

FREE COINAGE OF SILVER.

SPEECH

OF

HON. WILLIAM BAKER, OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Monday, March 21, 1892.

On the bill (H. R. 4426) for the free coinage of gold and silver, for the issue of coin notes, and for other purposes—

Mr. Baker said:

Mr. Speaker: There is a period in the history of every legislative body when it becomes their duty to raise themselves above party consideration and to stand upon the broad platform of patriotism.

Is such a period upon us now?

The question now before us for consideration is one, as I understand it, that must and will affect the interests directly or indirectly of all classes of citizens. Such being the case, it becomes our duty to inquire in what way will it affect them. Will it be for their betterment?

As a representative from an agricultural and stock-raising section of the West, I shall treat this question first from the standpoint of an agriculturist.

The basic principle upon which all wealth is founded is agriculture; and as no effect can exist in nature without an adequate cause to produce it, we shall inquire first what effect the free coinage of silver will have upon the agriculturists of this country. Will it bring to them prosperity; and if so, in what way will their prosperity affect other branches of industry? Can a nation as a whole be prosperous unless the agriculturists thereof are prosperous?

As the giant oak springs from a healthy germ planted in rich soil, nourished by sunshine and moisture, so must the agriculturist have the elements which are essential to give inspiration to thought, to quicken the pulse of inquiry, and to give vigor to mind and body, that he may be enabled to perfectly fulfill his mission.

This hypothesis we believe to be true, viz., that prosperity is essential to man's happiness, and that unless the agriculturist is prosperous he will be neither contented nor happy. This leads us to this inquiry: What changes have been wrought in his condition by legislation in the last twenty-five years?

Twenty-five years ago farmers owned their homes.

In fact they were then the most independent class of people in this country. A ready market was found for all their products, and each man was proud to say "I am a farmer." But how is it now? The farmer of to-day is in many cases a tenant at the will of a landlord. Does the farm cease to yield its natural increase? Does the farmer spend less hours in labor to-day than then? We believe the fault is with our legislation rather than our farmers. From 1860 to 1870 the average price of wheat in New York was \$1.99 per bushel. Corn was 96 cents per bushel; other farm products in a like proportion. From 1870 to 1880 farm products had declined, wheat from \$1.99 to \$1.38, corn from 96 cents to 63 cents; other farm products in like proportion. From 1880 to 1887 wheat had declined from \$1.38 to \$1.07; corn from 63 cents to 46 cents; other farm products in like proportion.

The man who bought a farm in 1865, paying \$10,000 for the same, to-day finds his farm worth from four to five thousand. What has become of \$5,000 that he invested in his farm? Has he destroyed it, or has some one else got it? If \$1 represents a day's labor, and if the farmer has lost by the shrinkage of his property \$5,000, has he not lost five thousand days' labor?

John Stuart Mill, in *Principles of Political Economy*, page 103, says:

If the whole money in circulation was doubled, prices would double. If it was only increased one-fourth, prices would rise one-fourth.

The very same effect would be produced on prices if we suppose the goods (the uses for money) diminished instead of the money increased; and the contrary effect if the goods were increased or the money diminished. So that the value of money, all other things remaining the same, varies inversely as its quantity, every increase in quantity lowering its value, and every diminution raising it in a ratio exactly equivalent.

Ricardo says—

That commodities would rise and fall in price in proportion to the increase or diminution of money. I assume as a fact that it is incontrovertible. That such would be the case, the most celebrated writers on political economy are agreed. The value of money does not wholly depend upon its absolute quantity, but on its quantity relative to the payments it has to accomplish, and the same effect would follow either of two causes, from increasing the uses of money one-tenth, or from diminishing its quantity one-tenth, for, in either case its value would rise one-tenth.

M. Wolouski said, in 1869, before a French monetary convention:

The sum total of the precious metals is reckoned at fifty milliards, one-half gold and one-half silver. If by a stroke of the pen they suppress one of these metals in the monetary service, they double the demand for the other metal, to the ruin of all debtors.

Now, Mr. Speaker, in submitting the statements of Mill, Ricardo, and Wolouski, you will see that we have the key that will solve the problem of the situation of

our people to-day. Wolouski very clearly points out the motives that have actuated the capitalists in controlling the legislation of the last twenty-five years.

