

The Free and Unlimited Coinage of Silver and the Issue of Coin
Certificates.

S P E E C H

OF

H O N . J O H N H . R E A G A N ,

O F T E X A S ,

I N T H E S E N A T E O F T H E U N I T E D S T A T E S ,

Monday, March 31, 1890.

The Senate having under consideration the bill (S. 2350) authorizing the issue of Treasury notes on deposits of silver bullion, and the bill (S. 1558) to provide for the free coinage of both gold and silver, and for the issuance of coin certificates to circulate as money, and for the retirement of United States legal-tender and national-bank notes of small denominations, and for other purposes—

Mr. REAGAN said:

Mr. PRESIDENT: The Senate bill No. 2350, "authorizing the issue of Treasury notes on deposits of silver bullion," as reported by the Committee on Finance, deserves most serious consideration. I suppose it is intended to relieve the country from the evil effects of the worse than blunder of Congress in suspending the coinage of silver dollars by the act of February 12, 1873. It is a hopeful sign that a Republican Senate should join in this great work, though the remedy proposed may not be the best. It is something to the country that the existence of this great wrong has at last been recognized and admitted, and that a remedy may now be hoped for.

I will go beyond a strict discussion of the merits of this bill, and will inquire what are the causes and what the meaning of all the complaints of hard times and scarcity of money, burdensome debts, and mortgaged farms, which are coming to us from all parts of the country? And what are the remedies for these grievances?

Gold and silver have been the money of the world as far back as we know either its history or its traditions. These constituted the money of the mother country and of the English colonies before they became American States.

The Constitution of the United States provides that—

The Congress shall have power to coin money, regulate the value thereof, and of foreign coin.

And that—

No State shall * * * coin money * * * or make anything but gold and silver coin a tender in payment of debts.

Thus making gold and silver coin the lawful and constitutional money of this country.

For a more full understanding of this important question I submit the following statements as to amounts of the precious metals:

The world's estimated product of the precious metals from 1498 to 1889, as estimated by Dr. Soethbeer from 1493 to 1879, and by the American Almanac from 1880 to 1886, and E. O. Leech, Director of the Mint, from 1887 to 1889, has been:

Of gold	\$5,740,918,565
Of silver	7,222,227,435
Aggregating	12,963,546,435

I do not assume that the whole of this is now available as money, as there has been some loss by abrasion and by other casualties, and a still greater reduction by the amount which has gone into the arts.

I also give the world's estimated production of the precious metals from 1873, when Congress suspended the coinage of silver dollars, to 1889. It was:

Of gold	\$1,666,150,000
Of silver	758,495,000
Aggregating	2,424,645,000

The estimated production of the precious metals in the United States from the organization of the Mint, in 1792, to 1889 was:

Gold.....	\$1,839,061,769
Silver.....	921,645,000
Aggregate.....	2,760,706,769

The production of the precious metals in the United States from 1873, when Congress demonetized silver, to 1889 was:

Gold.....	\$804,600,000
Silver.....	850,300,000
Aggregate.....	1,657,900,000

The production of the precious metals in the United States from 1878, when Congress provided for the limited recoinage of silver, to 1889 was:

Gold.....	\$420,075,000
Silver.....	584,145,000
Aggregate.....	1,004,220,000

I have thought it best to make these statements to aid in an understanding of the questions I shall discuss, and to show, approximately at least, the amount of metal money which is employed in and produced by this country, and to show the relative amounts of gold and silver so employed.

The amount of coinage in the mints of the United States from the organization of the Mint to June 30, 1889, was as follows:

Five-cent pieces	\$9,917,060.90
Three-cent pieces	940,785.45
Two-cent pieces	912,020.00
One-cent pieces	8,754,804.06
Half-cent pieces	39,925.11
Gold	1,500,666,207.00
Silver	567,291,251.45
Minor coins	20,564,596.52
Aggregate	2,109,086,651.49

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Omitting the several kinds of minor coins, this table shows that there has been coined since the organization of the mint \$933,375,045.55 more gold than silver.

By the eleventh section of the act of Congress of April 2, 1792, it was provided that the proportioned value of gold and silver coins should be as fifteen to one; "that is to say, every fifteen pounds weight of pure silver shall be of equal value in all payments with one pound weight of pure gold." By this act silver was overvalued as compared with the standards of other countries. The effect of this was to some extent to drive gold out of the country.

By the ninth section of the act of Congress of January 18, 1837, the proportioned value of silver to gold coins was made as 16 to 1. By this act silver was undervalued as compared with the standards of other countries, which, in about all the commercial nations of the world, was then, as now, 15½ to 1. This undervaluation of our silver-dollar coins, making them worth about 3 per cent. more than coins of like denominations in Europe and elsewhere, it is believed caused the exportation of much of the silver bullion produced in this country up to the time of the degradation of silver by the legislation of the United States and of the most of the nations of Europe; and it is believed that this fact accounts for the very limited amount of silver coinage from 1837 to 1878, at which latter date Congress provided for the compulsory coinage of not less than two million nor more than four million dollars worth of silver bullion per month.

