

TREASURY NOTES AND SILVER BULLION.

S P E E C H

OF

HON. HENRY M. TELLER,

OF COLORADO,

IN THE

SENATE OF THE UNITED STATES,

May 14 and 15, 1890.

WASHINGTON.

1890.

S P E E C H
OF
H O N . H E N R Y M . T E L L E R .

Wednesday, May 14, 1890.

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, the pending question being on the amendment proposed by Mr. PLUMB to the amendment to the bill submitted by Mr. SHERMAN—

Mr. TELLER said:

Mr. PRESIDENT: The question before the Senate, if this may be considered a bill in relation to the use of silver as money, is perhaps the most important question that can be presented or has been presented to the American Senate, if since the demonetization of silver in 1873 it can be said truthfully that the question was ever presented to the American Senate.

Mr. President, the silver question, as it is called, is not a local question, and I desire for myself to disclaim any anxiety for or any special interest in advancing the price of American silver, save and except that it is an American product. Therefore I and all other Americans ought to have an interest in its advancement, and further as that advancement will tend towards its use as a money metal. In other words, if silver is not to be used as money, I have but little interest in the advancement of the price of silver.

The people of the State that I represent have comparatively little more interest in the advancement of the price of silver than other people; for, while we produce one-sixth of the silver of the world, we do not depend entirely upon our silver production, and we expect very shortly, in the immediate future, that the other interests of the State will far outweigh the interest of mere silver production. And the silver production of the United States, while it has amounted to 50,000,000 ounces, as it is said, last year, is an insignificant production in comparison with the great interests of this country that we think are involved in its rehabilitation as a money metal.

The silver question is not local in its character either as confined to one portion of this country or as confined to the American continent. It is a question that to-day is attracting the attention of all people everywhere. It has continued now for fifteen years to attract the attention of the financial and economic world. The brightest and ablest men of this generation have given time, attention, study, and thought to this question, and it can not be cried down as a local measure. It will not do to simply say that the silver barons of the West are demanding it. It will not do to simply say that it is demanded in the

interest of cheap money. It is demanded in the interest of humanity, in the interest of civilization, in the interest of progress, in the interest of the whole human race. He who approaches this subject with an idea that it is local in character, insignificant in importance, ought not to discuss it at all, for it is self-evident that he is ignorant of the great question that he attempts to handle.

Mr. President, the question presented, not for the American people alone, but for the entire world, is whether we shall do business in the future as we have done business in the past or until within the last seventeen years by the use of the two precious metals, not made money by law, not made money metals by the edict of legislative minds, not by the consent of the merchants, but by the fiat of the Almighty when He created these two metals. The one goes hand in hand with the other. You can no more dispense with gold than you can with silver. The two are twin metals, allied and united by the Creator for beneficent purposes of the human race. It is with that idea that I approach this question, realizing what the Senator from Nevada [Mr. JONES] so well said yesterday, that money is indispensable to the civilized world, indispensable to the happiness of man, and that the number of units regulates its value.

Mr. President, I do not want to take time to give you a dissertation on the philosophy of money. I approach this question in a practical way and from a practical standpoint. I propose to briefly discuss it to-day. Should an opportunity be presented later I may present some other views which occur to me, but to-day I want to deal with it practically as a practical question affecting, as I say, the American people and affecting all other peoples, and believing as I do that the action of the American Congress upon this subject is more potent and more influential in the financial world than the action of any other Government that can be taken upon this subject, Great Britain and France not excepted.

We are to-day the richest people on the face of the earth. We are the most enterprising, the most progressive, and we have before us the greatest hopes and the greatest expectations of any people in the world, not vain expectations, but expectations that sensible, thinking, intelligent people everywhere admit are rightfully indulged in by us, 65,000,000 people with the number increasing at the rate of 2,000,000 a year. There are now members of this body who, if they shall sit in this Chamber as long as some members have sat in it, will see 130,000,000 people in the United States, with wealth untold. Why should not our action be potent on all nations of the world?

No, Mr. President, it is not a question simply whether we shall have four and one-half millions more of money a month or less, but it is, first, whether we shall provide for the American people a sufficiency of money with which they may transact properly the business of this country, and, secondly, whether we shall put ourselves in a position where we can aid potentially in bringing about what I believe to-day every practical financier almost in the world, every political economist almost on the face of the earth admits is essential to prosperity and progress, the use of silver as money; not as token money, but on equal terms with gold.

Mr. President, when we assembled here in December last there was a general demand made in this country for more money. The demand had been growing year by year; there had been first the small murmur of discontent and finally it grew until it was like the voice of thunder.

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Everybody heard it. It reached the Finance Committee of this body, strange as it may appear; they at last became sensible that there was a demand made upon them for circulation in this country which had been made before, but which they had not heeded. The Secretary of the Treasury in his report to Congress recognized the necessity of more money. He said we needed it. How much? Mr. President, I have not found yet any member of the Finance Committee, I have not found any executive officer yet who has been able to tell how much. The fundamental inquiry, the fundamental question, when you come to deal with money, is, how much do you want, what are your necessities? That question has not been answered by any executive officer; nor has it been answered by any committee of this body. So, we have to grope in the dark as to what amount we need.

I say we were advised from the proper Department of the Government that the legislative department should heed this demand for more money. There has been in this body for thirteen years since I have been somewhat familiar with it in some capacity or another a very decided feeling that silver ought to be used as money in this country on equal terms with gold. That feeling has grown in this country, by examination and discussion, until there is now a general feeling, not confined to any class of men or section, that silver ought to be used as money on equal terms, as far as practicable, with gold. I know but one Senator in this body who denies that the demand for more money was a proper demand, one that ought to be heeded, to which we must respond. Senators who have heretofore been, if not the avowed supporters of the gold standard, at least in sympathy with the movement to make gold the standard, now tell us that we want silver as money.

Mr. President, it was believed in the early part of the present session of Congress that this universal demand coming up from all sections of the country alike would be heeded in the early legislation of this session, and the Secretary of the Treasury presented early his plan for the amelioration of the condition of public affairs. At his suggestion a bill was presented to the Senate and is found now in Senate bill 2350. This bill is labeled or spoken of abroad as a silver bill. We were told early when it came here, when we criticised it, that our criticisms were unfair, unjust, and ungenerous, because it was a silver bill and would raise the price of silver.

The idea appeared to have lodged in the minds of some men connected with the Treasury Department that the advocates of the use of silver as money were advocating it simply in order that silver might bring more when produced in this country. It is no answer to me when I object to the bill, to say, "It will put up the price of silver to 129," or that "it is a silver bill." If it should put up the price of silver to 150, the bill as introduced, as coming from the Secretary of the Treasury, would never receive my support. It must be apparent that silver put up in that way, without its full recognition as money, will not remain at the price at which it might be put by special effort.

We were told that the entire product of the American mines should be taken; that the American miner and the American citizen everywhere should be satisfied with that. Why, Mr. President, the American citizen has a right to draw upon all the resources of the world for money, if it is needed in his business. He is not confined to the production of the American mines of gold or silver. The automatic theory upon which we have been proceeding, and which is so dear to some men

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when it is applied to gold and so objectionable when applied to silver, goes upon the idea that a country can draw upon all the productive mines of the world and not draw upon its own alone. The bill goes upon the theory that we are to draw upon our own mines and our own alone and that all other mines are to be tabooed and their products kept out of circulation and degraded by our refusal to receive and use them.

A new idea in finance was adopted. Upon this purchase of the American bullion—for that is what it amounted to, although the bill did not say “purchase”—upon this deposit of American bullion in the mints there was to be issued a certificate. That certificate, under some conditions, could be exchanged for another certificate; but, without going through that, it is sufficient to treat it as a certificate that in the first instance demanded redemption at the hands of the Government. How should these certificates that were going out to do duty as money be paid? They were to be paid or redeemed in what? In coin? No! In bullion, in silver bullion, and tenaciously the Secretary of the Treasury has adhered to that view from that day to this.

Nothing else will suit the Secretary of the Treasury but a Treasury note or a certificate payable in a commodity. It is the first time, in the history of this country at least, that we have attempted to pay our debts in goods. It is the first time that the store system which we have heard of in the mining regions and in other sections of the country is to be applied to the Treasury Department of the United States; and with that suggestion I am told in the public prints—not by the Secretary, but in the public prints—that I am recreant to a high duty which I owe as a member of the Republican party that I do not support that absurd, that to my judgment wicked and nefarious proposition to redeem the public paper in a commodity.

Mr. President, this suggestion of the Secretary to pay these certificates in a commodity brought great satisfaction to a certain class of people in this country, that is, the advocates of the gold standard. They said, “That is the end of the coinage of silver; there is no longer any danger that you will get on a silver basis.” Where are you going? On an absolute gold basis, without the use of silver as money. It is to be taken in as a commodity and taken out as a commodity and always treat it in the Treasury as a commodity, and yet they said, “Why, this is in the interest of silver; you silver men in the West who are interested in the production of silver ought to be satisfied, for it will put silver to par.” Nobody knows better than the men who stood behind that scheme that it would not put silver to par, and nobody is more determined in this country than the men who fathered that suggestion that silver shall not go to par, and it never would under that scheme.

If they have fooled some people there are a great many in this country whom they have not been able to fool with that kind of a statement. They did not want to put silver to par. If they put silver to par its use as money will be assured. The whole world will take silver if it is put to par, and the men who demonetized silver in this country and who have steadily, against public sentiment and the public interest and the public demand, prevented its recoinage and its full circulation as money, are not now going to surrender the advantage which they have held for seventeen years; and I should regard myself as an imbecile, after the study I have given this subject, if I could not see what the purpose and object of that scheme is, or if I did not believe, at least, that I could see the purpose of alleging that they wanted

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to put silver at par, as far as they are concerned, with their interests the other way.

Mr. President, that scheme, as I said, met the approval of the gold monometallists everywhere. I have found one thing pretty safe in my practical life, that when my enemies want to do a particular thing and are anxious for it, look out. When I found all the monometallists everywhere singing praises to this bill, when I found the press that had been denouncing silver and denouncing every man who supported the free coinage or even the limited use of silver under the Bland bill as money supporting it, and all gold monometallists clapping their hands in glee over the prospect of this bill becoming a law, then I had reason to suspect that it was a Trojan horse. It was pretty certain, in a week, or I will say in a month, it was morally certain that that scheme could not succeed. The silver people—I do not mean by that the silver miners, I mean the silver people, I mean the political economists of the world who are not in league with the gold people, I mean the men who have studied finance for years and thought over it—condemned it—so far as this body is concerned practically abandoned it. Even the great influence that a Secretary of the Treasury can bring to bear upon matters of this kind could not keep it alive.

Then the Finance Committee, composed, as I now understand, of all silver men except one, for I believe each of its members, save one, claims that he is in favor of silver—I am not fully informed to what extent—presented another scheme which was said to be an improvement on the former, and it is, for it does not have in it the objectionable feature, the payment in goods. We were to buy \$4,500,000 of silver; and was that to be coined into money? Oh, no, Mr. President, not to be coined into money, but to be deposited in the Treasury of the United States as a credit, upon which the Government of the United States was to issue its money, or the Treasury note was to be issued having no relation whatever to the coin in the Treasury, save and except that it had been given for the purchase of it, and the holder of it had no more claim on the bullion in the Treasury than any other citizen of the United States had or than he had upon any other property of the United States; and yet we were told that this was a silver bill, and that it was a bill in the interest of the use of silver as money, and that it ought to be satisfactory to us, inasmuch as it would raise the price of silver!

Why, Mr. President, I have not any doubt that it would raise the price of silver to some extent. It has not, I repeat, the vice in it that the other bill had, and it did look as if it was in the interest of silver to some extent, at least it was making a market for silver. Mr. President, if you want to put silver back to its original price of 1873 you have got more than to make a market for it; you have got to recognize its money function, you have got to treat it as a money metal. The Government may buy it and drop it in the sea where the depth is so great that human ingenuity and human cupidity can never reach it, and you will not put it back to par unless you recognize it as money. Nobody ought to doubt that.

The demand for silver must be a demand for it for the purpose for which it has been used for more than three thousand years, say more than five thousand years, and that is for money. That is its great value and that is its only real value. Compared to its moneyed use, all other uses are insignificant. Does this bill propose to use it as money? Does this bill come here with the recognition of the fundamental idea

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that it is money? On the contrary, the fundamental idea in this bill, as in the other, is that it is merchandise and nothing else. Under a contingency, I admit, by the kind will and good consent of the Secretary of the Treasury, some of it may be put into dollars; that is, the coinage of any part of the bullion so purchased is discretionary with the Secretary.

When I complain that I do not like this discretionary power in the Secretary of the Treasury I am told that that is a reflection upon our officials. Mr. President, I have been brought up in a political school that has taught me, and my observation has sustained the teaching, that that is the best law which leaves the least discretion to any human agent; that the best law is mandatory in all its provisions, in all its features. Of course I do not say that there are not exceptions to that rule, as there are to all others, but that is the principle upon which legislation must proceed, and that is especially the principle upon which financial legislation must proceed if it proceeds rightly.

Who determines the policy of the Government? The people. Who determine that in the first instance for the people, subject to their revision? This body and the other that unites with us in legislation, and not the executive department, for they have no legislative power; they are to execute the law. Is it not clear that a bill which commits discretionary power to the Secretary of the Treasury over the finances of this country is not the proper one, to say the least?

Mr. President, going back a little, it was said that if we pay these certificates in bullion we could trust the Secretary of the Treasury not to abuse the discretion given to him. Admit that we may trust the present Secretary, do you know that we can trust the next one, whom we do not know? It is said that this is a power that he never would use, and if he did use it he would use it for the public good. Now, I do not think it would be offensive, nor do I think it would be unparliamentary, if I should stop a moment here to consider what has been the attitude of the several Secretaries of the Treasury with reference to the question of the use of silver as money. There has not been a Secretary of the Treasury since the Bland bill passed but has insisted that the Bland bill was a mistake. There has not been a Secretary of the Treasury that has not dinned this body and the other to repeal the Bland bill.

When less than eight millions of dollars were coined in this country under that act, or a little more perhaps than eight millions, but less than twenty millions, anyhow, the Secretary of the Treasury then advised the suspension of coinage, saying that we should surely reach a silver basis (of which some time I may more particularly and fully speak than now of its advantages and disadvantages)—we would surely reach a silver basis if we did not stop coining silver. At the next session of Congress, when less than \$50,000,000 had been coined, he said, "If you coin more than \$50,000,000 we shall go to a silver basis," and all the wise men of this body, and of the other, and of the country, who believed with him that the greatest possible calamity that could happen to a country would be to have plenty of silver, joined in the cry, "Suspend the coinage of silver."

There was no exception in the Administrations that preceded the last one, and when in the course of events there was a change of Administration the great dominant party that had had control of the finances of the country, that had shaped its financial policy through war and through difficulties unheard of in any other country, who had

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met and solved in some degree satisfactorily these problems that no other people had ever met—when they went out of office and a new Administration came in, with a constituency back of them universally in favor of silver, the new Administration out-Heroded Herod in their desire to get rid of silver. The President of the United States could not wait until he had taken the oath of office, but he addressed a letter to Congress, or to Congressmen, in which he demanded that we should get rid of the silver-coinage act at once; otherwise he declared we should be on a silver basis, and the gold obligations of the Government could not be met.

Sir, if he had searched with a search-warrant and with the power of a detective he could not have found an obligation of the United States save those that were specifically payable in gold—that is, gold certificates—that could not be paid by a silver dollar. The first message that came here from that Executive recommended the suspension of silver coinage; the report of his Secretary of the Treasury recommended, the suspension of the silver coinage; the Treasurer recommended the suspension of the coinage; the Comptroller recommended it, and if the messengers and doorkeepers of the Department had had an opportunity to address Congress I have no doubt they would have been heard also demanding the suspension of the coinage of silver.

Mr. President, this Administration, in which I am glad to say I have an interest, was elected upon the solemn declaration made in our platform that we were in favor of the use of silver. No, we did not say that, but we said we were in favor of the use of silver as money, and every Senator here went on the stump, every member of the other body, and our speakers everywhere, and arraigned the Democratic party for its hostility to silver. The Democrats had, in deference to their candidate, left out of their platform any allusion to silver, notwithstanding, I will venture to say, if that question had been submitted to the convention that nominated Mr. Cleveland, there would not have been one dissenting voice out of fifty in favor of not simply the use of it, but of the free coinage of silver.

We made that contest upon the theory that the Republican party was in favor of silver as money, not to use it to make teapots, not to make teaspoons, not to make tablespoons, nor for subsidiary coin. When we said it was for money, we said it was for all purposes that money is used for. We said it was to be equal to gold. We said "We are in favor of the use of gold and silver as money," and we hold our power now by virtue of that declaration in our platform. So far as I am concerned I am loyal to that platform as I am to all platforms to which I subscribe, and I intend, so far as my voice is concerned, here and elsewhere to give it in favor of the use of silver as money in accordance with that platform, whether it parts me from the Administration or whether it does not.

Mr. President, I say here that this question of silver, the use of it as money, is not and never has been before a political question. It is a question too big to be made a party question. It is of too much vital interest to the people of this country and it ought not to be made a party question. We put it in our platform, not as a party principle, but as one that pervaded the whole country in recognition of a universal demand in this country for the use of silver as money.