Granting that the statements of those three men are true which are sustained by many other able writers as well as by the observations of every intelligent citizen of our country, we find that the wealth of the creditor class has not only been doubled, but has been quadrupled by legislation. In 1865 men of great wealth in this country were very rare indeed. To-day statisticians tell us that a little over thirty thousand of our people own three-fifths of all the wealth of this country, and that the sixty-three million own but the two-fifths.

I ask you, Mr. Speaker, is this a happy condition of affairs? Or rather is it not one to be deplored by every lover of his country? Is not history repeating itself very rapidly in this country of ours? Does not the same dark cloud hang over us that destroyed almost every nation of antiquity? Let us for a brief time revert to the changed condition of the debtor class of this country. Mr. Jones in 1865 borrows \$1,000, agreeing to pay 6 per cent interest per annum, note to be paid July 1, 1875. During that time owing to the financial policy of the country the value of his note is doubled, and instead of canceling his debt with \$1,600 it takes \$3,200 worth of his labor or products of labor to pay the debt. Labor divided against itself has allowed our present unjust financial policy to become law, and labor united must overthrow the wrong and establish right and justice in its place.

A buys a farm in 1875, price \$20,000. He pays \$10,000 in cash and gives his note for \$10,000, one-tenth to be paid annually with interest at 6 per cent. He pays his interest regularly for ten years, but has been unable to pay the principal of the note. He has at the expiration of ten years paid in principal \$10,000, and in interest \$6,000, or a total of \$16,000. His farm has shrunk in value between 1875 and 1885 from \$20,000 to \$12,000. We can readily see that the farmer's condition is one of insolvency. That there has been a steady decline in value of all classes of products is acknowledged by everyone.

Are we to-day a nation of debtors or creditors? In 1865 McCullough, Secretary of the Treasury, is reported to have said that the American people as a people were then virtually out of debt. "But," says some one, "McCullough never said that." It matters little whether he said it or not. It remains true just the same, and no less a personage than Senator Plumb, on the 6th of June, 1890, said:

The debts to-day resting on the American people would aggregate \$20,000,000,000.

We find that in 1865 there were but 520 failures in the

United States, and they aggregated but little over \$17,000,000. In 1870 there were 3,551 failures, aggregating a little over \$88,000,000; 1873, failures 5,180, their aggregate \$228,000,000; 1875, failures 7,740, aggregate \$201,000,000; 1878, failures 10,478, aggregating \$234,000,000.

There was a regular, steady reduction in the volume of money, with but slight variations from 1865 to 1890, and as the volume of money decreased the number of failures increased. The shrinkage in the volume of money has brought ruin upon the debtor class in our country and if debts and failures are evidences of prosperity, we may then well claim to be a very prosperous nation.

Some may claim that there has not been a gradual decrease in the volume of money. We have decreased it by increasing the demand for it. If there is to-day five times the amount of business done in this country that there was in 1865, will it not require five times the amount of money to transact it? No man will attempt to argue that the food which will nourish a thousand men can be made to support five thousand in a healthy condition. It would be just as sane a proposition to say that five times the business could be transacted with the same volume of money we had in 1865.

That a part of our people have enjoyed an era of unparalleled prosperity for the last twenty-five years, that many have accumulated immense fortunes, that millionaires have become more numerous here than in any other country on the face of the globe, and that nearly all these vast accumulations of wealth have been effected within the last few years are facts beyond question.

Knowing as we do that wealth is the accumulation of labor, it is the duty of the legislator to enact just and equitable laws, that the laborer may enjoy the product of his own labor. A very pertinent question here would be, how may this be done? The capitalist says: "Reduce the number of laborers by increased use of machinery." The debtor says, "Increase the volume of products by increasing the demands for them, and in order to increase the demands for them you must increase the ability of the people to purchase the products of labor," and how can this be done? First, we must have a good currency, placed on a sound basis, of sufficient volume to transact the legitimate business of the country. If in the history of the past gold and silver have proven such a basis, let us have them. If the present higher civilization can give us a better basis than gold and silver, let us have it. In either case let us have a sufficient volume of money to transact the legitimate business of the country. The people demand it and the people will have it.

Baron Rothschild said:

The simultaneous employment of the two precious metals is satisfactory and gives rise to no complaint. Whether gold or silver dominates for the time being, it is always true that the two metals concur together in forming the monetary circulation of the world, and it is the general mass of the metals combined which serves as the measure of the value of things. The suppression of silver would amount to a veritable destruction of values without any compensation.

