

SILVER-BULLION CERTIFICATES.

SPEECH

OF

HON. PRESTON B. PLUMB,
OF KANSAS,

IN THE SENATE OF THE UNITED STATES,

Thursday, July 10, 1890.



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On the report of the committee of conference upon the disagreeing votes of the two Houses on the bill (H. R. 5381) directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes.

Mr. PLUMB said:

Mr. PRESIDENT: In considering this bill, as in all other measures, it is proper that there should be taken into account the gain that has been made from the former condition; it should also be taken into account that almost inevitably legislation which is the subject of very considerable contention must finally be resolved by compromise.

I have listened with some care to the speeches which have been made against the bill reported from the conference committee, and I observe with some satisfaction in view of the vote which I shall give, that their criticism falls upon the minor points, and wholly avoids the essential features, those which I regard as vital and which commend it to my judgment—supposing, always, that a compromise had to be made.

When Congress met in December there was no definite, well-formed opinion existing among the members in favor of the free coinage of silver, nor, except among Western members, any considerable sentiment in favor of an increase in the volume of the currency. The sentiment of the country in regard to these questions had largely been aroused after the elections of 1888. Even those who had convictions that something significant should be done were more or less divided as to what was needed and proper to be done, and as to what was demanded by the permanent public opinion of the country, that opinion which is alone proper to be taken into account in legislation.

Unfortunately, the Administration was committed, through the Secretary of the Treasury, to a totally impracticable and vicious proposition, one which tended to divide men of the same political faith, which tended to divide the sentiment in favor of the increased use of silver as money, and which labored under the additional disadvantage of being believed upon all sides to be calculated if not designed to wholly demonetize silver and bring the country to the single gold standard, as well as a device calculated to make the Treasury a tender to a gigantic scheme of speculation in silver bullion. To the surprise of all, after a somewhat protracted discussion of

the subject, it was disclosed that the sentiment in the Senate was very much more liberal upon the whole proposition than that of the House of Representatives. It would be naturally supposed that the latter body, coming more directly from the people and supposed generally to reflect more liberal ideas upon all questions of public importance than the Senate, would have been in favor of the free coinage of silver and of the largest increase in the volume of the currency. But the reverse proved to be true, and the House committed itself to the project of the Treasury Department against free coinage and to the smallest possible addition to the currency volume. They were met by a vote of the Senate equally positive and convincing in the size of the majority in favor of the free coinage of silver and of the larger addition of currency. This resulted in a conference on the disagreeing votes, with a view of seeing whether something which would fairly meet the situation could not be evolved. The conference report now under consideration is the result.

The free coinage of silver had this advantage over any other proposition: The amount to be coined is unlimited; that is, it is limited only by the production of the world available for the purposes of coinage; it relieves the whole situation as to the money supply from the arbitrary control, or suggestion of control, of anybody. It leaves it subject only to the operation of natural forces. But this measure may give to the country as much money during the next twelve or eighteen months as free coinage would give.

There is a fair concurrence of opinion as to the amount of silver annually produced, but a wide difference as to the amount used in the arts, and therefore as to what is available for coinage. A good many well-informed people believe that 4,500,000 ounces per month will take up the entire world's surplus supply, and some believe it will take up even more; that is to say, there would not be enough silver available to meet the provisions of this bill.

I do not know what the result will be. It is useless to discuss that, because if the bill shall pass we shall all be wiser in the course of a few months than we are now. But to those who believe that 4,500,000 ounces per month is in excess of the world's available supply, the qualification contained in the first section, that only so much silver shall be bought as will be offered, seems to be reasonable and proper, and I do not find in that phrase in any event anything which adds to or detracts from what I consider to be the equivalent proposition of the act of 1878.

