount of this intrinsic money must finally measure all the wealth that comes within the service of its circulation, although all this mass has been reduced in the proportion I have stated.

Now, Mr. President, it does not do to be very dogmatic in matters so flexible as human affairs. But that this is a correct statement logically of what may happen, or would happen, in any reduction of the service of these metals by the processes that have worked and are still working, can not be doubted. Yet if you take what for many years has stood as the relation of the commercial value of silver bullion with the money of silver, 25 per cent. is the measure of its loss in purchasing and paying power. This 25 per cent. of the one metal is the hypothesis I have

put of the one-eighth reduction of the available money of the two metals. But there is an element of difference here to be noted; for, thus far, I have supposed that this reduction of the mass would be equally divided between the two metals, and they would be left harmoniously to struggle with the new labors that were put upon them under an equal reduction. Unfortunately this reduction has fallen entirely upon one metal. This gives rise to a struggle between the two metals, in the disturbance of the necessity of combining the service of the two metals in the transactions of the world.

Mr. President, how did this come about? We hear in bank parlors, and from economists, and from political philosophers that it has come by the laws of trade and by the laws of nature. It is important if this should be the source of this derangement to inquire what is meant by the laws of nature as affecting the intercourse of men, and what effect the laws of trade have upon the changes of intercourse on commercial matters among men.

On the basis of the laws of trade and the laws of nature we have been treated with an unending variety of arguments to show that the wit of man can not combat this disorder or retrieve this disaster. Well, Mr. President, in 1873 these two metals were at accord and they had been since 1803, and no laws of trade or laws of nature stopped their operation from

1803 to 1873. The wit and wisdom of man had supplied the only element that was necessary to give stability to these two metals, in their own worth of the circulation of money; and that wit of man was needed only in one point, because everything else had been done by nature. These two metals, as was found out in this stage of the world's history, were tied together by each of them being the product of labor. A comparison of the labor needed to bring each of them into existence showed that sixteen days of labor or thereabouts were necessary to obtain one ounce of gold when one day only of labor was necessary to obtain an ounce of silver. If the wit of man could not, by the ordinance of positive legislation, fasten the co-ordination of these metals against dispute or casual friction or divergence, then the wit of man would fail in one of its greatest needs. Yet society had been adequate, as we know in morals, in religion, in politics, in law, to make the grandeur of our civilization over what might be called, in the language of these philosophers, "nature's laws."

But what was done in 1873? for something then happened. Silver bullion then in the market was worth fifty-nine pence and a fraction per fine ounce, which was at par with gold in the money ratios of the coin. In 1878 it had fallen below fifty-five pence. In 1881 it had fallen below fifty-two, I think, and in 1889, when we were at the bottom, it had fallen

below forty-three pence. What stupendous event in nature had produced this sudden derangement in its laws? What trade of the world, what rights of trade, in this interval, had produced this disorder? Nothing whatever had happened except that the folly of man, not satisfied with the wisdom and experience of the world, was led into trifling experiment. From motives unworthy of consideration in their bearing upon the trade and commerce of the world, these experiments were undertaken. We had a conference in Paris in 1867 in which some savants and political economists met to bring about a unification of coinage in order that we might be saved, in the multitude of commercial transactions, computing the differences between pounds and half-eagles, and five-franc pieces and American dollars, and such like. These matters, however interesting in themselves, should rightfully have had as much to do with unsettling the ratios and the kinds of money metals of the world as a change in the system of book-keeping has to do with the commerce of the world. Yet that subtle and sentimental or scientific proposition, the unification of coinage, lay at the bottom of what took place in this country, and was the principal element that was brought into notice in the discussions from 1871 to 1873.

I do not take much interest, Mr. President, in the criminations and recriminations between public men

as to that transaction of 1873. As far as I can make it out, they were all in a hypnotic condition. It is not very important for me nor for you to know which was the most asleep. But I can assure you in their presence that there was not one of them who was wide-awake, and men ought to be wide-awake when they are disturbing the equilibrium of the money metals of the world.

How did this come about? Mr. Ruggles, a most estimable person of great ability, one of my best and longest friends, was a member of the Conference of 1867 and greatly interested in its labors and results. There was before us the five-franc piece that was worth ninety-three cents, as we always considered it, I believe, and here was our dollar that was worth one hundred cents. It was desired that our dollar should be made to accord with the five-franc piece in intrinsic value, and then the five-franc piece, being computed as a fifth of a pound, and the pound being made to accord with that computation, our dollar would be a fifth of a pound, and so you would have this admirable contrivance in book-keeping accomplished with a stroke of the pen.

Well, to get through a measure, especially overnight and while asleep, to make a new coin of ninety-three cents instead of one hundred cents, attracted attention. It was found all that was necessary to be done was to adopt a law by which three hundred and

eighty-four grains only of silver should go into our new dollar, and then, presto, everything would be in accord between the five-franc pieces and our dollars, and preparation made for an accord with the pound sterling in due proportion. But our people were not ready to do even this under this hypnotic situation. Yet the unification of coinage was a very trivial matter compared with what we are now talking about, that is to say the demonetization of silver. So how did these philosophers propose to meet this difficulty? Why nothing more nor less than to strike out of our coinage the American dollar and make our two half-dollars intrinsically exactly equal to a five-franc piece, and thus the book-keeping would be satisfied. That was done without the least intention that the two half-dollars were to have money functions in the commerce and money of the world; but the dollar that was thus obliterated was one of the mass of equal proportions with all the money of the world in great transactions. So much for thinking that law can not effect monetary changes in the relation of the money metals. If law can destroy these relations, although it may be a painful process to re-instate them, law can do it. There is nothing in the nature of man or in the experience of man that, when this thief has been detected disturbing in the name of law the money of the country and of the world, prevents us, with our eyes now wide open and