Professor Laveleye said:

Debtors, and among them the State, have the right to pay in gold or silver, and this right can not be taken away without disturbing the relation of debtors and creditors, to the prejudice of debtors, to the extent of perhaps one-half, certainly one-third. To increase all debts at a blow, is a measure so violent, so revolutionary, that I can not believe that the government will propose it or that the chambers will vote it.

These two authors agree in this one thing, that the two precious metals together concur in forming the monetary circulation of the world, and that they form the measure of the value of things. Has not the demonetization of silver proved a veritable calamity in reducing the value of labor and its products on the one hand and doubling its debts on the other?

From reports of the comptroller of the currency we find that there is between fifty and sixty million ounces of silver mined in this country annually. We find also that the price of silver and the price of farm products have run very nearly parallel for the last nineteen years; that when silver advanced farm products advanced, and when silver declined farm products declined. We thereby learn that silver rather than gold is the measure of farm products. Such being the case, let us examine and see if we may not ascertain the reason for the low prices of farm products during the last fifteen or twenty years. Let us illustrate:

If the products of the farm amount yearly to \$3,000,000,000, and the farmers suffer a reduction on their products of 25 per cent caused by demonetization of silver, you will readily see that it makes a difference of \$750,000,000 annually in their income, and in twenty years would amount to the nice little sum of \$15,000,000,000. Give the farmer the fifteen billions he has lost by the demonetization of silver and let him pay his debts. He will not then be as prosperous as the manufacturer or money-loaner.

If by legislation we double the debts of the debtor do we not confiscate his property? And if we double the debts of the debtor do we not double the capital of the creditor? Will a just government confiscate the property of one class of her citizens that she thereby may quadruple the capital and income of another class? Has not the unjust legislation of the last twenty-five years impoverished nine-tenths of her citizens to enrich one-tenth? If this be true, as stated, that nine-tenths of our

people are debtors, we have then but one-tenth belonging to the creditor class. [Applause.]

Daniel Webster said:

The freest government can not long endure where the tendency of the law is to create a rapid accumulation of property in the hands of the few and to render the masses of the people poor and dependent.

Mr. Speaker, is not that the condition of our country to-day?

Horace Greely said:

We have stricken the shackles from four million human beings, and brought all laborers to a common level; but not so much by elevating the former slaves as by practically reducing the whole population, white and black, to a state of serfdom. While boasting of our noble deeds we are careful to conceal the ugly fact that by our iniquitous monetary system we have practically nationalized a system of oppression which though more refined is not less cruel than the old system of chattel slavery.

We have not only demonetized silver, but we have continued to contract the volume of paper money which was in circulation, notwithstanding the wonderful expansion of business in this country.

We may learn how history is repeating itself by turning to Allison's "England in 1815 and 1845," wherein he said:

The period of a contraction of the currency and consequent fall in the money prices of all the articles of human consumption is one in which great profits are sure to be realized by the larger capitalists and great losses sustained by the smaller. The former prosper because the magnitude of their transactions enables them to realize a handsome income upon the whole from a declining and at length almost inconceivably small amount of profit from each transaction; and they gradually get the monopoly of the market in their own line of business by the extinction of smaller capitalists whom the fall in the price of commodities has ruined or the diminished profits have repelled from entering into competition with them.

Small traders, therefore, and farmers without capital are speedily ruined in such a state of things, and the laboring or destitute condition is only rendered the more distressing by the contrast which it affords to the wealth and splendor with which the holders of large capital in the same line of business are surrounded. * * * A period of contracted currency is one of embarrassment, difficulty, and generally in the end of insolvency to the small farmer and moderate landholder. * * * If a supply proportioned to the increase of men and the wants of their commercial intercourse is not afforded, the circulating medium will become scarce; it will rise in price from that scarcity, and become accessible only to the more rich and affluent classes. The industrious poor, or those engaged in business but possessed of small capital, will be the first to suffer.

In speaking of some of the evil results produced by that act, Doubleday, in his *Financial History of England*, says:

The distress, ruin, and bankruptcy which now took place were universal, affecting both the great interests of land and trade; but among the landlords whose estates were burdened by mortgages, jointures, settlements, legacies, etc., the effects were most marked and out of the ordinary course. In hundreds of cases, from the tremendous reduction in the price of land which now took place, the estates barely sold for as much as would pay off the mortgages, and hence the owners were stripped of all and made beggars.