That was a positive command to buy, but in order that there may be a buyer there must also be a seller, and if no one was ready to sell to the Government the 2,000,000 ounces of silver per month which the act of 1878 required the Treasury to buy, the Treasury could not buy, and hence that act would have been totally without result. There must also be a willing seller; that is, he must offer his wares for sale. The Secretary can not buy what is not offered, any more than any one else can. But he does not need to go to the owner of an article which goes into universal use, is quoted on the stock exchanges, and is found in every mart. That article is constantly offered for sale, and at the market price is offered indifferently to all who wish to buy. In addition, if a special market exists, such as is created by this bill, it will be offered there, and the quotations elsewhere taken in connection with that offered him would make a market price which could not be got away from. Silver is mined in order that it may be sold, and after all that has been said about the cupidity of silver owners and silver producers, it is hardly fair to suppose that these men, so sharp and keenly alive to their interests, will fail to avail themselves of the very best market they can find for their product. They will not fail to offer to the Treasury—and the Treasury will buy. I also have perfect faith that the Secretary, no matter what his feelings about the policy or impolicy of the law, will buy all he can buy, up to the limit fixed.

I therefore believe that we shall add to the currency supply whatever will result from the purchase of 4,500,000 ounces of silver per month. The exact addition to the currency of the country from this source can only be known as we know from time to time what the price of silver is, but if silver should go to par with gold, go up to \$1.29 $\frac{1}{4}$ per ounce, the addition would be practically \$70,000,000 per annum in the shape of Treasury notes issued in exchange for silver bullion. If the price of silver is lower, the amount will be less. Taking it at \$1.15, which is about the price that silver brought at the time of the passage of the act of 1878, the amount to be added in the shape of currency, legal-tender notes, would be a little over \$62,000,000 per annum. In other words, by means of this bill the annual increase which is now made to the currency volume by reason of the purchase of silver will be at least doubled. The amount now added is about \$30,000,000 per annum. At the present price of silver, this bill can not bring less than \$60,000,000 per annum and the amount will probably be \$70,000,000. The gain is great and important, though not so great as it should be.

Mr. VANCE. Will the Senator allow me to ask him a question?

Mr. PLUMB. Yes.

Mr. VANCE. How long will that sixty or seventy million dollars per annum last?

Mr. PLUMB. Just as long as silver is produced and this act remains on the statute-book.

Mr. VANCE. Does not this act provide that there shall be no more coinage except what may be necessary to provide for the redemption of the Treasury notes provided for in the bill, after the 1st of July, 1891?

Mr. PLUMB. Yes. If the Senator will read this bill properly he will find that the question of coinage and the issue of Treasury notes for the silver purchased are two separate and independent propositions operating without reference to each other. The essential feature of the bill is the first section—

That the Secretary of the Treasury is hereby directed to purchase from time to time silver bullion to the aggregate amount of \$4,500,000 worth in each month, at the market price thereof, not exceeding \$1 for 371.25 grains of pure silver, and to issue in payment for such purchases of silver bullion Treasury notes of the United States to be prepared by the Secretary of the Treasury, in such form and of such denominations, not less than \$1 nor more than \$1,000, as he may prescribe.

Then the usual appropriation follows.

That is to go on entirely separate and independent of the provisions of the bill in regard to coinage.

Mr. VANCE. That is the purchase of bullion.

Mr. PLUMB. The purchase of bullion and the issue of Treasury notes.

Mr. VANCE. The coinage stops in July, 1891.

Mr. PLUMB. Except so much "as may be necessary to provide for the redemption of the Treasury notes" represented by the purchase of 4,500,000 ounces per month.

Mr. VANCE. But in so much as the act gives the discretion to the Secretary of the Treasury to redeem in anything he pleases, therefore he need not coin any silver at all, but may redeem in gold or any other money.

Mr. PLUMB. Undoubtedly he may, but these Treasury notes when issued are to remain out, and as they come into the Treasury from time to time in payment of taxes and so on they are to be reissued. Once out they become a permanent part of the currency of the country. I attach no importance to the matter of coinage except as a mere matter of sentiment, because the experience of the American people, which is equally the experience of all civilized people, is that where a good paper dollar can be had the people prefer it, and do not want and will not take coin if they can avoid doing so.

So we are to get, through this bill, a large monthly addition to the volume of the circulating medium greatly needed, and the most important thing which can come by means of legislation, and this is one of the fundamental propositions of this bill which our friends the enemy on the other

side of this Chamber have failed to consider or even comment upon. It is the strong point and one which justifies the adoption of the report.

If the conference bill were before the Senate for amendment I should move to amend in a number of minor particulars, and I would of course move to substitute what I much prefer—free coinage. But the question now is, shall we have this or shall we have nothing, and believing as I do that the country is to-day in financial peril, and that the people are suffering in all their important interests on account of the small currency supply and its diminishing volume, I shall vote for the report and trust to the future to bring still better results.