our intelligence better instructed, from redressing the wrong. Now, what happened to Germany? In 1867 the Germans thought that the great flood of gold, which had burst upon the world in the preceding decade, would continue. There was indeed a flood at that period, a prodigious flood, of gold. Talk about this flood of silver in the world and now prevalent in this country; what is that to the flood of gold in the preceding decade? Two hundred millions of gold were suddenly added to the products of the world, and this was reached too, unluckily, in a manner to disturb the circulation. We picked up this new gold by washing the sands in which it had been deposited, instead of groping for it in the mines and gaining the gold by crushing it out of the ore, which depended on labor instead of luck.

Germany, led by a Frenchman, Chevalier, a philosopher and economist of great distinction, changed its standard to silver, as it were a prudent man, who, foreseeing the evil of this flood of gold, hideth himself. A few years later the great transaction of the French war and the ransom of a thousand millions in gold had put Germany in great confusion as to its money circulation. This was a transaction of force and not of commerce. Under these influences Germany demonetized silver and adopted the gold standard. The reason that they were blind to the mischief that would come from this sudden shifting from the silver

standard to the gold was that they had had no previous experience of gold as a large ingredient in their circulation and were insensible to the consequences of the demonetization of a large mass of silver and reaching out to the neighboring nations to replace the demonetized metal with gold. The reason was that they had not had too much gold. It is only practical and present troubles that impress themselves on commerce. But when this great silver nation wanted to transmute its silver into gold at par, thinking that it could exchange with its neighbor France and exhaust her gold and rid itself of its silver, all philosophy was confronted at once with the proposition that France would protect herself by closing her mints and arresting this process that was going on before her eyes. Germany, getting into some better reflection, after awhile stopped melting its coined silver; this was the first arrest that was made in this declining grade. Yet the measures I have spoken of were not adopted with their eyes open in Germany any more than ours were so taken here. It was not such a sleight of hand nor such a confusion between book-keeping and commerce as was practiced on us, but laws were passed by which nations protected themselves against such transubstantiation as was sought to be practiced upon France. Since then disorder has gone on from step to step.

It is hardly necessary, Mr. President, to direct

attention to what I believe is strictly true, that this nation did not sustain any important attitude toward the money of the world until of late years. The mass of wealth in the metals as in other forms was vastly important on the other side of the water while we were growing up. We had no precious metals of our own production in the earlier part of the century, and no hope of them. We were poor, and could pass no laws to encourage the flow of the precious metals to this country. Whatever could come to us was to come in commerce, and our commerce was feeble. Our carrying trade was valuable, and there we picked out Spanish pieces of eight and other forms of the precious silver of the Indies, as they were called, of Spain. Of gold we had in use no amount, and though we look back to it and rhetorically talk about the money of our fathers and our constitutional money and a restoration of it and a recurrence to it, frankness compels me, with my own inspection of the situation, to say that we did not then form an important element in affecting the ratio or the mass of the intrinsic money of the world. Nevertheless that great financier, General Hamilton, provided in advance, seeing with the eye of a master that the ratio and its permanence and its accordance with the money experience and ratio developed in the world at large must be our guide. It has been said that in adopting fifteen to one he overvalued

gold, and thus mistook the ratio that in our developed use of money would fitly accord with the foreign ratio. That I think is an error. The French before the revolution had a ratio below fifteen; England had a ratio above fifteen; and Hamilton was accurate and circumspect and comprehensive in fixing our ratio, as in all the other great arrangements he made for the development of the wealth and commerce of a feeble nation when it should grow up under the fostering care of good laws. But the French revolution came and it upset all things in Europe; and in 1803 the ratio between the two metals was fixed by France at fifteen and a half to one. Our disparity of fifteen to one never played any part in the French change in the ratio, because we were not an important factor. England suspended specie payment during the Napoleonic wars, and only recovered the use of the metal as the basis of confidence and traffic in 1819. I do not propose to go into any of the details of the wars between pounds and shillings, between gold and silver, in England; but the first step that we took in the change of our ratio was in 1834, when we changed from Hamilton's fifteen at a jump to sixteen. That was an unlucky blunder. What led to that? We had no silver. We were just developing a gold product in North Carolina and Georgia that was looked upon as an El Dorado. I do not know how long it lasted, but it reached a production, I think, of a

million dollars in a year, and was expected to last forever. We had also a great political question before the country between the Democratic party and the "United States Bank" and the banking institutions of the States. This ended in the sub-treasury scheme, which divorced the Government from the use of these paper issues in its financial operations, and gold became practically the money of the Government. Gold was present in the minds of all. That is obvious in the speeches of Mr. Benton, the great leader in this movement, although he said that "the sober wisdom of competent advisers was that fifteen and a half was the proper ratio to put us in accord with Europe." I have referred to this merely in passing. A nation that had no silver production nor any accumulated precious metals within it undertook to elevate gold under the motives that I have stated, and what was the result? It only worked to this result, that having no silver of our own, no silver would come here to our mints; for, beside the traveling across the ocean and that expense, a loss of three per cent. in our mintage was suffered from what would be gained in the mints of Europe. So we stood high and dry, without a silver coinage to bless ourselves with under this boom of gold.