This we find to be the result of the legislation which

prevailed in England from 1815 to 1845. We find that history is not only repeating itself in this country, but in Germany also. There 80 per cent of the farm property is mortgaged.

The cry "honest money" comes with an ill grace from the creditor class; they, who have been the violators of contracts from 1865 until the present time; they, who have sought by repeated legislation to enhance the value of their holdings until, by such legislation, one-third of their holdings of to-day has been gotten by the confiscation of property belonging to the debtor class.

It is they who do not want honest money. They know that the products of labor are measured by the silver standard; and yet we find them demanding that labor shall give one and one-third times the product of her labor to pay its obligations. In fact, the most potent objections in the minds of a great many to the re-monetization of silver are that it is honest money; and that should free silver be adopted they would be compelled to receive honest money in payment for the obligations of the debtor class.

These obligations of the debtor class were contracted on a financial yardstick measuring 36 inches. That yardstick has been ignored and the demand is now made for us to settle our obligations upon a golden yardstick measuring 48 inches, thereby increasing all indebtedness $33\frac{1}{3}$ per cent. There is not a responsible writer, ancient or modern, but condemns these demands of the creditors as unjust, inhuman, and revolutionary in their character.

As the resources of the debtor classes are their dependence to meet their obligations, so the resources of a nation are the only means by which she can meet her obligations. And as the value of the products by which she meets her obligations is the measure of the quantity of the products, we thereby discern the importance to the debtor class of a fair compensation for the product of their industry.

A bushel of wheat that is worth \$1 on a silver basis, is worth but 75 cents on a gold basis. Therefore, a farmer must give $13,333\frac{1}{3}$ bushels of wheat to pay the debt on a gold basis, while 10,000 bushels would pay the same debt on a silver basis.

Our nation has established an arbitrary value for all products in establishing a gold standard. The productive industries in this country have or are said to have increased 500 per cent during the last twenty-five years. But the standard of values has decreased rather than increased during that time.

Do not equity and justice demand that we shall establish as near as possible the same basis for the settlement of debts of our nation and people as existed at the time of their contraction? We believe that every right

minded man would say yes. Let us, then, remonetize silver and thereby restore, as far as we can by such an act, justice between the debtor and creditor class. Let us lessen, if possible, the great gulf that has been growing wider and deeper year by year between the rich and the poor.

And now, Mr. Speaker, let me offer in conclusion a few lines from the pen of James G. Clark:

THE VOICE OF THE PEOPLE.

Let the face and the hand of the Master
 No longer be hidden from view,
 Nor the lands He prepared for the many
 Be trampled and robbed by the few.
 The soil tells the same fruitful story,
 The seasons their bounties display,
 And the flowers lift their faces in glory
 To catch the warm kiss of the day.
 While our fellows are treated as cattle
 That are muzzled while treading the corn,
 And millions sink down in life's battle
 With a sigh for the day they were born.
 Must the sea plead in vain that the river
 May return to its mother for rest,
 And the earth beg the rain clouds to give her
 Of dews that have drawn from her breast.
 Lo! the answer comes back in a mutter
 From domes where the quick lightnings glow,
 And from heights where the mad waters utter
 Their warning to dwellers below,
 And woe to the robbers who gather
 In fields where they never have sown,
 Who have stolen the jewels from labor
 And builded to Mammon a throne.
 For the snow-king, asleep by the fountains,
 Shall wake in the summer's hot breath,
 And descend in his rage from the mountains,
 Bearing terror, destruction, and death;
 And the throne of their god shall be crumbled,
 And the scepter be swept from his hand,
 And the heart of the haughty be humbled,
 And a servant be chief in the land;
 And the Truth and the Power united
 Shall rise from the graves of the True,
 And the wrongs of the Old Time be righted
 In the midst and the light of the New.
 For the Lord of the harvest hath said it,
 Whose lips never uttered a lie,
 And his prophets and poets have read it
 In symbols of earth and of sky:
 That to him who has reveled in plunder
 'Till the angel of conscience is dumb,
 The shock of the earthquake, and thunder,
 And tempest and torrent shall come.
 Swing inward, O gates of the futures!
 Swing outward, ye doors of the past!
 A giant is waking from slumber
 And rending his fetters at last.
 From the dust where his proud tyrants found him
 Unhonored, and scorned and betrayed,
 He shall rise with the sunlight around him,
 And rule in the realm he has made.

[Applause.]