

SPEECH

OF

HON. J. L. PUGH,

OF ALABAMA,

IN FAVOR OF

FREE AND UNLIMITED COINAGE OF SILVER, AND
MAKING SILVER CERTIFICATES LEGAL
TENDER FOR ALL DEBTS,

DELIVERED IN THE

SENATE OF THE UNITED STATES,

TUESDAY, JUNE 3, 1890.

WASHINGTON.
1890.

SPEECH
OF
HON. J. L. PUGH.

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. PUGH said:

Mr. PRESIDENT: The powers delegated to Congress by the Constitution in which the people of the United States have the most practical interest and concern is the power to levy and collect taxes and the power to coin money and regulate its value. Every citizen of the United States, whatever may be his or her condition, is directly interested in the use Congress makes of these powers. Both these powers are so unrestricted in their scope as to make their abuse often amount to "robbery under the forms of law." The undisputed history of the use Congress has made of these two powers and of the submission of the people of the United States to their abuse shows the most surprising occurrences in our experiment of republican government.

These two powers were delegated because they are indispensable to the existence of government. However honestly and wisely and prudently these powers may be exercised, with all the light of centuries of trial and experience of this and other countries to guide, lawmakers, the same difficulties constantly arise to trouble them now that were encountered in the beginning. The only explanation of the fact that the subjects of taxation and currency are incapable of final solution and settlement by legislation is that all attempts to regulate them are necessarily and unavoidably dependent for results upon the natural laws of production and consumption, over which legislators can exercise but little control. These natural elements in the problem of regulation produce conditions of more or less supply and demand, and vary the operation and effect of legislation, whatever may be its character.

As all legislation upon finance and currency must be for these reasons more or less speculative and experimental, the first question for Congress to decide in considering the bill before us is whether existing laws have shown in their operation such defects or insufficiency as to require that they shall be repealed or amended, so as to ascertain by trial under new laws if our financial condition can not be improved and the people better satisfied. As it is in reference to tariff reform so it is with reference to reform in our currency; it is with conditions and not theories that Congress has to deal. It can not be denied that there is a condition of discontent in our best population that is well founded, far reaching, and powerful in its influence on our well-being. It is equally true that this discontent comes from only two sources, the farmers of the country and the wage-workers. The farmers of the

West and elsewhere find no sufficient demand for their products at remunerating prices and the wage-workers find no permanent compensating employment.

These two causes of discontent ought not to exist in this country. No country on the globe has as much room, as many natural resources and advantages, as many opportunities and inducements for the profitable employment of labor and capital, widespread capacity to make food supply of all kinds unlimited, as much freedom in civil rights and privileges as the people can enjoy, abundant means and sources for acquiring knowledge of all kinds, and yet with all these blessings we find millions of worthy people, without their fault, complaining that something must be radically wrong in the situation, and calling upon those who represent them in Congress and in State Legislatures to examine the matter and try to do something for their relief. Whatever Congress has the power to do, whatever Congress may do by law to remove the cause of this well-grounded discontent, and alleviate the hardships and prevent the losses of these meritorious people, should be done at once. There will no doubt be great disappointment in the expectations of many as to the amount of general benefit that will come from anything that can be done by the Federal or State governments.

There are three factors in the problem of production and distribution of income that are under the control of Congress. First, the burdens of Government, and to meet and provide for these, the discriminating use that is made of the power of taxation to raise revenue. Second, the kind and quantity of currency, accredited by Congress as money, the people must have to meet their demands and uses in their trade and commerce. Third, the means and rates of transportation by water and rail to and from market places by common carriers. Each of these factors has been under the control of Congress during the lifetime of the Government. The present Congress is devoting all its ability and learning and experience to the subjects of tariff and currency, and what is likely to be the outcome can only be seen in the measures now pending in the two Houses of Congress.

There is no doubt that the burdens of the Government will be increased many millions without any public or national necessity; and it is equally certain that the taxing power will be grossly abused by this Congress by multiplying these burdens to the extent of millions for the sole benefit of a few favored classes engaged in protected industries. As to transportation, the railroads and water ways that supply transportation in State and interstate commerce are now under the supervision and control of Congress and State Legislatures, and many abuses have been corrected, and the rates of freight made more reasonable according to the principles of the common law.

The bill now under consideration deals alone with silver as a currency and a money unit of value in our circulation. However abundant may be the supply of money it can never make the farmers and working people of this country strong enough to carry the burdens of taxation and expenditure that will be imposed upon them by the present Congress. When this Congress adjourns the amount that will be required to meet the obligations of the Government will be but little less than \$550,000,000.