Mr. President, another very important feature of this bill is that these notes issued in payment of silver bullion are legal tender. I have often had occasion to say that which is not disputed anywhere, that the greenback notes, the legal-tender Treasury notes of the United States, are the most popular currency the country has ever had. They are not presented for redemption, they are better than coin, and equally good everywhere and under all circumstances. They not only represent the power of the Government and its ability to redeem them, but they are redeemable in all the transactions of life by the payment of debts and taxes and the purchase of property. In other words, they are, according to the universal opinion, money in the highest and best sense. More than any other form of currency they are popular, they are desired, sought after, useful. We have got \$346,000,000 of them now in circulation. This bill provides for adding at least \$60,000,000 more per annum, and a possible \$70,000,000 of the same kind of currency, and I beg the Senator from North Carolina [Mr. VANCE] to observe that the present legal-tender note is redeemable in coin, gold or silver coin, practically at the discretion of the Secretary of the Treasury, and therefore these are for all practical purposes an addition to the volume of Treasury notes now outstanding, notes possessing the same functions of receivability, of legal tender and of redemption.

That I regard as not only a good thing in itself, but a long step in the right direction of providing one form of money possessing everywhere and under all circumstances precisely the same functions; that is a great gain, over the act of 1873, or over any other act upon the output of currency.

Under the act of 1873 the coined dollars are legal tenders, but the certificates issued on their deposit are not. They have not been presented for redemption for the obvious reason that the holders would prefer, as a rule, to have the certificates rather than to have the coin. But if a legal-tender kind of money was required, they would have to be transmuted into coin in order that the owner of them might have money which he could compel his creditor to take.

I do not find anything in this bill which degrades silver below its present position. Quite the contrary. If we were now having free coinage, if silver were now equal under the law to gold, and under these circumstances this bill were proposed, of course it would deserve defeat; but while the act of 1873 made silver money a legal tender for all amounts, it limited the coinage to \$2,000,000 a month, and no more certificates than this amount could be issued. This proposition widens the base, not as wide as it ought to be I agree; it does not put silver equally on a footing with gold; but it is a long step in the right direction, a much longer step than the act of 1873 was with reference to the conditions then prevailing, longer because it provides for more money than did that act, and longer because the notes that are to be issued are full legal tender. They will strengthen the whole fabric of individual and governmental credit. They will furnish the safest and best possible means for the transaction of business. They will be as popular as the greenback note has always been, and will be just as permanently a part of the circulation, beyond the power of legislation to drive them out, because the permanent public opinion of the country will be back of these notes at all times and under all circumstances, calling for their continuance in existence and for their increase.

Mr. President, I do not find in the declaration contained in the second section, to the effect that it is the policy of the United States to maintain

gold and silver at a parity, anything to take exception to, though it is a little inartificially drawn. It does not accord with past and present conditions, but it is an assertion in the form of law that the Government now and hereafter means to do what it can to maintain the parity of gold and silver at the present ratio. Individually, I do not care whether they are at a parity or not, but the fact that there is a wide divergence between the two metals, a great disparity in their relative value as articles of commerce, as commodities, is constantly made use of to discredit that which brings the lowest price, which results in such strife as we have had and of which the pending measure is the result. The declaration quoted will help to bring the metals together, partly by putting silver up and partly by bringing gold down.

If this bill is passed, my own belief is that during the next Congress, if not before, so easily and noiselessly will this work, so helpful will it be to all the people of the United States, so thoroughly will it commend itself to the good judgment of the people, the next step will not only be free coinage, but it will be a short one and taken by the practically unanimous concurrence of the American people.

I find comfort, Mr. President, in the last section of the bill. It is not in the form in which I should like to have it, but it provides for covering into the Treasury and taking away its separate and segregated character from the hundred million dollars now kept out of circulation by reason of transactions between the Government and national banks. It does not absolutely require the Secretary, as I wish it did, to pay that money out; but it gives him a power which he now thinks he has not got, and subject to his view as to what the condition of the Treasury requires he can pay it out and put it in circulation, thereby not only discharging that much of the Government debt, reducing the interest which the Government is paying, but adding just that much to the volume of the money which the people will have with which to do business. I have hopes that by reason of this section we shall have at least \$100,000,000 added to the volume of active money within the next two or three months, and we shall go on besides adding, as I have stated, not less than \$30,000,000 per annum to what we are getting now in the shape of silver certificates. These additions can not be greatly helpful to the people.

