IN OPPOSITION TO THE FREE COINAGE OF SILVER.

SPEECH

OF

HON. FRANK HISCOCK,

OF NEW YORK,

IN THE

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The Senate, as in Committee of the Whole, having under consideration the bill (S. 2350) authorizing the issue of Treasury notes on deposits of silver bullion—

Mr. HISCOCK said:

Mr. PRESIDENT: A great many of our fellow-citizens, I believe a majority, are opposed to opening our mints to the free coinage of the silver of the world into legal-tender money. In my judgment the national conventions of both parties by a decisive majority would repudiate such a proposition. The last Democratic convention ignored the question altogether. The Republican national convention certainly was decidedly opposed to it, and if directly voted upon there I think an overwhelming majority would have been recorded in opposition.

The people opposed to free coinage include the possessors of the larger portion of our national wealth, and while they are investors in bank stocks, railroad stocks and bonds, and are largely the proprietors of our mineral deposits and manufacturing industries, in all that part of the country with which I am conversant they include nine-tenths of the agricultural population. Intelligent mechanics and "wage-earners"—I did not invent the phrase—are opposed to our free coinage of the world's silver. I believe that every man who has accumulated a surplus of property, or expects to by honest methods, over and above the expected expenditures, is opposed to it. I assert that to the opponents of the free coinage of silver this country is indebted for the capital and enterprise that have developed our agricultural, mineral, and manufacturing resources, and those who have extended and perfected our system of transportation; for twenty years they have extended our railroad system at the rate of 6,000 miles per year, creating States and building villages and cities. If they possess the wealth of the country they also have been endowed with the energy and ability to successfully use it in supplying homes and employment for millions of their fellow-citizens annually and for the development of the country. Nevertheless, in the discussion of this question they have been arraigned as "oppressors, usurers, robbers, and the obstructors" of national progress. "Wall street" is a term supposed to suggest conscienceless greed for and criminal methods to obtain money, and has been applied to the investors and creditor class of our people indiscriminately.

In 1873 silver was demonetized, and whoever carefully examines the record must be impressed that the movement was heartily approved by those at least who then represented the States that now, through their Representatives, clamor the most vociferously for the free coinage of silver. Those from the more easterly sections of the country who favored the measure are now denounced as criminals; the dead are pursued to their graves, and the living are assaulted in the honorable positions conferred upon them by their countrymen, and for the obvious purpose of convincing people somewhere that they have been robbed of valuable rights which they should hasten to repossess or regain.

Some of the advocates of this measure scarcely attempt to conceal in their rhetoric an appeal to that class of persons which is sorely burdened with debts and obligations to support the measure for the reason that it may prove a legal method of repudiation. Cheap money, with legal-tender qualities to pay and discharge individual indebtedness, seems to inspire very much of the eloquence we hear.

The people in all of the older States where the industries—and, mark you, I include agriculture—are well established, are opposed to the free coinage of the world's silver by our Government; this is the rule in the agricultural States. In those States where silver ore is a product or adventure and speculation have overstepped the boundary of discretion, very many are willing to accept a depreciated currency, with the expectation that this will advance the value of silver, and others hoping it may inflate property values for speculative purposes, and a majority doubtless are in favor of our free coinage of the world's silver.

It is a notorious fact that for years bonds and mortgages in the new States have been canvassed for and solicited by companies organized for the purpose, and placed in an Eastern market, and agricultural prosperity has been impeded thereby and their burden has become oppressive, and Western farmers who mortgaged to increase their holdings or to improve their property are distressed financially and many may be ready to accept any legal-tender money, even to the point of repudiation, that promises to relieve them of their indebtedness. Imbued with a spirit of speculation they risked beyond their resources and ability to pay; to a greater or less extent this has always been the experience in the development of new States, but the condition is not normal or natural to the whole country, which, therefore, will not debase or degrade the currency to afford relief to improvidence and reckless speculation.

I do not intend in this discussion to spend time over the history of money or the essays of the various writers on that subject. I grant that the larger the volume of money employed by a people in its domestic commerce the greater may be the value of the property as measured by it, but I most emphatically deny that prosperity will necessarily follow, and a recent illustration of this may be found in the Confederate currency during the late rebellion. I may as well say now as later on, in response to what we have heard in respect to the per capita amount of currency a Government should provide for its people (the amount in France and other countries has been referred to), that there should be an ample volume for the transaction of business, to regulate the rate of interest and value of property, and to facilitate its exchange; but that amount must depend upon the habits and intelligence of a people, the banking facilities, public and individual confidence in credits, and the distribution of money throughout a country.