This enormous amount of actual cash must be paid by somebody. Will these burdens be equally distributed among those who share the benefits of the Government and of the laws passed by Congress? Do those who are best able to carry this burden, and for whose advantage

RUGH

it is largely imposed, take a fair part of the load? There is not a Senator in this Chamber who can answer these questions in the affirmative. And yet it is by the votes of the Republican majority in Congress that this gross inequality and injustice is sanctioned and enforced. I call to the stand, to prove my statement, one of the most distinguished Republicans in the House of Representatives—a man who stands in the front rank of American statesmen, who speaks upon a subject to which he has devoted much attention, and with which he is perfectly familiar. On the 14th of May, 1890, Mr. BUTTERWORTH, of Ohio, in a speech on the McKinley tariff bill, then pending in the House, used the following language:

Now, I propose to show, with the indulgence of the committee, just the inequalities of some of the provisions of this bill as it affects the farming community, whose interest we treat with such tender and delicate solicitude. I propose to show that under certain tariff regulations, which have had the approval of some of my friends, and which it is proposed in a large degree to continue, and in some instances aggravate, they have in fact taken out of the farmers of this country, out of our people, hundreds of millions of dollars, for which we now seek to atone by presenting to them pictures of prosperity. For instance, we propose to double, and more than double, the tariff on tin. It is proposed to continue to exact from this people a bounty for the producers of copper. It is proposed to enable certain individuals in the United States to have a corner on nickle-steel. It is proposed to remove the tariff on sugar, substantially, and at the same time require the people to pay a bounty to encourage the production of that article.

Now, just let me show how unequal and unjust these several provisions are in their operation, and I have only mentioned a few, showing without doubt the prohibitory duty imposed on certain articles, which has the effect of simply wiping out certain business establishments which are old and prosperous, and conducted, by the way, by earnest and devoted Republicans.

First, let me take the question of copper. During ten years, as I have stated, the people of this country have contributed of their hard-earned wages many millions of dollars, for which they have no consideration whatever. It is a mere gratuity and extortion. The same may be said of one-half the money paid for nickel in the United States during the same period. The same may be said of the increased cost of tin proposed in this bill.

An examination of the reports will show that there is no supply of tin in this country, and the hope that there will be some paying mine discovered is not based upon any disclosures of which any intelligent miners have knowledge. But let us see just what this increase will cost the people of this country. Let me add, also, the further amount we have paid to the producers of steel rails during the last two decades. The amount is simply fabulous. We will pay this year probably ten millions, certainly five millions, as a mere gratuity. It was not claimed that what we shall pay upon tin-plate is essential to any tin industry, for we have neither the tin nor the industry. But some of the largest industries in the United States, employing armies of people as producers in the field, garden, and orchard, and the still larger army of consumers, would be placed under needless and exacting tribute for the benefit of a syndicate which would employ doubtless a few thousand immigrants. Thus old and established industries are to submit to an extortion to enable a few thrifty gentlemen to make an experiment.

Can it be possible that florid rhetoric can conceal from the farmer the utter want of bait on that tin hook? Not a cent has been realized to the people in any way from the vast sum that has been paid to the producers of T-rails—I mean the excess over what adequate protection demanded—so that the people are out the amount of the bonus. If it had found its way into the Treasury it would help to pay the public debt, but it does not.

Now, let us see what else is proposed to conciliate the farmer. He is offered some free sugar, but that takes revenue from the Treasury which must be made up in some other way if that revenue shall be needed. He saves in the cost of the sugar so many millions of dollars, but he loses it to the revenue. His loss does not stop there, for he has to pay it out in bounty.

But that is not all. The farmer will have, after all, to pay well for his sugar if he be required to pay a bounty, and where that bounty will stop no one knows. So he may not in the end realize any cheaper sugar if the bounty is continued, and he has lost revenue of the Government which must be made up. He has also on account of his good fortune in having the abolition of the sugar tariff, to become reconciled to being fleeced by these other industries, so called, that I have just mentioned. But he is consoled by the suggestion of a higher

FUGH

tariff on farm products. Well, let us examine that for a moment. They point with glee to a tariff on eggs of 5 cents a dozen. In 1888 Canada shipped to the great markets of the United States about 21,000,000 dozen eggs and careful computation, calling the eggs 12½ cents per dozen, shows that the whole amount received from Canada would give each person in the United States one omelet a year.

That is the full extent of it. * * * I sound this note of warning, and whatever this House may decide, and although it may resound with plaudits of utterances that a Chinese wall is the security of our people, yet I assert that there never was a time in the history of the Republican party when it was in more danger of defeat than upon this one suggested idea that it is permissible to levy tribute upon all the people of this country of 65,000,000 to confer a benefit upon a few hundreds by going beyond the imposition of a protective tariff necessary to remove inequalities and impart to competition the quality of fairness. Equalizing opportunities is not exacting tribute. Creating inequalities is producing the very evil the protective system was intended to remove.

Now, sir, I read with sadness the attempt to satisfy the farmers and other laborers and producers and to induce them to believe they will find quicker prosperity, lighter burdens, and greater strength to bear them in the clause of this bill which imposes increased duties on agricultural products; that they will derive a benefit from a duty on Canada eggs; a duty on potatoes and barley; a duty on rye, corn, etc., and the like imported from Canada. In other words, that the hens will lay during the winter when eggs are high if we only rule out the fruit of the Canadian hen. We are exporters of wheat and not importers, and yet they would build a dam to keep the water from running up the hill. We are exporters of corn, but would request the Canadians to shut their doors and thus close the highway to that great market for our corn.