In view of these facts, Mr. President, and others which come to mind in connection with this subject as it has been discussed, I shall vote for this conference report, regretting that it is not better, but immensely glad that it is not worse. If the House of Representatives had come up to the standard set by the Senate we should have had a better bill. We should have freed this subject from the necessity of future legislation. We should have put the currency of the country upon a natural and proper basis. Failing to get the concurrence of the other House, sitting also under the shadow, as it were, of freely threatened Executive veto—no doubt without authority—we shall get out of this whole controversy more than was ever gained by one single act of Congress since the time of the issue of the greenbacks for the financial well-being and salvation of the country. We shall get that which, in my judgment, will prevent serious financial disturbance during the coming season, will at least check the fall of prices, beget new hopes for the future, stimulate business, and be helpful alike to the debtor and all the people.

So, Mr. President, I find in this bill cause for congratulation; not weakened by observing that those who attacked it from the other side of the Chamber had little or nothing to say upon the point of increase of the volume of currency, upon the great gain to that volume by the issue of legal-tender notes. These two important points, so much in vogue heretofore on that side of the Chamber, seem to have been overlooked, and the vigorous denunciation of the Senator from Missouri and the stately periods of the Senator from Virginia were turned on the leather and prunella of the bill, its phraseology, its minor defects, chiefly deriving force by reason of a pro-

found distrust of some Secretary of the Treasury who might be called on to administer this law.

Mr. DANIEL. If I do not interrupt the Senator—

Mr. PLUMB. I will yield.

Mr. DANIEL. The Senator is mistaken in reference to my remarks. I know that this bill will largely, or considerably at least, increase the volume of the currency, and I stated that that was a good feature in the bill, and it made me regret to vote against it. I stated that the proposition which led me to vote against it was the fact that it demonetized silver, that it could not become a legal tender for any dollar of the public obligations.

Mr. PLUMB. The animosity of some persons, and I might say perhaps of the large portion of the party for which the gentleman speaks, towards the public debt is well known, and we somehow seem to find that as that debt disappears the animosity increases, like the growing disposition of a man to kick one whom he does not like as the ability to get at him diminishes. The national debt has so far disappeared that it is of no practical consequence now in the financial affairs of this country. Less than \$600,000,000 bonds all told are now outstanding. It will disappear in the natural course of events probably before it is finally due, and the question of what it is payable in, once of importance I agree, was resolved nearly twenty-five years ago by the men then on the stage of action, and responsible to their constituents and to the country for the manner in which they discharged their public duties, and settled beyond the power of recall. Since that time the question has been of no practical consequence by reason of the parity which has been maintained between gold, silver, and paper dollars, and the manner of payment has been such as to make it impossible to determine in what form of currency payment was actually made.

Whenever a man wants payment for a bond he gets it by Treasury draft on New York. That draft goes into bank in the inevitable process of business, is paid through the clearing house, and as a matter of book-keeping, merely by the substitution of debit for credit. If the Senator from Virginia was the happy possessor of half a million dollars' worth of Government bonds, and should have them paid, he could not tell, and could only imagine, what he was paid in. He would know simply as a final result that he had credit on the books of the bank in New York for so much money, which in due time he would have transferred to his local bank, subject to his check, and in the whole transaction which resulted in the payment of that half million dollars of bonds not one single dollar of money, gold, silver, or greenbacks, would have changed hands. While I have always held the opinion that the United States, whether for good reasons or for bad reasons, had discriminated in favor of its creditors and against the people in the matter of the payment of the national debt, long before I came into public life that had ceased to be an issue, because it was settled. The settlement was made by the countenance of both parties through their representatives in Congress. Scolding against it does no good, and may do harm by preventing more thorough consideration of matters pertinent to the present time.

So, Mr. President, I find myself under constraint to vote for the conference report, and able to congratulate myself that it is far better than anything I expected we would get when I learned of the adverse action of the House of Representatives upon free coinage. It is a fair compromise, a measure which will be helpful to all the interests of the country which are dependent upon the character and value of money outstanding.