If a people are ignorant they will hoard their money; if the banks are few in number, concentrated, with or without the established credit, the latter case of course the most embarrassing; if there is meager information of the financial strength of merchants and traders and an absence of facilities to obtain more or an indisposition to employ such facilities; or if the money is accumulated mainly at one point, and from that point distribution must be made for purchase, or other form of expenditure, an immense volume is required to create a sense of security and for remittance in trade in the exchange of commodities or the discharge of obligations.

With the conditions I have stated favorable, as they are in this country, a comparatively small amount is hoarded compared with our internal trade and commerce. A smal lamount is at any one time in process of remittance or transportation. Checks, drafts, bills of lading, and postal orders are as much a part of our currency as the representative note of coin, gold, or silver. Investigations by the Comptroller of the Currency demonstrate that not less than 94 or 95 per cent. of our commercial transactions through the agencies of banks are represented by checks and drafts, and that the percentage of coin and paper money actually exchanged or paid is not more than 5 or 6 per cent. in the volume of their transactions. I do not urge this as against increasing the volume of currency, but to illustrate that the volume of currency required in France, where nearly if not all the conditions I stated at the outset are less favorable than here, does not indicate the amount our people require.

I will now attempt to fairly state the position of those people so often criticised in the Senate as "oppressors, usurers, and robbers of the poor." No doubt there was a profound sentiment among them in favor of retaining our national-bank currency, but sometime since the hope was abandoned and in its place they accepted as a solution of the currency question and now favor, as I believe, a paper currency based dollar for dollar upon the coinage value of gold and the bullion value of silver. It is recognized that of the two metals gold is the more valuable as a commodity, and for the purpose of disposing of this question it is absolutely inconsequential how it became so. The fact exists and must be accepted, and in our coinage ratio of 16 to 1 of gold it follows that an equal purchasing power must be maintained—the silver with the gold dollar—or the latter will be retired from use. I do not suppose that any one contends that gold and silver dollars will be used side by side here, the one possessing 30 per cent., or the fraction even of 1 per cent., more purchasing or paying power than the other in the markets of the world.

It has been charged that capital is in favor of contraction. I deny it. It is invested in business or in stocks, real estate, and securities dependent upon industrial property. The owners are opposed to contraction and opposed to the free coinage of silver, believing that the silver dollar of 412½ grains would be less in its purchasing value than the gold dollar. Consequently the gold currency would be withdrawn from circulation, and to the extent of its volume, $680,000,000, for some time contracting the currency, and until exchanged for the less valuable silver with less purchasing power; they are opposed to either result.

In my judgment there is a practical agreement, by those gentlemen who are here supposed to favor contraction, that the Government should purchase silver at its bullion value up to the extreme limit that the silver coined into dollars, in the ratio of 16 to 1 of gold, can be maintained at the equal value of gold coinage in purchasing and paying power. They are in favor of buying for coinage and using as money for the basis of circulation all that we can use in commerce, and not drive out or retire gold from circulation.

The proposition, as I have stated it, it seems to me, would be accepted by all our people if understood, and without any considerable disagreement. In addition to our own production of gold, it has been constantly coming to us from abroad for years in balances aggregating $108,000,000 in the last fifteen years. During that entire period and longer our exports of merchandise to foreign countries have been in excess of our imports. Neither gold nor silver will come to us from abroad, except in exchange for commodities, including stocks, bonds, and other securities, and for investment in property here. Balances from trade in the markets of the world are settled in gold, and will be, however we may legislate upon this subject. The amount of our exportations in excess of our importations will be settled in gold. No one contemplates an economic policy on the part of our Government, in view of our vast natural resources, that can change the balance against us, and from that source there should be a continual inflow of gold here from abroad if we maintain the equality between our gold and silver dollars.

