

FREE COINAGE OF SILVER.

SPEECH

ON

NATIONAL FINANCES,

BY

Hon. JOHN H. BANKHEAD,

OF ALABAMA,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, March 23, 1892.

The House having under consideration the bill (H. R. 4426) for the free coinage of gold and silver, for the issue of coin notes, and for other purposes—

Mr. BANKHEAD said:

Mr. SPEAKER: I send to the Clerk's desk House bill 3990, introduced by me January 18, and ask him to read it, as I want to incorporate the bill as part of my remarks.

The Clerk read as follows:

A BILL TO PREVENT CONTRACTION, REDUCE TAXATION, AND INCREASE THE VOLUME OF CIRCULATION.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever the circulation of any national bank, or any portion thereof, shall be surrendered, the Secretary of the Treasury shall thereupon prepare an equivalent amount of legal-tender Treasury notes, of the denominations now provided by law, for national bank notes. They shall be a legal tender for all debts, public and private, and shall be paid out by the Treasury of the United States in accordance with the appropriations made by Congress, or in satisfaction of such demands against the Government as Congress may direct, and may be redeemed in coin as legal-tender notes now are. The coin now held in the Treasury for redemption of legal tenders shall also be applied to redemption of notes herein authorized.

SEC. 2. That from and after the passage of this act no import duty shall be levied or collected upon salt, lumber, nails, cotton ties, bagging for cotton, binding-twine, farming implements, wool, tin, glass, crockery, cotton, and woolen goods of every description, and no import duty in excess of 20 per cent. ad valorem shall be levied or collected upon any products manufactured from iron.

SEC. 3. That in order to meet and cover any deficit in the necessary revenues of the Government which may arise from and follow the passage of this act, the Secretary of the Treasury is hereby authorized and directed to prepare legal-tender Treasury notes of like denominations to those now issued in the sum of ——— millions, and to pay the same to the creditors of the United States, in compliance with appropriations made by Congress, and for such other purposes as Congress may direct.

SEC. 4. That the Treasury notes herein provided for shall be a legal tender for the payment of all debts, public and private, and for the redemption thereof it shall be the duty of the Secretary of the Treasury to cause to be coined a sufficient number of standard silver dollars, out of the bullion in the Treasury, which, when coined, shall be deposited in the Treasury, to be used in such redemption.

Mr. BANKHEAD. Mr. Speaker, the discussion of questions not properly before the House is to be deprecated, but such is the practice, and I will avail myself of the present opportunity to submit some remarks touching the objects and scope of the bill just read from the Clerk's desk. If the conditions were the same all over the country and everywhere, there would, perhaps, be no just cause for complaint.

If the laws passed by Congress bore equally and justly on all classes and in all sections there would be no excuse for the universal complaint that comes from a large portion of our common country. There must be a cause for the unequal distribution of wealth in this country, with the greatest degree of prosperity ever known in one section and universal distress and bankruptcy in another section, of a country governed by the same laws. As representatives of the people assembled from every quarter of the Union it becomes our duty to diligently inquire into the causes that produce these unequal conditions and if we can discover the cause to apply the remedy. It may be necessary to treat the subject heroically and use such remedies as will produce results speedily.

Mr. Speaker, I have the honor to represent in part the State of Alabama. That State was abundantly blessed by the Creator. Her resources are unequalled. Her soil is fertile and yields abundantly to the labor of the farmer. Her mines are the richest in the world and her climate unsurpassed. The farmers of Alabama have produced and sold in the years 1890-'91 two of the largest cotton crops ever produced in that State. Our mines and furnaces are all running up to their full capacity.

Our people have worked harder, produced more, and sold more than ever before, and are growing poorer each year. Farmers who were last year out of debt and even with the world this year find themselves involved and unable to make a crop without resorting to the ruinous mortgage system, and in many instances mortgages will not relieve the situation, because the merchants and bankers are also greatly distressed. Universal bankruptcy threatens the South, while the greatest prosperity prevails in the North and East and West.

Where All the Money Is.

Mr. Speaker, I send to the Clerk's desk to have read a statement published in the New York *World* on January 31, 1892. I call the attention of the House and country to this most remarkable statement. It deserves the careful consideration of every member of this House and the friends of good government everywhere. The man who gives serious thought to the subject will be impressed by it. I hope by calling attention to this alarming condition of things to direct the minds of Representatives to the importance of some legislation by this Congress that will tend to a more equal distribution of money, and in some degree prevent the accumulation of the lifeblood of the nation in the financial heart of the country.

According to yesterday's bank statement, five New York banks hold deposits amounting to more than \$148,000,000. The deposits in sixty clearing house banks exceed the total greenback currency of the country by about 50 per cent, and nearly equal the entire interest-bearing debt of the Government. This is a suggestion of the extent to which New York is the financial agent, the banker of the American people, the source and center of all American enterprises that employ money in the work of the world.

On the same day the financial review of the *World* has the following:

Money on call was abundant in supply at 1½ to 2 per cent.