Is the fact overlooked that all along our northern border there would be immense establishments, employing thousands of workmen built up to utilize Canadian lumber, Canadian minerals, but for the useless and absurd notion that we must levy a tax upon all the people of this country, which has no other effect than to bestow exclusive advantages upon a few who have already become possessed of the wealth of Croesus? * * * But the folly of this pretense becomes apparent when you come to survey the employé whose interest we ostensibly seek to protect. Go to the mills and find the spindles fed by children who were not born under our flag, and whose parents are not naturalized. Go to many of the mines and find them worked by men who are of the very character and quality against the influence of whose labor when it is exerted elsewhere we protest with such earnestness.

The fact is that our unrevised system is to-day, taken in connection with unrestricted immigration, more in the interest of that class of labor that is constantly talked about as the pauper labor of Europe, and which is coming to our shore, than it is of the American citizen, and by the American citizen I mean the native and naturalized citizen. If some of the gentlemen who have been before the Ways and Means Committee would search their pay-rolls they would find that in some cases not 5 per cent. are citizens of the United States, and in other cases the employés go by numbers and not by name.

Mr. President, the most remarkable fact stated by Mr. BUTTERWORTH was that the duty of 66⅔ cents on the cost of production of copper in this country had enabled the few owners of copper mines, who had invested only \$1,250,000, to declare and pocket dividends on their investment to the amount of \$60,000,000.

How is it possible that in a government of the people, by the people, and for the people, such an astounding robbery could be made possible by law in full view of the people; and how can a system of so-called protection that produces such monstrous results continue to receive the deliberate aid and sanction of a great national party that now has possession of every branch of the Federal Government, and boasts that it obtained its restoration to power on the merits of its protective policy?

Can the free coinage of silver or any other remedial legislation have an open field and a fair fight with the causes of discontent known to exist in unprotected and unfavored classes all over this country? As long as such a system of tariff taxation as that exposed by Mr. BUTTERWORTH as the ruinous work of his own party is permitted by the people to absorb the substance of the toil of farmers and working people, nothing they can regain from a greater volume of currency will

FRG

enable them to save any surplus from their hard earnings. The grain-producing States have very little promise of an increase in their wealth from annual incomes from sales of wheat and corn.

I am satisfied that the future condition of these States will be that of overproduction of wheat and corn, and falling prices, so long as they aid and support existing policies. The lands in the new States and Territories, untouched by the plow, will produce more wheat and better wheat as you go north, and not one-third of the best wheat lands in the United States are now under cultivation. The estimate of the last crop of wheat was about 400,000,000 bushels, which is less than heretofore, on account of falling prices. Not one-fourth of our annual crop of wheat finds a foreign market, and the demand abroad is being constantly diminished by increased production in other wheat-growing countries. The exhaustion of wild pasturage will increase the consumption of grain in stock-raising, and stock-raising will always be more or less profitable.

But I never knew any people to be impoverished by cheap food. The United States is the greatest food-producing country in the world. I am unable to understand that it would be a misfortune if each State in the Union produced food enough to supply its own population. The land-owner who has the means of cultivating the soil is the most independent being living. He has his house, his fuel, his horses and mules, his grain and hay, his pigs, cattle, meat, butter, milk, poultry, vegetables and fruits, and no man can suffer for necessities for his own use with these possessions; if he owned millions to expend for more riches and luxuries and luxurious indulgence, all this additional wealth would not be necessary for his happiness or usefulness. But the wage-worker who has no house, no fuel, no provisions, or clothing for himself and family, except such as he is able to procure from his wages, is always uneasy on account of his dependence upon his own labor and the fear of sickness and of being thrown out of employment.

Mr. President, I have the honor of representing a State in part that has a soil and climate adapted to the production of the most abundant food crops of all varieties that are raised in any State in the Union. Alabama has excellent water, fine climate, splendid forests of timber, all varieties of scenery, and when her marvelous capabilities, resources, and advantages for farming, mining, manufacturing, and other pursuits are estimated they can not be exaggerated. No man who ever visited Alabama on account of any report or description he has had of her resources was ever disappointed by his personal observations.

Everything that has ever been produced in any State in the Union can be produced in Alabama, and when you sum up everything that can be produced in any one of thirty States in the Union, Alabama can add to the aggregate what neither of the thirty States possesses or can produce, and that is three crops in which there never can be overproduction, or unremunerating prices to the producer, and in the profitable production of which she defies competition. These crops are cotton, coal, and pig-iron.

Every commodity produced in Alabama which is for sale can find a market at paying prices. With all her food-producing capacity it is a singular fact that the people of Alabama send vast sums of money annually to Western States for corn, flour, and meat, which could be easily raised at home. If all the farmers of Alabama would make it a rule absolute to raise enough provisions for their own consumption, and aim to have their cotton crop a clean gain, there would be much less complaint among the farmers of Alabama about hard times.