Again, as long as the parity is maintained the foreign purchases of American securities and investment in American property and industries—foreign investments here—will be in gold, and from that source the inflow will be increased. Who challenges that gold as the basis of circulation is not equally good with silver? In all the silver-standard countries—I mean where the mints are open to the free coinage of all silver—there currency is at a discount with gold, and the inevitable result would be that so long as we were able under free coinage to maintain our coined silver nearer to the value of gold than elsewhere a speculative movement would force foreign silver upon us in exchange for our gold coinage, rapidly displacing it until at the same premium here as in the other silver countries.

It is self-evident that holders of American gold would exchange it for silver, coined or uncoined, for coinage here if we opened our mints to free coinage, so long as the American silver dollar as compared with gold had a greater purchasing power here than with silver elsewhere, and it follows that gold would be forced from circulation; it would be inevitable; and in this discussion I am not aware that any advocate of free coinage has declared in favor of this effect, but it is impossible to disguise that this issue is fairly presented by the proposition for our free coinage of the world's silver. The clamor, however, is for more money, not for poorer money; to increase the volume, not to impair its quality. The effect would be not to increase the volume immediately at least—rather contraction—but when increased a prompt degradation in its purchasing and debt-paying power would follow.

Who favors or will advocate the elimination of gold from our currency? Since the organization of the United States Mint in 1799, to and including 1889, we have coined of gold $1,511,532,733, and $584,543,528.20 of silver. From 1878 to and including 1889, our gold mines have yielded $419,875,000, and the commercial value of our silver production during the same period has been $483,030,000. In fifteen years we have imported, in exchange for property exported, or for securities and investment here, more than $108,000,000 in excess of exportations of gold. Why then would it be preferable that our domestic productions of gold should be sent abroad or that the steady inflow should cease? And I desire here again to deny that the wealth of the country or our national banks oppose or that there is any considerable sentiment, in Wall street even, against a silver currency. Both are wanted, gold and silver, but the latter in that quantity only that will permit our retaining the other as money and as a circulating medium.

If, sir, opening our mints to the free coinage of silver would increase and permanently maintain the value of the world's silver equal to the value of gold in the ratio of our coinage (16 to 1) the objection to free coinage would cease. If any Senator in this discussion has openly proclaimed his belief that it would I failed to hear him, and if there be one who did so, his expression of opinion was not justified by the facts and can not be established to the satisfaction of any unprejudiced investigator of the subject; but, assuming such a conclusion, one of the reasons for free coinage here fails, as the only effect upon the volume of the currency would be the possible exchange of a gold dollar for 412½ grains of foreign silver, for I suppose the world's product of silver is practically all used as money somewhere or in the arts.

It is a fact that must not be ignored in this discussion that trading nations—people of a higher and more general intelligence and farthest advanced in civilization—prefer gold for their currency, and if there be any disposition on their part to halt in this policy, I have not discovered it. It is true political writers have discussed the question and there has been some agitation abroad, but in governmental circles the abandoment of gold as a standard by the most advanced European nations does not receive serious consideration, and without their concurrent action free coinage here would not raise silver to the gold standard.

The Senator from Oregon alluded, in his remarks the other day, to a letter written by Ottomar Haupt, a French financier, and from which I now read:

PARIS, *April* 26, 1890.

SIR: Although I have not the honor of being personally known to you and even without any introduction, I take the liberty of addressing you on a subject with which I am thoroughly acquainted and which in point of fact forms for a long number of years my particular study.

My name and my works are well known in the States; the American Government has for ever so long been a subscriber to my books, and the Directors of the Mint belong to my correspondence. At present I exchange letters with Mr. E. O. Leech, who, perhaps, will be good enough to explain matters further with regard to my knowledge about the question which I wish to bring before you, and which concerns the adoption of the silver bill in its present form.

Allow me to say at once that I am struck with surprise at the very idea that such a bill could ever become law in your country. If this really were the case you would rouse the whole financial and commercial world against you: you would provocate hundreds and thousands of arbitrage operations and others in order to inundate you with the depreciated silver against withdrawal of your valuable gold.

It is impossible to give you in this letter as accurate account of what would happen in point of fact, but if you will kindly refer to pages 13 and 14 of the accompanying book (a history of money by the same writer) you will see what the consequences would be if America, Germany, and France were to do what you wish to undertake single handed. These three countries—mighty as they are—all three together would break down in the course of time. How can you suppose for a moment that you alone can oppose depreciated and demonetized silver at a high price, all the world against you?