A few days thereafter I received the following letter from a prominent banker and financier in Alabama, and I beg leave to insert a copy of the letter in my remarks:

HON. JOHN H. BANKHEAD,
Washington, D. C.,

MY DEAR SIR: Your letter touching the financial situation in Alabama has been received. In reply I beg to say that money is exceedingly tight and the rate of interest ranging at about 12 per cent. The trouble is, our farmers have no collateral to offer at this rate that the banks can accept and use. Unless relief comes from some unexpected source I would not venture to say what the result will be.

These are the conditions that confront us, and I for one believe that the true cause of this unequal distribution of money is to be found in the national-banking system, the tariff and pension legislation of the country. The bill just read is intended to remedy these conditions to which I have alluded. The scope and purpose of the bill is twofold. First, to increase the circulating medium, and second, to more equally distribute the same. Political economists tell us that the money of a country is its life-blood and that in quantity it must be sufficient, and the quality good; that money performs the same function in the body politic that blood does in the human system, and that an insufficient supply of money and deficient distribution works the same disastrous results to business as a like condition of blood does in the human body.

If the body is strong, active, and vigorous the blood must flow unobstructed to every part of the body, and if there is an excessive collection in the heart or head, that disease necessarily follows. So with the money of the country—the lifeblood of the nation. It must be equally distributed. It must flow unobstructed through the channels of trade and commerce and find its way to every household in the country. If not, stagnation immediately sets in and decay and death follow.

I know that it is argued by some that these conditions are not the result of legislation, but of natural laws. I do not subscribe to this view of the case, but, on the contrary, believe that legislation which has for its object unequal benefits to different sections of the country is the true cause. I understand how difficult it is to frame a system of laws that will bear equally on all people and sections, but I can find no excuse for the present system that is founded in class legislation.

To Prevent Contraction.

Mr. Speaker, the object of the first section of the bill is to prevent any possible contraction of the volume of money by the surrender of national-bank notes. Before the act of 1890, known as the "Sherman silver law," the law required a national bank which surrendered its circulation in whole or in part to deposit in the Treasury of the United States an amount of legal-tender notes equal to the amount of bank notes proposed to be surrendered, and the Treasury notes so deposited were held in the Treasury as a redemption fund for the national-bank notes as they came into the Treasury.

The legal effect of the law was to make an absolute contraction of the volume of money to the extent of the bank notes proposed to be surrendered, because an equal amount of legal tenders was held in the Treasury, provided by the bank, with which to redeem the notes when received into the Treasury, and when so redeemed the notes were canceled.

Now, the Sherman silver law requires that legal-tender notes deposited by a bank to cover the amount of its notes outstanding shall not be held in reserve, but shall be covered into the Treasury as assets of the Government, and the outstanding notes of the bank which surrendered its circulation shall be redeemed out of the receipts of the Government when they reach the Treasury. This was a valuable provision, though it was inspired by the fear that without this fund, which had reached the amount of \$75,000,000, held as a reserve in the Treasury, a deficit in the national Treasury would be developed; but it does not go far enough.

My proposition makes it impossible to retire from circulation at any time the amount represented by the surrendered bank notes, because it requires the Secretary of the Treasury substantially to put a legal-tender note in the place of every bank note canceled. It in this important respect goes beyond the provision of the Sherman law, and provides that after a bank note is canceled a legal-tender note shall be put in its place in the circulation. This will make it impossible for a bank to lessen the volume of circulation, because for every note of a bank canceled a legal tender shall take its place in the circulation. If this were the law banks would not surrender their circulation in order to reduce the volume of money that it might be made dearer and property cheaper.

At one time we had nearly \$400,000,000 in circulation; now we have not more than \$180,000,000. There has thus been an enforced reduction of the volume of circulation of \$220,000,000 since 1878. If my proposition had been the law our volume of circulation would be greater by \$220,000,000.

My object is to stop the constant habit of the banks of inflating and contracting the volume of circulation as they may deem it to their interest. If the combined wisdom and patriotism of the American Congress can devise a plan by which this wicked system of expansion and contraction at the pleasure of the banks can be prevented and a uniform volume of money kept in circulation, the whole country will rise up and call them blessed. The Government of the United States has assumed the responsibility of giving to the country a sufficient and uniform volume of money with which to transact the business of the country, and I hold that it is the duty of the Government to do that and not delegate its authority to the banks of the country.

Men everywhere are seeking their own interest regardless of the effect on their fellow-men, and when individuals or corporations are permitted to regulate the supply of money, we may expect that it will be done in the interest of the few at the expense of the people. I believe it to be the duty of the Government to take hold of the question with a firm hand, and never slacken its grasp until some system is devised or some law passed that will regulate this money question in the interest of humanity.

I do not believe that the Government should unduly and unjustly restrict capital or interfere with its legitimate functions, but I do not believe that the Government should give its aid to capital for the purpose of oppressing the people and making their burdens more difficult to be borne. To that end, and with the belief that the national banking system is oppressive and that the banks are using their power under the law to the great injury of the business of the country, I have introduced this bill and hope to see it, or something having the same effect in view, pass this Congress.

Enormous Taxes Collected.