FOGH

I can see no reason why cotton should ever again sell for less than 10 cents at the home market, except when there are depressed trade conditions or contraction in the circulation causing scarcity of money. We can make pig-iron as cheaply as anywhere in the world, and cheaper than in Ohio or Pennsylvania. When our coal supply has water transportation to Mobile, which it will have at an early day, that growing city on the Gulf will be the cheapest coal market in the world. As long as the people of Alabama send to the Northwest for their supply of corn, meat, and flour it shows a most remarkable feeling of liberality and unselfishness on their part to be distressed because the Western farmers are not getting higher prices for their commodities.

The farmers and people of Alabama have been great friends of the farmers of the Northwest. They are good customers, and spend millions among them in the West for what they could raise themselves in Alabama. When the Chinese threatened to overrun some of our fellow-countrymen on the Pacific coast and they called on us for help, we broke over treaty obligations to come to their rescue. When the manufacturers of New England accumulated mammoth fortunes from the protective policy denounced by Mr. BUTTERWORTH in his great speech, and became thereby millionaires and interested in a gold standard of value, they turned upon silver to drive it out of our currency, and today are its most formidable enemies. 'Alabama and the other Southern States are again ready to stand by the silver-producing States and to join the representatives of the great Northwest and the Pacific Slope in driving back the enemies of silver in their crusade to destroy it as a money unit of value.

We shall see what we shall see in the way of mutuality of friendship when the representatives of Massachusetts in the Senate and House revive the crusade against the white people of the South to compel the count of the negro vote according to its numerical strength as shown by the census, for the declared purpose of securing representatives in the House who will join Massachusetts in perpetuating the blessings to New England and the farmers of the West of the protective policy, that enabled a dozen copper owners on a capital of \$1,250,000 to pocket a dividend of \$60,000,000 out of the unsophisticated people of this country.

If Massachusetts succeeds in passing her Federal election law with the aid of the silver States and the representatives of the farmers of the West, the white people of the South do not expect to be able to make much use of silver or the farm products of the West. The labor of the negro, always unreliable, will become more demoralized, the growth of our industries and the development of our resources will be checked, and our trade conditions with the North become disturbed in our efforts by all lawful means to save ourselves and our families and State government and society from the dire consequences of negro suffrage under the absolute control of corrupt partisan Republicans, who will revive methods and practices with which the white people of the South became acquainted during the period of reconstruction under carpet-bag and negro government.

Mr. President, I will now consider generally and briefly the bill of the Committee on Finance and the amendment of the Senator from Colorado [Mr. TELLER] on the subject of silver coinage.

The very able and exhaustive speeches to which the Senate has listened in favor of free coinage were each powerful presentations of the whole question of finance and currency, and leave but little for me to say.

FUGH

The people do not care as much for theories as they do for facts. Many who acquired great reputations as financiers have discovered and acknowledged their mistakes. Some theories stand every attack made on them, because they are not only reasonable in themselves, but they have stood the severest test of trial and experience. The enemies of silver use no weapons but theories. Their arguments always abound in theories, predictions, and dogmatic assertions in reference to the opinions and arguments of their adversaries.

Silver is like truth; when crushed to earth it will rise again. Facts are produced by the operation of laws that man has no hand in making. Facts are simple in themselves and easily understood, and for that reason they are irresistible in force and effect.

I say the people wish to know the undisputed facts. Then, is it a fact that those who take part in the discussion of financial questions and make arguments and express opinions to influence legislation belong to the creditor or the debtor class, or are they producers or capitalists? Is it a fact that those who supply money and those who use it are widely separated in interest? Is it a fact that capitalists and creditors own United States bonds and national banks, and that these banks issue paper money on these bonds and aid in making the volume of our circulating medium? Is it a fact that those who have money make the deposits in banks and use checks on banks and clearing houses? Is it a fact that farmers, laborers, mechanics, artisans, and manufacturers own commodities made up of cotton, wool, and other raw material, and wheat, corn, meat, animals, muscle, and brain? We know that these commodities and human agencies bring money, and the amount depends on the supply and demand for them and very largely on the quantity of money in circulation. If there is but little money and plenty of commodities the price will be low. If there is a sufficient supply of money the demand for commodities will be greater and the price higher. Too little money will always buy more commodities, whether the supply be great or small. It is certainly to the interest of those who have idle money, or money to invest, to make its purchasing power as great as possible. The smallest volume of money will buy more labor, production, and property than a larger quantity. Hence, it is natural that money-holders will favor contraction of the currency, and that commodity-holders will favor a volume of circulation that comes up to the point where equality is found between the supply of money and commodities. It is one of those theories experience has established that "the quantity of necessary, useful, or gratifying products is the measure of wealth, and money is the just measure of commerce and exchange and the standard by which contracts are fulfilled."

It is very natural that those who have land and labor and machinery to produce commodities should favor a plentiful supply of money to make market prices more remunerative. It is equally natural that those who have money to lend and to employ labor and purchase crops and other commodities or property should want their money to have as much purchasing power and bring as high rates of interest as possible, and they know that the less money there is in circulation the less competition and the less market price. Those who owe debts can pay them easier when money is plenty than when it is scarce, and the creditor to whom the money is coming wants it to have as much value and purchasing power as practicable. All these are plain truths well understood by the people.