Here is then the true situation of the various states which you have to watch closely, and whose monetary politics will and must counteract and cause you confusion, loss, and regret.

First you have Roumania. This country is going to demonetize twenty-five or thirty millions in 5-franc pieces, and such is the speed displayed on the part of the Government with regard to the news from America that the minister of finance invites offers for the sale of that money already on the 10th of May next.

Then there is Belgium. You know what will happen with the Latin Union whose dissolution, or, to be more correct, whose settlement of the silver accounts, is close at hand. Already at the end of this very year the three debtor countries, Belgium, Italy, and Greece, have to take back from France their depreciated 5-franc pieces.

As you of course know, the Dutch Chambers have long ago already placed a discretionary power to sell 25,000,000 florins in pieces of $2\frac{1}{2}$ florins, in the hands of the minister of finance, who, as a matter of course, will seize the first opportunity when you will raise the price of silver to sell you as much as he can.

But now comes the principal point in the whole affair, which, strange to say, has not been touched by anybody, and which alone should dictate your policy with regard to silver.

I speak of Germany. You are fully aware of the fact that this country stopped its sales of silver in 1878, when silver fell to about 50*d*. The loss was too heavy, they said at the time. But the thalers must be sold, as they have nothing more to do with the gold currency, and I myself have already seen the ministers and the leading persons of Government circles in order to engage them to resume at once these sales when circumstances will permit it. This without doubt will be done, and then, say 450,000,000 marks of fine silver will come on the market.

So you see, sir, that there are enormous quantities of the metal to sell at this present moment—millions and millions of dollars.

I beg to say that your whole country, your currency, and your credit will be ruined when you brave these evident, these palpable offers and sales, which will come, nay, which present themselves already this very day.

Suppose the bill is adopted, what will the consequence be? You will have to buy and coin 4,500,000 fine ounces per month, or 54,000,000 ounces per year—$70,000,000. Your country will yield, say, $59,000,000, less $8,000,000 used in the arts—will leave $51,000,000. You will therefore have to buy abroad, say, $20,000,000 against payment in gold.

Last year you had already a balance of export of gold against you of $50,000,000. Suppose, two years only go on in this way, you will lose twice $70,000,000—$140,000,000 in gold—and gain on the other hand two years' coinages at $70,000,000—$140,000,000 in silver.

I assume with others that your stock of gold is even $680,000,000 against $450,000,000 in silver on the 1st of July, fractional currency included; two years hence you will have $540,000,000 in gold against $590,000,000 in silver.

The commercial community of the whole world will look with suspicion on your manipulations. Silver can not, will not reach the old price at about 59*d*. (your coinage price); a free premium will be offered to all bankers of America and Europe to sell it "a bear" without the least danger.

The Indian parities of the exchange on London will never follow the price of the metal which you mean to dictate. Such confusion may arise of this state of things that silver may be called back from India and sold to America.

Beware of exaggerations. Already the price of silver to-day—48*d*. and $1.07 in New York—is out of question with regard to the Indian exchange, which ought to be accorded to this price nearly 1*s*. $6\frac{1}{2}$*d*. per rupee, while it stands at 1*s*. $5\frac{3}{4}$*d*.

Pardon my addressing you such a letter; but I take the greatest interest in your country and wish to prove it.

The accuracy of the foregoing statements is accepted by the commercial public, and, if true, they may well startle those who favor our free coinage of the world's silver. Still they are not more serious than would be the speculative movements that would force silver upon us in the manner I have suggested.

Commencing with May and ending with December, 1889, we lost $49,661,101 by exports of gold, bullion, and coin. The commercial people of the world are greedy for our gold.

Mr. President, in the discussion of this question we have heard gloomy descriptions of our situation at the present time, prophecies of the prosperity and beneficent effect that would follow free coinage. In the past, prophecies of the effect of this or that economic policy have already been fulfilled, and national progress is marked by the wrecked reputations of the careful observers who attempted to forecast the future, and I shall spend no time in respect to the, as I esteem them, wild assertions of what may be reasonably expected.