Mr. Speaker, while the first section of the bill deals with contraction and undertakes to prevent it, the second and third sections contemplate an expansion of the volume of money. I believe that the chief cause of the distress that prevails in some sections of the Union is directly traceable to our taxing laws and the law of distribution after the money has been gathered into the Treasury. I believe it is conceded by all that the amount of money in existence in this country does not exceed \$1,500,000,000, and of this amount it is fair to presume that one-third, at least, does not circulate and therefore takes no part in the business of the country.

The Fifty-first Congress appropriated for the use of the Government more than \$1,000,000,000, and the Fifty-second Congress will not be able to get much below this amount. This is a cash transaction. This amount of money must be collected from the people in the United States within two years to meet the appropriations made by this Congress. One-half this amount, or \$500,000,000, must be paid this year and a like amount next year. Thus we see that the amount necessary to meet the annual appropriations of the Government is equal to one-half of all the money in circulation in the whole country.

One-third of the amount in existence is out of circulation in the vaults of the treasuries of the Federal, State, and municipal governments and hoarded. One-third collected each year performs a journey to the different places of deposit of the Government to be paid out on appropriations authorized by Congress, and one-third remains in circulation to meet the demands of trade and business; but it is the system of distribution, perhaps, that affects most disastrously the section of country from which I come and in part represent.

The people of the Southern States perhaps pay over one-third of the amount of revenues of the Government, and it might be interesting to them to know how much of this vast sum is returned to them in the distribution after it has gone into the Treasury and is being returned to circulation through the appropriations

of Congress. I do not desire to go into statistics, for they are dry and uninteresting as a rule. I will therefore only refer to one item of appropriation, and I do this, Mr. Speaker, to show how unequal the distribution is and to show why it is that the people of the South are growing poorer each year although their crops are larger.

The Unfair Distribution.

I have said, Mr. Speaker, that perhaps the manner of distribution of money has more to do with the result than any other one thing. I believe that this Congress has passed a bill appropriating about \$140,000,000 for the payment of pensions. This large sum must first be collected from the people. It is a cash transaction, not credit, not checks or drafts, but cash. The amount is more than \$2 per capita, or more than \$3,000,000 for the State of Alabama, or nearly twice the amount collected for State and county taxes in that State, or, to put it more plainly, each family of five are taxed more than \$10 for pensions.

This money, the representative of one month's labor for the head of the family on the farm, or one-twelfth the year's return for labor, goes into the pocket of some pensioner, many of whom are rich men and women. A very small per cent goes back to Alabama, for we have but few pensioners, and those we do have are not as a rule entitled to the money they receive.

Mr. Speaker, the saddest thing in life to me is to see a poor Confederate veteran as he drags himself from his cabin to the field of labor, to earn bread for his wife and children, and to realize that one-twelfth of all he makes must be taken from him to pension some camp follower or bounty jumper. But I do not care to pursue this question for fear I may let my feelings get the better of my judgment and say something which had better be left unsaid. I will say, however, that I thank God that I have never seen or heard one of those old Confederate veterans in the poorhouse, and they are all too proud to beg.

But, Mr. Speaker, it is in the second section of the bill that I feel the deepest interest. I am here, sir, ready to vote for every measure that has for its object the placing on the free list of any article of necessity to the American farmer or any article largely consumed by the laboring masses in this country. I am ready to vote for every measure offered that gives a reasonable promise of relief to a suffering constituency. I would place every article named in the second section of the bill on the free list.

I am not only ready but beg for the privilege of voting for measures that will reduce the revenues of the Government \$150,000,000. I will do it with the direct object of creating a deficit in the Treasury to that amount. I want to see a Treasury deficit. I want to see the statesmen inquiring of each other where the money is to come from to meet extravagant and useless appropriations. I want Congress to realize that the Government is the poorest thing on earth, without a dollar of its own and no means of getting a cent except from the taxpayers of the country or by the issuance of legal-tender money, for the redemption of which, in coin, the taxpayer gives his obligation.

Mr. Speaker, I believe that the only way to distribute money is to permit the man or woman who creates it to keep it. When the earnings of labor have been taken from the citizen under and by virtue of the tariff system, and put into the Treasury of the United States, there is no means of equal distribution, no way of getting it back into the pockets of the people the result of whose labor it is. On the contrary, the whole amount goes out on large contracts and to meet the various appropriations made by Congress, and can not, under the very nature of things, be returned to those who pay it.

It makes no difference how much money may be in existence in the United States; it makes no difference what the per capita amounts to. The burning question is, how is it distributed? Is the \$24 per capita now said to be in existence actually in circulation, or is the business of the country really conducted on half that amount?

Why is money abundant in New York at 1½ to 2 per cent. when in Alabama the prevailing rate is from 12 to 15, and many farmers are paying 20 per cent.? The reason is, Mr. Speaker, that under our system, the American system, the sys-

tem that gives the farmer the home market, you take from us one-third of all we make and give it to somebody else and give us nothing in return except the assurance that the tariff is not a tax.