The bill under consideration proposes to repeal so much of the act of 1878 as requires the coinage of not less than two million nor more than four million dollars' worth of silver per month, and to require the Secretary of the Treasury to purchase silver bullion to the amount of \$4,500,000 worth per month, and to issue Treasury notes for a like amount, redeemable in the lawful money of the United States, and made receivable for customs, taxes, and all public dues, and which, when held by national banking associations, may be counted as part of their lawful reserve.

If this bill should become a law it would no doubt give temporary relief to the people, but I think it is to be regretted that the committee did not report a bill providing for the free and unlimited coinage of silver the same as of gold.

While this bill provides for a largely increased use of silver it perpetuates the legal discriminations now existing against silver and in favor of gold. It still retains for the Government the exclusive privilege of coining on Government account silver bullion as money, while gold is coined for any private person who may take it to the mints free of charge. And this bill recognizes the idea that there is too much silver produced, and that the amount to be put in circulation must be limited by law.

It was not the great amount of the world's product of silver nor the amount of silver in circulation which caused its deterioration in value; for at the date of the passage of our act of Congress in 1873, suspending the coinage of silver dollars, our silver dollars were commanding a premium above gold. The reason for the demonetization of silver was that it would increase the value of gold and of bonds and other evidences of indebtedness, and that it would increase the value of fixed incomes; that it would tend to enrich the creditor classes and those who owned money. This would, of course, in a corresponding degree increase the burdens of those who were debtors, whether persons, corporations, or

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States, and of those who create wealth by labor. It was inspired chiefly by the English and German bondholders, by the privileged and wealthy of Europe who lived on fixed incomes, and by the bondholders and bankers of this country. It sprung from the venal and corrupt motives of those who designed to enrich themselves by oppressing and wronging others. And I am persuaded history will write it down as the greatest legislative crime and the most stupendous conspiracy against the welfare of the people of the United States and of Europe which this or any other age has witnessed.

While the masses of the people of this country and of the Governments of Europe which participated in this conspiracy all suffered greatly from the effects of silver demonetization, the holders of gold have, by this policy, had their hoards increased about 30 per cent. in value. The holders of Government and corporate securities have realized a like or greater increase in their value. And those who enjoy fixed incomes find the purchasing power of those incomes greatly increased.

The United States was, in 1873, as now, a great debtor country. The several States, nearly all of them, the municipal corporations of this country, most of them, and the railroads, and many other corporations of this country, were debtors then, as they are now, to an enormous extent, mostly to English capitalists, but to a considerable extent to German capitalists, not to speak of the great aggregate of indebtedness of joint-stock companies and individual citizens of this country. And on this account it was against the interests and policy of this country to add some 33 per cent. to this vast volume of indebtedness, as was done by the demonetization of silver in 1873. The United States, then as now, was the largest silver-producing country in the world.

The world's production of silver during the calendar years 1878 to 1889, inclusive, was \$1,368,200,000. The production of silver in the United States during the same time was \$584,145,000. It is thus seen that during the last twelve years the United States has produced about 43 per cent. of all the silver produced in the world. A principal effect of the demonetization of silver was greatly to depreciate this vast fund of wealth in its value while reducing the value of all other property down to gold prices. The royal commission of Great Britain, in 1886, which was appointed to investigate the recent changes in the relative values of the precious metals, estimate that the reduction of the prices of commodities generally was about 33 per cent. by demonetizing silver. Other authorities estimate this reduction at from 30 to 35 per cent. The value of all the property in the United States in the year 1850 was estimated at \$7,135,780,228.11. In 1860 it was estimated at \$16,159,616,068. In 1870 it was estimated at \$30,068,518,507. In 1880 it was estimated at \$43,642,000,000. These estimates are taken from Spofford's Almanac for 1890. The New York World Almanac for this year estimates, on the authority of the financial officers of each State and Territory, that the value of the property in the United States is this year \$61,459,000,000. If the revolution in prices caused by the degradation of silver has reduced the value of this property by the sum of 33 per cent., it means a loss to the owners of this property \$18,437,700,000.

The wages of labor went down in very nearly the same ratio. And by the depression of business thousands of laboring people in this and other countries were thrown out of employment. And Senators will remember how bankruptcy and financial ruin spread their sickening pall all over this country from 1873 until 1878; and the vast amount of

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property which, during that time, was sold for taxes, because money was so scarce and dear that a large part of the people could not obtain it to pay either debts or taxes.

On December 31, 1888, Poor's Manual shows the indebtedness of the railroads of the United States to have been \$361,835,317.69.

The net earnings of these railroads for that year was \$382,261,557, only \$20,426,240 more than the interests on their debts.