A word, however, in respect to the financial condition of European and our own people, the progress being made, and the clamor that prosperity has been impeded. And first, I will call attention to some few facts that I have been able to collect in respect to Germany. The German

Government has come in for its full share of criticism, and we might expect a revolution there as soon as the speeches we have heard had reached the German people if that highly intelligent, trading, and commercial people believed them.

Between 1880 and 1887 the sugar product of Germany increased 64 per cent., and her export of sugar increased 82 per cent.; her employés in mining in the same period increased 21 per cent., and the product in pig and foundry iron increased in the same period 48 per cent.; the workers on her iron and steel in the period from 1875 to 1882 increased 22 per cent. in number, and the product from manufactures of iron and steel increased from 1880 to 1888 26 per cent.; her total export trade from 1880 to 1888, inclusive, increased 26 per cent. in volume and 11 per cent. in value; the tonnage of railroads from 1885 to 1887, both inclusive, increased 10 per cent.; her water transportation in passengers increased 16 per cent. and in tonnage 52 per cent. in the same period.

The increase of her population from 1875 to 1885 was only 9.6 per cent. Poor Germany, the demonetization of silver has evidently ruined her, crushing her industries, oppressing her people, and we may expect her to promptly follow our example—if we set one—of rushing to a silver standard.

Let me invite your attention for a moment to our own industries, the manufacture of cottons, woolen goods, chemicals, paper, agricultural implements, lumber, flour, glass, iron, and steel, and ship-building, the leading industries of our country.

These industries are so organized that their reports practically give us their condition now as compared with ten years ago. The estimated capital employed in 1890 is $1,784,740,082 as against $1,165,015,748 for 1880; the hands employed in 1890 are estimated at 1,274,383 as against 844,776 in 1880; there was paid in wages in 1880 $256,795,327, and it is estimated that $350,689,508 will be paid in 1890; the value of material used in 1880 was $1,197,204,561, and the estimate for 1890 is $1,576,302,978; the value of the product in 1880, $1,774,127,423, and the estimate for 1890 is $2,293,779,228.

In the last eight years the metallic products of the United States have increased $50,000,000 worth; and in what are known as non-metallic products the increase has been nearly $100,000,000.

So far as one is able to estimate from the statistics that have been furnished by the leading industries, the reports of the Agricultural Department and those of the Geological Survey, the wealth per capita in this country has increased in the last decade to $1,000. From 1870 to 1880 the increase was from $780 to $870.

In the six cereal products (wheat, corn, rye, oats, barley, buckwheat), as reported by the statistician of the Department of Agriculture, there was an increase of 44.3 per cent. in the average annual production and of 30 per cent. in the average farm value of crops for the past nine years over that for the preceding ten years.

The two decades preceding 1880, in respect to material prosperity of our country, are without parallel in the history of the nations of the world. The expenditures by the General Government and by the States amounted to at least $9,000,000,000, not paid in exchange for property for the people or the development of the country, but to support armies in the field and prosecute a great civil war. Property of the value of $1,200,000,000 was destroyed in the seceding States, and for four years their productions, in those pursuits which create national and individual wealth, were suspended. Nearly three millions of workers and producers were for three years called from our industries; nearly half a million of men were killed in the conflict, and a million more were disabled in various degrees. The funded national debt reached nearly $3,000,000,000. It has been reduced to less than eight hundred millions. The valuation of the property of the people in 1860 amounted to about $16,000,000,000, including the value of the slaves; in 1870 to $30,000,000,000, and the slaves had been enfranchised; in 1880 to over $43,000,000,000, and, as indicated from the returns from the largest industries of the country and the reports I have referred to, the last decade will show an increase in property and prosperity largely in excess of either the two preceding it.

It was asserted here the other day that our country was filled with idle men and unemployed labor. I deny it. Idleness is not enforced, and there is labor for all at remunerative rates. Annually for ten years over five hundred thousand immigrants have sought our country for employment, and with these yearly additions from abroad to our labor force there has not been any decrease in the rate of wages during that period. The immigrants find employment and continue to come.

I have already given the increase in the number of those employed in our mechanical industries. The number engaged in agriculture is not so available. Their wages, however, are not fixed by organizations in that industry formed to regulate prices, but depend upon the law of supply and demand. The subject has been investigated by the Agricultural Department, through its regular correspondents and agents, and from which report I quote the following result:

The average daily wages of the ordinary farm laborer in the State of New York in 1879 was 92 cents without board and 68 cents with board; in 1880, $1.21 without board and 90 cents with board; and for 1890, $1.23 cents without board and 90 cents with board.