I want to illustrate, if I can, how the farmer will be benefited by reducing the tariff on what he buys. Let us suppose that a farmer with wife and three children buy each year manufactured goods amounting to \$100. He raises three bales of cotton and sells it at \$40 per bale. He gets \$120 as the proceeds of his year's labor. He settles with his merchant and pays the hundred dollars for goods consumed during the year.

The farmer has \$20 left to pay tuition, taxes, the preacher, and other incidental expenses. Now, suppose he had bought the supplies for \$75 and made three bales of cotton and sold the cotton at \$40 per bale, receiving \$120 for same. How will the account stand? He pays the merchant \$75 for the same goods that last year cost \$100 and has left \$45, more than twice as much as the year before.

The \$75 paid the merchant immediately goes to the wholesale merchant in the North to pay for dry goods, or to the West to pay for groceries, or for a mule to make the crop, the \$45 instead of \$20 remains and circulates among the farmers in the neighborhood, thus more than doubling the amount of money in circulation in the farming districts of the country.

Mr. Speaker, it is money in circulation that moves through the channels of trade and commerce, and passes from home to home in the payment of debts, that gives activity to business, happiness and contentment to the toiler. Money that does not circulate does not perform the functions of money, and is of no use, and may as well not exist. Money out of circulation represents a dead man's relation to society. While a man lives he circulates and helps his neighbors roll logs, build houses, work the public roads, patronize the neighborhood schools, and pay the minister, but when he dies he does not roll logs, nor build houses, nor work the public roads. He ceases to circulate; he is no longer useful, except the memory left of him.

So with money when hoarded in vaults or in the Treasury. It is dead and of no use or benefit to anyone. I want to appeal to my Western friends who are now boasting of their immense prosperity and remind them that it all comes from God-sent curses on the grain-producing countries of the Old World. Suppose there had been no increased foreign demand for your surplus products. The same tale of woe would come up from Kansas that we heard here two years ago, when her poverty-stricken farmers were appealing to the generosity of Congress to supply them with grain with which to plant their crops.

This policy you are pursuing is fast destroying your best customer, the cotton-planter of the South. When he has been destroyed and can no longer buy your pork and flour and mules, where will you turn for a customer? Your home market has been destroyed and the foreign market shut off by prohibitive tariff duties, and then you will console yourself by roasting your toes at a burning corn fire and selling pork at 2 cents. You will then realize that you have killed the goose that laid the golden egg. But that is the American system, and Americans must defend it if they starve in doing so.

Farmer and Manufacturer.

Mr. Speaker, this is a fight between the American manufacturer and the American farmer. One is contending for the home market and the other for the foreign market.

The American farmer must find a market abroad for his surplus, and when he finds it he must sell his product for gold, because the law of barter has been repealed by the high rate of duty to be paid when entering the home market so sacred to the American manufacturer. The farmer must pay a high rate of duty on agricultural implements with which to make his crop, and then send his surplus abroad to be sold in the open market in competition with farm products cultivated with implements made in this country under our protective system and sent abroad and sold to our competitors for very much less than our own farmer can buy them. This is the American system.

Mr. Speaker, I will insert in my remarks some tables showing the price paid by the farmer in this country for agricultural implements with which he earns his bread, and also the price paid by the foreign farmer when sent to our competitors abroad. It will be seen that the American farmer pays nearly 50 per cent. more for these implements of agriculture than the foreigner pays, and it must not be forgotten that the price to the home farmer is the wholesale price, while the price to the foreigner is the retail price free on board the vessel at the port. These tables will be interesting reading to the farmers in this country, and will perhaps give them an insight into the American system, so much praised by our Republican friends.

The farmer in the Sixth District of Alabama will perhaps stop long enough to inquire if this is the way the tariff affects him, and it may be he will conclude that the amount of taxes paid in the way of tariff duties has something to do with his present distressful conditions. He may be unkind (?) enough to inquire of the advocates of this system why it is that he pays 50 per cent. more for a plow made in this country than the foreigner pays for the same plow when made here and shipped abroad.

Here are the figures. They speak for themselves, and much more eloquently than I can present them :

Cultivators, protected 45 per cent.

	Home market.	To foreigners.
Wheel hoe, cultivator rake, and plow.....	\$11.00	\$8.40
All steel horse-hoe and cultivator, with wheel.....	8.00	6.75
All steel plain cultivator, with wheel.....	7.20	4.50

Rakes and tedders, protected 45 per cent.

	Home market.	To foreigners.
Lock-lever rakes.....	\$15.00	\$14.21
Self-dump rakes.....	18.00	17.12
Hay tedder.....	26.00	25.25
Potato digger.....	8.00	6.75

Plows, protected 45 per cent.

	Home market.	To foreigners.
Two-horse :		
Chilled, 9-inch cut.....	\$5.60	\$5.04
All steel, 9-inch cut.....	8.40	7.56
Chilled, 10-inch.....	6.30	5.67
All steel, 10-inch.....	10.50	9.45
Three-horse :		
Chilled, sr.....	7.70	6.93
Chilled, jr.....	7.35	6.61
All steel, sr.....	14.00	12.60
All steel, jr.....	14.60	12.60
Four-horse :		
Two-gang plows, all steel.....	58.80	52.92

These are the prices that the foreign farmer has to pay for one plow, and the prices which the American dealer in plows has to pay in large lots at the factory. The foreigner pays no more freight than the American dealer—sea freights are cheap. Farmers know the prices they have to pay the local dealers.