Mr. President, this leads me to say that in 1873, with our enlarged wealth, our great prosperity, after the civil war had been composed, we were for the

first time getting to be an element in the money and the ratios of the money of the world. This sixteen ratio was of no importance so long as we had neither metal in use and when we were on a paper basis. Now, as Germany was the great malefactor in the mischief produced, let us see how much we contributed to this mischief, for we undoubtedly did so very seriously. Although our ratio seemed presently of no importance, yet when we were planning to resume specie payments we had written on our statute-books that we were going to resume in gold and nothing else. This announcement struck Europe between the eyes when all these interests were shivering in their struggle as to how their own discords were to be composed. Nobody in Europe undervalued the commerce of the United States nor overlooked the relations of exportation and importation in England and France and Germany, nor the importations and exportations in this country with those countries. When, therefore, it was announced that we were coming back into the money world out of paper money, and that our vast commerce with its needs of money was to be counted on the side of gold, this murderous thrust of our silver demonetization came in to disturb the re-arrangements in Europe. In this situation the Scandinavians, Norway, Sweden, and Denmark, with not much gold but not much silver, betook themselves to the summit of gold for safety.

Then France and the Latin Union closed their mints not merely against Germany but against the United States, that was proposing apparently to get gold from Europe and sell its silver product over there. Next Holland and Austria took the gold scheme, though the latter was then and still continues to be on a paper basis. Thus these heavy blows were struck in succession in the name of law and not of nature or of commerce. Every blow under which silver has shrunk and cowered was the blow of positive law. Yet we are amused by stories that an effort by law to re-arrange ratios is like trying to put one body physically in the same space with another, and to equalize in this way is as hopeless, they say, as to equalize the price between barley and oats, or wheat and maize.

Mr. President, what are we then to do about it? This is our situation. What have we attempted to do about it? In 1878 we opened the mints to the Government but not to the people, and thus made no important step toward the restoration of this automatic money of the world; but we did try, and Congress was alert in trying, to bring about such cooperation and co-working with the nations of Europe as should restore this broken ratio that had been thus ruthlessly stricken down in the name of law. It was my fortune at that time to be connected with the administration and in charge of the Department of

State, and I immediately called a conference of European nations in 1878, which was held in Paris and is known as the Conference of 1878. France hospitably offered that Paris should be the seat of this conference, but it was called wholly by the United States. A reconnaissance of the situation was thus made, and with certain results. In 1881, just as I was going out of the Department of State, just in time to arrange it, the United States were invited to join France in a common invitation to the nations of Europe to a renewed conference on the silver question. Congress was wide-awake and alert to meet this proposition. In the closing hours of the session Congress promptly made the necessary appropriation to carry out the purpose of the administration in the call of this conference. The Senator from Iowa [Mr. Allison], now doing me the honor to listen to my observations, remembers all about this transaction. He remembers very well, for he was active in the matter, how earnest both branches of the Government were, how determined they were, to arrest this decline in the value of silver and to restore by concert the parity which had theretofore so long existed by concert in the money of the world.

After we had reached a certain point, to which I will ask the attention of the Senate, there came to be an impatience in this country, as if our attitude had been one of dependence, or attendance, or expect-

ancy upon Europe. This was a mistake. There was no courage in Europe to start this proposition. The credit of it, although it should inure in its results to other nations, was our own, and was our instruction to Europe that its blunders could be borne by us better than by anybody else from our free-handed relations to the world, but that this must be redressed, or no man could measure the reach and the permanence of its divergence. So the lesson was taught from this side and was there welcomed. Absorbed as England was with the Irish question, and Germany with its unification, and all nations with their armaments, every peasant carrying a soldier on his back, under these burdens Europe was not master of the money situation so as to be able to deal with the question in parliaments or reichstags.

I now desire in this connection to ask attention to the situation in which the matter was left before the conference in 1881 by the joint declaration which at the close of its deliberations was presented, and which reads as follows:

Mr. EVARTS, on behalf of the delegates of France and the United States of America, read the following declaration:

“The delegates of France and of the United States, in the name of their respective Governments, make the following declaration:

“1. The depreciation and great fluctuations in the value of silver relatively to gold, which of late years have shown themselves and which continue to exist, have been and are injurious to commerce and to the general prosperity, and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits to the commerce of the world.

“2. A convention entered into by an important group of States, by which they should agree to open their mints to free and unlimited coinage of both silver and gold at a fixed proportion of weight between the gold and silver contained in the monetary unit of each metal and with full legal-tender faculty to the money thus issued, would cause and maintain a stability in the relative value of the two metals suitable to the interests and requirements of the commerce of the world.

“3. Any ratio now or of late in use by any commercial nation, if adopted by such important group of States, could be maintained; but the adoption of the ratio of fifteen and one-half to one would accomplish the principal object with less disturbance in the monetary systems to be affected by it than any other ratio.

“4. Without considering the effect which might be produced toward the desired object by a lesser combination of States, a convention which should include England, France, Germany, and the United States, with the concurrence of other States both in Europe and on the American Continent, which this combination would assure, would be adequate to produce and maintain throughout the commercial world the relation between the two metals that such convention should adopt.”