Mr. President, as to the bill before the Senate reported from the Committee on Finance, does it recognize the right of silver as money in the broad sense of the platform of the Republican party? Does it

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recognize silver in accordance with the general demand, as I think, of the country for its use? I think not. I have not given very much attention to the bill originally introduced in the Senate and for which the committee has provided these amendments, for the simple reason that I have supposed, and I will now assume so far as this part of the bill is concerned, that it is not in favor with any considerable number anywhere. If I thought it was, I should have occasion to go over some of its features and give some further reasons why the certificates ought not to be paid in silver bullion. I could show very readily the great danger of paying these certificates in bullion.

I believe, as was stated yesterday by the Senator from Nevada with reference to these certificates, that they would be used simply to take from the Treasury the silver there deposited and to send it across the sea. It would be making the Government of the United States but a warehouse for the deposit of silver. It would be a convenient place where the merchants of Great Britain could buy silver for India.

I know it will be said, and has been said to me over and over again, "You have no right to suppose that is so; you have no right to suppose a Secretary of the Treasury would use the power given to him in that provision to take from the Treasury any amount of silver except it was for the purpose of strengthening the Government, for the purpose of giving greater security to these notes." Why, Mr. President, with a hostile Secretary from the time the Bland bill was enacted up to to-day, every one of them religiously believing—because I have no desire to question their motives—that it is a crime to coin more silver, believing with the Senator from New Jersey [Mr. MCPHERSON] that every dollar is but a 72-cent dollar (and we had that declaration from the predecessor of the present Secretary, that it was cheap money and inferior money and not worth its face in an official document), what else could they do but encourage the sending of this silver away to prevent its undue accumulation in the Treasury of the United States? They say its accumulation as dollars is injurious to the public credit and dangerous to the public morals! Would bullion be less dangerous?

Mr. President, under this bill these Treasury notes are to be receivable for public dues, but not for private dues. They can be put in the reserves of national banks of the country and held as money, for the only parties in the country that they are legal tender for are the banks. They are legal tender for the banks for the purpose of meeting the demands of the Government, but they are not legal tender in the hands of any citizen in the country. And when we say that the interests of the people are paramount to the interests of the banks, when we say that all the people of the United States are entitled to as good money as the banks are, to money that will discharge their indebtedness as readily as it will discharge the indebtedness of the banks, we are met with the statement that it is very doubtful whether the Government of the United States has the power to make a legal tender out of paper.

Mr. President, we have made legal tender out of paper. We made it in the early history of the war. We made our paper legal tender for the soldier and the sailor, and we made it legal tender for everybody except the Government and the banks and the bondholders. When the bill that was commonly called "the greenback bill" first came from the House of Representatives to this body it came here as a legal-tender bill with full force and effect, and the Government of the United States was bound to take the money issued under it as legal-tender paper for all dues. Then the question arose, not as to the right

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of the Government to make it legal tender between citizen and citizen, but as to the policy of making it legal tender as against the Government for public dues, and that was stricken out in the Senate and agreed to in the committee of conference, and thus it became legal tender for some purposes and not legal tender for others.

There never was a better illustration in the history of money of the ignorance that prevailed when that bill was passed. We were desiring to make good money. How do you make good money? By giving it all the functions of money. But here we withheld one of the principal functions for which money is used in this country, one of the principal uses of money in this country. We said, "You can pay certain debts with it and certain other ones you can not pay with it." Looking back now, does anybody doubt that if we had given those notes full legal-tender qualities they would have maintained themselves during the war? The Senator from Delaware [Mr. GRAY] shakes his head. He doubts it, perhaps.

Of course, Mr. President, these are speculations. You can not tell what might have taken place. But there is one thing nobody will deny, that it would not have sunk so low as it did, because it had a valuable use in discharging the debt of one citizen to another. If it could have discharged another debt of great importance for which gold alone was used by the Government—that was the payment of duties on imports—it would have been better money than it was and would have retained something near its original status when it was issued. Nobody can deny that. My own judgment is that all the \$400,000,000 issued of that money might have been kept at par with gold by proper management on the part of the Government had it been given full and complete legal-tender qualities.

Now, Mr. President, here comes this bill: certificates to be issued to discharge the duty of money. What is lacking in them? The power to discharge a debt; the very highest and most valuable function of money is withheld from them, and if they should depreciate as they will depreciate without that quality if issued in any great number, then we shall be told they have depreciated because the silver that has been put into the Treasury is not good enough security and the people have not faith in it, and we shall be told again that we shall have a cheap dollar, a dollar cheaper than the gold dollar.

Mr. GRAY. If the Senator from Colorado will allow me, I should like to ask him a question, because I am interested in the argument he is making.

Mr. TELLER. Certainly, I yield to a question.

Mr. GRAY. In speaking awhile ago of the fact that the legal-tender paper of the Treasury notes during the war and for a long time after were not at par with gold, the Senator attributed that fact to the limited legal-tender quality which belonged to them by law, that is, that they were not receivable for duties, and I believe that was the only restriction placed upon them. I ask him in that connection if he has reflected upon the present situation, to wit, that those same legal-tenders, and nearly the same amount, are at par with gold, and what is the reason that they are at par, although their legal-tender quality is still of that limited quantity?

Mr. TELLER. That is a mistake. By an order of the Secretary of the Treasury in 1879 they have been received ever since for public dues, and I can show the Senator from Delaware—I can take it out of my pocket, for I generally carry that with me—the last financial statement,

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showing exactly how many dollars of the revenues were collected in the different kinds of money, and the Senator will find that the greenback is received the same as gold.

Mr. ALDRICH. Will the Senator state in what proportion the receipts are in greenbacks?

Mr. TELLER. I will for the benefit of the Senator. I have it right here. The Treasury Department publishes a little statement showing the total receipts of the Government. The statement is headed No. 51, "A statement showing the monthly receipts from customs at New York from January, 1887, and the percentage of each kind of money received." Here are the several months. We will take January, 1887, and the United States notes received were 14.7 per cent. of the total. They were during the last month, April, 2.7 per cent.

Mr. GRAY. Of the total?

Mr. TELLER. Of the total.

Mr. ALDRICH. What percentage in gold?

Mr. TELLER. The gold coin in January, 1887, was nine-tenths of 1 per cent.

Mr. GEORGE. Will the Senator please restate that?

Mr. TELLER. The gold coin received at New York in the month of January, 1887, was nine-tenths of 1 per cent.

Mr. GEORGE. Less than 1 per cent.?

Mr. TELLER. In February four-tenths of 1 per cent.; in March, eight-tenths; in April, 1.10. Now I will take January, 1889. In January, 1889, the first ten days the greenbacks paid in were 8.8 per cent.; the next ten days, 10.2 per cent, and the next ten days, 10.6 per cent. In January, 1890, the three periods being given of ten days each, there were received for the first period 4.3; for the second, 4.9, and for the third, 4.6. February was still less. These are United States notes.

Mr. GRAY. Will the Senator yield for a further question?

Mr. TELLER. Certainly, though I should like to read a little more of this before I quit.

Mr. ALLISON. I should like to have the Senator state how much was in gold.

Mr. MORRILL. I should like to have the Senator state also that there was no law passed compelling the Secretary of the Treasury to receive the notes, but when they rose to par he thought it was saving the importers of New York and other places some inconvenience to take the Treasury notes and go to the subtreasury and get the gold and then pay the duties?

Mr. GRAY. That was the very question I wanted to ask the Senator from Colorado, whether, in his opinion, the order of the Secretary of the Treasury making Treasury notes receivable for customs duties brought the notes to par with gold, or whether, having passed the resumption act that went into effect January 1, 1879, thereby making the Treasury notes at par with gold, it is not a mere convenience to use the money that is convertible into the other at the option of the holder.

Mr. TELLER. I think I am perfectly familiar with that.

Mr. GRAY. I think the Senator is more familiar with it than I am.

Mr. TELLER. I was quite aware before the Senator from Vermont [Mr. MORRILL] informed me that there was no statute upon the subject, but that these notes were taken by order of the Secretary of the Treasury, and they were not taken by an order of the Secretary of the

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Treasury until they were practically at par, or perhaps I may say actually, at par with gold. Before the 1st day of January, 1879, when resumption by law commenced, resumption had taken effect and there was nothing done on the 1st day of January, 1879, that had not been done before except that the Government held itself out ready to pay gold for greenbacks which the banks had been doing and were glad to do for many months.

Mr. GEORGE. I should like to ask the Senator a question.

Mr. TELLER. Certainly.

Mr. GEORGE. Is the Senator able to inform us whether the greenbacks were paid on the public debt or whether the public creditors received greenbacks instead of gold for their interest?

Mr. TELLER. I understand that on demand at the Department if a creditor prefers greenbacks he gets greenbacks and if he prefers gold he gets gold, and if he is away they send him a draft and he takes that to a Government office and he gets there whatever he wants.

Mr. GRAY. That is a pretty good condition of finance.

Mr. TELLER. It is a good condition of finance. I am not finding any fault with that.

Mr. MCPHERSON. Will the Senator yield to me for a question?

Mr. TELLER. I will yield to the Senator for a question, but I know the Senator's method of making a speech when he asks a question, and I agreed to quit in about an hour.

Mr. MCPHERSON. I promise the Senator not to make a speech.

Mr. TELLER. I will yield to a question.

Mr. MCPHERSON. The Senator says the Treasury pays all creditors in the money they demand. That I believe to be true. If the Treasury were in a condition to force silver upon the creditor, I want to know what would be the condition then as between the silver coin and the gold coin?

Mr. TELLER. How is that?

Mr. MCPHERSON. If the Treasury, by reason of a surplus of silver and the absence of gold, should be compelled to pay the creditor in silver, instead of any money that he wanted or asked for, would not then gold be at a premium and would not the public outside begin to look out for themselves?

Mr. TELLER. Gold is at a premium now, and that is exactly what we are complaining about. That is just exactly the trouble with this country and with the world. Gold is at a premium of more than 30 per cent. of what it was when we demonetized silver, at a premium over everything on the face of the earth.

I will answer the Senator's question. That is just what the Government does to-day. The Government has more than three hundred millions of paper out that is payable in silver, and it has never paid a dollar of it in gold and will not pay a dollar of it in gold if the holder demands it, but pays it in silver.

I heard it outside the Senate the other day that the way the silver certificates were kept at par was that the Government would and did redeem them in gold. I have an authoritative statement from the Secretary of the Treasury that not a dollar has ever been redeemed in gold, but they have always been and are redeeming at all times in silver, and they are as good everywhere as a gold dollar, as good in Great Britain as a gold dollar, as good in Germany as a gold dollar, as good in Canada as a gold dollar, and certainly as good in the hands of the

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American people, and they are redeemable in silver and are redeemed in practice in silver and in nothing else.

Mr. McPHERSON. Will the Senator yield to me for one small question?

Mr. TELLER. Certainly I yield for a question.

Mr. McPHERSON. I think, if I remember correctly, the debate of 1878, in which the Senator from Colorado took a very active part—

Mr. TELLER. Not much.

Mr. McPHERSON. A declaration made, I think, by that Senator, certainly by almost every Senator upon the floor, that if they thought the then pending bill would not have the effect to bring silver back in value to its former status they would be disinclined to vote for the bill. At that time silver was at 8 per cent. discount. We have taken two millions a month of silver bullion which has made more than two millions a month of silver dollars, and we have used it in our coinage, and the price of silver bullion has fallen since that time 20 per cent. more. Now, if I understand the Senator aright, he proposes, instead of any limit upon the use of silver, to go into the free coinage of silver when there has been 20 per cent. reduction in its value since we remonetized it.

Mr. TELLER. Mr. President, that is not a question, but that is a speech of the Senator.

Mr. McPHERSON. I want to know if the Senator proposes—

Mr. TELLER. If the Senator will allow me to proceed, I will say it is a good deal like a lawyer I knew once, who, when he had heard the judge charge the jury, as they do in some States, rather severely against his client, was asked what he thought of the charge. He said he did not call that a charge at all, but he called it an unfair summing up. [Laughter.] So what the Senator has said is not a question, but it is an unfair statement. If, however, the Senator will allow me to go on I will answer it.

The Senator never heard me say, either in a public or a private speech—and he may hunt the RECORD, and when he does I will give it up—that two millions a month coinage would put silver at par, put it up. That bill was as illogical and as absurd as the present proposed makeshift is. It was dallying with the question, and was not the plan of the silver people.

Why did we not go to free coinage? Simply because Senators like the Senator from New Jersey assuming that they knew all about what would be the current of events in the future said if you take free coinage foreign silver will flood this country and we can not take care of it, but if you will take two millions a month that will put it to par. It is the Senator from New Jersey and his coadjutors who made that statement, and not I. I never supposed it would put silver to par. I thought it would do what the world sees now it did do, that it would sustain in some respects silver and prevent its great fall. It was so said before the English commission by all the scientists who testified, without a solitary exception, that but for the Bland bill silver would be lower than it is now, and when Mr. Comber, I think, one of the intelligent gold men, was asked what he thought about that, he said that the Bland bill helped, but it had not been sufficient to sustain it. That is all there is about it, and the Senator from New Jersey can not find, if I recollect the debate, a single Senator who was a silver man who expressed his belief that two millions a month would put silver to par.

We advocated free coinage. We said perhaps \$4,000,000 a month

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may put it up. We said so again and again, but we have not been able to get the Treasury Department to try it. Why? Simply because there has never been a Secretary of the Treasury, except it might have been a few months when somebody was accidentally there, but there has been no man in charge of that Department for any considerable length of time who has not been determined that silver should not go to par, and anything that would put it to par he was opposed to.

Mr. BLAIR. If, as the Senator claims, free coinage would put silver up to par, why would not the coinage of \$2,000,000 a month put it up some?

Mr. TELLER. Two million dollars a month did put it up. It sustained it. In another part of my speech, if I can be permitted to make it in consecutive order, I shall touch upon that question. I promised to give an opportunity for an executive session, and when I touch upon a few other things I propose to leave the matter until to-morrow.

I want to go back to the statement I was making when I was interrupted by the question of the Senator from Delaware [Mr. GRAY], not wishing to decline to answer it, and I want to call attention to the amount of silver certificates that are paid in.

I recollect the debate of 1878, when I was a member of this body, and it was a matter of some interest to the people of my State, and I remember very distinctly that the Senator from Vermont who sits now in front of me, chairman of the Finance Committee [Mr. MORRILL], thought that if these certificates were received for public dues everybody would grab them and the result would be that all the dues would be paid in silver, and so he offered an amendment which can be found in the RECORD that they should not be received or that only a certain portion of the dues should be paid in silver certificates—a quarter, I think, was the first, and then something else, and so on, saying that there would be such a desire to get rid of them that everybody would put them into the Government coffers and they would always return to the Government, and the Government would get nothing but silver; and I believe Mr. Cleveland had that same trouble in his mind, and Mr. Manning had it in his mind when they first came into office.

They said we were threatened with the increased mintage of silver, with such a redundancy of silver certificates that the people would not want them and they would come into the Treasury in payment of duties on imports, and the Government would have no gold with which to meet its obligations. Let us see how much we have received since 1887. That is as far as I have got the statement.

In January, 1887, there were 16.2 per cent. of silver certificates; in February, 10.1; in March, 11.4. These are the silver certificates paid in for duties on imports that thus found their way back to the Treasury. In July, 1888, these fell to 8.3 per cent.; in August, to 5.5 per cent.; in September, to 4.4 per cent.; in October, to 3.6 per cent.; in November, to 5.4 per cent.; in January, 1889, to 6.2 per cent.; in February, to 5.3 per cent.; and in April, 1890, to 1.6 per cent.

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

Mr. TELLER. Certainly.

Mr. GEORGE. I should like to know what percentage of these silver certificates could have been paid in by the permission of the Secretary of the Treasury?

Mr. TELLER. All of them.

Mr. GEORGE. The whole duty could have been paid in that way?

Mr. TELLER. All could have been paid in silver certificates. The

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payments in gold certificates were as follows: In January, 1887, 67.8 per cent.; in February, 74.2 per cent.; in January, 1888, 77.6 per cent.; in February, 75.8 per cent.; in January, 1890, 92.5 per cent.; in April, 95.4 per cent.; and, so far in May, 94.9 per cent.

Mr. President, a Senator asks me the explanation of that. I suppose the explanation is that the gold certificates are largely kept in New York. They do not circulate as money; they are in large denominations, there being now in actual existence \$90,000,000 of gold certificates that are either of the denomination of five or ten thousand dollars each, and it is simply a question of convenience. Gold is not, as the Senator from Nevada [Mr. JONES] said yesterday, in circulation in this country to any considerable extent. I do not deny that it is doing duty as money to some extent, but it is not in general circulation.

Before I leave this subject—because when I commence again I desire to take up another feature of the bill—I want to call the attention of those who are in favor of increasing the circulation and who believe it ought to be increased, to one provision in this bill as it is reported by the Finance Committee which I think is dangerous.

The certificates are redeemable, according to this bill, in lawful money. They are not legal tender; they can not perform the highest money duty; they can not discharge debts. "Oh," it is said, "everybody will take them." Mr. President, everybody will take them when they do not need the legal-tender quality; everybody will take them when business is all right. But what you need the legal-tender quality for is the time of distress, of financial convulsions and panics.

I have heard it said recently that there has been no trouble about legal tenders. We people of the West know better. I have seen in the State in which I live telegrams to send legal tender from Omaha by special train to Denver more than once. I know two parties left New York with the legal tenders for the city of Denver in 1873 to meet demands for legal tender during the panic of that year. Why should this not be legal tender for all parts of the country? These notes are practically legal tender for New York City, for Philadelphia, and for the city of Washington, because they have a Government agency with money stored of a legal-tender character to which they can go and exchange their certificates for legal tenders, but in the city of Denver, in the city of Omaha, in Kansas City, no man can exchange these certificates for legal tenders, and if he wants legal tenders he is at the mercy of banks that have them, or more likely the banks will not have them and he is at the mercy of his creditor.