Shovels, protected 45 per cent.

	Home market.	To foreigners.
Shovels, cast steel, long handles, round point :		
No. 1, per dozen.....	\$9.20	\$7.86
No. 3, per dozen.....	9.80	8.37
Cast steel, D handle, round point :		
No. 2, per dozen.....	9.60	8.21
No. 3, per dozen.....	10.00	8.55
Spades, cast steel, D handles, No. 2, per dozen.....	9.20	7.86
Spades, No. 3, cast steel, long handles, per dozen.....	9.80	8.37

These are the prices for home and export trade of the shovels manufactured by one of the most prominent members of the famous "Home Market Club" of Boston. Other manufacturers of shovels offer similar discounts. One firm in particular, whose advertisement has a very prominent place in the Australasian and South American papers, gives a discount on its list prices to the home market of from 15 to 25 per cent., while for the export market its discount of 33½ per cent. For export all goods are delivered free on board at Boston or New York.

Hammers, protected 45 per cent.

	Home market.	To foreigners.
Round hammers :		
No. 5, per dozen.....	\$4.37	\$4.05
No. 7, per dozen.....	4.18	3.82½
No. 8, per dozen.....	3.64	3.37
Solid cast steel :		
Adze, eye, nail, 7-ounce, per dozen.....	3.75	3.37
1-pound 4-ounce, per dozen.....	4.50	4.05
Machinists' ball pein :		
1-pound, per dozen.....	6.00	5.40
2-pound 8-ounce, per dozen.....	10.00	9.00
Wrenches :		
Black, 10-inch, per dozen.....	5.82	4.36
Bright, 10-inch, per dozen.....	6.75	5.08
Mechanics' black, 10-inch, per dozen.....	5.24	3.92
Other, bright, 10-inch, per dozen.....	4.65	3.99
Nickel, 10-inch, per dozen.....	7.27½	6.75
Polished ratchet brace :		
8-inch sweep, per dozen.....	12.00	10.80
12-inch sweep, per dozen.....	14.10	12.69
Polished patent brace :		
8-inch sweep, per dozen.....	4.20	3.50
11-inch sweep, per dozen.....	4.80	4.00
Bit braces :		
7-inch sweep, per dozen.....	9.45	7.58
12-inch sweep, per dozen.....	13.50	10.53
Spofford, 7-inch sweep, per dozen.....	7.20	6.36½
14-inch sweep, per dozen.....	12.60	10.64
Sleeve brace, 12-inch sweep, per dozen.....	13.50	10.88

Axes, protected 45 per cent.

	Home market.	To foreigners.
First quality, bronzed, per dozen.....	\$7.75	\$6.75
Beveled, per dozen.....	8.24	7.20

Top fullers, flatters, set hammers, cold chisels, railroad track chisels, hot chisels, &c., are quoted at the same price per pound as top swedges for the home and export trade respectively.

Anvils, vises, and gaskets.

[Protective duty: Anvils, 2 cents per pound; vises and gaskets, 45 per cent.]

	Home market.	To foreigners.
Anvils, 100 to 800 pounds, per pound.....	\$0.081	\$0.072
Vises, solid box:		
No. 25.....	5.18	4.82
No. 100.....	9.40	7.92
No. 150.....	15.39	12.96
No. 200.....	23.94	20.16
Gaskets, corrugated copper, per square inch.....	.014	.008

The McKinley tariff bill raises the duty on anvils. Anvil manufacturers may probably be able to lower the price for export, while they add one-half cent per pound to Americans.

Sad-irons and fluting machines.

[Protective duty, 1½ cents per pound.]

	Home market.	To foreigners.
Sad irons, nickel-plated, per dozen sets.....	\$16.20	\$13.50
Knox fluting machines, 8-inch.....	3.90	3.24

Similar discounts on Crown, Eagle, and American fluting machines.

Kitchen hollow ware.

[Protective duty, 1½ cents per pound.]

	Home market.	To foreigners.
Flat-bottom kettles.....	\$1.40	\$0.85
Round-bottom kettles, 10½-inch.....	1.82	1.10
Spider, 8-inch.....	.35	.27
Spider, 12-inch.....	.91	.55
Griddle, 10½-inch.....	.56	.34

Similar favorable prices to the export trade are given on all other kinds of hollow ware. The above are taken as samples only.

Plated ware, protected 35 per cent.

For what is called hollow ware, such as tea sets, cake dishes, etc., listed at \$10, the home dealer pays \$5.40, but the buyer for the foreign market pays only \$4.81 for the same article.

On knives, forks, spoons, and other flat ware listed at \$10, the price to the dealer in the "home market" is \$4.36, but a buyer for export, regardless of the quantity he may take, pays only \$3.73 for the same articles.