Mr. President, I have brought this stage of international attempt to the notice of the Senate in order to observe that this was an important stage, and substantially remitted the subject, as this conference had no plenipotentiary powers, to its diplomatic conduct by the different Powers. Some fifteen European Powers were represented at this Conference. Germany, that was not at the Conference of 1878, was there, and England was there, and there was the utmost solicitude that this measure should be put forward diplomatically upon the basis of the conclusion which these two nations, France and the United States, had reached and declared to the Conference.

Mr. President, no important steps were taken by our Government following this declaration. The Administration of President Garfield was broken at the outset. A new arrangement of the Cabinet was made by his successor. No active or energetic treatment of this subject diplomatically was undertaken by President Arthur's Administration. A Democratic Administration succeeded, and no progress was made by that Administration. Now, for the first time in the course of this matter—the country's confidence being reposed in the Republican party, vesting it with the possession of majorities in the two Houses, and the executive power—the practical question is confronting the country, and the people are determined that the period of lassitude and delay shall last no longer. What, then, are we to do? The people of this country, through their authentic representatives in the two Houses of Congress and in their election of the Executive, have, in my opinion, determined that they will not continue the disgrace and the disorder which now afflict our domestic money and disturb our relations with the world. We are thus brought to the adoption of one form or other of a measure which, as compared with anything that has been done in the interval between 1873 and 1890, is the stride of a giant, and not that of a sick man in his sleep—three paces and then faltering.

Mr. President, much has been said about gold be-

longing to the rich and silver to the poor, and gold belonging to the creditor and silver grasped at by the debtor. All this rhetoric, whether it has much basis in fact on an honest survey of this great and prosperous country, it is not worth my while now to discuss. They do not bear upon the question of what is the wise thing now to be done. But there is undoubtedly a certain difference between silver and gold as to their favor with the common people at large in the common use and experience. This distinction was well and dispassionately presented in an eloquent speech by one of the French delegates at this conference, M. Dumas, a distinguished savant, a man who had great scientific and economic experience, and with his added years of eighty-four stood before us with all his powers unimpaired and with a mellow, ripe, and benevolent experience of human affairs. He closed a speech listened to throughout with profound attention with these observations, which present not unjustly and without invective, and yet with truth, silver as at all times the favorite of the common people. M. Dumas, the delegate from France, closing, said:

\* \* \* \* \*

To recapitulate: There are in all countries hills and plains. As to the hills, I have no concern about them; they demand gold, let us give them the satisfaction of handling handfuls of it if they will or can; they will always find their interests satisfied. What touch and interest me are the plains, extensive, covered with an abundant population—a population which labors, lives on little, can be poor, can be frugal,

and has need of money suited to it. It is for its sake that I demand the maintenance of that silver money, legal tender within, international without, which I consider not only as the money of the middle class in its daily needs, but of the artisan, of the laborer, of the part of the nation the most interesting, the most considerable, and the most worthy of interest.

For its sake, I repeat, I dread to see silver disappear, to see it lose its paying power, pass to a degraded state in public opinion, because everything in that direction will be suffering for it, without being an enjoyment for the elevated part of the population so often spoken of as representing civilization, culture, wealth, power. No; the wealth of a country, its importance, its power, are not on the summits; they have their home below also in that population that labors, that produces, that saves, and for which gold is so often a chimera, and silver the daily bread and the safeguard for the morrow.

Mr. President, I have thought it worth while to produce this just and dispassionate estimate, so honest and so useful, to supplant in the public mind the somewhat heated invectives that have been thrown from one side of the country to the other touching this rivalry between silver and gold. There is not, in my judgment, either in this rhetoric of M. Dumas or in his logic, a single exaggeration of the value of silver to be hugged to its bosom by a country because of the interest in silver of the common people and the poor. So much for that.

The Secretary of the Treasury in his report states very well—quite as well as any one can—the proposition that the true solution of these disorders is the restoration by international concert of the parity between the metals. I will read a short passage as it appears in the report:

[Extract from the Annual Report of the Secretary of the Treasury for the year 1889.]

An international agreement fixing a ratio between silver and gold, and opening the mints of the leading nations of the world to the free coinage of both metals at the ratio so established.

In such concert of action, if it could be secured, is the final and satisfactory solution of the silver problem. The policy of promoting it was instituted by the United States in 1878. The proposition was made to the European nations, and was fully set forth and justified in two international conferences.

The Secretary, to be sure, proceeds to argue that all efforts to this end have thus far been fruitless, and that the attainment of this desideratum is still a distant hope.

Mr. President, I do not know that any question arises in any man's mind but that the status as it was in 1873, and had been through the century up to that time, is what we wish to get back to. The mine-owners want it, the merchants want it, the Government wants it, the Congress wants it. If, then, we have made this great advance and reached this concurrence and are now ready to start with resolute purpose for the goal, we have accomplished already more than has been done for nearly twenty years.