The same authority shows that the excess of available revenue over actual payments for that year was only \$14,708,010; which was the sum available for that year for the payment of their enormous debts and their accruing interest of about 7 per cent. per annum. The interest on some of this indebtedness is higher and on some lower than the rate above supposed. But the average is probably about 7 per cent.

These figures are presented to show how difficult, if not impossible, it will be for our American railroads to pay their indebtedness in gold with the prices of commodities and of transportation reduced to gold rates.

Most of this indebtedness was created when gold and silver and United States legal-tender notes were the current and lawful money of the country, and before the prices of commodities and of transportation had been reduced by the demonetization and degradation of silver by our own and other countries.

With values reduced 33 per cent. by the degradation of silver by the combined action of the United States and the Governments of Western Europe this would be equal to adding to the indebtedness of our railroads the sum of \$1,705,795,069, increasing it to the sum \$6,874,871,036. It would require, on the basis of last year's receipts, the entire net earnings of our railroads for about eighteen years to pay the principal of this indebtedness without reference to the supposed interest of \$361,835,317 which would accrue annually. And this without being compounded would, in eighteen years, produce an aggregate of interest of \$6,513,035,706. In the year 1873, when silver was demonetized, the public debt of the United States amounted \$2,234,482,993.

The reduction of the value of commodities and labor out of which this debt was to be paid 33 per cent. by the demonetization of silver resulted substantially in increasing the debt about \$737,379,387.

The State, county, and municipal debts in the United States in the year 1880, as shown by the census, amounted to \$1,056,584,146. Thirty-three per cent. of this sum makes \$348,672,768.

We have no means of determining the amount of other descriptions of corporate indebtedness, and of the debts of associations and individuals, the payment of which, like those just mentioned, was influenced and rendered more difficult by the demonetizing of silver. But their aggregate doubtless amounted to more than a thousand million dollars.

Now, let us recapitulate the supposed increase of the items of known indebtedness as just stated:

Increase of railroad indebtedness.....	\$1,705,795,069
Increase of national debt.....	737,379,387
Increase of State, county, and municipal debts.....	348,672,768
Aggregating.....	2,791,847,224

I make these statements to show that the act of Congress of 1873 demonetizing silver, in connection with the hostile policy of Great Britain and Germany and the Latin Union and other governments of Europe towards silver as money, was the equivalent, to the people of the United

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States, of the creation of a new debt of \$2,791,847,224 in connection with the three items of indebtedness I have mentioned above. How great the other burdens of debt and taxation imposed on our people in connection with other classes of corporations and associations and individuals by this legislation and policy I have no means of stating, but it must have been enormous.

Now, let us not forget that this was debt created by law, for which those who have to pay it received no consideration, and for which those who received it have not paid anything. It was simply the transfer of that enormous amount of values from one class of our people, without price or consideration, by a bold, bald, audacious, and fraudulent piece of legislation, for the purpose of making the rich richer and the poor of the country poorer, of making dear money and cheap labor and property.

Will this Senate continue to sanction this great wrong and outrage and refuse to adopt a partial remedy by restoring our ancient and constitutional currency of silver and gold, without any legal discrimination against silver? I say "partial remedy," because much injustice, much wrong, has already been done by demonetizing silver which can never be remedied.

The reduction of the value of farms, factories, and other kinds of property and labor in this country by the degradation of silver is almost incalculable. This policy has been the cause of the sacrifice of thousands of homes, and has entailed a vast amount of poverty and suffering on the people, for which no action which Congress can take can ever reward them. In the name of justice and humanity let us now, by an act of wise statesmanship, protect our people against such wrongs in the future.

These percentages of loss may to some extent have been influenced by other causes, such as the increased use of improved machinery and improved facilities for transportation. But I think there can be no doubt that it is mainly due to the efforts of the capitalistic classes to control the financial policy of this and other countries, so as to enrich the few at the expense of the many. I submit the following table to illustrate the fall of the prices of various staple commodities from the year 1873, when silver was demonetized by the United States, to the year 1886, as shown by the American Almanac. I have not the data to show later and lower prices:

WHEAT, PER BUSHEL.

Years.	Highest price.	Lowest price	Average price.	Decrease, per cent.
1873	\$2.25	\$1.50	\$1.90	.....
1878 .....	.95½	.86	.90½	52.3

MESS PORK, PER BARREL,

1873	\$19.00	\$13.00	\$16.00	.....
1878	12.00	10.00	11.00	31.3

RAW COTTON, PER POUND.

1873	\$0.21	\$0.13	\$0.17
187809 ⁹ / ₁₆	.08½ ¹ / ₂	.08 ⁵ / ₈	48.3

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FLOUR, PER BARREL.

Years.	Highest price.	Lowest price.	Average price.	Decrease, per cent.
1873	\$7.25	\$4.62	\$5.93½	.....
1878	3.50	2.15	3.07½	48.3

CORN, PER BUSHEL.