Can anybody give me any reason why this certificate should not be a legal tender? There are constitutional objections, I am told. The Supreme Court of the United States has twice decided that we were able to make legal tender in our judgment.

Mr. REAGAN. On our naked promise.

Mr. TELLER. On our naked promise, without a dollar back of it. It is too late for anybody to stand here and say, "I object to the legal-tender quality of these bills because of a constitutional doubt." It is a power that is potent here and it is potent everywhere in this country, that has dominated legislation in the interest of capital, and it is that power which stands back and says "You can not make this legal tender." Why, we do not need it as legal tender in New York. It is good enough for us, it is held in the bank reserved. We can go to the Treasury or subtreasury and can get legal tender. Any bill that gets my vote will have a legal-tender clause, and I want to say to the Senator from AR-

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kansas [Mr. JONES], who charges that this is a caucus bill, that even a caucus can not make me vote for a bill upon a money question that I believe is inimical to the great interests of the people of the United States.

The certificates or notes are to be used to buy bullion. There are two classes of people interested in this bill. One class feel that they want silver to go up and they have a special interest in that. The other class say they want more money, that everything else may go up. You want to make this money as good as it can be made, and the Secretary is to buy silver at the market price with these notes—where?

In the bill introduced in another body it says "the markets of the world." That is what the Secretary will do, buy in the markets of the world, and what he has been doing under the Bland bill. He has been inquiring what has been the price of silver in Hamburg, what the price of silver in London, what the price of silver in New York, but he never bought it on New York prices; he bought it on the London price less transportation. All Secretaries of the Treasury have bought it that way, and that is what they will do again; so it will be the price in London or Hamburg that will fix the price of the bullion bought, although, of course, the New York price may be taken.

If these Treasury notes lack the confidence of the people and they depreciate the eighth of 1 per cent., if they go down at all, there will not be a dollar of silver bought; nobody will take them and give silver of the market price. The certificates or notes are to be practically used in this country, and if they depreciate then silver must go up in order to meet that depreciation. Then the price of silver in this country will be higher than it is abroad, and no silver will be bought at all, and that, in my judgment, is what commends this bill to the consideration of a great class of men who are clamoring for its passage to-day, who are the opponents of silver, and who declare we need no more money.

Mr. President, I am not mistaken when I say that the dominant class in this country in finance—the creditor class—do not want any legislation that shall put silver up, nor do they want any legislation that shall give to the country more money. Why? They have studied the financial question, and they understand that it is the number of units that determines the value of money, and they say: "The number is great enough now; we want to stand where we are; we do not want any more." And the whole influence of that class of men will be to put down the value of these certificates that they may be below the gold value, and then they will buy no bullion here or anywhere else, and there will be a practical suspension of bullion purchase and a practical suspension of the issue of money under this bill.

Mr. President, should this bill meet with favor and become a law it will be possible to put silver up in the markets to par. A combination can be made to suspend the coinage of silver in this country, with untold capital. Millions and millions of money can be aggregated to destroy silver as money in this country, and of that I shall speak later on. All the great interests that hold the credits of this country, amounting to nobody knows how much, are interested in having what some of the Senators here have been in the habit of calling "the best kind of a dollar," and if they can destroy silver by putting silver to par they will do it, and if it is put up to par for one hour that is the end of this bill, and then the special agencies that put it up will be interested in putting it down. There is no provision if silver goes down

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that there shall be any further purchases. The Secretary stops when silver goes to par, and could not, if he would, buy more. I do not mean to say that the committee anticipated that that would be done. I do not charge anything upon the committee. I charge nothing upon any member of this Senate, either now or in the past, but I simply say that this can be done, and, this being so, it is a dangerous bill, either for the men who want to put up the price of silver or the men who want to increase the circulation of this country.

Mr. President, I promised the Senator from Kansas [Mr. INGALLS] that I would yield for an executive session, and, if it is agreeable to the Senate, I will yield now and go on later with my remarks, or resume to-morrow, as shall be the pleasure of the Senate.

Thursday, May 15, 1890.

Mr. TELLER. Mr. President, yesterday in my remarks upon the bill as recommended by the Committee on Finance there were two features to which I endeavored to call the attention of the Senate, which seems to me should be amended by the friends of the proposed measure if they seriously intend to do what the bill on its face purports, namely, in the first place, to raise the price of silver and, in the second place, to give to the country an increased circulation. If, under any circumstances, the silver bullion to be purchased be purchased at the market price in the world's market, as the Secretary of the Treasury in his report suggests it should be and as the bill of the House which has been presented to that body declares it shall be and there should be a depreciation in these notes of the slightest amount, there would be no further purchases of silver bullion under the provisions of this bill.

We understand very well that the Treasury notes which are to be issued in the payment of the purchase of silver are the only money that the Secretary of the Treasury will be authorized to pay out for silver bullion. Under the existing law, what is called the Bland bill, he does not pay out silver certificates, but in practice, as I understand, he pays out whatever the seller of silver bullion desires, gold, greenbacks, or silver certificates. So, practically, the purchase of silver under the present statute is a purchase for gold. This bill is a departure in that particular, that it is to be purchased by this kind of paper, and this kind of paper alone. As I said yesterday, if this paper depreciates the eighth of 1 per cent. it will cease to be current money, and it will cease to buy silver in this country. If the silver in this country is to be sold at the market prices of the world; that is, if the silver-bullion holder is not allowed to raise the price of silver to correspond with the depreciation of the paper, he will not sell it to the Government. I think that is plain and clear; and it is very doubtful if the market price of silver went up materially in the city of New York, no matter how the Secretary of the Treasury might feel, no matter if he was friendly to the scheme and anxious to promote the object professed in the bill—it is very doubtful whether any Secretary of the Treasury would be willing to pay a higher price than the markets of the world indicated it should be in the city of New York. So, there would be no opportunity for the silver-bullion-holder to meet by advance on his bullion the depreciation of the money with which the bullion is to be bought.

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Therefore, it becomes of absolute importance, essential to the success of this scheme, if it can be at all made a success, that this paper money should have the highest possible money function, that it should have all the value that we are capable of giving by law to paper money. If we withhold one of the principal duties of money, the discharge of indebtedness, or if its full legal-tender quality is denied to it, we invite its depreciation and a suspension of purchases under this bill. So there would be an end of this effort to do the two things that it is professed it is intended to do, to put up the price of silver and, what is of infinitely greater importance to the great masses of the people in this country, to furnish them a sufficiency of money for the proper transaction of their business, and thereby increase the prices of all human products in this land.

So, Mr. President, it seems to me that no friend of the amendment offered by the Committee on Finance ought to object to giving these notes full legal-tender qualities.

There is another way, as I suggested yesterday, by which this scheme can be rendered abortive, and that is by putting silver above par. If it is put above par one single moment, if one single honest transaction in this country puts silver above par—that is, if it is an honest purchase of a single quantity of silver—I do not mean if there is a fraudulent purchase, but if by any circumstances, natural or artificial, forced or otherwise, silver can be put above par, so that one man will buy of another honestly any quantity of silver above par, there is an absolute suspension of all purchases of bullion under this bill, and no notes can be issued thereafter.

Mr. ALLISON. When the Senator says par he means above par?

Mr. TELLER. I mean above par. That is what I mean. That is the language of the bill, no matter how little or how much above par.

Mr. ALLISON. That is not probable.

Mr. TELLER. The Senator from Iowa says that is not probable. It is not probable, in my mind, that any legitimate effort in the direction that this bill goes will ever put silver to par. I have not any doubt that it will put silver up. I have not any doubt that it will sustain the price of silver for a time. We have seen the very introduction of a scheme to recognize silver in this country as a commodity to be bought by the Government has put silver up. Why? Because it has been apparent to the people abroad that if we should consume our entire production, one-third of the world's product and more, there would be a demand for silver that could not be met, and so it will put silver up. Suppose it puts silver within 10 or 15 per cent. of par—I do not know exactly what would be par, but I suppose 129 would be called par in this country—

Mr. McPHERSON. Par in gold?

Mr. TELLER. Par in gold. It would be less in Great Britain; it would be less in France.

Mr. President, I called attention yesterday to the great interests in this country arrayed against silver. It is not any vain supposition; it is not the imagination of the people who want to use silver; it is borne out by the facts and admitted everywhere that there is a party, not in this country alone, but in all parts of the world, the party that holds the credits of the world, the party that takes toll from us, that takes toll from all the industries, that levies tribute upon all enterprises. They are arrayed against silver as money. They have held this country in defiance of public opinion against silver. That influence has

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been powerful enough to hold Germany against heeding the demands made by the Germans in various departments of business, notably the agriculturists of that country, who to the extent, as I have mentioned before, of eight hundred and forty associations petitioned the Government to return to the silver standard. It has held Europe in spite of the opinions of the most learned writers on political economy that it would be disastrous to abandon the use of silver.

For seventeen years it has held the whole civilized world in its bonds. It has its seat in the East, on the other continent. It has had its influence here. It still has it. It added to the national debt of this country by legislation one-third more than it was. It added to all the debts, State, municipal, and individual, one-third more, nearly if not quite. Its members have enriched themselves at the expense of the many, and colossal fortunes have been built up in this country and in Europe within seventeen years, to which there is no parallel in the history of the world—fortunes equal in extent to the fortunes that were brought back to Rome by the Roman conquerors when they invaded Asia and despoiled the people of that continent of the accumulation of ages.

Does anybody believe they are now ready to surrender their advantage and adopt a financial system that we know and they know will relieve the tax-ridden and burdened debtors of this country and the world and put them on the plane where they were in 1873? Why, Mr. President, the energies of these people are beyond calculation. Their avarice is only equal to their energy, and they can put silver to par when they want to do so if they can by so doing destroy it as a money metal, and then come back and say to us, "Silver will not do for money. We told you it was not a stable money metal, and you have got to go to the only stable money metal, gold." Is it a delusion to suppose that that may be done when you consider that by some method unknown in this country they succeeded in demonetizing silver? whether corruptly and wickedly, as is charged, or whether it was by the ignorance of the American Legislature, I do not know and will not pretend to say. Does anybody here to-day doubt that the demonetization of silver was procured and that it is not an accident? Had there been in this country any agitation of the question, had there been any demand, had there been any discussion, had there been any call for demonetization from any portion of the world? There had been from a few doctrinaires in Europe. It had been attempted here, and it met defeat when it was attempted openly.

Surreptitiously and in the dark, like a thief in the night, it stole into the bill wickedly or corruptly, or on account of the weakness or ignorance of the men who were charged with the examination and consideration of that subject, a bill that destroyed in this country silver as a money metal and put the great financial country of the world, the great producer of silver, producing one-third or more of the world's product, the richest country in the world, upon a gold basis without the knowledge of the Executive of this country who signed the bill, without the knowledge of the men in this Chamber or in the other House, save it might be the committee and the committee alone that were in conference over that bill; and it is doubted by many whether even they or but a portion of them knew of this crime against the people of this country and the world.

Mr. President, the demonetization of one metal was resolved upon in 1856-'57. Up to 1848-'49 the production of gold in the world had not

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exceeded for very many years \$40,000,000 per year. Silver was produced in a limited extent. All at once, without an opportunity for the nations of the earth to provide for increase of a money metal and to change their financial condition, gold production increased until there were produced \$200,000,000 a year; and the men who then held the credits, the men who were making a bold attack upon the industries of the world, were alarmed at the increase of the product of gold. Then they took steps to demonetize gold. They demonetized it in Germany. Great Britain demonetized it in India. Other sections of the world demonetized it. Then in course of time gold fell off and silver came to the front, its production having largely increased.

Mr. GEORGE. To what time does the Senator refer?

Mr. TELLER. The time when the California and Australian product was brought into the market. Silver then began to be produced in excessive quantities, and gradually year by year increased from nothing in this country to twelve, fifteen, twenty millions, and then these same parties, intent upon what they had been trying to do for a series of years, that is to demonetize one of the metals and do business with the other for the purpose of making dear money, changed their base and determined that they would demonetize silver.

Mr. President, can any mortal man give any reason or can anybody tell me why silver in this country should not have been treated as money when we demonetized it? We were then producing \$70,000,000 of gold and silver. We were without either in the commercial circles, practically without either, being on a paper basis, and yet silver was demonetized, demonetized when it was apparent to all that the production of silver was to be greater in this country than the production of gold. In 1868, the Committee on Finance of this body, under the leadership of the Senator from Ohio [Mr. SHERMAN], who is still a member of that committee, reported to the Senate a bill to demonetize silver. The Senator from New York [Mr. MORGAN], who was then a merchant, as he had been for many years, put in an adverse report, and no further steps were taken in that direction. The reason given at that time why silver should be demonetized was that we were producing gold in greater quantities than silver; but when we did actually demonetize silver, I repeat, we were not only producing it in great quantities, but every observant man in this country knew that the silver production must rapidly increase and ultimately double that of gold, as it eventually will.

Mr. President, knowing all these facts of history, knowing the effort that has been made to demonetize silver, knowing that the advantage that the men who secured its demonetization have obtained by it, I am prepared to suspect that they will do anything which is within the range of legislative enactment or of commercial transaction to accomplish their purpose, and so any bill that comes here with a provision in it that will allow such a state of affairs is not a perfect bill. If there was a provision in this bill that when silver went to par the mints should be opened and silver should be coined, there would be no inducement for anybody to force the price of silver temporarily and thus compel the abandonment of purchases under this bill.

The demonetization of silver by Germany and the United States was the result of an effort, as I said, that started in 1856 or 1857. In 1863 there was a conference at Berlin for the purpose practically of uniting upon some universal coin. It did nothing. In 1867 there was another conference and at that conference we were represented. We were not

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represented at the conference of 1863 as I recollect, for perhaps it is needless to say that at that time we had not much interest in coin one way or the other.

In 1867 Mr. Ruggles represented us at that conference. There were seventeen or nineteen nations—I have forgotten now the number, but it is immaterial—represented in that conference which was held at Paris. In that conference they determined that there should be a single standard and that should be gold, and it was in accordance with that determination that the Senator from Ohio introduced into the Senate the bill of which I have spoken, with his report, which can be found if any Senator is curious to look at it. In that report it was recommended that the gold dollar should be reduced in value $3\frac{1}{2}$ per cent. to conform to the French coinage. Save and except England, I think, nearly all the countries in the conference had agreed to it, and yet nothing was done.

I find that in 1878 when a conference met in Paris one of the learned men who addressed the conference stated that this movement for the demonetization of silver had its origin with the doctrinaires, with the philosophers. That is undoubtedly true. But it was, as I have stated, the moneyed influences, the capitalists of the world that induced the final action in Germany and in this country. They took advantage in Germany of the fact that the German nation having been composed of a variety of provinces had united themselves under one general head, had consolidated, you may say all, under the Emperor quite recently, and they began to demand a national coin and a national money. Previous to that time the various provinces making up the German Empire had to some extent been independent of the German Empire with reference to coinage. Then it was demanded that there should be a general coin.

Germany had been a silver country, having demonetized gold when it was coming in in such great quantities. She demanded at the close of the French war of the French people \$1,100,000,000. She received that practically in gold. She received \$250,000,000, the first payments, in gold, and then received for the balance exchange on the great cities of the world, and those drafts were paid in gold. So Germany had accumulated a vast sum of gold. Believing that Great Britain's success in a great measure had depended upon the fact that it was a gold-standard country, some of her statesmen fell into the trap of making gold the only legal-tender money of Germany. It was asserted in Germany that they would stand side by side commercially with Great Britain, if they became a gold country.

Mr. DOLPH. If it will not interrupt the Senator, I wish he would state the precise date at which the indemnity was paid to Germany by France. As he has given the subject much attention, he will perhaps be able to state it without difficulty. I would like him to state also what the legislation of Germany was for the demonetization of silver—what the provisions of the acts of 1871 and 1873 were.

Mr. TELLER. I can not state that except from memory and I will not undertake to do it. It is not material. I believe, however, it is not disputed that they received this vast amount of money in gold and that that was the moving cause of the abandonment of silver and making gold the standard in Germany.

Mr. DOLPH. I do not wish to interfere with the Senator—

Mr. TELLER. I have not the documents before me, and I can only state from memory. If I had the documents I could show it exactly.

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Mr. MCPHERSON. Will the Senator yield to me for a question?

Mr. TELLER. Certainly.

Mr. MCPHERSON. Will the Senator inform me from what sources he derives his information touching the payment of the French indemnity to the German Government in gold? I ask the question for information, because the Senator's statement is so entirely in conflict with the information I have touching that subject that I presume he has some source of information on which he makes the statement, and I should like to know what it is.

Mr. TELLER. Mr. President, it would be no more than fair, I suppose, that I should ask the Senator from New Jersey where he gets his information.

Mr. MCPHERSON. The Senator has made a statement for which I supposed he had authority, and therefore I asked him the question. My own information has not been verified.

Mr. TELLER. I will answer the Senator as well as I can. No man comes into this body to discuss a question with his proofs as he does in a court of justice. I make the statement as an historical fact, and the Senator can not find any respectable authority to dispute it. I would be unable to tell the Senator where I have found a hundred things that I think I know touching this question, but I can go to my library or I can go to the general Library, perhaps, and put my hand on them. I assert that that is a truthful statement of the facts, that two hundred and fifty millions of the indemnity was paid in gold, the balance in exchange.

Mr. MCPHERSON. And the exchange was payable in what? Was it payable in thalers? Was it payable in the coin of Germany, in the silver coin, or was it payable in gold?