RUGH

The question of how much money is needed by the people in their commerce and exchange, and to fulfill their contracts, has never been satisfactorily answered, because the necessary quantity has never been ascertainable on any basis of calculation generally accepted as correct. The amount, whatever it may be, necessarily varies, and whether there is enough money in circulation is a question about which very few people who claim to be good judges ever agree. It is easy to decide when there is not enough money in circulation, as everybody has personal knowledge of its scarcity. But it is very rare that you hear any complaint that money is too abundant. Another fact must be admitted, and that is that the aggregate amount of money in existence in the country may be amply sufficient to answer all the demands for money, but vast sums are withdrawn from circulation and hoarded, and the effect produced thereby on the trade and commerce of the country is the same as would be caused by the destruction of the same amount of currency.

Four years ago, as shown by official and authoritative evidence, the amount of money in existence in the United States was, in round numbers, \$1,500,000,000. There was at that time much more activity in trade and much more general prosperity than at the present time.

At this time the aggregate amount of money is about the same that it was four years since, and there is now widespread discontent among farmers and laborers—prices are too low, and there are too many idle people who are unable to find employment. Has scarcity of money produced this trouble, and can it be relieved by increasing the circulation? I am very strongly in favor of making money more plentiful, so as to let the people have an opportunity of enjoying an experiment with a greater quantity of currency. It has been a long time since we had anything like a re-lundant circulation.

The people, in no time of our history, and no country in the world's history ever suffered in trade and commerce or otherwise from having too much coined money in circulation or as the basis of circulation. Who ever heard of inflation in gold or silver money or in paper money founded on it for redemption? How can there be depreciation in the unit of money value compounded of gold and silver, so long as the unit is the coin of the Government, declared by a law of Congress to have the value of a dollar? The only way the ingenuity of Shylock could devise to destroy silver and gold as a just measure of commerce and exchange and the standard for the fulfillment of contracts is to separate them and make either a commodity. This plan was resorted to and put in execution in 1873 by the enemies of silver, but it was afterwards discovered and exposed in 1878, when silver was partially restored to its old position in the coinage laws.

The united struggle between the friends of gold and the enemies of silver, and the friends of both metals, has been protracted through many years, under circumstances of great inequality in the forces engaged. The enemies of silver have always been animated by the certainty of securing a great prize by making gold the single standard of value. The combination was made up of business men trained in the use of money and in the methods of acquiring it, and potential in giving shape and direction to the currents of trade and commerce, and enabling capital to assert its power through banks and other fiscal agencies.

Those who favored the coinage of silver and combining it with gold as the unit of money value were denounced as cranks and speculators and gamblers and repudiators, who were playing a reckless game for a

PUGH

cheap and useless currency that would certainly drive gold to foreign countries, or cause it to be hoarded and discredit Federal securities, but the friends of silver gained a partial victory in 1878 by restoring it to compulsory coinage at the rate of two millions per month. The silver-coinage act of 1878 has met the most sanguine expectations of its friends and disappointed all the calculations and predictions of its enemies. In eight years silver currency was increased to \$215,000,000 without driving out a dollar of gold or depreciating Federal bonds.

Notwithstanding these remarkable and beneficial results, the gold forces were again mustered into line in 1896 to suspend the further coinage of silver. The whole power of the executive department of the Government was again arrayed against coining any more silver. It was predicted again, as it had been in 1878, that serious disorder in our currency and ruinous effects upon our trade and industrial pursuits were impending and threatened by the continued coinage of silver; that the United States had reached a crisis in their marvelous development and in their commercial relations that could be met and relieved only by concurrent action between our Government and the Governments of England, France, and Germany, resulting in an agreement by which there should be but one standard of value in each and all these countries, and to be the same in equivalency and convertibility; that except for petty domestic uses silver coinage had been suspended and silver disused as a legal tender in England, Germany, and all the nations composing the Latin Union, and gold made the only standard of value, and that the necessary and unavoidable effect of this foreign condition on American currency and commerce must be destructive morally, politically, materially, and generally. The issue thus presented was met and the further coinage of silver was not suspended.

The friends of silver achieved a great success and placed themselves in a position to defy the guns of the enemy in the passage of the law authorizing and requiring the issue of certificates to circulate as money in the place of the silver dollar. The accumulation in the Treasury of silver dollars under the compulsory coinage of two millions per month, and the unfriendly act of the Secretary of the Treasury in refusing to pay out silver dollars for bullion, or for interest on Federal bonds, were having a depressing effect upon the value of silver in the bullion market, and this condition, caused by the representative of the Government for the purpose of discrediting its own coin, was seized as the opportunity and the necessity for suspending the further coinage of the silver dollar as the only relief from the perils of the situation.