In the State of Illinois in 1879 the same laborers received $1.01 without board and 73 cents with board, and in 1890, $1.13 without board and 86 cents with board.

In Iowa in 1879 the same laborers received $1.12 without board and 80 cents with board, and in 1890, $1.23 without board and 95 cents with board. There has been no material change during the past ten years in the daily wages paid in that the greatest and the most important of all our industries, where, as I have stated, the demand absolutely fixes the price without the intervention of organizations. In this connection permit me to add that the labor supply in the mechanical industries is recruited from immigration and farm laborers, with the result that relative wages for years have been established between the two, and there has been no decline in the value off arm labor, notwithstanding the price of the products of agriculture—or their farm value—is somewhat lower at the present time than in the preceding years. This depression has been dwelt upon as due to the contraction of currency and as an evidence that our industries are not prospering.

But at this point I will eliminate agriculture from the discussion and confine myself to transportation, the mechanical or manufacturing industry, referring to agriculture again later. The lower rates of the one and the decreased values of the products of the others are in no sense an evidence that they are not prospering. Often has the fact been dwelt upon here in our tariff discussion that both were due to the increased tonnage of the one and the increased product of the other, aided by the improved machinery, methods, and management of both. The vast supply of manufactured products of this country, also contributed to the world's supply, has forced down the price here and everywhere, but a smaller profit upon an increased volume of business has equally well compensated the labor and capital employed. What I have stated with reference to the condition of these leading industries of this country demonstrates that they have enjoyed as high or a higher degree of prosperity in this decade than in any preceding it.

That the mechanical or manufacturing industries and transportation companies are prosperous is proved beyond dispute by the continued investment of capital in them, their growth and extension, and the increase of the labor they employ.

Special mention, however, should be made of agriculture; and it must be borne in mind that the severity of competition, from the increase in the quantity produced, by the increased facilities for and the reduction in charges for transportation extending the area of supply and productive power of the world, now, as they always have, affect prices. Within ten years the agricultural acreage of this country has been extended 1,500,000 acres at least. Our various agricultural products, including meat, for the past year were largely in excess of those of ten years ago, and above the relative increase in population; what I mean is that the production has advanced faster than the population has increased.

South America grows more wheat than is required for her domestic consumption. This is true of Australasia; India has a surplus of from 10 to 15 per cent. Eastern Europe raises a surplus and Western Europe is practically the only market for all the surplus.

The Suez Canal and the extension of the railroad systems in foreign countries have extended agriculture, largely increased its products and sharpened the competition with us, and a decline in price, it should be borne in mind, is never in the ratio of the increase in the product, but greater. Especially is this true if there is a surplus beyond the ordinary consumption; then the market will be supplied until the price there reaches very nearly if not exactly the cost of transportation from the point of actual production. It is proper to remark in this connection that the decline in the export price does not measure the decline in the farm value. I have seen it stated by a careful statistician that the decline in the cost of transportation of a bushel of wheat from Chicago to New York within a few years—twenty at the outside—has been nearly 30 cents.

It must also be borne in mind that this lessened cost of transportation must first be deducted from the export price before it is any indication of the price at the point of production.

I do not desire it understood that I am opposed to any expansion of our currency. Quite the contrary; but I am opposed to any legislation that in my judgment would produce, as I believe the opening of our mints to the free coinage of the world's silver would, an immediate contraction of our currency, for a period of time at least, and certainly until we were absolutely upon a silver basis. I am opposed to any policy that depreciates the standard value of our money below that which measures the commerce of the world. In time probably free coinage would substitute silver for our gold and inflate the currency to just the extent that the bullion value of silver is below that of gold; but that it will correspondingly increase the value of property has not been the experience of India, and whether that increase applied to our commercial transactions and our vast possessions of property would to any considerable degree enhance domestic values is a question I do not care to discuss. I believe that it would disarrange business; from an expectation that it might advance prices unhealthy speculation would be promoted, the percentage of credits to the capital employed would be increased, and depression and bankruptcy would swiftly follow.