Years.	Highest price.	Lowest price.	Average price.	Decrease, per cent.
1873	\$0.77	\$0.53	\$0.63½	.....
1878 .....	.55	.43	.47	26.2

SALT, PER SACK.

Years.	Highest price.	Lowest price.	Average price.	Decrease, per cent.
1873	\$3.50	\$3.00	\$3.25	.....
1878	2.15	.70	1.42½	56.4

Average per cent. of decrease, 43.3 on these staple articles.

As additional evidence of the continuous reduction of the prices of farm products, I submit the following table, showing the relative amount and value of the corn, wheat, and oats crops of the United States for the years 1888 and 1889, as shown by the report of Mr. J. R. Dodge, the statistician of the Agricultural Department, for December, 1889, giving the increase in the number of bushels of each and the decrease in the value of each from 1888 to 1889:

CORN.

Years.	Bushels.	Increase in quantity.	Value.	Decrease in value.
1888	1,987,790,000	.....	\$677,561,580	.....
1889	2,112,892,000	125,192,000	597,918,820	\$79,542,760

WHEAT.

Years.	Bushels.	Increase in quantity.	Value.	Decrease in value.
1888	415,868,000	.....	385,249,030	.....
1889	490,560,000	74,693,000	349,491,707	42,756,223

OATS.

Years.	Bushels.	Increase in quantity.	Value.	Decrease in value.
1888	701,735,000	.....	195,424,240	.....
1889	751,575,000	49,780,000	171,781,008	23,643,232
Aggregates .....	.....	249,665,000	.....	145,942,215

Average decrease in value, 13.57 per cent.

While such of the foregoing were some of the consequences of the demonetization of silver upon the interests of the people of this country, let us see how it affected the interests of Great Britain and Germany. Great Britain produced very little silver, and therefore had to make but little sacrifice in taking from it the quality of money. The United States produced a great deal of silver, and therefore had to make a great sacrifice in impairing its use as money. The following table

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shows the amount of silver produced in the United States and Great Britain, respectively, during the years of 1883, 1884, 1885, and 1886:

	1883.	1884.	1885.	1886.	Aggregate.
United States.....	\$46,200,000	\$48,800,000	\$51,600,000	\$51,000,000	\$197,600,000
Great Britain.....	209,000	335,000	316,000	420,750	1,280,750

This table shows that the United States produced during those years more than one hundred and fifty-four times as much silver as Great Britain. And by the demonetization of silver in 1873, in addition to other losses, the interests of tens of thousands of men engaged in silver mining and of their dependent families were to a large extent sacrificed by that Congress. While the interests of our people in these many respects were being thus sacrificed, Great Britain, by the shrewdness of her statesman and financiers, was enriching her people as the result of the stupidity of our Congress.

Our silver dollars of 412½ grains of standard silver, from the year 1834 to 1873, had ranged from the par of gold to a premium of 4.69 per cent. above gold. Since 1873 the discount on our silver dollars has ranged from 1.4 per cent. to the present discount of over 28 per cent.

Great Britain has profited by our folly by buying the greater part of our silver bullion at the current London rates of discount, and coining it into rupees and using them or the bullion so purchased at par in their trade with India.

The amount of silver produced in the United States, at coinage rates, from 1873 to 1889, inclusive, was \$584,145,000. The discount on silver in the London market during the years just named averaged about 15 per cent. If all this had been sold in Great Britain, as the greater part of it was, our loss and her gain would have been \$87,621,750 in the single item of discount on silver bullion.

Great as this sacrifice has been to the people of this country, and great as the profit growing out of it has been to Great Britain, it is the smallest part of the profit that country has derived from the demonetization of silver.

Capitalists of Great Britain own, and did then own, hundreds of millions of dollars' worth of the interest-bearing bonds of other countries and of the corporations of other countries. They are the owners and holders of a considerable part of the bonds of the United States, of the bonds of the several States, of the bonds of the municipal corporations of this country, and of the bonds of the railroad corporations of this country. The bonds they hold on this and other countries constitute a considerable part of their dividend-paying property. It is to the interest of Great Britain to give these bonds the largest value.

To reduce the volume of the money of the world and the kinds of money out of which they can be paid is to increase the difficulty of paying them, by reducing the value of the property and labor required for their payment. For instance, a million bushels of wheat in 1873, when the average price of wheat was \$1.90 cents per bushel, would have paid off \$1,900,000 of American indebtedness. While a million bushels in 1886, when wheat was only worth 90½ cents a bushel, would only have paid off \$907,500 of our indebtedness to that country.

So a million pounds of raw cotton in 1873, when its average price per pound was 17 cents, would have paid off \$170,000, while a million

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pounds of cotton in 1886, when it was worth 8½ cents a pound, would only have paid off \$88,880 of our debts to Great Britain. Germany has the same kind of an interest in this respect which Great Britain has, only in a less degree, as her people hold a less amount of the bonds of other countries.