Mr. TELLER. The Senator from Louisiana [Mr. EUSTIS] assures me that the payment in gold was provided for in the treaty. I do not remember about that, because at this moment I can not tell where I got these facts. But France did not pay in German money, as the Senator from New Jersey seems to think. France did not draw on Germany. She drew on the places where she had money on credit.

Mr. EUSTIS. Sterling bills on London.

Mr. TELLER. She drew sterling bills on London, as suggested by the Senator from Louisiana. I would not undertake to say where the bills were drawn. They were acceptable to the German people and they got money for them, and if they were going on a gold basis they did not take silver. They had silver of their own to sell, which they put on the market, and lost \$20,000,000 in making the sale of silver, a loss of 80,000,000 marks, which is about \$20,000,000, as I recollect. They did not take silver. I think that may be admitted.

They said "It is a good time for us now to put ourselves commercially in accord with Great Britain," a nation with which they had great commercial transactions and have had for many years. The principal commercial relations of Germany are with Great Britain and its colonies. I think the Senator perhaps will not dispute that. So they put themselves on a plane financially with Great Britain, believing, as I said, that much of the prosperity of Great Britain was due to the fact that it was a gold-paying and a gold-receiving nation, although Lord Beaconsfield said in 1873 that that was not true; that the prosperity of Great Britain came before and did not come because of gold. On the contrary, he indicated very clearly that the gold basis had not been profitable to Great Britain as early as 1873, before this

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great controversy respecting the use of silver had disturbed the whole financial world.

When Germany had demonetized silver they were wise enough not to attempt to put the law in practical operation immediately. Little by little they put their silver out on the market. Practically they put no silver on the market to amount to anything until about 1872 and 1873, and mainly in 1873 their silver came on the market. We had in the mean time, without the knowledge, I repeat, of the American people, without the knowledge of the President who signed the bill, without the knowledge of the most illustrious men who sat in this body at that time, declared that we were on a gold basis also. We had said that we had joined Germany in proclaiming that there was to be but one money metal hereafter, and that gold.

Mr. President, I do not intend to spend any time over the method in which this was done. It has been asserted repeatedly in the public press, whether truthfully or not I do not know, that an Englishman of very great repute, of considerable learning and considerable reputation as a political economist, thoroughly imbued with their notions of political economy, was the real mover and the cause of the demonetization of silver in this country.

It has been stated in the public prints—whether truthfully or not I do not know, and nobody can know—that a large sum of money was raised in Great Britain to be brought here to secure the demonetization of silver and put this country on a gold basis. This man, Mr. Seyd, did come here and was before the committee charged with this matter in the House of Representatives, and this is proved by the speech of Mr. Hooper, the chairman of the committee, who, on the 9th day of April, 1872, declared that the committee had received valuable suggestions from Mr. Seyd, a distinguished political economist. Whether there was any improper conduct or not, nobody can say. It is very possible that the men who did know that the silver dollar was left out believed that they were doing a valuable thing for the country, that they were putting us where we would not get on a silver basis.

There have been a great many men in this country within the last twelve or fifteen years who believe that, notwithstanding the fall in prices, notwithstanding the whole world has been shaken financially by these two transactions, and there are men here who still insist that the danger of going to a silver basis and being classed with the ignorant barbarians of Asia who use silver and silver only is a sufficient justification for the increase of all debts, public and private, for the destruction of one-third of the values in this country, for the practical financial enslavement of the great laboring masses of this country; and so it is not strange, believing as they believe now in the face of these facts, that the men who surreptitiously or openly or in any other way demonetized silver believed that they were doing God's service when they did it. But it was done; and when we woke to the fact that we were on a gold standard, when we found prices tumbling in every direction, when we found property shrinking in value, enterprises standing still, when we found that all our industries were being injured and that the debtor class were being ground down beneath the strong hand of the creditor class, without the hope or the prospect of getting out from under their control, even then there could not be found a sufficient number of men in the legislative department of the Government who had the moral courage to stand up and say "We will put this country back financially where it belongs, and if it works disaster

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to the creditor class we will offset that against the disaster that they have worked to the debtor class."

Mr. President, silver fell. Why would it not fall as measured by gold? Germany had demonetized silver; she had said, "Our mints are now forever closed to it." She had \$350,000,000 of silver to sell. The American Government had demonetized silver and closed her mints to it; and when the Latin Union—a union of which we have heard so much, a union composed of only a few more millions of people than there are in the United States—we hear it talked about as if the Latin Union comprised all the nations of the earth, when the Latin Union was only 72,000,000 strong, and, compared with us in financial strength, as a boy is to a giant—when they said "We will limit the coinage of silver," then silver went further from gold; and when, a little later, still frightened, they closed their mints completely and they said there is no demand among these 72,000,000 of people for silver as money, and then the Scandinavian countries, and then other regions abandoned silver, and the great demand for silver for mintage, which is the only demand that makes silver valuable, as shown by the Senator from Nevada [Mr. JONES] the other day—all other demands and all other uses are infinitesimal in comparison to the great demand for it as money—when that demand was closed and when the labor which was done by the millions and the millions of silver was thrown upon the decreasing millions of gold, does anybody wonder that gold depreciated when measured by gold? Does anybody wonder that prices fell when measured by gold? That is what the men who procured the demonetization of silver intended. They were students of finance. They knew that the use of one metal and one metal only enhanced the value of that metal and destroyed the value of everything on the face of the earth save that which was payable in that metal and that alone. They held the securities; they held all our Government bonds, then millions of them; they held almost all of our railroad bonds, how many I do not know, but the Senator from Nevada [Mr. STEWART] can perhaps tell me how many millions of railroad bonds they held. They held them practically all.

Mr. STEWART. They held in 1873 about five thousand millions.

Mr. TELLER. Five thousand millions of railroad bonds of the United States they held in 1873—practically all that were then out. They held largely of our debt and they held the debts of all the world. At a dinner in Great Britain some time ago the Argentine minister stated that the people of the Argentine Republic owed to Great Britain £100,000,000. Mr. Norvin Green, a man of some reputation in this country, testified before the Labor Committee of this body that we owed in Great Britain \$2,000,000,000, on which we were paying on an average 6 per cent. interest, or \$120,000,000 a year, and we were paying it in gold, and paying it in the enhanced price of gold with an addition of 25 per cent. or 30 per cent. at first, and now at least 33 per cent.

Mr. President, it is said that silver is unstable, that it is not fit for money. We have heard that in this Chamber. I have heard members of the Finance Committee, in defiance of history, in defiance of the universal consensus of mankind—I mean of the men who have studied finance—stand here and declare authoritatively to the American people that gold was the measure of all values, and was now, as it always had been, immovable in price. Why, sir, the veriest novice in the study of finance knows that gold has varied in price, not only as

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compared with silver, but as compared with commodities more than silver in the history of money.

In 1845 in The Netherlands they abandoned the gold policy and went to silver upon the distinct statement then made that silver was the stable money of the world, and not gold; that gold was fluctuating money, and when the great output of gold in California and Australia came on to the European markets nobody pretended that gold had not depreciated. Why, sir, in the Paris conference of 1867 the president in making his report declared that one of the objects was to get rid of gold coin and to recoïn the silver, because gold had depreciated and silver had risen, and it had gone to the metal pots and then gone to the East.

Mr. BUTLER. If it will not disturb the argument of the Senator—

Mr. TELLER. Not in the slightest.

Mr. BUTLER. I should be obliged to him if he would give his opinion of the effect of the unlimited free coinage of silver in this country upon an international monetary arrangement, upon which great stress has been laid and upon which I should be very glad to have the opinion of the Senator; that is to say, if it suits the Senator at this point of his argument to give it.

Mr. TELLER. I intended to do that before I got through, and it is quite immaterial whether I do so now or later on. My own judgment is in favor of the unlimited coinage of silver, and since the Senator from South Carolina has asked me that question I will drop the point I was on and touch on that, and go back to the other later.

Mr. President, everybody must admit that this proposed bill, whether it be the scheme of the Secretary of the Treasury to buy bullion and to pile bullion up in the Treasury Department and pay it out again on the demand of the note-holder, or whether it is the committee's amendment, is a temporary scheme. I believe that not one of the committee will claim that it is a permanent thing. They say it is temporary. They are stopping to see; they are waiting to see what is going to be the current of events and what is going to happen, and they say to us: "You ought to accept this. It is true it is not a full restoration of silver to its money function, but it is a half-way house at which you can stop for awhile, and when you gather strength you can go on." Not long since I was looking over the debates of 1831 in the Paris convention, of which the honorable ex-Senator from Ohio, Judge Thurman, was a member, and I was struck with the statement he made, to which I will call the attention of the Senate. In that convention we were asked as a nation to take some half-way measure. We were not asked to go nor were we permitted to go to free coinage with their assistance, but they said, "Here you can do something that will keep your gold and hold up the price of silver." Various schemes were suggested and Judge Thurman said what I shall read. We all know that Judge Thurman was a man of remarkable judgment and ability, and that he had a fund of practical sense in all affairs. Let me read what he said on page 428 of the proceedings of the International Money Conference held in Paris in 1831:

Relying on the goodness of its cause and believing in its ultimate triumph, it could afford—

Speaking of bimetallism—

It could afford to march step by step instead of insisting upon reaching the goal at a single bound. But, if we be invited to halt at a half-way house and tarry in it for a season, we must, before we accept the invitation, be well assured that the tènement is not a dangerous one for us to occupy. Now, here, it seems to me, lies the chief obstacle to the acceptance of the propositions in question.

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So, I say of this scheme, it is a half-way scheme; it is a half-way house. It affords to us no relief whatever, except that we make a special demand or a special market for our silver in excess of our present demand of two and a half millions a month.

Mr. President, I said yesterday, and I repeat—and I do not believe on that there will be any controversy—that the way to restore silver to its former position as the chief money metal of the world (for, notwithstanding the idolizing of gold, silver from the earliest history of the race has been the money of the people) is to give it free and unlimited coinage. When the Senator from Nevada [Mr. JONES] spoke of the claim that by doing this we should be put upon a par with India and barbarous nations by using silver, I was struck by his remark. Mr. President, the great lights of history, prior to the christian era, the men of the classics, whom we delight to study, rarely or never saw a gold coin. They handled silver and silver alone. Gold was for ornament, for the storing of wealth. It did not do money duty until later than their day to any considerable extent, and did but little money duty until at least the beginning of the christian era.

I repeat, if we propose to restore silver to its normal condition as the chief money of the world, we must give it the full functions of money. Why, there are at least nine men in the world calling for silver as money where one man calls for gold. There are not to exceed in the civilized world 125,000,000 of men who prefer gold to silver, while there are more than a thousand millions of men with whom by preference and by law silver is the chief money, or at least equal with gold.

Silver is better adapted to the use of men than gold; and while I am a bimetalist myself and anxious to maintain the two metals, because I do not believe that either one is sufficient, if we have got to have only one money metal I will welcome for myself, in the interest of the race, in the interest of the people of my country, a silver basis, and the sooner we reach it the better, the better for our industries, the better for our commerce, the better for our trade, the better for everything.

Mr. President, you can trade with nine hundred or a thousand millions of the human race to-day with silver, and but little more than one hundred millions demand gold. You can trade with all the people of the American continent from the extreme north to the extreme south with silver better than you can with gold. This is a makeshift; and if this question is ever settled, if we are to go to a silver coinage in the old-fashioned way, automatic coinage, and have the automatic principle, why is this not a good time to do it now?

In 1878, when silver and gold had parted only 10 or 12 per cent., as I recollect—I think the Senator from New Jersey said yesterday 8 per cent., and perhaps a little more—then we were met with this problem: The House of Representatives sent us a bill for free and unlimited coinage. If we had had the courage to pass that bill, if we had done what the Secretary says would be a heroic movement, if we had provided for the unlimited coinage of silver, does anybody believe that silver would have parted with gold to the extent it has? Does anybody believe there would have been falling prices, there would have been increasing bankruptcy all over the world? No, we should have staid the downfall of silver and we should have held up silver, and we should have done for silver what France did for gold in 1849 and subsequent thereto: we would have maintained the relative position of silver to gold and we should now be the great money center of the world. Instead of having to play second fiddle to Hamburg, and Berlin, and London, we

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should have the great financial center of the world on this continent, where of right it belongs—the city of New York.

What would have been the result? We should have kept at home every ounce of silver; no man would have sent it abroad if he could walk to the mint and have it coined. The moment that we ceased to send silver to Europe the Latin mints would have been opened, France would have continued to coin silver, and all the countries that were departing from silver would have gone back to it, and the former demand—the money demand, which is what makes silver valuable—would have been what it was before; and free coinage here will open all the mints of Europe to silver coinage that were open in 1871 and 1873.

Can anybody tell me why suddenly there should have been a parting of gold and silver except for the reason I have given, that the demand for silver as money had been destroyed by legislative enactment of the two great countries first, Germany and the United States, and then by the other countries of Europe, who were afraid that we would put upon them all the silver we had?

There has been a question in this body for a number of years as to what was the cause of the so-called depreciation of silver. I have stood here and repeated over and over again, not on my own mere judgment, but after the most careful researches—researches made in anxiety to find the facts—that it was produced by legislative action and legislative action only.

I was supported in that by the very nearly unanimous opinion of the conference of 1881. Nearly all of the men who were in that conference declared that the divergence between gold and silver was not the result of overproduction, not the result of vice in the silver, but was the result of legislative disbarment from the mints of the world. On the other hand, those who are now afraid of free coinage, notably the members of the Committee on Finance, who stand aghast at the suggestion that there should be free coinage, have said here and have gone into the public press and everywhere declared that it was not the legislative action, but it was overproduction and a lack of money qualities in the silver itself. The Royal Commission agreed unanimously that there was no overproduction of silver; that the so-called depreciation was due to legislation.

Mr. HOAR. May I ask the Senator a question?

Mr. TELLER. Certainly.

Mr. HOAR. The question I desire to ask the Senator is this: Suppose the law had remained as it was prior to the statute of 1873, does the Senator think that the decline in the price of silver would have been stopped or seriously lessened? I do not say this by way of suggesting any argument against that of the Senator, but to get his opinion for information.

Mr. TELLER. When silver was demonetized in this country every silver dollar was worth 3 cents and a fraction more than a gold dollar; that is, the material in it was worth that. You could take the bullion and melt it up and go to Great Britain or anywhere else and buy gold enough to make a dollar and three cents and a fraction.

Mr. President, there was nothing anywhere that indicated that silver was going to fall if there had been an increased production, but an increased production from thirty millions—I mean the entire world now—to eighty or ninety or possibly one hundred millions.

Mr. STEWART. Eighty-one millions.

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Mr. TELLER. The Senator from Nevada says eighty-one millions. It is a little difficult to say just how much. There had been some increase, but nobody had suggested in the public prints of the world, in the financial circles of the world, that there was danger from overproduction of silver. If we had remained upon the double standard with our mints open, if the demonetization of silver in Germany had cast down the price of silver and the Latin Union had restricted it as they did and as probably they would because of the advent of German silver on the market, then our mints would have been opened immediately to the coinage of silver in this country, and every silver-miner and every silver-owner, every man who had an ounce of silver, could have taken it to the mint and converted it into legal-tender money, against which, then at least, there was no prejudice here or anywhere in the world.

When Germany had disposed of silver and it entered into the current traffic of the country as it would, it being only 350,000,000, it was an infinitesimal amount when passed out compared with the great bulk of silver in the world, and in a little while it would have been spread all over the world, and it would have gone into the interior of Asia, where it goes by the million, never to be heard of and never to be returned again. When it was thus dissipated a normal condition of things would have been arrived at. The mints would have been opened and silver, being there rated at 1 to 15½, and in India at 1 to 15, would have found a market better than even our mint market, and then the doors of our mint would have been closed, not by law, but for the lack of silver to coin, and we should have been in no danger of a silver basis. We should have realized the ideal of a gold standard, but not a gold standard appreciated 30 per cent., but a gold standard of a normal kind, where it is as good as any other standard that can do money duty, as it has done in the past with silver as its handmaid and assistant. So there would have been no financial convulsion.

The demonetization of silver in this country was of infinitely greater importance to the financial world than the demonetization of silver in Germany, because when Germany demonetized silver she produced practically no silver, or only a trifle, and when she got rid of it she had no more to put on the market, and Germany could never have been allowed by her people to sell three hundred and fifty millions. The people rose in arms, as it were, and demanded that the silver should be retained, and the demonetization of silver in Germany has never been completed to this hour. It is doing duty there as money, and the \$170,000,000 that was devoted to sale is still doing money duty in Germany, and, as I said a little while ago, eight hundred and forty agricultural societies made demand upon the German Government that they should cease, and the German Government, not insensible to public opinion and public desire, stopped the sale of silver, and there is no more probability of selling it now than there is that we shall sell the silver dollars in our Treasury, not a particle.

So, Mr. President, if we had kept on the double-standard basis we should have saved the world immense difficulty, we should have saved bankruptcies at home and abroad, and we should have taken our position in the first rank as the leading financial nation of the world, as we have a right to do. But instead of that we stand here and haggle and higgie and say, "Well, what is England going to do; what is France going to do; what is Germany going to do?" and we producing the silver of the world, practically one-third of all that enters into money, if

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not more, and likely in a few years to produce one-half of it, and what we do not produce our neighbors do produce by the side of us—Mexico, with whom we ought to be allied in interests commercially, and South America—the 110,000,000 ounces of the world's production of silver we have produced all except 15,000,000—I mean the Americas have produced 90,000,000 to 95,000,000, and with this vantage ground are afraid to take the step to give silver its old place as money and to open our mints. Why?