So long as we trade with other nations gold will measure the value of the commodity in exchange or foreign commerce, and if the purchasing power of our money is decreased, to that extent the wages paid to the wage-earner all over the country, on the farm, in the shop and factory, and in transportation, would have less purchasing power; which would mean less compensation, and an increase in wages would eventually follow the first payment in the depreciated currency, and then all classes of proprietors, on farms and in factories, and upon lines of transportation, would be compelled to pay for labor and for all their supplies and raw materials practically upon a gold basis at least.

The rates are now fairly adjusted to the capital employed, cost, market values, and profit, and for eight or ten years there has been little or no variation. Neither has there been any considerable variation within the same period in the price or value of food products, clothing, rents, etc., purchased by the workingmen or laborers; their living expenses, including the entire range of expenditures, have been unchanged or lowered. The effect of separation of gold and silver will be the same as between the two metals in Mexico, the Central and South American States, India, and other countries: less purchasing power. The struggle to increase the wages of labor would be long and severely contested. Proprietors would hardly know the advance they could afford to pay for the advance in their price would be speculative, varying with the premium on gold. Labor, in justice, would be entitled to it because the depreciated or clipped dollar paid for wages would have less purchasing power.

I favor most emphatically the maintaining of the highest rates of compensation for labor consistent with the ability of capital to employ it; when that limit is passed, however, idleness of the one and loss to the other follow, and I deprecate an unnecessary struggle between the two forced by depreciation of the purchasing power of our money. In my judgment gold and silver can not approximate nearer than 20 per cent., and I doubt if nearer than at the present time; but call it 20 per cent., and you should contemplate eventually, after a long struggle, the addition of that amount to the present annual wages, now aggregating $1,156,399,537, without any increase in the value, and our industries must adapt themselves to this new condition, for all must accept the situation. Will they increase the price of their products? Will wheat command a higher price, or meat, or the fabrics we wear? I do not know. I have always believed prices depended upon production, improved methods of business, cheapened cost, and supply and demand.

Who openly advocates here that this country would better enter upon speculative changes that in the past—we are not without experience—have resulted only in financial embarrassment to the people and the country?

We introduce into our foreign commerce this element, that our merchants must buy gold with which to settle and pay for their importations, each one for himself buying a foreign bill of exchange for remittance to his credit. The market values of goods in the markets of the world are measured, as I have said, by gold. And I do not hesitate to express the opinion that an element of fluctuation in price would be introduced prejudicial to our commerce and domestic trade, and disturbing manufacture here.

We would again encounter the experience of the years of the war and subsequently before resumption, when gold speculators raised commercial values from day to day, disturbing and oppressing all the productive industries. And all this is averted if we pursue a policy which will accumulate our national production of gold at home, together with the balances in our favor in the exchange of commodities and for securities placed abroad and foreign investments here rather than use it for the purchase of more silver for our coinage.

And in this consideration I must call attention to the effect upon our customs taxes or duties. They will be payable in silver. So long as that metal in the ratio of our coinage is at a parity with gold we maintain the present measure of protection; when measured by the gold standard, if silver has depreciated, to just that extent you remove protection. This may not disturb the other side of the Chamber, but it should and will solidify all in the North and South, East and West, who prefer protection of our industries rather than the unlimited coinage of silver by our Government against the measure.

I do not urge that in opening our mints to the free coinage of the world's silver all the errors are involved that mark the era of speculation and the rise, decline, and fall of prices recited in Thiers's Memoirs of John Law and the Mississippi Bubble, but attempting to depreciate the value of our money, and thus to inflate prices, is a great stride in that direction.

But it is urged that no increase is proposed beyond the necessities of production and transportation in domestic trade and our foreign commerce. Then there should not be an increase in the volume of money so long as prosperity is not only maintained but increased; the wonderful progress in the last twenty years has been demonstrated, or if in any particular industry a temporary depression exists it is due to other than a contraction of the currency and to natural causes. Certainly there is no occasion to increase the currency to the danger edge of the evils I have referred, in an experiment to advance the price of silver.

Mr. President, granting that our free coinage of the world's silver would increase our currency to the extent of the gap between gold and silver, there would be substituted for our $680,000,000 a coinage value of $680,000,000 worth of fine silver. Grant that the coinage value would be 30 per cent. in excess of the bullion value, and there would be a practical increase of our currency to just that amount.