But silver certificates had been conceived and brought forth most opportunely, and although often threatened with strangulation by their enemies, and especially by the nurse appointed by the Government to take care of them in their infancy, yet they have survived the effects of the bad treatment, and satisfied the friends and many of the former enemies of silver that with the aid of these certificates silver can safely go into free and unlimited coinage, and stand side by side on terms of perfect equality with gold. A modest man but seldom gets his dues, and for that reason I hope I will be pardoned for the vanity of the claim I make for part of the credit to which the friends of silver are entitled for upholding and preserving the life and strength of silver certificates in their life and death struggle with national banks and clearing-houses.

It must not be forgotten that the law and the contract which govern

FUGH

in every forum in Christendom the obligation of the Government and the rights of the bondholders had been persistently disregarded by every Treasury official, and that this law and the contract made under it expressly declared that the gold and silver coin then lying idle in the public Treasury were equivalents in value and a legal tender in payment of the principal and interest of the bonds through all time and under all circumstances and conditions. This burlesque upon Congressional enactments by Treasury officials was enacted in the face of Congress and in full view of the American people under the dictation of the national banks and clearing-houses. Nor was this all of the disobedience of law and absolute subjection to the demands and decrees of this new tribunal.

On the 21st of June, 1882, the Senate had under consideration the bill "to enable national banking associations to extend their corporate existence."

The charters of national banks were about to expire, and the purpose of the bill was to enable them to renew and continue their existence. The national banks obtained from Congress the right to extend their life-time by renewing their charters on the terms of the law which is now and has been in operation since 1832. When the bill was pending in the Senate I offered the following amendment, which was adopted and is now part of the law:

No national banking association shall become a member of a clearing-house in which silver certificates shall not be receivable in payment of clearing-house balances.

In explanation of this amendment I stated to the Senate that the "prohibition would operate upon the fiscal agents of the Government who were members of a clearing-house. That it would avoid the constitutional difficulty suggested by the Senator from Iowa [Mr. ALLISON] and the Senator from Ohio [Mr. SHERMAN]. That the clearing-houses were the most powerful agencies in the country to discredit the silver certificates by refusing to receive them in payment of their balances. That we ought not to permit our fiscal agents to go into any association that employed its power for the purpose of discrediting silver certificates which we authorize to be issued and require everybody else to receive. That we were aiming to put silver certificates upon the same footing with gold certificates. That these clearing-houses were using their power to defeat the object we aim at by this legislation, and to defeat the amendment would be to give aid and comfort to the national banks and the parties who associate with them for the purpose of discrediting silver and silver certificates."

The following is the vote on the passage of my amendment:

YEAS—29.

Beek,	Davis of Illinois,	Ingalls,	Van Wyck,
Brown,	Davis of W. Va.	Jonas,	Vest,
Butler,	Farley,	Maxey,	Voorhees,
Call,	George,	Morgan,	Walker,
Cameron of Pa.	Gorman,	Pendleton,	Williams,
Chilcott,	Grover,	Pugh,	
Cockrell,	Hampton,	Ransom,	
Coke,	Hill of Colorado,	Vance,	

NAYS—20.

Aldrich,	Ferry,	Hoar,	Rollins,
Allison,	Frye,	Lapham,	Sawyer,
Anthony,	Hale,	McMillan,	Sewell,
Bayard,	Harrison,	Mahone,	Sherman,
Conger,	Hawley,	Morrill,	Windom.

RUGH

Notwithstanding my amendment and the obligations of the national banks who obtained their existence on the promise to obey it, the law was for years deliberately evaded and nullified by agreement among the banks themselves never to offer silver certificates in payment of balances in their clearing-house account, and there would be no violation of the law that required them to be received.

What other powerful motive of self-interest do we find for this persistent and unfair warfare upon silver by national banks and organized capitalists?

Silver is the only money that circulates among the people that is beyond the control of the national banks in the volume of its circulation, except that they influence Treasury officials in withholding it from circulation to discredit it as a part of our standard currency. We have \$346,000,000 of greenbacks that can not be diminished under existing law. Stop the coinage of silver or make it a commodity and nothing in the future is more certain than that the national banks will ultimately supply our paper currency and contract or inflate at pleasure, and the money kings will then become "monarchs of all they survey." In the language of General Hamilton, "the general state of debtor and creditor, all the relations and consequences of price, the essential interests of trade and industry, the value of all property, the whole income both of the state and of individuals, will become subject to the judicious or injudicious regulation of the currency" by national and other banks and money kings.

Again I quote from the memorable report of General Hamilton as Secretary of the Treasury in 1791:

To annul the use of either gold or silver as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full circulation with the evils of a scanty circulation. On the whole, it seems most advisable not to attach the unit to either of the metals, because this can not be done effectually without destroying the office and character of one of them as money and reduce it to the situation of mere merchandise, and this would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals, especially if care be taken to regulate the proportion between them with an eye to their average commercial value.

I now call the special attention of Republican Senators to high Republican authority on the silver question, as presented by the bill of the committee, and the plan of the present Secretary of the Treasury to put silver in the "situation of mere merchandise."