I have no distinction to draw for the moment between the modifications of the House bill and the modifications of the Finance Committee's amendments, which I have read this morning. So, too, I need not advert to other modifications, falling short of free coinage, that have been debated and discussed, discussed in conferences among the public men on

either side of the Chamber or on the floor. The distinction between them is not important to my present argument, and the most liberal of them all proposed would meet with my sanction. It remains then only for me to consider what shall we say and do about free silver coinage. I am in favor of free coinage for and by the world whenever that can be reached. But the question here is, whether a free coinage in our country and alone in the present position we occupy—in what might be hoped to be a progressive movement to the desideratum for the world at large—would tend to promote or accelerate the principal and final object which we all have in view. The Senator from Louisiana [Mr. Eustis], who spoke with pertinency and force, as is his custom, says that for our country and for our laws and our measures in this regard he is satisfied that we need count no scruples and weigh no doubts. Perhaps that is true for domestic money. I will not question that here. The Senators from Nevada and my friend from Colorado [Mr. Teller], with many about them, in concurrence of feeling and of opinion (and none are entitled to more credit for pains and capacity to estimate these questions), roundly assert that no harm can come or will come from the free coinage, and that this measure will not only be a safe movement set in action here, but will serve in the best way the ultimatum which they wish to reach, and which they appreciate quite as much as I do.

Well, Mr. President, when the apostles Peter and John stood at the gate of the Temple called Beautiful, and looked with pitying eyes upon the cripple who lay there hopeless and helpless, asking alms, they required him to fasten his eyes upon them, and then in the faith of their Master they bade him arise and walk, and he arose and walked, and he arose and walked and leaped, and went into the Temple walking and leaping for joy. If I could attribute to these my friends on my right here that apostolic grace and endowment that belonged to those apostles, speaking in the name of an authority that could accomplish it, I, too, would like to see the limping silver leg on the march of money metal in the world thus raised and exhibited in the temple walking and leaping for joy. But, Mr. President, this will have been the first miracle that these my friends will have performed. After it has proved a miracle, we can estimate anything as possible and within their compass. But if we ask a cripple to throw away his crutch and break his broken limb again, what shall happen to the hapless victim of faith without a miracle to reward his faith? Here is the rub. Here is the point. Here is the sober and grave judgment that is to be made by the depositaries of the wisdom of the people and of their desire, and of our wishes to accomplish that desire.

Let us look, then, at what would happen. We should go on with the mintage at our ratio of sixteen

to one. No proposition has been made to reduce it. It is impossible that it should be touched at present, for a reason that I will point out. If we pile up additionally and *ad libitum*, not controlled by seigniorage and purchase, we shall be raising a wall of sixteen ratio dollars. Senators say it will add \$200,000,000, and that this \$200,000,000 can do no harm to our domestic money. Very well; let us hope so; let us think so. What is to happen? We can do this at sixteen, possibly, without inundation from abroad, because we have the protection of three per cent.; but just in proportion as we raise this mass, growing and growing at sixteen, we make it more and more impossible for them in Europe to open their mints at fifteen and a half; for if that were done every dollar of our mintage, with all the patriotism that is to be impressed upon it by our oratory, would go across the water to be reminted at fifteen and a half for the profit of three per cent. in the process. Three per cent. is a good profit when there is no risk in the transaction. Therefore it seems to me utterly impossible, as a practical measure, that we should open the mints here and separately if we wish to work up to opening the mints abroad. The Senator from Louisiana said, and he appeared to speak with precision, that he does not care what may happen elsewhere if we are safe and can be safe, as he says we can be, to manage our own domestic coin. He would leave the

struggle between the metals of the world to go on and to fight it out, as he expressed it, outside of this country. This is very thoroughgoing. If the money of the world is the circulation of the commerce of the world, does the Senator from Louisiana think that we should be left out of our share in the commerce of the world, or does he imagine that we can be severed from the money of the world in its computations and exchanges and carry on our share of the commerce of the world without feeling our full share of all the friction and misfortune and disorder and disaster and destruction that lie in the path we should be pursuing? I can not tolerate, Mr. President, this idle talk of the separation of this country from the money of the world. I do not think we can keep up our share of the commerce of the world undisturbed and unembarrassed by the dérangement between the two money metals.

I wish to call attention to a certain fear (perhaps it is too strong to speak of it as a mere night fear) that prevails to some extent even now in the great city which I have the honor to represent as a part of the State of New York with my colleague here. The idea is that if we should increase and accumulate the coinage of silver even in so moderate and conservative a measure as is proposed by the Finance Committee the gold will leave the country. Well, Mr. President, riches take to themselves wings and fly

away in the sense that my neighbor is rich to-day and poor to-morrow, and his next neighbor is poor to-day and rich to-morrow; but as to gold, in its relation of circulation, on what wings is gold to fly and on what errand is it to go? It is circulation. Nothing carries from a country its money metals except as the needs of its commerce carry them. They are not idlers, these precious metals; they are not travelers, they are not wool-gatherers. Their sober and incessant business is circulation, to give life to commerce by the currents which make them follow in the movements of commerce. I can not look with any complacency upon the notion that in this great country of ours, with its vast accumulations and with its abundant commercial basis, we should be in fear of the currents of money deserting the currents of commerce. If the currents of commerce carry gold away, then the absence from our system of silver will not keep it here. It will be very fortunate for us if, gold following the currents of commerce is withdrawn, we should have silver left as a domestic medium for the immense interchanges of this great nation of free trade within its borders. I now beg to read a note that I have received from the Treasury Statistical Bureau of an accurate statement touching our commerce in this connection, which is as follows:

TREASURY DEPARTMENT, BUREAU OF STATISTICS,  
*Washington, D. C., June 7, 1890.*

DEAR SIR: In reply to your inquiry, I have the honor to inform you that, according to the official records of this office and the official publications of the United Kingdom, the values of the imports and exports of merchandise of these countries, during the year ending June 30, 1889, were as follows:

United States:	
Exports—	Value.
Domestic.....	\$730, 282, 609
Foreign.....	12, 118, 766
	<hr/>
Total exports.....	742, 401, 375
	<hr/> <hr/>
Imports .....	645, 131, 652
	<hr/> <hr/>
United Kingdom:	
Exports—	
Domestic.....	1, 207, 339, 518
Foreign .....	316, 029, 415
	<hr/>
Total exports .....	1, 523, 368, 933
	<hr/> <hr/>
Imports.....	2, 081, 217, 512

The British imports and exports are stated in their complete and correct form for calendar years. The above data for the fiscal year have been taken from the British monthly reports, and may be subject to some corrections.