Mr. EDMUNDS. You create a gap.

Mr. HISCOCK. I agree that just to the extent that you create a gap between the two the free coinage of the world's silver here eventually would increase our currency.

Mr. PLATT. It would take ten years to do it.

Mr. HISCOCK. I suppose some way can be found to get its representative out. If you have the free coinage of silver it may be followed or accompanied by a provision that notes may be issued for that, for no one wants the metal dollar; all would prefer the paper money.

Mr. PLATT. If it does not interrupt the Senator, let me suggest that to replace the gold by the coinage of silver would take some ten years at the present capacity of our mints.

Mr. HISCOCK. Do I understand the Senator from Connecticut to say that it can not be deposited in our mints and for its coinage value certificates issued which would be legal tenders?

Mr. PLATT. That might be done.

Mr. ALDRICH. The proposition of the Senator from Colorado [Mr. TELLER] allows that.

Mr. TELLER. If the Senator from New York will indulge me just a moment, I will say that the opening of the mints to the free coinage of silver puts the silver in circulation.

Mr. HISCOCK. Certainly.

Mr. TELLER. Under the amendment that I propose to offer, if a party prefers, instead of circulating the silver dollar, as he may, to circulate the certificate, he may do just what he does under the existing law. The suggestion that there is no way to get it out under free coinage certainly indicates that whoever makes the suggestion has not studied the question very carefully.

Mr. HISCOCK. Certainly. I agree entirely with the Senator from Colorado on that point.

Mr. PLATT. He can not get it out as coin.

Mr. TELLER. If the Senator from Connecticut will indulge me for a moment, let me ask whether he understands that when a man carries his gold to the mint he gets the identical coin, that is the gold, that he takes there? Not at all.

The PRESIDENT *pro tempore*. Does the Senator from New York consent to these interruptions?

Mr. PLATT. I will answer that again.

Mr. TELLER. I have refrained from interrupting the Senator from New York because he has a prepared speech. When he gets through, if he will allow me, I should like to ask him a few questions, but I do not like to do it when he is proceeding with his remarks.

Mr. HISCOCK. I do not purpose to play the prophet or foretell the extent to which it would inflate prices, real-estate values in this country, and of all those products grown upon and mined from the earth and manufactured in our factories. Our national wealth is estimated at $1,000 per capita, or about sixty-five thousand million dollars. The effect might be infinitesimal, except as influenced by speculations in gold, which we should be compelled to buy. This increase of our currency would not be distributed pro rata or per capita to the people, but to the holders of American gold who might exchange it for silver, and to the silver refiners of the American production, and it would be a long time before beneficial results would reach the owners of mortgaged farms in Missouri and Kansas, either by the purchase of their property or loans of money to them by those gentlemen or corporations. Every dollar of the increase in the currency, through the only method by which it can be made, would be reduced to possession by those grasping, greedy capitalists and corporations, to whom so much time has been devoted in portraying their greed, rapacity, and oppressions. Every dollar of the inflated currency would first reach the pocket of the people who have the money now, and in the precise proportion of their holdings.

I favor the bill reported by the Committee on Finance, by the Senator from Nevada, and bearing his name, and I can not but feel that he has made a great mistake in disowning his paternity of the measure. We can maintain our silver coinage under it, or the representative notes, at a parity with gold, because it will only make legal-tender money of about our domestic product of silver. It will not enforce the importation of foreign silver to any considerable extent, if to any extent whatever, and we will be able, as I trust and believe, to hold what we already have and our future productions of gold, and continue to accumulate in the future as in the past from abroad. And compared with the free coinage of the world's silver, our volume of currency will be increased in gold, on the basis of the last five years' annual production, $33,000,000 a year; the average annual importation here for ten years has been about $18,000,000, and the notes representing silver will amount to $54,000,000, all aggregating $105,000,000 annually. Would it not be a large enough increase of our currency?

I do not here mention those causes that would decrease the volume of our national currency, for they apply equally to free coinage. Certainly none of the disastrous effects that I believe I have feebly described would follow, and the difference between the volume of currency as compared with that expected under free coinage is too inconsequential, applied to our domestic and foreign trade, in the healthful inflation of prices, to tempt our Government to try that experiment.

HIS