The interest of the capitalists of both those countries was to secure the adoption of a financial policy which would make money scarce and dear and property and labor cheap, while on account of the large indebtedness of the governments, corporations, and people of this country, our true interest was to have had an ample volume of money with good prices for property and labor. And our statesmen and financiers owed it to our people to have sustained such a policy instead of weakly or wickedly aiding to carry out the British and German policy by demonetizing silver.

The monometallists, the bondholders, most of the bankers and large money-holders, and many of those who have fixed incomes in this and other countries, continue their war on silver as money. They are continuing this struggle for dear money and cheap labor and cheap property. It is this that justifies, at this time, my review of the unwise and impolitic demonetization of silver. The pretense for this was that there was too much silver.

That pretense is answered fully by the fact that from the time of the adoption of the ratio between gold and silver of 16 to 1 by the act of Congress of January 18, 1837, until the passage of the act of February 12, 1873, which suspended the coinage of silver dollars, that is, for the thirty-six years immediately preceding our demonetization of silver, it was continuously at a premium over gold. In 1854 that premium was 4.26 per cent., and in 1857 it was 4.67 per cent. These facts show conclusively that silver coinage was not suspended on account of its value as money being reduced by its abundance, for our silver dollars up to that time were worth more than our gold dollars, but that its depreciation was due alone to the hostile legislation of this and other countries.

This review is also made necessary by the fact that every administration of the Federal Government from the time of the passage of the Bland-Allison law of 1878, providing for the coinage of not less than two million nor more than four million dollars' worth of silver bullion per month, has been hostile to silver coinage; and each of these administrations has limited the amount of silver coinage to about the minimum amount prescribed by that law. And the officers of the Treasury Department have all this time used their official positions and influence to degrade silver for the benefit of capital and to the injury of the industry and labor of the country. And in my opinion each of these administrations and every officer who has so acted ought to be held up to public reprobation for the violation of this great public trust.

The same interests and the same influences which have opposed silver coinage in this country have induced Congress and the Treasury Department, under the third section of the act of Congress of January 14, 1875, "to provide for the resumption of specie payments," and under the twelfth section of the act of June 12, 1882, "to enable national banking associations to extend their corporate existence, and for other purposes," held idly and uselessly in the United States Treasury from year to year for ten years \$100,000,000 in gold on the pretense that this was necessary to enable the Government to redeem and retire from circulation the outstanding legal-tender (greenback) notes. And this large sum of gold has for years been withheld from circulation and

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from use in the business and industrial interests of the country in disregard of the provisions of the act of May 31, 1878, "to forbid the further retirement of United States legal-tender notes," which provides that "when any of said notes may be redeemed or be received into the Treasury under any law from any source whatever, and shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued and paid out again and kept in circulation."

I refer to this among other things to show that for years the Treasury Department has disregarded the requirements of an act of Congress designed for the benefit of the general public, by preserving the legal-tender notes as a part of the money of the country instead of a part of the public indebtedness, and under which this reserve of \$100,000,000 of gold should have been released and should have gone into circulation. But the national banks wanted the legal-tender notes retired so that they might supply their place with bank paper, while the bondholders, large money-holders, the creditor class, and those having fixed incomes, required the contraction of the volume of circulating money. And their will seems to govern the financial policy of the United States instead of considerations looking to the general good of the public.

We are informed by the Secretary of the Treasury in his last annual report that the Government sold \$100,000,000 of 4 per cent. bonds to accumulate \$100,000,000 in gold, to be held for the redemption of the outstanding legal-tender notes; and that—

We have already paid out \$40,000,000 interest on these bonds, as a portion of the cost of maintaining the outstanding \$346,000,000 of United States notes, and we are still paying \$4,000,000 a year for that purpose.

That is, we have already paid \$40,000,000 for the luxury of keeping \$100,000,000 of gold idle in the Treasury, to redeem notes which the law requires to be kept in circulation, and instead of using that hoard to pay \$100,000,000 of our public debt, and to relieve the people from paying \$4,000,000 interest a year, we tax them \$4,000,000 a year to keep \$100,000,000 of gold out of circulation.

In view of the fact that the Government collects annually about \$400,000,000 of revenue and has an annually increasing surplus of revenue in the Treasury, the Secretary of the Treasury made, without comment, a statement which leaves the impression that the sacrifice of \$4,000,000 a year is necessary as a means of maintaining at par the outstanding legal-tender notes. I doubt if there is an intelligent person in the country outside of the Treasury Department, and of the class benefited by the present financial policy of the Government, who does not know that the people prefer the legal-tender notes to gold. And there is no reason to doubt that if this \$100,000,000 of gold were paid out and put in circulation, and the public debt and interest on it reduced by that means, that still the legal-tender notes would remain at par with gold.

In this statement I do not forget the relative dates of the acts of Congress of 1875 and 1882 to which I have just referred. But the latter act does not repeal the former, and the retention of that large sum of gold in the Treasury is certainly unnecessary for the redemption or for the preservation of the value of the legal-tender notes as currency.