On every protected industry here named the McKinley tariff has increased the protection from 20 to 300 per cent. above the figures here given. On every item named in the preceding tables the home market price to Americans was advanced October 6 from 10 to 40 per cent., but the foreign market price to foreigners was not advanced one cent, and will be reduced.

Mr. Speaker, if the duty on cotton goods should be repealed the price of raw cotton would advance 2 cents per pound before the ink could dry with which the President signed the bill.

But, sir, when we have reduced taxation and returned to the simplicity and economy of our forefathers, we will only have reached the half way house. The business of the country demands a large increase in the circulating medium, and the farmers and laboring people generally will never cease to agitate the question until an increase is made.

The subtreasury and land-loan schemes may not be practical and might not have the effect that their advocates claim for them, but, sir, there is justice in the demands of the people, and unless their wishes are consulted, the time is not far distant when there will be an uprising in this country that will shake the very foundation of the Government itself.

When the people can no longer stand the oppression, when they can no longer remain silent, when the time comes, as I believe it will if they are not given relief, that the masses in this country rise up and demand justice at the hands of the lawmakers, I trust that I may be found on the side of the people and fighting with them for what I believe to be just.

Essence of Democracy.

The essence of my Democracy is my sublime confidence in the people. They will do right when the right is understood by them. This is their Government and they will control its destiny. When it becomes oppressive they will try to reform it. When it becomes unbearable they will destroy it and build upon the ruins another, fashioned with their own hands. I warn you, gentlemen, not to tempt them too far. I remind you that it is unwise to treat the sufferings of the people lightly.

Mr. Speaker, conditions change. A circulation in the early stages of civilization and when the business of the world was conducted by barter would be entirely inadequate now.

As civilization advances and new fields for business and enterprises are developed the amount of money in circulation should be increased in the same proportion. I undertake to say that the history of the world does not furnish an instance of prosperity and contentment where the amount of money in circulation is decreasing. On the contrary, prosperity always follows in the wake of an increasing money. The marvelous inventions of the last quarter of a century have revolutionized trade and commerce and given an impetus to business heretofore unknown.

These new forces coming into play have created a new order of business, and time contracts are largely resorted to, because by this method only can the millions of laborers in this country be kept employed. Contracts must be made, in many instances years in advance. I think it would be fair to assume that but for this system of contracts the business of the country would come to a standstill and enforced idleness on the part of laborers would result.

It seems therefore to be plain that any serious enhancement in the value of the unit of money that takes place between the time of making the contract and its fulfillment always works a great hardship on the debtor class. Many of the homes of this country have been bought on time, and no doubt a very large number of them are mortgaged for the purchase money. It requires more sweat and labor to discharge these obligations than the contracts imply, because the value of money has advanced and more labor is required to secure a dollar than when the contracts were made. Shrinkage in the volume of money is the most prolific source of bankruptcy and ruin to the debtor class.

Mr. Speaker, it may not be out of place to contrast the difference in effect between an increasing and decreasing volume of money upon the business of every country where the conditions have prevailed.

These conditions have not escaped the attention of observant writers, and we are therefore not left to guess at results.

David Hume, in his essay on money, says:

It is certain that since the discovery of the mines in America industry has increased in all the nations of Europe. * * * We find that in every kingdom into which money begins to flow in greater abundance than formerly everything takes a new face; labor and industry gain life, the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plow with greater alacrity and attention. * * * It is of no manner of consequence with regard to the domestic happiness of a state whether money be in a greater or less quantity. The good quality of the magistrate consists only in keeping it, if possible, still increasing; because by that means he keeps alive a spirit of industry in the nation and increases the stock of labor, in which consists all real power and riches. A nation whose money decreases is actually at that time weaker and more miserable than another nation which possesses no more money but is on the increasing hand.

William H. Crawford, Secretary of the Treasury, in a report to Congress dated 12th February, 1820, says:

All intelligent writers on currency agree that when it is decreasing in amount poverty and misery must prevail.

Mr. R. M. T. Hunter, in a report to the United States Senate in 1852, says:

Of all the great effects produced upon human society by the discovery of America there were probably none so marked as those brought about by the great influx of the precious metals from the New World to the Old. European industry had been declining under the decreasing stock of the precious metals and an appreciating standard of values; human ingenuity grew dull under the paralyzing influences of declining profits, and capital absorbed nearly all that should have been divided between it and labor. But an increase of the precious metals in such quantity as to check this tendency operated as a new motive power to the machinery of commerce. Production was stimulated by finding the advantages of a change in the standard on its side. Instead of being repressed by having to pay more than it had stipulated for the use of capital, it was stimulated by paying less. Capital, too, was benefited, for new demands were created for it by the new uses which a general movement in industrial pursuits had developed; so that if it lost a little by a change in the standard, it gained much more in the great demand for its use, which added to its capacity for reproduction and to its real value.

The mischief would be great indeed if all the world were to adopt but one of the precious metals as the standard of value. To adopt gold alone would diminish the specie currency more than one-half; and the reduction the other way, should silver be taken as the only standard, would be large enough to prove highly disastrous to the human race.