In the Forty-fifth Congress Mr. Blaine delivered a prepared speech which will be found in the CONGRESSIONAL RECORD, volume 7, page 821:

I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disasters in the end throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate and unfair advantage over every other species of property.

If, as the most reliable statistics affirm, there are nearly seven thousand millions of coin or bullion in the world, not very unequally divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions and utterly disastrous to tens of thousands. I do not think that this country, holding so vast a proportion of the world's supply of silver can afford to reduce the metal to the situation of mere merchandise. If silver ceases to be used in Europe and America the great mines in the silver-producing States will be closed and dead. A vast source of wealth to this entire country is destroyed the moment silver is permanently disused as money.

FUGH

I now quote from the inimitable and graphic utterances of the distinguished Senator from Kansas [Mr. INGALLS]:

No enduring fabric of national prosperity can be builded on gold. Gold is the money of the monarch; kings covet it; the exchanges of nations are effected by it. Its tendency is to accumulate in vast masses in commercial centers, and to move from kingdom to kingdom in such volumes as to unsettle values and disturb the finances of the world. It is the instrument of gamblers and speculators, and the idol of the miser and the thief. Being the object of so much adoration, it becomes haughty and sensitive, and shrinks at the approach of danger, and whenever it is most needed it always disappears.

At the slightest alarm it begins to look for a refuge. It flies from the nation at war to the nation at peace. War makes it a fugitive. No people in a great emergency ever found a faithful ally in gold. It is the most cowardly and treacherous of all metals. It makes no treaty that it does not break. It has no friend whom it does not sooner or later betray. But silver is the money of the people. It is the money of wages and retail. Its tendency is toward diffusion and dissemination. It enters into the minute concerns of traffic, and is exchanged day by day for daily bread.

Mr. President, it will always be an undeniable truth that "when contracts are made by a standard which is gradually contracting, the advantages are on the side of capital as against labor, and productive energy is cramped by receiving less than a fair share of the profits of its enterprise." It is equally well established that "both metals are required to counteract the tendency of the specie standard to contract under the vast increase of the property of the world." This truth has been and is now being fully verified in European and American history. England and Germany are now struggling to retain their gold supply, and the price of labor, property, and productions is seriously threatened on account of the unavoidable tendency of their gold standard to contract under the pressure of the increase in population and productions, and we are now feeling the effects of that contraction in the diminution of exports.

The great English financier, Mr. Goschen, M. P., and one of the directors in the Bank of England, in an address delivered before the Bankers' Institute in April, 1883, said:

To me it appears that we have a striking phenomenon before us. On the one hand I do not think any of you will be ignorant of the fact of the withdrawal of an immense amount of gold, which, under ordinary circumstances, would have passed into the currency of gold-using countries. If you take the amount of gold currency which has been absorbed the last ten years by Germany, Italy, and the United States, you will arrive at the stupendous sum of \$1,000,000,000. Germany required \$420,000,000, Italy \$80,000,000, and the United States take more than \$500,000,000.

Mark the important fact that this amount of gold taken by the United States, which has been greatly increased within the last six years, was during the ten years from 1873 to 1883. Five years of this time the coinage of silver was dropped and five years its coinage was renewed, and for the five years the silver mint was turning out \$24,000,000 per annum our gold supply was on the increase, and no gold-standard country in the world has kept pace with the double-standard United States in the increase of its supply of gold.

Mr. Goschen continues:

Now, many of you may be aware that there has been a falling off in the annual supply of gold. The annual average fell from 1871 to 1875 to \$96,000,000, as compared with nearly \$150,000,000 in the years from 1852 to 1856. Thus we have had an extraordinary and additional demand of \$1,000,000,000 coming upon an annual supply of \$100,000,000. The consequence is that this extraordinary demand has practically absorbed the total supply of gold for the last ten years. But it is not sufficient to state that the total supply available for the needs of circulation in the gold-using countries of Europe has been absorbed.

This additional and extraordinary demand falls upon a supply of \$100,000,000

PUGH

which has to furnish the wear and tear of the coinage, and the total amount used for the purposes of art and manufacture, besides the purposes of circulation. There are various estimates made of the amount of gold used in the arts and manufactures. A very eminent French authority accepts our estimate of \$50,000,000 as the amount annually consumed for such purposes.

The Directors of our Mint report an increase in the consumption of gold in the arts and manufactures. About \$15,000,000 are used in the United States for these purposes.

Mr. Goschen concludes, upon his review of the situation, that—

Economists will accordingly ask themselves the question, what result, if any, is such a phenomenon likely to have produced? I think there is scarcely an economist but would answer at once "that it is probable, it is almost necessary, it is according to the laws and principles of currency, that such a phenomenon must be followed by a fall in the prices of commodities generally.

Here he gives a table showing the decline in prices.

I am bound to say that these figures reveal an extraordinary state of things. It appears to me that if it be true that population continually increases, and that there is a certain increase in wealth, an additional amount of circulation will be necessary in order to meet the increased demand, unless there are compensating counter economies by the extension of the check system and other methods.