Besides the wrong of keeping this large sum of money out of circulation, I submit that while the Government is collecting a million and a half dollars of revenue a day, even if the legal-tender notes were required to be redeemed, it would not be necessary for it to retain so large a reserve as this. Its position is entirely different from that of

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a bank, which draws no revenue from the public except the interest on its loans, and its policy, by the rules of common sense, ought also to be different.

I call attention to the following paragraph in the late annual report of the Secretary of the Treasury:

If the issue of silver dollars, or the certificates which represent them, should become so numerous as to endanger the free circulation of gold and its representatives, gold certificates and legal-tender notes, the dues of the Government would soon be paid in silver, and as heretofore the interest and principal of the obligations of the Government have been paid in gold, it would only be a question of time when the specie reserve in the Treasury would change from gold to silver to such an extent as to force the Secretary to pay out silver.

The Secretary seems to forget that the customs duties, which constitute the principal part of the revenues of the Government, are now payable in silver and silver certificates, and have been for twelve years past. The financial policy of the present Administration, as of all its predecessors for the last seventeen years, draws its inspiration from the bondholders and money-sharks of Great Britain, Germany, and this country, and gets its law from Wall street for the virtual repeal of the act of Congress which makes silver dollars and legal-tender notes a lawful tender in payment of all debts, public and private, except the interest on the public debt.

Wall street and the Treasury Department recognize silver dollars as a good legal-tender in the payment of public contractors and the officers of the Government, and in the payment of the Army and Navy and pensioners; but this Administration, like its predecessors, assumes that nothing but gold is good enough to pay to the bondholders. In reaching this conclusion it seems to have been convenient for the present and past administrations to forget that these bonds originally cost the holders of them only about 50 cents in specie on the dollar.

Notwithstanding this fact, they have by the unjust policy of the Government been made its preferred creditors, and have been allowed to dictate the financial policy of the Government. And this will continue to be the case until we elect a President who may draw his financial inspirations from the people of this country and from the consideration of what is their interest; and who will not permit Wall street to dictate to him who shall be Secretary of the Treasury. In this connection I wish to call attention to a few other paragraphs in the recent annual report of the Secretary of the Treasury. He says:

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

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

The Secretary also forgets that we had the unlimited coinage of silver for eighty-one years, from 1792 to 1873, without disturbance of our finances on that account, and at par with gold all that time.

Again he says:

Surely the stock of these dollars which can perform any useful function as a circulating medium must soon be reached, if it has not been already, and the further coinage and storage of them will become a waste of public money and absurd upon the Treasury.

Again:

While many favorable causes have co-operated to postpone the evil effects which are sure to follow the excessive issue of an overvalued coin, the danger none the less exists.

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Again:

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

We were told a few years ago by a Secretary of the Treasury that the country could not stand more than \$50,000,000 of silver coin. And we have from time to time been warned in many ways that silver coinage would drive the gold out of the country. But we have gone on coining silver up to \$343,638,001 on the 1st of November last; and still the increasing accumulation of gold in the Treasury and in the country goes on, from \$213,199,977 in 1878, when we commenced the limited coinage of silver, to \$680,063,505 last year, as shown by the following table:

Revised estimate of the stock of metallic money in the United States at the close of each fiscal year ending June 30, 1873, to June 30, 1889,

GOLD.

Year.	Coin.	Bullion in mints.	Fine bars in sub-treasury, New York.	Total coin and bullion.	Estimate of—
1873	\$119,330,019	\$15,669,981	.....	\$135,000,000	Director Linderman.
1874	137,708,051	9,671,442	.....	147,370,493	Director Burchard, less deductions for employment in arts and error.
1875	111,507,562	6,259,631	\$3,367,713	121,134,906	Do.
1876	120,368,683	6,320,511	3,367,713	130,056,907	Do.
1877	156,456,111	7,677,648	3,367,713	167,501,472	Do.
1878	205,704,875	7,495,162	.....	213,199,977	Do.
1879	240,466,003	5,275,834	.....	245,741,837	Do.
1880	308,633,996	40,723,426	2,485,784	351,841,206	Do.
1881	339,452,056	36,548,696	2,485,784	478,484,538	Do.
1882	450,557,490	53,700,225	2,500,000	506,757,715	Do.
1883	486,330,099	55,831,964	.....	542,732,063	Do.
1884	501,307,747	44,193,050	.....	545,500,797	Do.
1885	521,849,941	66,847,095	.....	588,697,036	Director Kimball.
1886	548,320,031	42,454,430	.....	590,774,461	Do.
1887	569,008,065	85,512,270	.....	654,520,335	Do.
1888	595,349,837	110,469,018	.....	705,818,855	Do.
1889	614,068,360	65,995,145	.....	680,063,505	Director Leech.