The Encyclopedia Britannica, 1859 (article Precious Metals, by J. R. McCulloch), says:

A fall in the value of the precious metals, caused by the greater facility of their production or by the discovery of new sources of supply, depends in no degree on the theories of philosophers or the decision of statesmen or legislators, but is the result of circumstances beyond human control; and although, like a fall of rain after a long course of dry weather, it may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are engaged in industrial pursuits, and is, speaking generally, of great public or national advantage.

Senator JONES of Nevada, in his great speech delivered in the Senate of the United States in 1890, used the following language touching the influence of the volume of money upon prices:

There can be no truer index of the value of money than the general range of prices. Price is the mercury by the rise and fall of which the heat and struggle of industrial and business life are daily measured and made plain. Where the tendency of this indicator continues downward there is no more certain sign that money is increasing in value. During a period of falling prices the fear of impending calamity hangs like a pall over the business of the country.

Notwithstanding unremitting efforts men feel themselves constantly on the edge of disaster. Gloomy forebodings and timidity take the place of confidence and courage.

A shrinking volume of money is the most insidious foe with which civilization has to contend. It is my firm conviction—

Said the Senator—

that the inexpressible miseries inflicted upon mankind by war, pestilence, and famine have been less cruel, unfeeling, and unrelenting than the persistent and remorseless exactions which this inexorable enemy has made upon society.

As the volume of money contracts prices decline, and with the decline of prices comes stagnation of industry and the relegation to idleness of thousands of willing workmen.

Mr. Speaker, it does not take a financier to understand this. The humblest farmer in the land knows it. He understands perfectly well that scarce money makes low prices; low prices bring to them hard times. He understands perfectly that it requires twice as much labor now to produce a dollar as it required before 1873, when silver was demonetized, and one-half the metal base destroyed. He can not be deceived by Wall street and made to believe that money is abundant, and that there is no excuse for the cry of hard times raised by the farmers of the country. They realize that three days of sweat and toil is required now to discharge a debt that could have been paid with two days when the obligation was created. They believe, and so do I, that this is caused by a contraction of the amount of money in circulation.

The prices have fallen just as money rose, by reason of the shrinkage in volume, and we believe that prices will continue to fall and debts grow harder to pay until the value of money is lessened by an increase in volume. We do not think we ought to be called by hard names because we ask for fair treatment. We do not ask for favors, but for justice, and that we will insist upon steadily until it comes.

Mr. Speaker, gentlemen tell us that we have a larger per capita circulation than any European country, France excepted. But they forget to mention the

difference in conditions. The population of European countries is so dense that banking facilities are found on every square mile.

The census of 1890 shows the population of the United States to be only 21 persons to the square mile, while in England and Wales there are 498 persons to the square mile. If all the people of the United States were put into the State of Texas there would only be 365 to the square mile.

The mistake gentlemen make is their disregard of conditions. There are large sections of the United States where there are no banks and the population are compelled to rely on money that circulates among them for the transaction of their business. It is a home circulation we need, not bank credits. Our farmers do not use checks and drafts as a rule, but cash is passed from one man to another in payment of debts. These European countries have no frontier to extend, no forest to subdue. Their policy is to concentrate the money of the country in the hands of a few noblemen, while ours should be to distribute wealth and make every American citizen a participant in the blessings of government.

If our population was as dense as Europe we would not need so much per capita circulation, because banks would be established at every man's door. We can no more fashion our finance after Europe than we can our free institutions. This country is large enough and rich enough to maintain its own financial system and the sooner we do so the better.

Mr. Speaker, I have said that I desired to see an empty Treasury; that a deficit of \$150,000,000 would be hailed as the greatest blessing that could come to the American farmer, and that I would accomplish it by placing on the free list every article named in the second section of the bill read by the Clerk. I want our cotton-planters to send their surplus abroad and exchange it for such goods as they need, and bring them home free of duty. We must exchange our surplus for the surplus of other people. We must have freer trade. Protection for the sake of protection must go, and in its stead we must have a free exchange of commodities. We must have reciprocity with our customers and not our competitors.

Where the Money Comes From.

If I am asked where the money is to come from to meet the expenses of the Government when the revenues have been decreased by the amount that would follow placing on the free list the articles named in the second section of the bill, my answer is that the Government has the same right to issue money that it has to levy taxes.

This happy experiment was resorted to once when the life of the nation was threatened, and can be again now when the distressed cry of the citizens is coming up from every quarter. The contest then was between two opposing armies, now the conflict is between the sheriff and the landlord and debtor class. The homes of the country are rapidly passing from the hands of the once happy and contented owner into the grasp of corporate power and syndicates, and we know the history of all countries where the homes of the citizens have passed from their hands.

The home is the nursery of patriotism in this country. It is the conservative thought and action that comes from the owner of the home that makes republican institutions possible.

They must be protected by a just system of laws; a system that gives every man an even start in the race for life. A system that offers equal justice to all men and special favors to none; a system that makes it possible for a farmer in Alabama to enjoy the fruits of his labor as well as the mill owner in Massachusetts; a system that encourages the farmer to follow his plow with the same assurance that he will receive and enjoy the fruits of his labor, the same as the manufacturer does.