First, they fear that we shall be overflowed with silver and that gold will be driven out. That is the first great fear. The second is that you will inflate the currency to such a degree that the men who are suffering under debt, under taxes fixed, under mortgages and under bonds, will be able to get out and to stand once more erect in their manhood, having their debts paid.

Suppose the silver of Europe comes here; you can put into the circulating medium of this country and not inflate it to-day \$250,000,000. Two hundred and fifty million dollars are needed in this country right now for circulation for the benefit of trade and the benefit of commerce. Where can \$250,000,000 of silver be found? Where is it? France has a thousand million dollars of silver; the Treasury Department says \$700,000,000, but the better authority is that it is nearer \$1,000,000,000 than \$700,000,000. Will she send it here? The Bank of France holds to-day, as I see by the last Economist that came to me in my mail this morning, \$251,000,000 of silver. Can she spare any of it? She has notes out to cover that silver; she will not spare it.

France is determined to remain upon the double standard. There is no sentiment in France in financial circles or anywhere else in favor of the single standard. She could not send us silver without losing at least 3 cents on every dollar, besides the cost of transportation, insurance, and interest. Where would it come from? I have stated that Germany could not send it to us. Germany has some silver now, but she needs it and needs more. There is no surplus of silver anywhere.

India is the great depository of silver, and has been taking it in untold quantities for generations, more particularly, though, of late years. Nobody knows how much she has; but silver is coined in India at 1 to 15, or a difference of nearly 7 per cent. from ours, and every rupee of India silver is doing duty in India exactly as it did duty thirty years ago; there is no variation.

If there is this great store-house of silver somewhere why has it not gone to India? Why is it that India takes less silver now than she took years ago? India from 1856 to 1870 took more than the entire production of the world of silver. She took last year \$46,000,000 of silver. She has taken on an average for the last six years \$35,000,000 of silver. Now, the mints are open, India is full of goods, India is full of everything that people want. Why has not all the silver of the world found its way into India to be coined? The mints of Mexico are open, the mints of Japan are open, and they have been open all the time, for silver in Mexico at a little more than our ratio, and in Japan at still a little more than that, and now even China has opened her mints to the silver of the world.

We were told in 1878 that all the silver of the world would come here, that we should be overwhelmed with it. We have since that time exported silver and not imported it. We were told then that gold would be driven out. We have imported gold in untold amounts. I repeat what I have stated here before, there is not in the history of the

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world any nation that brought such an amount of gold into its country in the ordinary methods of trade and commerce as ours in the last few years.

Mr. STEWART. And no country ever purchased it at a greater sacrifice.

Mr. TELLER. The Senator from Nevada tells the truth when he says no nation ever purchased it at a greater sacrifice or at a greater price.

Mr. EDMUNDS. Does the Senator mean that we paid too much for silver?

Mr. TELLER. I am talking about gold. I say that this country has paid a great price for gold. Gold does not go to any country where the price is not the highest. It is like every other commodity. Wheat goes to the country where the price is the greatest; goods go to the country where the price is the greatest. The best market in the world is where the prices are greatest. Gold would not have come to this country if we had not given it its full value and an appreciated value.

Mr. EDMUNDS. Have we bought any gold?

Mr. TELLER. The Senator from Vermont asks if we have bought any gold. Yes, we bought gold, but not in the way that the Senator means. We bought it with our products, and we have sent our products to a fallen market. We have sent them to Great Britain to compete with the ryot of India. We have by this method of ours destroyed the wheat market of this country, not only for to-day, but, in my judgment, for all time. You may not only charge against this gold craze the losses that have occurred now, but you may charge up the losses that will occur for years to come. You have stimulated the industries of India, the wheat-growing, the corn-growing, and the cotton-growing in that country to such an extent that India has become a competitor with us for wheat and cotton and corn, which she never was before, and which she could not be now but for the cheap silver. But having established this industry in India she will keep it up probably to our detriment for all time.

Mr. EDMUNDS. Do I interrupt my friend?

Mr. TELLER. Not a particle.

Mr. EDMUNDS. My friend has stated that we have bought gold, not buying it as we have bought silver, by the Government, but that the farmer and the wheat-owner has bought it by selling his wheat in London, or wherever, and getting gold for it. Now, I should like to ask him whether he means by that to say that the farmer was compelled to take gold against his will for his wheat or whether it was a thing he was glad to get for it?

Mr. TELLER. Oh, Mr. President, the Senator from Vermont is speaking with words.

Mr. EDMUNDS. Not at all; I am trying to get at the real point.

Mr. TELLER. This is a question, in my judgment, of importance. I do not care to have it belittled by any sharp controversy or little suggestions of that kind. The Senator from Vermont does not misunderstand me. What I mean to say is that you have put us in competition with the India wheat-grower, and we have sold our wheat at 30 per cent. discount to what we would have sold it at if we had not been put in competition with the India wheat-grower.

Mr. EDMUNDS. That is quite another thing.

Mr. TELLER. That is why I say we paid a great price for gold.

Mr. EDMUNDS. Now I understand the Senator.

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Mr. TELLER. Mr. President, I did not intend to speak of India wheat at this stage of my remarks, if I did at all, because I might leave that for a future occasion, but inasmuch as this has come up I will.

I do not think that anybody can understand how this works. There is not any question that the price of wheat in India has remained practically where it has been for years. Heretofore India could not produce wheat and send it to Great Britain and compete with us; it cost too much for transportation and too much to raise it, and the distance was too great. To-day she sends her wheat to England and buys gold for it just as our people buy gold for it. She takes the gold price for her wheat in London or Liverpool, and buys silver with the gold, not silver dollars, but silver bullion, and instead of buying it at \$1.29 an ounce, which it ought to be, she buys it for 92 cents, as she did last year. She would buy it now for a little over a dollar. The exporter of the wheat takes that bullion to India and coins it into rupees. So what would have cost him originally \$1.29 costs him 92 cents. He coins it into rupees, and the rupees buy just as much as they ever bought in India.

Mr. COCKRELL. And pay as much.

Mr. TELLER. And pay as much. Mr. President, I make the statement now as a fact; if anybody disputes it I will simply refer him to the testimony taken before the British commission on the depreciation of the precious metals, where it was admitted that that condition of affairs existed, and where it was asserted by the gentleman who represented India in his official station that the purchasing power of the rupee in India had remained practically undisturbed; and that by means of this bounty, as they termed it, by buying cheap silver and coining it into dear money (for it is dear compared with what it costs), they had been enabled to send not only wheat, but corn, and cotton, and cotton yarn to England. One witness testified before the British commission of which I have spoken that it took them fifteen years in England to raise their spindles from 150,000,000 to 250,000,000, and that India under this impetus given to it by the cheap silver had added a hundred million spindles in ten years.

Mr. MCPHERSON. Would it trouble the Senator if I should ask him a question there?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator from Colorado yield to the Senator from New Jersey?

Mr. TELLER. Certainly.

Mr. MCPHERSON. Is the Senator anxious to have the United States of America placed upon the same position with respect to her market that India is to-day with respect to her market in England? In other words, does the Senator want the Government or the people of this country to pay tribute to England as India does now?

Mr. TELLER. Mr. President, we are paying tribute to England now. Does the Senator from New Jersey believe that England is anxious to see us remonetize silver?

Mr. MCPHERSON. I do not think she is.

Mr. TELLER. England has been buying cheap silver and sending it to India and using it there at its full value. Every ounce of silver that is bought at 92 cents and taken to India, leaving out any question of seigniorage, will coin into $137\frac{6}{7}$ cents, because their ratio is 1 to 15. Now, England is not anxious that we should go to free coinage. The dominant influence in that country is against it, and we should

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not be paying tribute to England if we went to free coinage. If we did go to free coinage, how could it be said that we paid tribute to England? In what way? I will let the Senator from New Jersey now tell me how he thinks we should pay tribute to Great Britain if we should go to free coinage.

Mr. McPHERSON. I will answer the Senator, if he will give me an opportunity, as briefly as possible.

Mr. TELLER. I do not want the Senator to make a long speech.

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from New Jersey.

Mr. TELLER. Certainly.

Mr. McPHERSON. The Senator, during the delivery of his speech, has called attention to the fact of the large amount of debt that the people of the United States owe to England, in the shape of bonded debt upon railroads and other things, the interest and principal of which in most cases is payable in gold. India in like manner owes to England a large sum annually, which India can not pay in the products of India. As to the balance of that debt, India pays it in gold. Her rupees are taken to London and are translated into English sovereigns; and must pay the debt due to England in gold. Whatever may be the price of silver, the lower the price the greater percentage she will have to pay in order to translate that money into money acceptable to England and money in which the debt is due. Therefore, if the Senator will place this country on a silver basis, which he proposes to do by the free coinage of silver, it will put us in exactly the same position with respect to all commercial transactions with England that India occupies to-day, and necessarily so.

Mr. TELLER. Mr. President—

Mr. HISCOCK. I suppose the Senator from Colorado can answer two questions as well as one. As I understand his argument he believes that the free coinage of silver will have the effect to appreciate prices. I am right in that, am I not?

Mr. TELLER. Certainly.

Mr. HISCOCK. What is to be the effect in India, provided the value of the rupee in currency is appreciated and its purchasing power enlarged or increased, as affecting the industries of India? Suppose you add 20 per cent. or 10 per cent. or any other per cent. to the value of the India silver; what effect is that to have on the industries of India?

Mr. TELLER. Mr. President, I am not solicitous about India.

Mr. HISCOCK. I of course put this question and made this suggestion with reference to the Senator's bill.

Mr. TELLER. If the Senator has not put the question let him put it to suit him.

Mr. HISCOCK. I have put it, but the reason I made the suggestion or put the question, whichever you choose to call it, was that I understood the Senator from Colorado to say that in the free coinage of silver we would have a remedy against cheap India competition, and that we should be better able to maintain ourselves in the markets of the world against their products.

Mr. TELLER. I do not know what the effect of the remonetization of silver in this country or in the world will have upon India; that is a matter of speculation of course and there has been a good deal of speculation about it. I do not propose to speculate except to say that India is a country that is immovable in its habits and in its customs.

It is practically, except so far as English enterprise has changed it, what it was three hundred years ago.

The enterprise I spoke of in India is the enterprise not of the Indian, but of the Englishmen who have gone there. They are the men who are building mills, they are the men who are manufacturing, and they are the men who are drawing the real benefit from all these transactions. Nobody knows what the effect would be. The question is what would be the effect here in this country. The first question is, what is the danger? Is there any danger in going to free coinage? I know what the Senator from New Jersey would say. I have heard that. I know what the Finance Committee, some portions of them, would say, for I have heard them. I know they will say "you will be on a silver basis." Two years ago this month when we passed a bill here which provided that as each dollar of national-bank notes went out of circulation a silver dollar should take its place; I heard the Senator from New Jersey say, if you pass that bill and it becomes a law, in sixty days you will be on a silver basis. The bill did not become a law. We passed it through here, but it failed in the other body; but since that time we have added more than \$60,000,000 of silver to our hoard of silver, and still we are not on a silver basis. If we open our mints to free coinage of silver we will not go to a silver basis, but we will by so doing not only relieve our own people, but open the mints of Europe to the free coinage of silver as before the demonetization of silver in 1871.

Mr. MCPHERSON. Will the Senator yield to me a moment more?

Mr. TELLER. Yes, sir.

Mr. MCPHERSON. The Senator is probably aware of the fact that in the past two years it has been necessary for the Treasury Department to make large loans of gold in the city of New York for the purpose of maintaining its obligations, which the Treasury Department received to be payable in gold. At one time no less than \$10,000,000 was borrowed by the Treasury Department from the New York bankers. Therefore we have been pretty near the point when we should have been obliged to pay some of the obligations of the Government in silver.

Now, let me ask the Senator a question. He has made the statement, I believe, that there is but a very small quantity of silver bullion anywhere in the world. Conceding it to be true that there is but a small quantity available for coining purposes, suppose that you pass a law to-day providing for the free coinage of silver without any particular stock of silver anywhere whence to draw a supply to make dollars; let us suppose, for instance—and I may possibly be right for once in my assumption—that the moment you pass a free-coinage bill you drive all the gold in the country, some five or six hundred million dollars, from its hiding-place, where are you going to get the money to take the place of the gold that you drive out of circulation? Would you not suffer? Would not the effect of it be the greatest contraction of the currency we have seen in this country? Where could you supply the place of five or six hundred million dollars of gold simultaneously driven out of circulation by reason of the fact that the gold-holder sees, and with certainty, that we are going to a silver basis as hastily as we can go? What resort then have you but again to apply to the printing press to meet a contraction, which is as certain as doomsday?

Mr. TELLER. I do not know whether I understand the Senator. Does the Senator say that the Government has borrowed gold?

Mr. MCPHERSON. I do.

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Mr. TELLER. When did the Government borrow gold?

Mr. MCPHERSON. Under Secretary Manning's administration.

Mr. TELLER. That is rather an old story, but since the Senator has injected that into my remarks, so that if I should ever have them published it will be there, I think I shall take occasion now, although I had not intended to do so, to call the attention of the Senate and of the country to that remarkable transaction. I had supposed that was one which the average Democrat did not care to mention, and I will venture to say that there is not another one on this floor who would have been proud of that transaction or would have mentioned it.

Mr. MCPHERSON. The Senator—

Mr. TELLER. I will go on to make my answer, Mr. President.

Mr. MCPHERSON. I simply want to make the statement here, if the Senator will permit me, that he has found one Democrat—

The PRESIDING OFFICER. Does the Senator from Colorado yield?

Mr. TELLER. I do not see that I can help it.

The PRESIDING OFFICER. The Chair will see that the Senator does help it, unless he desires to yield. Does the Senator yield?

Mr. TELLER. Yes, certainly.

Mr. MCPHERSON. I will repeat my answer. The Senator has found one Democrat who will admit everything that is a fact and is known to be a fact, whether it hurts his side of the question or not.

Mr. TELLER. It is pretty well known that in July, 1885, Mr. Jordan, who was then Treasurer of the United States, was present at a congregation of bank presidents in New York who got together ostensibly for the purpose of sustaining the credit of the American Government, which was on the verge of bankruptcy! The new Administration had just come in. The President had appealed to his party associates to demonetize silver. They had told him, in terms polite but emphatic, that they would not do it; that the Democratic party was not in favor of the single standard of gold; and then this remarkable convocation of bankers in New York City got together to prevent the Government of the United States from paying its obligations in what? In silver. Every obligation that the Government had out was by law payable in silver. It was the money of this country and of the contract, and not even the gold barons had any right to complain that they were getting silver, for they had stipulated that they would have silver or gold. It was on the face of the bond. They had put it in the bond themselves and demanded that it should be put there before they would take the bond.

Mr. STEWART. It was printed on every bond.

Mr. TELLER. It was printed on every bond that it was payable in coin of the then standard value silver of July 14, 1870. Now, that was the dire calamity that might overtake the Government. So they got together and said, "The Government is in danger." Of what? Distracting itself by paying according to its contract. The next morning every financial region of the earth contained the statement that the Government of the United States was on the verge of bankruptcy. Had there been any executive officer in that meeting officially he ought to have been impeached. A more shameless attack upon the public credit has never been known in the history of the finances of this country.

Was the Government in danger of bankruptcy? I demonstrated in a speech that I made here, but I will not go over it, that there was an abundance of gold to pay every maturing obligation of the Government. There was not the slightest suspicion of danger of paying a silver dollar,

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and the Treasurer, and the Secretary, and the Chief Executive knew it. They said that they were not responsible for the transaction. They said they did not get it up; it was these loving bankers who were anxious to give the Government a lift and keep its credit at par. And Mr. Jordan, the Treasurer, said he was only a looker-on and not there officially.

Mr. President, the Government of the United States is able to take care of its paper and pay its debts without the help of the bankers of this country or any other. There was gold in the Treasury; there were greenbacks in the Treasury; there were national-bank notes in the Treasury more than they borrowed; and there was silver there. If the Government wanted gold it could have turned its securities into gold; I mean not its bonds, but the notes that it held, its greenbacks. It did not need to do it. Besides, the amount loaned was six millions, and not ten.

That, I assert here now, was a combination and a conspiracy of the bankers of New York to frighten the American people, to compel them to bring the influence of public opinion upon the legislative department to compel the suspension of the coinage of silver. That is one of the methods that they took to create a public sentiment and to create a fright in the city of New York and other financial centers, to make the people believe that the Government could not pay its obligations in gold.

How many men in this country look at the financial statements of the Government? Not one man out of a hundred, not one out of a thousand, probably, knows what the financial statement is, and when the report of that proceeding was spread broadcast over the land, when it was known that the Treasurer was there, not, as I said, in his official capacity, but in a capacity which indicated that at least he was giving indorsement of this pretense, the people had a right to suppose there was some danger that the Government could not pay its debts according to contract.

The Government of the United States was in no danger of bankruptcy. They had a surplus all the time. They had \$100,000,000 of gold to meet the demand. They had more than that. At that time, in addition to the \$100,000,000 in gold, they had \$37,000,000 as good as gold, besides their silver. I repeat, a more shameful transaction never has occurred, and if the Treasurer had been there in his official capacity or if any other official of the Government had been there, he ought to have been impeached.

The Senator from New Jersey can not bring that up and say the Government has been on the eve of paying silver. But if it was, it would be all right, because it is according to the contract, and nobody has a right to complain. You may strangle the industries of this country, you may depress and destroy the profits of labor everywhere, and nobody complains; but if you threaten one of these bondholders with taking the money of the contract that he stipulated for, then there is a cry of alarm, and then the Government is to be disgraced.