E. O. LEECH,
Director of the Mint.

TREASURY DEPARTMENT,
BUREAU OF THE MINT, March 11, 1890.

Further on he says:

Every silver dollar coined at the ratio of 16 to 1 (actually 15.98 to 1) is an additional obstacle in the way of the adoption of any practicable ratio by international agreement, which is the only final solution of the silver question.

No one knows better than the Secretary of the Treasury that it is not possible to secure an international agreement as to silver coinage, as long as the capitalists of Great Britain and Germany believe they are securing advantage and profit by degrading silver. The Latin Union and other governments of Europe will not agree to any arrangement on this subject without the concurrence of Great Britain and Germany. And

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while the masses of the people of those two governments need and want silver coinage, as our people do, the wealthy and titled classes there control the financial as well as all other questions of public policy.

The capitalists there know as well as we do the advantage they are deriving from the present vicious policy in relation to silver. They will not surrender that advantage until forced to do so by the distress of their own people. The talk here about an international agreement on this subject is no doubt intended to amuse and delude our people, and to postpone any action by the Government of the United States for their relief.

The President of the United States is understood to indorse the financial policy of his Secretary of the Treasury.

After referring in his recent annual message to the fact that neither the present Secretary of the Treasury nor any of his predecessors had deemed it safe to exercise the discretion given by the law to increase the monthly purchases of silver bullion for coinage into silver dollars, they having heretofore limited such purchases to about the minimum provided for, the President says:

I think it is clear that if we should make the coinage of silver at the present ratio free we must expect that the difference in the bullion values of the gold and silver dollars will be taken account of in commercial transactions, and I fear the same result would follow any considerable increase of the present rate of coinage. Such a result would be discreditable to our financial management and disastrous to all business interests. We should not tread the dangerous edge of such a peril. And, indeed, nothing more harmful could happen to the silver interests.

I quote the above extracts to show, among other things, how thoroughly the present Administration is opposed to the free coinage of silver dollars, notwithstanding the President in his annual message and the Secretary in his annual report express themselves as being in favor of silver as money. I appeal to the Sénate and to the country to require our Secretaries of the Treasury to obey the acts of Congress, made for the good of our people, and to cease their subserviency to the selfish interests of bondholders and large money-holders, by surrendering themselves to the guidance in financial law and morals of Wall street.

The functions and value of silver dollars depend mainly on their use.

The policy of our Government of late years and the policy of the present Administration is to assume that the product of silver is too great to admit of its use as money, that its coinage should be limited, that it must be treated as a commodity and used for what it is worth as a commodity.

I am aware that both the President and the Secretary of the Treasury have used expressions in treating of this question which indicated that the use of silver as money was desirable. But no one can read all they have recently said on the subject without feeling that those expressions were meant to propitiate the general public, while the effect of their policy and recommendations is against the free use of silver as money. They keep up the policy of holding our laws on this subject in abeyance, and carry out a financial policy in conflict with them, as I will show further on.

The bill under consideration, while it proposes to enlarge the use of silver as money, falls into the trap of monometalists by recognizing the principle that too much silver is being produced, and that its coinage, or the use of its representative, silver certificates, must be limited. This bill perpetuates this legal discrimination against silver. And it perpetuates two other important legal discriminations against that

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metal. The one that the silver dollar shall not be a unit of value, and the other that the Government is to have a monopoly of the coinage of silver bullion, and that it shall not be coined free for all holders of bullion, as gold is.

So it will be seen that I do not agree with what I understand to be the policy of the Administration on this subject or with the principles and purposes of the committee's bill.

I will recapitulate my objections to the committee's bill:

First. It perpetuates the legal discriminations against silver and in favor of gold.

Second. It fixes a legal limitation to the amount of silver to be coined.

Third. It denies free coinage to the holders of silver bullion, while allowing the free coinage of gold.

Fourth. It fails to make the silver dollar a unit of value the same as the gold dollars.

Fifth. It by implication admits that there is too much silver produced in the world to allow its free use as money.

These defects in the scheme of the bill are likely to perpetuate fluctuation in the value of silver and the value of marketable commodities.

I will suggest what seems to me to be a much wiser and better policy on this question than either of those I have combatted. First, I would provide for the free and unlimited coinage of silver the same as of gold, and I would make the silver dollar, like the gold dollar, a unit of value. This would abrogate all legal discriminations against silver and restore it to its former status as money.

Second. I would require the Secretary of the Treasury to use silver as well as gold in the payment of our bonded indebtedness. This would serve the double purpose of giving it use, employment, as money, and it would at the same time put it into the possession of the classes of men who have done so much to degrade it, and who would, when they had become the possessors of it, be interested in giving it full value and character as money. This course would without doubt do much towards restoring it to its par with gold. It would take away the temptation to degrade it. And it would place our Government in the just and logical position of desiring the use of silver as money and of doing justice to our own people by paying other public creditors in the same sort of money with which they pay our soldiers, sailors, pensioners, contractors, and public servants.