The imports and exports of merchandise of the United Kingdom for the calendar year 1888—the latest year for which we have the complete official figures—were as follows: Imports, \$1,886,430, 343; exports of domestic and foreign products, \$1,449,658, 501.

Respectfully, yours,

S. G. BROCK, *Chief of Bureau.*

Hon. WILLIAM M. EVARTS,

*United States Senate Chamber, Washington, D. C.*

Mr. President, I have introduced this breadth of our commerce in this naked and simple display of it

to show its vastness and how its controlling currents are what should most interest us. The flight of gold from any motive of danger from silver is thus shown to be a mere imagination. Our exports amount to very nearly \$750,000,000, our imports to as much, and the gross aggregate of our commerce is \$1,500,000,000. About twelve years ago, as I recall it, we then had reached this point in aggregate, and England's commerce then amounted to but \$3,000,000,000, ours then being half of her great and nobly built-up commerce. Now, England, as is shown here, has reached forward and the aggregate of her commerce is \$3,500,000,000, in round numbers. I ask attention now for a moment to some instructive statements of balances in the last ten years in our commerce, both in commercial and in money movement:

The total exports from this country from 1879 to and including 1889 exceeded the imports by \$1,031,082,380.

In this same period we imported \$163,629,755 more of gold than we exported during the same time.

In this same period we exported \$118,664,477 more of silver than we imported during the same time.

This record for the decade is enough to show us that the currents of commerce, if they disturb the relations of the money metals in the mass of the riches of this nation, do so because our commerce itself is in a disadvantageous condition and not from any independent movement of the money metals uncontrolled by our commerce or under motives arising from the

competition between the metals. Why, Mr. President, the reasonings which I am refuting are drawn from an early and feeble condition of our commerce 'Tis indeed wonderful that the nation got along so well even with our limited commerce when we had no important basis of intrinsic money, and, after the United States Bank had come to an end, leaving us only the State banks with their paper issues. These banks had only as ballast in their respective vaults to support their paper issues a modicum of gold or silver. Whenever, therefore, in the commerce of the country \$5,000,000 or so of gold were to be exported to meet the balances with Europe all the nation was set agog. All these crazy craft, with their ballast of silver or gold anywhere from \$10,000 to \$200,000, were exposed to be capsized as it were by a flaw in the wind. We suspended specie payment incontinently all over the country and scrambled back to a sound basis the best way we could. Under such experience and its tradition these night fears are now spread before this country in the presence of the vast currents of our present commerce.

Mr. President, another statement is that, under the Gresham law, whenever we have two metal moneys so that one is cheaper than the other then the public will hoard the precious metal and live or starve on the rest; as if there ever was a nation that less needed than ours to be taught, in its worldly affairs, from the

divine parable against hiding a talent in a napkin. Hoarding, forsooth, as if that was a vice of Americans, as if experience did not warn that when the hoarded treasure was looked for it turned out that somebody had been there before!

Mr. President, I can not treat these last matters as important elements for our consideration. I proceed, therefore, to the features of this bill that commend themselves to me as tending to accomplish the ultimate result to be reached, the desideratum about which all agree, *the concord and parity of the money metals of the world*. I have said that I find insuperable difficulty in opening the mints of this country alone to silver while the situation abroad remains as it is. I need not insist further upon that. I will ask, with the permission of the Senate, to insert here some observations which I had the honor to make as a delegate to the Silver Conference of 1881, and which are, I think, pertinent to the matter in hand as showing the ability of law to restore a parity that law has disordered:

“Although, then, the precious metals, in their qualities as metals, may remain commodities, whenever the act of the law, finding in their properties the necessary aptitudes, decrees their consecration to the public service as money, it decrees that they shall never after, in that quality of money, be commodities. In the very conception of money, it is distinguished from

all exchangeable, barterable commodities in this, that the law has set it apart, by the imprint of coinage, to be the servant of the state and of the world in its use as money, and to abstain from all commixture, as a commodity, with the other commodities of the world.

“Wherever and howsoever this ideal of money fails to be real, it is because the law is either inefficient within its jurisdiction, which is its disgrace, or because its jurisdiction is limited territorially and its vigor fails beyond the boundaries. In the latter case I agree silver or gold, in the shape of the coinage of one country or another, may become merchandise to be bought and sold in other countries as a mere money metal. Manifestly these exposures to demonetization beyond the boundaries, because the legal force which has made metal money stops with the boundaries, is the main cause of the mischiefs in the monetary system of the world, which needs redress. The cause understood, the cure is obvious. It is to carry, by some form of consensus among governments, the legal relations between the two metals in their employment as money beyond the boundaries of separate systems of coinage. The legal relations between the metals once fixed, no important evasion of it would be possible, and no serious disturbance of it could arise from diversities of coinage. It is for this result and by this means that we are striving.