If they had taken the 72-cent dollar that the Senator is so fond of talking about they would have made money off the Government. They bought the bonds for 60 cents on the dollar, but we are willing to pay them according to the contract in a dollar that is as good as any other dollar that ever went into the hands of man, the dollar of the contract which the Senator from Nevada [Mr. JONES] said the other day was

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the honest dollar, and it is always the honest dollar, and no man has a right to demand more.

Mr. GORMAN. Will the Senator from Colorado yield to me for a moment?

Mr. TELLER. Certainly.

Mr. GORMAN. Merely as a matter of justice to the officer whom he is now criticising, I think he ought in fairness to state that the Secretary of the Treasury immediately preceding Mr. Manning, Hon. Hugh McCulloch, as late as February, 1885, within one month of the time when Mr. Manning assumed the office, in a telegram to his officials in New York, which I remember to have produced in this body, himself said that we were threatened with suspension at the time. The transaction of which the Senator now speaks, which occurred under Mr. Jordan and Mr. Manning, was immediately after they had come into office with that fact staring them in the face. Mr. McCulloch himself believed we were getting to a silver basis, and this transaction, the exchange of thirty or forty million dollars of silver for gold, was because of the unsettled condition of affairs produced, not by Mr. Manning or any transaction under his administration.

Mr. TELLER. Oh, I remember all about Mr. McCulloch; and that is rather ancient history in connection with the finances of this country. It is not worth while to go over that; it is a chapter that no man, whatever may be his political faith or political affiliation, can be proud of. I do not speak of his last administration, but I speak of the first. I speak of the contraction that cast a blight over this country and prevented us from recuperating from the war, as we would have done in a few years but for the contracting policy of Mr. McCulloch. I do not doubt, in fact I know that he entertained precisely the same fears that Mr. Manning entertained.

Mr. President, I have said before that I believe every Secretary of the Treasury has been imbued with the same sentiment and controlled by the same influences, and I have said that that is not the exception in this present Administration; nay, more, I have said that I doubted whether it would not always be the case, whether the people could succeed in putting into that great Department of the Government a man who would be in sympathy with them. It is nothing to me what Mr. McCulloch may have done; it does not excuse the transaction of which I have spoken.

Mr. President, I want to revert to one thing now before I leave the question of free coinage, and to say that the American people are not so much alarmed about a silver basis as the Senator from New Jersey. In 1880 the then Secretary of the Treasury gave notice that he would receive gold for silver certificates, and now the highest character that a silver certificate has is that it is paid in silver dollars. The certificate can not be more valuable than the dollar in which it is payable. It may be more convenient, but it can not be more valuable than the dollar. He gave this notice on the 18th day of September, 1880, and for some reason, I do not know what, revoked it November 1, 1881, and during that time \$80,000,000 of silver certificates were exchanged for gold.

Eighty million dollars of the gold now hoarded in the Treasury, or that has been there in the past, was practically put there by the exchange of silver dollars. Yet the Senator from Ohio and the Senator from New Jersey and other Senators will tell us that we are in danger

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of a silver basis if we go to free coinage, and that will be a public calamity.

Mr. President, I am not afraid of free coinage; the people are not afraid of free coinage. What they are afraid of is contraction. What I am afraid of is an attempt to do the business of the world on one of the money metals. I realize that the day for the use of money metals in the way of coin passing from hand to hand is practically over, but if you have paper money there must be a coin basis. It is useless to talk about it and say we can maintain a large amount of paper without coin. I do not so believe. I believe that the base must be as broad as possible. It is too narrow to put it on gold. The necessities of the country will demand more paper than the gold will carry. There must be a certain relation, as all political economists declare and as our experience proves, between the amount of paper and the metallic money for which it is to be exchanged if the citizen holding the paper desires to so exchange it.

Nay, more than that; the credit of the world, which is infinitely greater in the transactions of mankind than the money which discharges money duty, infinitely greater in enterprises and useful to a greater degree than all the money, either paper, gold, or silver, must be based also upon metallic money, and when you get an excess of credit over and above the metallic money, then there is a breakdown in the credit. That has been the history of finances everywhere. So metallic money is absolutely essential not only for international trade, but it is essential for stability of domestic trade as well, in my judgment. I do not believe that you can do business without it, and because if you attempt to do it you must contract the currency and put the people upon a short supply of money. I have said that this question is one of vital importance, of importance to the people of this country, who have suffered from contraction inaugurated in the administration of McCulloch and kept up until this time.

It was Mr. J.-B. Say, a French political economist, who declared that Europe had suffered fifty years of war because of errors in political economy. Another politico economical writer declares that the sufferings of the human race have been greater by mistakes in political economy than by all the great wars. While that may seem an exaggeration, yet I believe it to be true. I believe to-day the whole world is suffering from contraction. Silver has been practically demonetized. While France maintains it at parity with gold by an effort, while Germany maintains it in a limited quantity, and while we maintain a limited amount of it, yet practically silver has ceased to be the money of the world; yet the world without exception is demanding its return to money. A great party has risen in Great Britain. A telegram was read the other day from Mr. Gibbs, ex-governor of the Bank of England, in which he says:

The bimetallist party in the United Kingdom, now including over one hundred members of the House of Commons, attach the greatest value to the debate about to commence in your illustrious Chamber.

I have here a statement of the representatives of the different countries in the conference of 1881 who said that they were in favor of silver. France was in favor of it; Russia was in favor of it; Italy was in favor of it; The Netherlands were in favor of it; Belgium was in favor of it, at least one of her delegates; the German people were demanding it. It was declared that there was a sentiment all over Europe in

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favor of the use of the two metals. But we have not succeeded in getting the two metals into use.

An illustrious and distinguished writer, Mr. Alison, in speaking of the decline of Rome, declared that the decline of Rome and its final destruction were to be attributed to the lack of money, and Mr. Hume says the same thing. The historian Arnold says the same thing, that it was the lack of money. Rome, that had been the mistress of the world, that had dominated all the civilized races, that had taken tribute from every country on the face of the earth then known to man, went down into darkness and oblivion and disappeared from the map of nations for the want of money. Alison and other historians say that the Dark Ages were the result of a lack of money. The money shrank from the days of Augustus from £385,000,000 to £34,000,000 when Columbus set sail for the Americas, and with it had come darkness and blight, a lack of enterprise, a lack of industry. The world in 1492 was but little further advanced in civilization than it was before the christian era.

The whole human race were in darkness. There had been a little light given, it is true; there had been a little progress for the preceding hundred or two hundred years, but there was great darkness, and Alison says, when he speaks of Columbus, that when he set sail he bore the fortunes of mankind in his bark. He did, Mr. President. He discovered this continent, and then there was produced from this continent gold and silver which gave new impetus to trade and commerce. Circulation was increased, and little by little business revived, and with the revival of trade came civilization. It is a notable fact that the highest civilization, the highest culture, was in the regions that got the most of America's money. For forty-five or fifty years, or more, the influence was scarcely felt. Then came the great discoveries of Potosi, where three or four times as much money as had been in circulation was poured into the marts of trade, and then the world took new heart and new courage, and business revived everywhere and civilization sprang forward.

Mr. President, it is as impossible to do business without money and to have civilization and progress and culture as it is to have human happiness without light and air. It is indispensable. There is no nation that ever made progress that did not have a sufficiency of money. Therefore we bring this question before the American Senate, and it is a question of vital interest to the people of this country. It is a question whether we are going to continue our advancement or whether we are going to stand still. It is a question whether the continual drop in prices of fifteen years is to continue to the enslavement of men, to the suspension of enterprises, and to the especial destruction of the debtor class, the great, numerous class in this country as in all others, the class that create, the class that make and sell and buy things, that make civilization and culture possible—it is a question whether they shall be ground down under the iron heel of the creditor class or whether they shall have a fair opportunity for existence.

Mr. President, I insist that the men who prophesied in December, 1873, when we passed the Bland bill, are not to be heeded as prophets to-day. I say that, if the Bland bill did not at least bring prosperity, it saved us from absolute bankruptcy in this country. It saved us from distress unparalleled. The American farmer is complaining in every portion of this country. There is a voice of discontent coming up from labor, labor organizations, farmers' associations. But that is not con-

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fined to this country. It is as great in Great Britain; it is as great in Germany; it is as great in every other country that I can mention save and except France, where there is perhaps a sufficiency of money, France having \$45 of gold and silver per capita, according to the statement of the Treasury Department, and we having, according to the same statement, \$22 per capita, which is not a correct statement after all, for we have not that amount.

I wish to call the attention of the Senate very briefly to what was said when the Bland bill was before this body, and I wish to see whether the prophecies indulged in by the then advocates of the single standard and the now professed friends of silver were true. We were told not only by members of this body, but we were told by the then Secretary of the Treasury, in a statement before the committees of the House and Senate, that \$50,000,000 of silver money would drive all the gold out of this country, and every man who doubted that was regarded as an inflationist, as one who desired to have cheap money at the expense of the best interests of the country. Let us see if that was true.

During the ten years preceding the 31st of December, 1877, we produced in the United States not less than \$425,000,000 of gold and of silver not less than \$270,000,000, or a total of gold and silver of \$695,000,000.

Yet in the month of February, 1878, when the Bland bill became a law, our total amount of gold and silver, exclusive of subsidiary coin, was less than \$180,000,000, of which \$167,500,000 was gold.

During the ten years named, that is the ten years preceding December 31, 1877, we had exported \$335,000,000 more gold than we had imported, and \$185,000,000 more silver than we had imported, making \$520,000,000 of gold and silver in excess of imports.

During the ten years succeeding the passage of the Bland bill we imported \$198,634,763 of gold in excess of our exports and we kept at home our own production, amounting to more than \$420,000,000.

So that in ten years we added to our stock of gold more than \$600,000,000, less what might have been used in the arts; and our stock of gold is now estimated by the Treasury Department to be \$684,000,000. With less than \$180,000,000 gold and silver, exclusive of subsidiary coin in 1877, we now have of gold and silver \$1,038,000,000.

Surely the coinage of silver did not drive gold out of the country, nor did it keep it out.

We were told that it would ruin the credit of the Government; that we would be unable to refund our debt at reduced interest.

We refunded our debt on most favorable terms, and Government bonds became the most desirable of all securities, at a rate of interest unheard of before 1878. And since that time we have reduced the public debt by more than a thousand million dollars, and we have paid the interest promptly, according to contract.

We were told that the coinage of fifty or a hundred million dollars would destroy the prosperity of the country and would be destructive of all financial enterprises.

The national banks had in 1877, capital stock	\$417, 128, 771
Undivided profits and surplus	172, 148, 365
Individual deposits	604, 512, 514
Specie	32, 907, 750

Total resources	<u>1, 226, 697, 400</u>
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The national banks in 1889 had, capital stock	\$612, 584, 995
Undivided profits and surplus	282, 260, 629
Individual deposits	1, 475, 667, 560
Specie	164, 326, 448
Total resources	2, 534, 839, 632

Mr. President, it is apparent that the silver act of 1878 did not drive gold out of the country, did not keep it out, and did not destroy financial enterprises.

During the preceding ten years our imports of merchandise had exceeded our exports of merchandise by \$399,426,600. That is, we bought more than we sold by that amount.

During the ten years succeeding—that is, 1878 to 1887, inclusive—our exports of merchandise exceeded our imports of merchandise by \$1,381,864,180; and this was not because our imports fell off, but by reason of increased exports; for during the ten years mentioned our imports of merchandise were more than \$6,200,000,000, which was more than \$1,000,000,000 more than our imports of any other ten years of our history.

So the coinage of silver did not destroy our foreign trade.

And the coinage of silver did not injure or disturb the business of the country.

What would our financial credit be without silver money?

Who dare contemplate it? Who dares to suggest that we discontinue its use as money?

It is said by the ignorant or dishonest that it is not a suitable money metal. The history of the world disproves this assertion. It has been the foremost money of commerce, and is in daily use by three-fifths of the people of the world in preference to gold.

Its demonetization by Germany in 1871 and the United States in 1873, the closing of the mints of the Latin Union in 1874, has inflicted great evils on the human race.

It has brought disaster and poverty where there was prosperity and wealth.

It has increased the burdens of the debtor and filled the courts of bankruptcy with its victims.

It has put a clog on civilization and retarded the progress of the human race.

If its dire effect has passed the palace of the rich, it has industriously sought out the home of the poor and people of moderate means.

It has depressed prices of all the products of labor lower than they have been in one hundred years.

It threatens to return us to the prices of the fifteenth century, and, with such prices, the degradation that comes of ill-paid labor.

It threatens us with all the evils of a discontented population, who find the burden of debts and cheap products too great to be borne.

The measurement of all values by gold has caused a continued dropping in prices since 1873.

Notwithstanding so much has been said about the fall in the price of silver, an ounce of silver bullion will buy more of the products of the country than it would when it sold for 62 pence per ounce in gold.

I have taken the pains to get from the Treasury Department a statement of statistics that I desire to put in as a part of my remarks. This table is made in periods of five years.

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Table showing the annual average export prices of the following-named domestic commodities for each of the quinquennial periods ending June 30, 1873 and 1889; also the average value per ounce of fine silver during the same periods, showing the decrease in values in United States money and in percentages.

Commodities.	Average export price for the five years ending June 30—		Decrease in price during the five years ending 1889, as compared with the five years ending 1873.	
	1873.	1889.	United States money.	Percentage.
Bacon and hams.....pound...	\$0.119	\$0.084	\$0.035	29.4
Butter.....do.....	.256	.166	.090	35.1
Cheese.....do.....	.140	.092	.048	34.3
Corn.....bushel...	.793	.508	.285	35.9
Cotton:				
Unmanufactured (not Sea				
Island).....pound...	.203	.099	.104	46.8
Cloth, colored.....yard...	.190	.065	.095	59.4
Cloth, uncolored.....do.....	.143	.068	.080	54.1
Iron and steel:				
Bar-iron.....cwt...	5.326	3.183	2.143	40.0
Pig-iron.....do.....	2.184	.953	1.231	56.4
Railroad bars.....do.....	4.071	2.169	1.902	46.7
Lard.....pound...	.134	.076	.058	43.3
Leather.....do.....	.237	.185	.072	28.0
Rice.....do.....	.005	.035	.010	15.7
Sugar:				
Brown.....do.....	.103	.056	.047	45.6
Refined.....do.....	.130	.066	.064	49.2
Tobacco, leaf.....do.....	.105	.091	.014	13.3
Wheat.....bushel...	1.360	.874	.486	35.7
Wheat flour.....barrel...	7.029	4.703	2.326	33.1
Wool, raw.....pound...	3.9	.223	.086	27.8
Silver, fine.....ounce...	1.320	.982	.338	25.6

TREASURY DEPARTMENT, BUREAU OF STATISTICS, *January 4, 1890.*

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

Hon. H. M. TELLER,

United States Senate Chamber, Washington, D. C.

Mr. President, that proves that silver as bullion will buy more of the products than it would in 1873, or the period I have mentioned.

It is said by the advocates of the gold standard that it is practically immaterial what prices the farmer gets for his produce, the merchant for his goods, the laborer for his hire provided that everything falls. That is true. It was said by the Senator from Nevada [Mr. JONES] the other day that the country could be put upon a basis of a little money if everything could be put on that basis, if everybody could start anew. What is the difference whether we give 10 cents a bushel or a dollar if everybody starts alike? That is, if nobody has any contracts out, if nobody owes anything. Money is not simply to make exchanges. Money is not simply to measure values. It is to discharge indebtedness; it is to complete contracts.

As to contracts made in 1873 or prior thereto, it is true gold was at a premium, but it takes from 35 to 40 per cent. more wheat and corn and oats to pay the debts contracted in 1873 than it would take to have

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paid them then in gold. If a farmer had contracted in the period I have mentioned to pay a certain amount and expected to sell hams and bacon to make payment he must under present prices, or the prices at the beginning of the year, when this table was made, sell 141 pounds where before he would have paid by the sale of 100 pounds. If he contracts for butter he must sell 152 pounds where he would have paid by the sale of 100 pounds before. If he contracts for corn he must sell 151, and cotton 154 where he would have sold 100 pounds before. If he is a raiser of wool and depended on his wool crop, where he expected to pay a certain sum with the sale of 100 pounds he must add 30 pounds to it. So it is through all the products of human labor.

I repeat, if we could all start in the same place and on the same plane, having the same amount of goods and owing no debts, there is but little difference how much money you start with; but when you make a contract upon the basis of the money in existence and the money is suddenly contracted, what is the result? More products are demanded, more corn and more wheat. What is that but a legislative change of the contract?

Mr. President, the act of 1873 was equivalent, as I have said before, to adding to every debt in the land, private and public, if to be paid to-day, from 30 to 33 per cent. more than the party contracted to pay. Suppose the attempt had been made by the creditor class by law to add to their holdings 30 per cent., to compel the debtor to give them 30 per cent. more of money or products, the whole country would have been in arms; there would have been revolution and war, and rightfully, too.

What right has the Government to do by indirection what it dare not attempt to do by direction, and what the moral sense of mankind would be shocked at the suggestion of doing, to add to the debt of all the people of this great country, to compel the wheat-grower to add fifty more bushels to every hundred, when he pays his debts by the sale of wheat?