Third. I would call in the gold certificates and silver certificates now outstanding and issue in their stead coin certificates, and I would issue like coin certificates and use them at par for the purchase of gold and silver coin and bullion, and for any gold and silver coin or bullion which might come in the Treasury, and make these coin certificates redeemable in either gold or silver coin or bullion at the option of the Government; and I would make them receivable for all public dues and taxes, a lawful tender in the payment of all public and private debts, and allow them to be counted as so much of the reserve required to be held by the national banks. In this way I would have the Government hoard as much gold and silver coin and bullion as it could; and by so doing make it the interest of the governments of Europe to accept silver again as money at the customary ratio with gold.

Whatever doubt may be entertained as to the soundness of the opinion of the Supreme Court of the United States in holding that the issue of legal-tender notes of the Government, which rest on the general promise of the Government for redemption, was warranted by the Con-

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stitution, it seems to me there could be no difficulty in making coin certificates, which would simply be the representatives of so much gold and silver coin in the Treasury, a legal tender. These certificates would be the same as that much coin.

Fourth. I would also issue coin certificates on the \$100,000,000 of gold now held in the Treasury for the pretended redemption of legal-tender notes, or use the gold as might be thought best along with silver in paying off so much of the public debt and thus relieve the people of that much of the principal and the annual \$4,000,000 of interest on that debt.

Fifth. I would provide for the retirement from circulation of all legal-tender and national-bank notes of denominations less than \$10 and substitute the small legal-tender notes thus retired by the issuance of legal-tender notes of denominations of \$10 and more: and I would issue coin certificates to take their place and to take the place of the national-bank notes of denominations less than \$10, and thus by use give value to the coin certificates.

Such a course would enable us to get the full benefit of our extensive mines of gold and silver. It would give us a steady and reliable currency free from fluctuations, and (with the \$346,000,000 of legal-tender notes) of sufficient volume, and it would make our Government the master of its own financial policy and enable it to defy the intrigues of money sharks to use it for selfish, unjust, and unpatriotic purposes.

The coinage of \$4,500,000 of silver annually, or its use as bullion upon which to issue Treasury notes, as provided by the committee's bill, would still be a recognition of a necessity for fixing a limit to the amount of silver to be used, would preserve the Government monopoly of its coinage, and would leave it subject to fluctuations in price.

The public mind is now ripe for just legislation on this question. The question is better understood than ever before, and it is now before us for consideration. The best interest of our own country and of mankind requires its settlement, not by means of a compromising expedient which may seem to tide over present troubles for a time, not with a view to the promotion of class and selfish interests, but upon sound financial principles, and so as to do justice to all, and so as to make the United States lead the nations of Europe out of the mire of wicked speculation into a condition of financial confidence and prosperity.

On the 20th day of December last I introduced a bill, Senate bill 1558, made up mainly from the provisions contained in a bill introduced by the Senator from Nevada [Mr. STEWART] and one introduced by the Senator from Kentucky [Mr. BECK], proposing such legislation as I have just suggested. At the proper time I will offer that bill as a substitute for the bill reported by the Finance Committee now under consideration.

No more important question than that under consideration could occupy the attention of the Senate, and I trust the result of our action may prove to be a blessing to our own and to other countries.

In view of the depressed condition of the agriculture of the country and the reduced values of all kinds of property and of the wages of labor we can not afford to let the present session of Congress end without the passage of measures to remedy these evils. Congress and the State Legislatures have commenced the great work of economic reform by the subordination and control of our great lines of transportation by the political authorities.

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Let us continue this great work:

First. By providing for the free and unlimited coinage of silver, and the issuance of coin certificates.

Second. By the adoption of a tariff for revenue, limiting the amount to be collected to the actual needs of the Government economically administered, so as to prevent the robbery of the farmers, laborers, and others for the benefit of the wealthy barons of protection.

Third. By the crushing out of existence, by Congressional and State legislation, of trusts and combinations in restraint of free trade among the people, for the purpose of raising prices on them, and of plundering them to enrich corporations and monopolies.

Fourth. The repeal of all such legislation as is intended to benefit a part of the people at the expense of another part of them.

Fifth. The suppression of stock gambling in futures by the Legislatures of the several States, and by Congress as far as it has power to act.

With these things done, and all combinations of capital against labor and production ended, there would be no further necessity for labor organizations as a means of protection against the combinations of capitalists and class legislation.

This would terminate the contentions and jealousies between different classes of people, and allow all to go forward, under equal laws, in the race for success in business. It would restore the condition which many of us are old enough to remember, when there was no such thing as class legislation, class interests, or class prejudices; when every class respected the rights of every other class, and when all felt that they were blessed not only by the freest and happiest Government on earth, but by the fairest and most just laws on earth. Then every citizen was proud of the prosperity of every other citizen, and loved with patriotic fervor the Government which secured such blessings to all alike.

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