“But law, it is said, is inadequate in its strength,

in its capabilities, in its vigilance, in its authority to accomplish so great, so benign a result. It was accomplished, up to the year 1870, by even the informal concurrence among the nations which till then subsisted. The spirit of the present age has led to manifold international applications of positive law on other subjects than money, while there is no subject to which its application is so important, or, within limits, so easy as money. For want of this consensus, the necessary conception of money, the institution of money, the consecration of money is defeated *pro tanto* when any portion of the money loses its prerogative and incommunicable function of buying and selling all, and becomes purchasable and vendible.

“Whenever any portion of the money which should be used as the solvent for the exchange of commodities turns into a commodity it thereby not only diminishes the force and volume of money, but adds to the weight and volume of the exchangeable commodities. It is as little a condition of health, and may lead to as great calamities, as if the fevered blood should burn the tissues of the vital channels through which it circulates, or as if the coats of the stomach should turn to digesting themselves.

“To me it seems certain that the nations must contemplate either the employment of the two metals as intrinsic money of the world upon a fixed efficient concord and co-operation between them, or their sur-

render to perpetual struggle, aggravating itself at every triumph of one over the other, and finally ending in that calamity which overtakes sooner or later those who care not to use the bounties of nature according to the gift and the responsibility of reason. I can see nothing valuable in the treatment of this subject which would leave the broken leash that so long held together these metals to be repaired by chance, or the contest to be kept up at the expense of that unity, concord, common advantage, and general progress among nations which is the ideal and the hope, the pride and the enjoyment, of the age in which we live.

“Mr. Pirmez, however, would have us understand that this simple law of fixing the ratio between the metals to be observed among concurring nations, although this consensus should include all the nations most engaged in the interchanges of the world, would be powerless, because it would be opposed to the law of nature. The law of nature, no doubt, has made two metals, but according to the best inspection of them by science and common sense the law of nature has made them as little diverse as possible, compatibly with their best use as money. I agree that there may be foolish laws. There may be laws theoretically wise, but which, by the lawgiver not computing the difficulties to be overcome or the repugnances that will resist their execution, are unwise for the time

and the circumstances to which they are applied. I believe that an ill-matched struggle between arbitrary decree and the firm principles of human nature will result in the overthrow of the law.

“But that doctrine at bottom, if you are to apply it without regard for the very law and without measuring the actual repugnance and resistance it has to meet, is simply impugning civilization for having fought with nature, as it has done from the beginning. As I have said, the informal, the unconscious, the merely historical and traditionary consensus of mankind made and maintained an equilibrium between the metals among the nations up to 1870. With more vigorous aid from positive law, that ‘written reason’ which Mr. Pirmez says is all the law there ever is or can be, I can not but anticipate the suppression of the discord and struggle between the moneys of the world which now trouble commerce.”

Now, the measure proposed, by which over the counter of the Treasury bullion was to be received and good paper paid out therefor, and then by a reversed transaction bullion was to be paid out by the Treasury and paper received therefor, never approved itself to my judgment. As bearing on the question of benefit to our domestic money I can see no advantage in the measure, while it would be pernicious to the great end in view. That would indeed have been a step backward of almost immeasurable injury, because

treating silver openly, in the dealings of our Government with it, as a commodity and nothing else.

Never can money after its consecration be safely treated as a commodity. The conception of it is that it is not to be treated as anything but the force and propulsion of circulation unburdened with any weights of its own and with any interests of its share in the circulation. No wiser maxim was ever given by the great Preacher than this: "Money answereth to all things." That function should prevent it from being rightfully a subject of traffic by anybody.

If the present measure shall prove compatible, as I think it will, with the interest of domestic money and with the benefits of our mining industries, why should I not find it useful also as an approach towards what we all aim at—free coinage by and for the world—and that, too, I will say, not by slow strides? Mr. President, we here welcome to our money system this secondary basis of our money—I mean bullion. By this measure bullion, for the uses of commerce, though it be not brought within the inner veil of consecration by coinage, is yet absorbed into the money of the country and never thereafter appears as commodity. This process, carrying, as it does, the essential faculty and quality of absorption from commodity, is not inconsistent with, though it falls short of, what we all desire, the opening of the mints to silver and its final consecration in the coinage.

This measure, then, by its absorption of silver with no possibility of its returning to its vulgar uses as a commodity, is a challenge to Europe. It is as much as to say, this is what we are doing. The rise in the values of silver consequent upon this measure will be obvious, and will be felt in Europe. But if we are challenged in return, and asked to go on in the path of which this is the first stride, our answer is: We do not *now* intend to take any irrevocable step; we do not mean to commit ourselves *now* to any irretrievable measure by which ultimate power over our progress may be confided to any one; but if Europe will take up its load of dishonored silver and work for its restoration we will go on together to the goal. But if Europe falters, if she refuses us our meed of gracious co-operation, we shall *then* manage our domestic affairs without regard to her share in the disturbances of the world. We shall then undertake to see whether, with our country lying between two oceans and thus for purposes of commerce nearer to both Europe and Asia than either of them is to the other, and enriched with these precious metals which the bounty of Providence has furnished to the world, replete also with the production of all the necessaries and comforts of life, with our skilled labor, and equipped for all the exchanges with the rest of the world whether we, thus situated, shall be able to show, in the race with Europe for the commerce of the world, which is most hamstrung in the race by our treatment of silver.