On the one hand you undoubtedly have increased population. You also have an increase of wealth. Then, again, you require more gold for more transactions. Gold has two or three functions to perform in circulation. It has to supply pocket-money, liquidate large transactions between nations, and, what is almost an analogous function, it has to remain in the vaults of bankers on deposit against the notes that are issued against it. Such being the functions of gold, if the population increases pocket-money must increase, and if the transactions increase somewhat more will be required for liquidating the balances.

Let us now consider whether the economies in the use of gold (checks and clearings) have been as great as the increase in the population, and as the increase in the amount of gold required to liquidate the balance of transactions. We have already reduced the use of gold in this country almost to a minimum, and I am confirmed in this view by the statement that the total circulation of gold in England increased, according to the estimate of the authorities of the Bank of England, from \$55,000,000 to \$820,000,000 between 1870 and 1880. This would mean, and it is a most significant fact, that in England, which is "so well banked," \$100,000,000 more was nevertheless required in 1880 than in 1870.

Mr. Goschen then expresses the opinion that the use of checks and clearings by banks and clearing-houses has not counterbalanced the increasing demand in England, France, Germany, or elsewhere for gold on account of the increase in wealth and population. This great financier then remarks:

I am now brought to the point that if there is any truth in the theory that the amount of circulation stands in a certain relation to price, then this strain upon the gold circulation must have produced an effect upon prices. We have to deal with the fact, let us look at it how we will, the sovereign goes further than it used to go. Happy, then, it is for those who have the sovereigns; on the other hand, unhappy it is for those who have commodities left on hand and produce which they have not sold.

* * * * *

Let us now assume that there will be a continuance of low prices; that is to say, a continuance in the increased value of gold. Two classes would be permanently affected. One is the class which is entitled to receive gold. They will be much better off. The class of debtors, on the other hand, who are bound to pay a given amount of gold for a long period to come, will be much worse off. In the same way as the rise in prices is generally to the advantage of the debtor, so a fall in prices will be to his disadvantage. The holders of mortgages would be in a distinctly favorable position. While the mortgages would run, they will continue at a sum that will be on the constant increase in its purchasing power. Those who have borrowed the sum will be in a worse position by having their means of payment constantly diminishing in price. The influence of this circumstance on land-owners will not be overlooked.

Land-owners who have borrowed on their estates will be under contract to pay a sum which represents more value than when the loan was made, while the produce of the land, if it should fall in price like other commodities, would not secure the same amount of gold. It is impossible to see how farmers should

FUGH

be able to continue to pay the same amount of gold for rent if the prices of what they raise from the soil should permanently fall. I have heard a distinguished man suggest that the great difficulties of the old Roman Empire with regard to laws that had to be passed for the relief of debtors was due to the fact that they never had an expansive currency, but that the supply of the precious metals was stationary, at least if compared with the increasing transactions and the increasing population, and that it did not enable the Roman men of business to conduct their operations with that continuously small increase in the supply of the precious metals which was required to meet the increased demands of population and increasing wealth."

Mr. President, this is not the twaddle of a Western or Southern demagogue, or the incoherent nonsense of some "idiot" or "lunatic" who ought to have a room in an asylum; but they are the grave and well-considered views of an English statesman and experienced financier, who is a friend of the single gold standard, and who speaks to his fellow economists on a great financial phenomenon that now overshadows monometallic England and Germany.

Mr. President, I think I discover in the conditions now existing in the United States, which are the necessary outgrowth of precisely the same causes mentioned by Mr. Goschen as those operating in England, Germany, and France, that the United States are now confronted by a great financial phenomenon.

Is it not within the range of events in the near future that the entire output of our mines of gold and silver will be insufficient as a unit of money value to supply the demands of our rapidly increasing population and wealth? And may we not soon be in the condition of the Roman Empire, when the debtor class will become clamorous for relief laws, made necessary by the insufficiency in the supply of the precious metals to furnish an expansive currency equal to necessary wants constantly multiplying in our trade and commerce?

The necessity for a more expansive currency is perfectly apparent, and its existence can not be ignored by Congress. This necessity can not be met by any legislation that comes short of making available the entire supply of American mines to secure a circulation sufficiently expansive to meet the demands of our people to satisfy their reasonable and legitimate wants. The London press, speaking for the Bank of England, and the Bank of Germany, and the Bank of France and their clearing-houses and their allies in Wall street and the East may unite in their crusade against silver. They may come with their assurances that their returns show what a small amount of money enters into our daily transactions, and how much its use has been superseded by the machinery of banking, with its modern system of checks, bills of exchange, and clearing-houses; that there need be no apprehension of a too limited circulation; that the national banks are ready to issue their notes in such quantity as they think the laws of trade demand, but we respectfully decline to accept or to act upon such assurances.

Mr. President, I shall join my vote to those who support the free and unlimited and compulsory coinage of gold and silver bullion as estimated by existing laws to make a unit of money; that certificates issue on the bullion or on the coin, redeemable in coin or any lawful money, when presented by the holder, and that the coin certificates be receivable for taxes and dues to the United States of every description, and shall be a lawful tender for all debts, public and private.

PUGH

○