Ah, Mr. President, it is not only that. It is not simply that he has to give more hours of labor, more time, more sacrifice. He may be rendered absolutely unable to meet his engagements. The wheat-grower who was farming his farm to the full extent, the cotton planter who was cultivating his land to the full extent, is called upon to add 50 per cent. to his culture. But he can not do it; he does not have the land; or, if he can do it, the fall in the price of cotton and wheat may make it so low that he is actually working without a profit, and then bankruptcy stares him in the face.

Mr. BLAIR. I should like the Senator to state in that connection the further fact, if it is a fact, and I understand it to be, that the several necessities of life he has mentioned, like wheat and corn, have not increased in production, in quantity, so as to account for the declination in price. How is that?

Mr. TELLER. I do mean to say that the Senator asserts that, but he is attracting my attention to the claim of overproduction, the claim that we have heard for the last twelve or thirteen years in this body, whenever any one complained of falling prices. It has been said there is overproduction. The witnesses who went before the British commission on the depression of trade were many of them prolific in that statement, that the fall of prices in Great Britain had been because of overproduction or overcompetition. Yet very many of the most intelligent witnesses declared that there was no overproduction, and the witnesses asserted, I think as a pretty general rule, that there had

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been no cheapening of the creation of products of any kind to justify the fall in prices or to explain that fall. Now, the Senator wants to know if there has not been more corn and wheat and oats and hay raised—

Mr. BLAIR. I will say to the Senator that I do not want to know how that is, but I desired the Senator in that connection to state the fact.

Mr. TELLER. Very well. The Senator asks me if that is not the fact.

Mr. BLAIR. No; I do not ask if it is not the fact that the declension is on account of increased production. I understand precisely the reverse, and I thought it essential that the Senator should state in this immediate connection that the decline in prices is not owing to an increased quantity or an increased production.

Mr. TELLER. I will give my view upon that subject then, if that is what the Senator wants.

Mr. BLAIR. I thought it important to the country to have the Senator state it.

Mr. TELLER. As I have stated, the claim of overproduction is a general claim to account for low prices. I do not mean to say that the Senator has that view. We have heard it here recently, and when we have shown that in the same articles in this country the prices have gone lower and lower, with smaller production, it has been said it was because of an overproduction in other sections of the world. It is pretty difficult to meet that sort of a statement when it is said it is overproduction somewhere else.

Mr. President, what the trouble is in this country is underconsumption. That is where the trouble is. It is a lack of demand, a lack of ability to buy. Now I will call the attention of the Senator from New Hampshire to a statement I have here of agricultural prices that will perhaps illustrate the question of overproduction as well as anything that I can present to him.

AGRICULTURAL PRICES—CORN.

The average production of corn during the years 1880, 1881, 1882, 1883, and 1884 was 1,575,144,286 bushels.

The average price was 61.1 cents per bushel, and the average value was, in round numbers, \$962,000,000.

The average production during the years 1885, 1886, 1887, 1888, and 1889 was 1,831,452,000 bushels.

The average price was 50.8 cents.

The Senator will see, if he will take the trouble to figure on this and some of the subsequent statements, that the increased production of corn bears a very close relation to the growth of population, and that the decrease in price bears no relation to the increase in product.

The average value of the corn crop for the period I have named, from 1885 to 1889, was in round numbers \$930,000,000. In 1889, when the crop was very much larger, it will be seen that there was a falling off in the total value.

With a crop of 256,000,000 bushels more than the average during the preceding five years, it brought \$32,000,000 less.

This estimate is based on the average price of corn for five years at ports of export. If we compare the value of the great crop of 1889, 2,112,890,000 bushels, with the crop of 1880, 1,717,434,000 bushels, we find an excess over 1880 of 396,458,000 bushels.

The crop of 1880 was worth 54.3 cents per bushel, or a total in round

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numbers of \$932,000,000, while the crop of 1889, computed on the price of December, 1889, January and February, 1890, was worth only \$762,000,000, or a difference in favor of the smaller crop of \$170,000,000.

Mr. ALLISON. I think the whole question is not stated clearly, if the Senator will allow me to interrupt him for a moment, unless it be also stated that the things which corn would purchase have also decreased, perhaps not in the full proportion, but certainly very near the full proportion, and that the price of corn of which he speaks is measured in gold, and not in commodities.

Mr. TELLER. That is true. I wish to say to the Senator from Iowa that there are some things which have not fallen. Taxes have not fallen. Mortgages have not fallen. Interest has not fallen.

Mr. COCKRELL. United States bonds.

Mr. TELLER. United States bonds have not fallen.

Mr. GEORGE. Salaries.

Mr. PLATT. Interest has fallen in some places.

Mr. TELLER. Interest has fallen in some places, but the men who made contracts when corn was worth 61 cents a bushel find themselves compelled to pay interest contracted for then with corn at very much less.

Mr. COCKRELL. It is 15 cents now.

Mr. TELLER. It is 15 cents now, as the Senator from Missouri suggests.

Mr. ALLISON. Mr. President—

The VICE-PRESIDENT. Does the Senator from Colorado yield to the Senator from Iowa?

Mr. TELLER. Certainly.

Mr. ALLISON. With the promptings of the Senator from Missouri, etc., and a personal allusion made by the Senator from Colorado because I interrupted him with a statement of fact which I think worthy of statement in this connection, it is not necessary for the Senator to address himself to me as to the other points, because I may agree with him on all of them.

Mr. TELLER. I hope my allusion to the Senator was not offensive to him. I did not mean it to be so at least. I have no doubt the Senator knew all about it. I have no doubt he has heard the complaint of the people of his State, and that he is just as anxious as I am to remedy the evil.

Mr. BLAIR. I hope the Senator from Iowa will take all this in good part. I rose with the effort to draw from the Senator from Colorado a fact in the direction of his argument, and am in full sympathy with his argument, trying to help him, but the Senator has been so accustomed and under such necessity to combat gentlemen from the East that he supposes his friend was really his enemy.

Mr. TELLER. I am glad to welcome a recruit from the East. I am glad to find that the Senator from New Hampshire is on my side of the question.

Mr. PLATT. Will it interrupt the Senator if I say a word?

Mr. TELLER. Not at all.

Mr. PLATT. I do not understand the Senator to say that the question of increased production has no relation to prices. I suppose the Senator will admit that the old rule of supply and demand and those elements considered together enter into the relation of prices.

Mr. TELLER. I have not said that they did not. The demand, of course, is the main thing. When I get through with giving some of

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these statistics I shall speak of my view about that. I admit, of course, that supply and demand have much to do with the prices. I think I shall show the Senator before I get through that when the supply is less and the demand greater the prices still grow lower.

Mr. PLATT. For instance, I suppose the Senator would admit that if it were possible that the increased production of silver next year should equal 50 per cent. over last year and there was no additional demand for it, the price of silver would fall.

Mr. TELLER. Undoubtedly, with the mints closed.

Mr. President, I will proceed with this table. It is somewhat instructive.

If we compare the great crop of 1889, 2,112,892,000 bushels, with the small crop of 1882, 1,617,025,100 bushels, there is a difference in favor of 1889 of 495,866,900 bushels.

The value of the crop of 1882 was	\$1,080,000,000
The value of the crop of 1889 was	762,000,000
Difference	318,000,000

Corn is cheaper than it has been since 1825, except a short time in 1887. During the great panic of 1857 corn brought more money than it will to-day, and the average price throughout the year was nearly double the price of to-day, or 69 cents, against 36 to 37 cents, in New York.

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

Mr. TELLER. Certainly.

Mr. GEORGE. Was the production of corn last year excessive? Was it much larger than usual?

Mr. TELLER. It was not. The export will be, as it always is, small, and the total crop will be consumed.

I call the attention of the Senator from New Hampshire, and other Senators for that matter, to the production of wheat in this country. Wheat has been a great article of export for American farmers. We have sent a large amount of wheat from time to time abroad, and it has been a source of profit.

WHEAT.

In 1880, 1881, 1882, 1883, and 1884, a period of five years, the average production of wheat in the United States was 443,973,317 bushels. Its average price was \$1.147 per bushel, and the average value of the crop was \$532,177,394. In 1885, 1886, 1888, and 1889, the average production was 435,417,400 bushels and the price was \$0.874 per bushel; average value of the crop ¹¹¹ round numbers, \$400,000,000—a difference of about 8,000,000 bushels in yield, yet a difference of \$132,000,000 in value.

It can not be said that this is due to overproduction, for in 1880 we produced 498,549,868, and the price was \$1.245 per bushel. The value of that crop was \$620,694,585.

The crop of 1882 was 504,185,470 bushels, and the average price was \$1.185, and the value of that crop was \$597,459,981.

The crop of 1882 was less valuable than the crop of 1880 by \$23,234,904, while the crop of 1889, only about 8,000,000 bushels less than the crop of 1880, was worth only \$440,033,320, or \$180,661,265 less than the crop of 1880.

It will be observed that the average yearly product of the first five years of the decade is larger than during the last five years, and with

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a smaller crop continue to come smaller prices per bushel, or a fall of 23.9 per cent. or 2.73 cents per bushel; and it is cheaper to-day than on June 30, 1889. I believe, since I made these figures, with the advance of silver wheat has advanced correspondingly and corn also.

It is said that this fall in the price of wheat is due to new wheat-fields, cheaper production, etc. While new wheat-fields have been opened and production driven to the cheap lands, yet it has not been cheaply produced. If wheat does not bring at least \$1 at the ports of export, it is certain that it has not been raised at a profit. The price of wheat at the place of export governs the price of wheat in other parts of the country; and at a price less than \$1 at such points it may be assumed that the farmer is raising wheat for a bare subsistence, but not for profit.

Mr. President, I make that statement as to the profit upon the best evidence that I can get from the most enterprising and thoroughly informed farmers of the country.

If it is still claimed that the low price of wheat is due to overproduction, I call attention to the fact that after deducting the exports from the crop of 1880 we had left for home consumption 318,000,000 bushels, and the price was \$1.245, while the next year, 1881, we had only 258,000,000 bushels left for home consumption and the price fell to \$1.114, and that in 1885, when there was left for home consumption only 262,000,000 bushels, the price was only 86.2 cents per bushel.

That shows that it is not overproduction, for, after deducting all exports, the large crop of 1880 of 318,000,000 bushels brought \$1.245, while the 258,000,000 bushels of 1881, the next year, brought only \$1.114.

If it is claimed that the fall in price is due to overproduction in other parts of the world, I deny it. The average yearly production of the world is not far from 2,100,000,000 bushels. In 1888 it was 53,000,000 bushels more than in 1885, while the crop of 1885 was 68,000,000 bushels more than the crop of 1886; yet the greater crop of 1885 brought the highest price per bushel.

During the last twenty years our average consumption of wheat has been about 5½ bushels per capita. This is a smaller estimate than that of political economists, but is doubtless correct. According to this we ought to consume out of the crop of 1889 about 340,000,000 bushels, which will leave us 150,000,000 for export.

The difference in price between that of 1880 and the price of 1889 is what the farmer loses on his salable wheat by the decline since 1880. If we deduct for the farmers' home use 50,000,000 bushels, this loss must be counted on 440,000,000 bushels, and the loss will be about \$160,000,000. But if it is said their loss is the gain of those who do not raise wheat, but buy it for their use, we must consider that the difference in price of the 150,000,000 bushels exported is a loss to the country of \$55,000,000; besides, it should be borne in mind that the power to purchase other productions has been taken away from the farmer to the extent of his loss, although that loss may be made up by the gain of somebody else, but that does not help the farmer.

The low price of silver has stimulated the export of wheat from countries using silver or having a depreciated paper money, notably India, a silver-using country, and Russia, with a depreciated paper currency.

In 1880 India exported 4,000,000 bushels and Russia exported 36,000,000 bushels, a total of 40,000,000 bushels.

In 1888 India exported 32,000,000 bushels and Russia 126,000,000 bushels; total, 158,000,000 bushels.

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In 1880 the United States exported 180,000,000 bushels and in 1888 119,000,000 bushels; difference between 1880 and 1888, 61,000,000 bushels.

In 1889 we exported 88,000,000 bushels; difference between 1880 and 1889, 92,000,000 bushels.

During the last six years the average export of India wheat has been about 35,000,000 bushels. The increased export of India wheat is not due wholly to cheaper transportation, as is sometimes asserted, nor to cheaper wheat in India. The price of wheat in India is substantially the same that it has been for years. The India mints coin silver at a ratio of 1 to 15, and at that ratio the mints are open to all the silver offered for coinage. The purchasing power of coined silver is as great in India to-day as it was when silver sold in London for 62 pence per ounce.

An ounce of pure silver at the ratio of 1 ounce of gold for 15 ounces of silver is worth \$1.376, and that is its mint value, less the small amount charged for mintage.

During the last year silver has sold in London for 92 to 95 cents per ounce. The holder of India wheat, selling his wheat in Liverpool for gold, buys silver bullion at 92 to 95 cents per ounce, takes it to the mints of India, coins it into rupees, and thus clears not less than 38 to 45 cents on each ounce. If he sells his wheat for enough per bushel to buy one ounce of silver, he has in fact received the value of the ounce of silver, after mintage, less the small charge for mintage and transportation; say, from \$1.35 to \$1.36 per bushel for his wheat.

The American wheat-grower must sell his wheat at the same price that the India merchant does, and take his pay in the same metal, gold; but if he buys silver with the price of his wheat he can not coin it and he can make no profit. So the India wheat-grower has the advantage over the American wheat-grower of from 38 to 45 cents on a bushel.

The business of Russia being conducted on a depreciated paper, the premium on silver in that country is a bounty to the Russian wheat-grower, and that is the cause of the large increase in Russia's export of wheat. This is true of Chili and other South American silver-using countries, who buy cheap silver and coin it into dear money.

Our financial policy applied to silver (a policy that we borrowed from England) has put our farmers in competition with the ryot of India, the serfs of Russia, and with the labor of all the countries of small wages and poor living.

It has put the farmer (outside of the vicinity of great cities) in the position of farming "not for profit, but simply for bare subsistence."

It compels him, in order to meet obligations assumed under different and better conditions, to raise and market from 40 to 60 per cent. more to discharge his obligations than he was required to raise at the time he incurred such obligations.

If he has an abundance of land and can make a greater crop, he may escape bankruptcy, but if his farm is so small that he can not increase his crop to keep pace with falling prices he is ruined, for his principal and interest and taxes remain the same as when the profits from the farm were much greater. A fall in the price of wheat of 35 per cent. may destroy all profit, and even if he double his crop he may have no profit.

We can hardly expect to maintain the prices of 1870, when we were doing business with a depreciated paper money, but we ought to be able to maintain at least the gold prices of 1870; that is, a bushel of wheat

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or corn ought to buy to-day as much gold as it bought in 1870, unless there are special causes for lower prices.

In 1880, one year and more after resumption of specie payment, 1,000 bushels of wheat was worth in New York \$1,250; to-day it is worth \$800 to \$850. This is an estimate based upon coin, and not greenbacks. If the holder of wheat has the very best in the market he may realize \$1,250 by the sale of a little more than 1,400 bushels, but if he has the average marketable wheat he will be required to sell more than 1,500 bushels to realize that sum. If he sells corn he must sell 1,550 bushels to realize the amount he could have got for 1,000 bushels in 1880, and corn was cheaper then than it had been since 1855. If we consider the price of corn in New York in 1870, on a gold value, it will take now more than 2,000 bushels of corn to buy the same amount of gold that 1,000 bushels would buy in 1870. It takes twice as many pounds of cotton now to buy the same amount of gold that it did in 1870.

It is no relief to the farmer to be told that he is no worse off than the farmers of Great Britain, nor does it relieve him to be told that he is raising too much; that there is overproduction of all farm products; that what he needs is a better market. The average American farmer does not depend on one crop or one kind of produce; he raises corn and wheat, or cotton and corn-beef and pork, and he finds all that he raises brings small prices and that the price grows less each year.

If the American farmer has suffered because of the mistaken financial policy of England, followed by the United States with slavish subserviency, the English farmer, not having the many natural advantages possessed by the American farmer, has suffered much more.

I have here a statement made in March, 1886, by the senior land commissioner of Great Britain, Sir James Caird, before the Royal Commission of Trade and Industry, which I have had copied. I do not desire to read it, but I desire to put it in the RECORD. I desire that the American people may see what this financial policy with reference to silver has done for the agriculturists of Great Britain as well as this country.

Mr. Caird came before the commission and said he was the senior land commissioner of England; that he had prepared himself to give his testimony before the commission as to the condition of the agriculturists of that country.

His statements were quite startling, and can be found in the second report, on page 293 and the subsequent pages to, and including, page 308.

One member of the commission spoke of the statement as "having regard to the very fearful condition of things as shown by you." (7795.)

The condition of 1886 was compared with ten years before, and it was stated that on an average the landlords had lost 30 per cent., the tenants 60 per cent., and laborers 10 per cent., or a total loss to tenants, farmers, and landlords of spendable income of £42,800,000 during the last year; and in this estimate Ireland was not included. He declared that the price of wheat had been less each year (except the year 1877), and the loss to farmers on wheat, comparing prices with the price of 1874, had been, ten years, £97,100,000, or nearly \$500,000,000. He declared that the Irish agriculturist no longer "farmed for profit, but simply for bare subsistence."

It was asserted that while wheat had fallen more than other farm products all farm products had fallen below the price at which they

could be profitably produced. Barley has fallen in price within five years 40 per cent. The fall in the price of wheat from an average of the preceding fifty years was 34 per cent.

Mr. President, I ask that I may be allowed to put this in without reading.

7664. (CHAIRMAN.) You are the senior land commissioner for England, I think?

I am.

7665. Have you made any inquiry into the loss sustained in recent years by land-owners and farmers in this country, and as to how such loss may have influenced the general depression of trade?