Thus, Mr. President, very imperfectly and with only desultory steps, have I undertaken to touch on what seems to me the vital question, and to urge the march onward to the goal which is not beyond our reach if wisdom and trust in Providence shall not fail us.

Mr. President, you may be assured that this day's business takes hold on the future. It does not stop at this stage of our progress. It is for this that I ask the Senate to take, in the absence of miracle and faith in miracle, the honest and sturdy safe steps and stages that experience has shown we can take and remain the masters of the present and the masters of the future.

Mr. President, I take leave to append to these observations a note on the history of the legal ratios of the United States, prepared by Mr. Dana Horton, who either in diplomatic or historical or economic relations is very competent in all the bearings of this whole subject.

[Note on the legal ratios of the United States, by S. Dana Horton.]

The ratio of fifteen to one. The ratio between gold and silver recommended by Hamilton in his report on the mint was fifteen to one. This he understood to represent a fair average of the existing ratios in Europe. It was his avowed object to establish a ratio in accord with those of Europe, and it was with that view that Congress may be presumed to have adopted the ratio he proposed.

Objection has been made to the choice of this ratio that it "overvalued" silver. Such was not the fact. It did not overvalue silver when it was adopted. The objection holds good only as to a period

long subsequent, when events had occurred which produced the effect of overvaluation.

The objection is sometimes based upon the existence of the legal ratio of fifteen and a half to one in France prior to Hamilton's report, a fact which was brought to notice by Mr. Léon Say at the Monetary Conference of 1878. The history of that ratio became an object of research at that time, with the following results: A general recoinage of gold was set on foot in France in 1785, the coins being reduced by about 7 per cent., the former relation of weight as compared with silver being one to fourteen and five-eighths and the new ratio being fifteen and a half. Under the old régime seigniorage was charged, and beside this coinage was not "free." The general market rate of gold was not and has not been as high as fifteen and a half to one.

Shortly after this recoinage the revolution broke out, and France's monetary system, like all her institutions, including the central principle of her Government, the monarchy, became a subject for revision. Where the money metals were to be found in the confusion of the early years of the revolution—at which time the plan was formed of a money system for the United States—will appear from a report of a commission of the National Assembly made in 1790, the year before the date of Hamilton's report. Upon thorough examination of the subject this commission recommended the ratio of fourteen and seven-ninths. Hamilton's ratio was half-way between this and the English legal ratio of fifteen and twenty-one hundredths and was in substantial accord with the average market rates in Europe through many decades.

That the ratio of fifteen to one did not maintain itself was due to the subsequent re-adoption in France in 1803 of the ratio of fifteen and a half to one, together with free coinage. Free coinage became in fact, even if not explicitly ordained by statute, the rule in France after 1803, and with freedom to use the mint had come the abolition of all mint charges except for actual cost of minting. These measures adopted by France, giving gold a higher silver value than that which it received under our system, tended to draw gold from this country. This tendency was fortified by measures adopted in England, closing its mints to silver and later (1819) resuming specie payment in gold alone.

Congress had in the mean time authorized a re-enforcement of the slender specie basis which sustained our bank paper by making the coins of divers countries legal tender in the United States.

The ratio of sixteen to one. \* \* \* The monetary disorders incident to this state of affairs brought about an agitation for a change of ratio in this country. The change was made in 1834, when by an act of Congress the weight of the eagle was reduced from 247.60 grains of pure gold to 232 grains; a reduction of about 6 per cent. In 1837 a change was made in the alloy, both the silver and the gold to be thenceforth nine-tenths fine, the effect of which was to increase the weight of the eagle and to reduce the ratio by a minute fraction.

This "cut" of over 6 per cent. out of the gold coins was carried in Congress by the administration party under the lead of Thomas H. Benton.

A strong opposition urged the adoption of the ratio of fifteen and five-eighths. This was in fact, as Mr. Benton himself expressly admitted, "the ratio of nearly all who were best calculated from their pursuits to understand the subject." At the head of "those who knew," leading the appeal to Congress on the part of enlightened public opinion, was one of the fathers of American finance, Albert Gallatin. This ratio was a fair mean of the market ratios of the time. It meant substantial accord of our laws with those of France. Although in France the ratio of the coins was fifteen and a half, yet the difference of the mintage charge made an equation at fifteen and sixty-nine hundredths, which in 1835 gave place to fifteen and sixty-two hundredths.

Substantial accord with the legal ratio of France promised substantial accord with the future market ratio; for France's control of a great metallic stock, flanked as it was by silver nations on one side and a great gold nation on the other, and her statutory option open to all to bring either metal to her mints, enabled her to hold the metals even in the scales of valuation at her ratio. It was upon this foundation that the argument of Gallatin substantially rested.

As for the evils which admittedly demanded the abandonment of the ratio of fifteen, there was no shadow of doubt that fifteen and three-eighths offered a complete remedy.

To put gold above this figure was to move to a new extreme, to go from one evil to another, overvaluing one metal in the new ratio as the other had been overvalued in the old.

How came it to pass that the "true ratio" was rejected?

Apart from the interests of owners of gold already in hand, a motive was found in the Southern gold fields, whose output was then rising to

its greatest height, the annual yield, chiefly from North Carolina, reaching about a million.

It would naturally be understood by all concerned that the elevation of the ratio must serve to enhance the profits of gold-mining in the South, and hence to further its development.

In the coinage issues which have come before the country since that day the ratio of sixteen has been a factor of disorder.