I have, and I may state that those inquiries have extended over Great Britain with the exception of some few counties, and have been made by gentlemen resident within the districts to which they especially answer the questions, and men, I think, very capable of forming correct opinions upon the subject. They are the inspectors under my office, the land office, and are conversant with all agricultural subjects within their districts. They are men of the districts within which they are placed, and are intimately acquainted with the circumstances of landlords, tenants, and laborers, and they have said that they have used their best means of information and consideration upon the questions which I sent down to them specially to answer.

(The questions which I put to those gentlemen, and requested from them the best answers that it was in their power to afford, were three: First, with reference to the counties of which you have knowledge, how much per cent. do you estimate the present loss of spendable income, first by the landlords, secondly by the tenants, compared with ten years ago, and how far that has diminished their power to spend, regarded as a factor in the general depression of trade? That was the first question that was put. The second question was: Has the production materially increased in the last twenty years in consequence of the expenditure of capital by landlord and tenant, and can you offer any estimate per cent. of such increase? And the third question was: Has there been any recent fall in the wages of labor, and how much per cent.?)

These were the three questions to which I understood it was desired by your lordship and this commission that I should endeavor to find an answer. I have abstracted the answers to these questions and will shortly go through each one of them, beginning with the northern county of Northumberland and coming down the east coast, and having got to the south coast of England I shall go back to the west coast and come down it, and finally take some of the more cultivated districts of Scotland.

Beginning with Northumberland and the adjoining counties, and part of the borders of Scotland, the answer is that on the farms which are chiefly arable the landlord's loss of spendable income is 40 per cent. The spendable income, as I would define it, would be what was left after meeting the usual charges upon the estate, and therefore any reduction of rent or other loss of rent would mean a diminution of the spendable income.

7666. (Mr. JAMIESON.) As a charge in ascertaining that spendable income, do you include the expenditure on up-keep and repairs, or do you look to the merely necessary legal charges?

I requested my correspondents to consider the usual expenditure upon an estate in up-keep and repairs and all other charges; but there are extraordinary expenditures as well in many cases now.

First, 40 per cent. loss on farms which are chiefly arable; secondly, upon farms which are half pasture and half arable, 30 per cent.; on hill farms, where it is all moor or grass, 20 per cent. That is with regard to the landlords. With regard to the tenant, my informant puts down in the first case—that is, chiefly arable farms—capital ordinarily lost, and no income as a matter of fact from the farm.

7668. (Mr. MUNTZ.) You did not give the commission the percentage to which the capital is reduced?

I can not say that.

On the first class, the chiefly arable farms, the tenant's loss is 40 per cent.; on the second class, 25 per cent., and very little income; and on the third class, 10 per cent., and very little income. With regard to the question of production from 1866 to 1876, it was increased by drainage and other improvements by 20 per cent. or more; but from 1876 to 1886 that was entirely lost by the succession of bad seasons and the impoverishment of the tenants and their inability to do full justice to the farms. With regard to wages, they have fallen 15 per cent. from what they were ten years ago to something like what they were at the beginning of the twenty years to which we have been referring. The rates have increased, especially on the present reduced letting value. That is to say, if you were dealing with a farm yielding £500 a year formerly, and it is now only

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worth £300, of course if the rates remain the same over the whole district they must press more heavily on the £300 than on the £500.

7671. I have here returns from two large farms, one in Essex and the other in Hampshire, in which the accounts are kept with the greatest possible care; and therefore the results are quite reliable. With regard to the first, the rent has been reduced 30 per cent.

7672. (CHAIRMAN.) I understood you to say that those were accounts that were very carefully kept for particular farms, and therefore probably would be a good guide for us?

Yes; I think you may take it that as between 1876 and the present time, ten years, the rent has been reduced recently with regard to the first farm 30 per cent., and the tenant's profit has been reduced 100 per cent.; there is no profit; the manures bought have been reduced 43 per cent.; the labor applied has been reduced 30 per cent., and the general expenses 10 per cent. This is purely a farmers' return in Essex. The Essex farm is on clay and gravel. The next farm, which is in Hampshire, is on chalk. The rent there has been reduced 25 per cent., and the tenant's profits 50 per cent., and expenditure for manures, cake, and everything of that kind, has been reduced 40 per cent. The expenditure on labor has been reduced 19 per cent., and the general expenses 20 per cent.

7673. Have you made any generalization of the results?

Yes; I have. The present as compared with ten years ago, as deduced by me from these figures which I have already given, would show on an average that the landlords have lost 30 per cent., the tenants 60 per cent., and the laborers 10 per cent., and putting that into figures it brings out that on £55,000,000 of rental for the United Kingdom the landlords' loss of 30 per cent. would be equal to about £20,000,000, and the tenants' 60 per cent., inasmuch as their income may be taken at half the rental, would be just the same, that is to say, 60 per cent. on half the rental is also £20,000,000. With regard to the laborers, there was a difficulty in estimating the amount of reduction; but I will place before your lordship the way in which I endeavored to arrive at it. I have taken of the lands shown in the agricultural returns, the whole of the lands in corn crops, and in green crops, in clover, and in saint-foin, at £1 an acre for labor expenditure—taking the broad view of it, it can not of course be regarded as accurate, but I think it approximates to it—that would be £1 an acre on 22,000,000 acres of land; and I have taken 5s. an acre on cultivated grass land, 24,000,000 acres for the United Kingdom.

7675. And you have only taken £1 on arable land?

The £1 is on arable and grass land regularly cultivated. I take that for the United Kingdom, knowing that the commission would desire to know as nearly as we could approximate to it what was the whole loss of spendable income. That brings out for labor £28,000,000, and 10 per cent. reduction upon that would be £2,800,000, and the total loss to the landed interest in spendable income for the last year comes out in that way to £42,800,000. Of course, I offer these figures with much caution, and one can only use them as approximate figures in any case; but, at all events, so far as the landlords and tenants go, they are deduced from the public returns, and I have explained the manner in which I have endeavored to arrive at the laborers' loss.

7688. Would you kindly say what you understand by the tenant's profit?

The tenant's profit that I have been taking here is his return upon the capital which he employs in the farm and the return necessary to guard him against unforeseen losses, and that which is also due to him for his personal superintendence and care.

7689. Would you include in his profit that portion of his maintenance which he derived directly from the farm and which is consumed by himself and his family?

That is always considered by the farmer.

7690. You would not limit the word "profit" to something which he is able to put by?

No; it means his full income.

7691. What do you mean by a tenant living on his capital?

If he had not any capital laid by and had to sell some farm stock and thereby raise the means of living, in that way he would diminish his power of fully cultivating the land.

7692. It means, then, that the tenants are making no profit at all?

Yes; getting no interest for their capital and no remuneration for their own skill and labor.

7731. You have given the reduction of the capital of the tenants; have you any doubt now that that capital has been very materially reduced although the tenants may have been all the time living upon their capital?

I have no doubt that it has been much reduced.

7732. So reduced, do you think, as to corroborate the evidence which was given that in one or two cases the farmers had to refrain from cultivating their farms as they were doing?

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Undoubtedly. I think not only in consequence of the reduction of capital, but the— * * * compared with the value of the home wheat crop in 1874, which was an average crop, and at the average price of the preceding twenty-five years, since the introduction of free trade, during which time the average was 6s. 9d. a bushel, the farmers' loss in quantity and quality and price in the ten following years, eight of which were bad seasons, works out to £171,000,000 or £17,100,000 a year on the average; but there would be no average, for some of the years were much worse than others. There has been some compensation for this in an addition to other crops and stock, namely: There has been 100,000 acres more barley and oats, worth £800,000, and 936,600 more cattle, worth £12 each, £11,232,000; but the reduction of 3,100,000 sheep at 30s. diminishes the gain by £4,650,000, making altogether a gain of £7,382,000 to be deducted from the loss annually on wheat of £17,100,000, showing a net loss to the farmers on the wheat crop alone in these ten years of £97,100,000—loss of spirit of late which has come upon the whole agricultural interest with regard to the impossibility of making a future profit.

7733. That they have lost their heart?

I would not say, perhaps, lost their heart entirely; but I say that it has very much diminished their hopes.

7758. Can you offer any estimate of the loss sustained by the wheat-growers by continuous bad seasons and by the lower price during the last ten years?

I have endeavored to do so.

7780. Do you suppose that the depression in agriculture has been greater in degree than that of other British interests of great magnitude?

I am speaking before gentlemen who are very much better informed upon that question than I am, and I can only venture to offer a calculation which has been made by a gentleman who placed it before me, and which shows that whilst the fall of price in all kinds of food up to 1885 was 25 per cent. the fall in iron, copper, tin, lead, and coals was 35 per cent.; in textiles, cotton, flax, hemp, wool, and silk, 32 per cent.; in sundry materials, hides, leather, indigo, and other things, 26 per cent.; and therefore it would appear that many of those great British interests are suffering from the fall of price quite as much as agricultural interest.

7795. Having regard to the very fearful condition of things as shown by you, particularly respecting the tenants, can you offer us any suggestion as to how that could within a reasonable period be dealt with?

I think it is a very ugly prospect altogether. On very good land in this country, whether for agriculture or for grazing, tenants will get on and sooner or later recover themselves; but on the poorer clay lands of the country I do not see the least hope for them.

7847. I am taking it for the last five years at the rather low figure of 45s. for the best quality of barley, and I am taking the recent fall to 28s., which shows a loss of something like 40 per cent.?

Here is the statement which I made upon that point. The fall in the price of wheat from an average of the preceding fifty years is 34 per cent.; that of barley, 18 per cent.; and of oats, 9 per cent.; and that is all taken by careful calculation.

Mr. President, I wish to call the attention of the Senate to the contraction that has taken place in Great Britain. I have here a statement which shows the contraction of money in Great Britain. There are two ways in which you can contract the money in a country. You can contract it by keeping it at a sum stated and let the population continue to grow. There is not, I will admit, any arbitrary rule to determine how much money there ought to be in a country. I do not know that anybody has ever attempted to fix an arbitrary rule. One country may require more than another. The richer the country, the more money it should have; the greater its activities, the more money it must have; the greater its volume of business, the more money it must have, and the greater its population, other things being equal, the more money it should have.

The Senator from Ohio who sits in front of me [Mr. SHERMAN], a member of the Finance Committee, stated in 1868 in a report he made to this body that the American people required a larger amount per capita of money than other nations of the world.

Mr. COCKRELL. In what report was that?

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Mr. TELLER. That was a report that the Senator from Ohio made on the proposition to decrease the amount of gold in the gold dollar.

Mr. COCKRELL. In what year?

Mr. TELLER. In 1868. I have it here, and I can show it to the Senator.

I believe that to be true. I believe a people spread, as we are, over a great extent of country, with such activities as ours, require a great deal of money. The people of Great Britain, who are equally, or nearly, as active, are confined to an area exceedingly small; and the same may be said of France and other European countries, while we are spread from the Atlantic to the Pacific, from the British line to the Gulf, and we do need more money; but just how much we need nobody appears to know, but all admit that we need more than we have.

Great Britain has now about twenty to twenty-one dollars per capita. They have no money tied up in their treasury. Their money is either in circulation or in the banks ready to do money duty. There has been, as I have shown, in the agricultural circles of that country extreme depression, but it is not confined to agriculture. It extends to every branch of human industry in Great Britain to-day, largely attributed, as I think I can show, to a contraction of the currency, by their failure to import gold for the last twelve years as they had before, and by their failure to increase their currency to keep pace with the increased activities of their people and the increase of population.

In the United Kingdom the net imports of gold from 1853 to 1865, inclusive, were £29,658,000, or an average of £3,707,000 per annum; from 1865 to 1876, the last inclusive, the net imports of gold were £50,108,000, or an annual average of £5,011,000, or say \$25,000,000 of our money a year. Those are the imports in excess of the exports. In the next eleven years to 1888, inclusive, the net exports were £1,207,000; that is to say, that £1,207,000 went out of Great Britain more than came in, and during that time it was estimated by a witness before the commission of which I have spoken that the gold on hand was reduced by use in the arts £26,000,000. This, added to the exports, makes the loss of gold in Great Britain during the eleven years I have mentioned, £27,207,000.

Now, had the imports during the eleven years I mentioned continued, there would have been fifty-five millions more of money in Great Britain, which added to the stock, estimated at £125,000,000, would give £181,000,000. That is, the circulation is now 31 per cent. below what it would have been if the imports had continued during the eleven years as they were during the preceding ten years. That is the same thing as a contraction, because, if the markets demand this £5,000,000 that comes in every year for the transaction of business and that has disappeared by use in the arts, it is apparent that there is left a vacuum there by a want of circulation. From the time that these imports of gold ceased then the price began to fall, and there has been a steady depreciation in all the products of human labor for the past fifteen or seventeen years; and it is claimed there, as it is here, that it is over-production, or it is improved methods of creation, or it is improved methods of banking, or something else. It is want of money.

The testimony before the board, which I have mentioned, to consider the depreciation in trade was almost universally that production had not become cheaper in proportion to the fall in prices, and all the practical men declared that it must be attributed to something besides improved methods of production and cheaper production.

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Mr. President, the Senator from Connecticut said that I would not deny the proposition that supply and demand had something to do with these questions. I do not. I do not ignore the fact also that valuable machinery has been added, that valuable agents to human labor have been discovered. I do not deny that. I do not deny that the skill of the laborer has become greater.

All these agencies tend to cheapen human products. But if these agencies cheapen human products, it is a natural and desirable result, and with such cheapening come the blessings that always attend properly paid labor, because the lower price will still pay the agent of production a fair consideration for his labor and his sacrifice. But the history of the world shows to-day that we are suffering from something else. It was William Jacobs who said in 1830 that if there was all over the world a general condition in finances, in industries, all must admit that that general condition must spring from some general cause. Now, we hear of cheap labor and cheap prices in every part of the world, and not only that, but complaints in every part of the world. If labor was properly being paid, if sacrifices were properly rewarded, if industry was properly compensated, there would be no complaints.

Does not everybody hear the great roar of discontent that is going up in this country to-day? I want Senators not to underrate that great complaint. Do you hear the uniform complaint that is being made by the people of this country against low prices, against the great weight of debt and the burden of taxation? Does anybody believe that is without cause? Are the American people inclined to grumble? Are they inclined to find fault? Has the world in its history presented men of more courage, men who have more resolutely compelled adverse circumstances to yield to them and to minister to their wants instead of destroying them? Is there anywhere a people who have taken hold of the natural advantages given to them and made so much of them as our people have done? They have made wonderful progress in the history of the world.

Are they complaining to-day without cause? Is this discontent simply the work of a few demagogues? Does not the farmer know whether he is being destroyed or not? Does he not know whether the mortgages are increasing? Does he not know whether he is bearing a burden that he can not stand erect under? Does he not know that something has gone wrong somewhere?

Who compose the American people? The farmers, the laborers, 20,000,000 strong, are the American people. We are accustomed to hear persons talk about the "business men" of the country, and I have heard within the last few days more than one person say, "You must be in sympathy in your legislation with the business men of the country." Mr. President, the business men of the country are the men who till the soil, who operate the machines, who work in shops and in mills, and who create. It is not the men who stand behind store-counters. It is not the men who deal in futures. It is not the men who handle money, checks, drafts, and money futures. They have but little to do with the creation of business and with production. The product of the farmers is infinitely greater than the transactions of the banks. I heard a Senator in this body once say that the product of the hens of the country was of greater value than the whole capital of the national banks.

Mr. President, there is something wrong in the financial policy of this country, and we are here now expected by the people, as they have

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a right to expect, to address ourselves to the remedy; that we shall attempt to find some way by which the burdens of taxation may be lifted, by which the people may have the ability to pay their debts; some way by which they may save their homes; some way by which the American farmer may continue to keep on the high plane he has occupied in the past, by which he shall be enabled to continue to send his sons to this body, as he has in the past, to send them into every department of life, fitted to discharge every duty imposed on them, and to continue to furnish the brains and the moral worth of the American people, as he has done for a generation or more. He can not do it weighed down by burdens; he can not do it if he can not have remunerative prices for his corn, his wheat, and his oats; his very independence is destroyed by cheap prices.

The very existence of this country depends upon the prosperity of labor and the laboring people. They believe and I believe and hundreds of people who have studied this question believe that the whole thing is here in our hands if we have the courage to give the people a sufficiency of money, good money, sound money, silver money, international money, money that has discharged the duty of money for all time, even if it drives gold out of the country. I do not want to see gold go. I want to see gold stay here if it can remain, and perform the beneficent functions of money in connection with silver, as it has done in the past. If it can stimulate industries, if it can promote happiness among men, then I want gold; but if you have got to have a gold standard at the expense of the best interests of the country, at the degradation of the best elements of society, then I am willing to see it go, and it can not go too quickly to suit me. But it will not go. It is a bugaboo that is brought here to frighten us from doing our duty as we see it and as the people to whom we are responsible see it.

There is in this body a majority of men who believe that righteousness and justice demand the free coinage of silver. Some of them may be deterred by fear of opposition from other quarters. They may be retarded by the fear that they will not be enabled to enact such a bill into a law. My duty is done when I have exercised my judgment here as my Maker gives me to see it, and not as the Executive or anybody else may see it, and I propose to do my duty from my seat here according to my understanding of what my duty is, and I believe that if every Senator here will do that we shall pass a free-coinage act, an act that will relieve the suffering industries of the prostrate people, will increase opportunities, and bring prosperity and happiness and content not to the farmer alone, but to every class of men deserving the good will and special attention of the legislative mind. [Applause in the galleries.]

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