Now, let us return to the third section of the bill, which authorizes the Secretary of the Treasury to prepare legal-tender Treasury notes of like denominations to those now issued, and to pay the same to the creditors of the United States in compliance with appropriations made by Congress and for such other purposes as Congress may direct. Who can offer a legal or constitutional objection to this

proposition? Who will say that the Government can not do this? The policy may be questioned, the wisdom of such action may be doubted, but the right to do so is unquestioned.

But some of our friends may say this issue would be fiat money; nothing back of it but the promise of the Government to pay. I would refer that class of objectors to the fourth section of the bill, which directs the Secretary of the Treasury to coin a sufficient number of standard silver dollars out of the bullion in the Treasury, which, when coined, shall be deposited in the Treasury to be used in the redemption of the Treasury notes issued under the provisions of this act.

Gentlemen may tell us that the bullion in the Treasury is now represented by silver certificates in circulation. The answer is, the \$100,000,000 of gold in the Treasury is represented by \$345,000,000 of legal-tender notes now in circulation, and if \$100,000,000 of gold can float \$345,000,000 of legal-tender notes, \$250,000,000 of silver can safely and successfully float \$500,000,000 of the same kind of notes.

In all the years since the act was passed creating a redemption fund for the greenback, not a dollar has been presented for redemption. So it would be with the silver redemption fund. We must broaden the metallic base upon which our financial structure rests or it will topple and fall when it reaches the proportions demanded by the increasing trade and commerce of the country.

Free Silver Coinage.

Gentlemen tell us that if we open our mints to the free coinage of silver that the silver of the world will come to us, and that our gold will go out. Mr. Speaker, I do not believe this doctrine. I can see no good business reason for it, and these questions are all governed by business conditions.

I will print with my remarks a declaration of the National Executive Silver Committee, issued January 8, 1892. This is to my mind a complete answer to those who oppose free coinage:

The National Executive Silver Committee, in session at Washington, declares that continued experience demonstrates that there can be no adequate or final solution of the money question but by reendowing silver with the money function and making silver coins standard money, coequal for all money uses.

The present policy of making subsidiary money of silver to be redeemed in gold, and of piling continually higher the fabric of credit and credit money on a constantly diminishing basis of gold, is unsound and unsafe, and must come to an end. The enormous increase in bank credits and other forms of credit currency in recent years, relatively to the volume of gold in which they are ultimately redeemable, imperils financial stability everywhere, and is a standing menace to all business enterprises, for, under this system, panics must occur more certainly and more frequently and be more disastrous when they do occur.

What is wanted is not more credit money relatively to standard money, but more standard money relatively to credit and credit currency—a broader basis of primary money and not a higher superstructure of credit devices. This can be secured only by making silver and gold coequal as money metals, with the coinage of both on equal terms.

The act of July 14, 1890, as interpreted by the Treasury Department, under which 4,500,000 ounces of silver are monthly bought and stored as collateral securities for notes redeemable in gold, makes no addition to standard money, while it raises higher the fabric of credit on a foundation that is growing narrower and not broader. This addition to the currency volume might as well be of greenbacks as in the form now given to it. It requires, therefore, no extraordinary financial acumen to foresee that this condition can not long be maintained.

The plain solution of the difficulty is the full monetization of the silver accumulated under this act, to the end that this and all other silver that anybody may choose to devote to monetary use, may go to swell the volume of money of final redemption for all other forms of currency.

The facts upon which bimetalists base these conclusions are undisputed and indisputable. The arguments by which they are established are unanswered and unanswerable.

These facts are that the supply of gold is admittedly inadequate to provide for the world's needs for money; that many times more people are now made to use gold exclusively as standard money than in 1873; that the production of gold is diminishing, while population, wealth, and commerce, and the consumption of gold in the arts are rapidly increasing—the increase in the demand for the arts and dentistry in the United States alone being sufficient to absorb, according to the report of the Director of the Mint, in ten years more, the entire gold product of this country. That the value of gold under these influences has largely increased and must continue to increase, and prices as certainly continue to fall, is too manifest to require argument.

What a fraudulent pretense, in view of these facts, to insist that gold alone is a stable or an honest money standard. Scales that measured equities with no more precision or fair-

ness than gold registers the value of products and the equities between debtor and creditor in deferred payments would be tolerated nowhere outside a robber's den.

In view of the glaring facts, which no one pretends to deny, of the change in the money standard through the increase in the value of gold, as the direct and necessary consequence of demonetizing silver and restricting the money function to gold alone, what else than foolish homage to knavery is the babble about "honest money" and "short dollars," which constitutes so large a part of the stock answers to the demand for free bimetallic coinage? Nothing could be more absurd or ridiculous than to claim that a shapeless lump of silver, to which monetary use is denied, measures the value of silver coins which have monetary use added to whatever other uses silver may be applied. Gold, treated as silver has been, would act in the same way.

If, since 1873, both metals had been accessible for money uses, as for indefinite ages before, the annual addition to the metallic stock of money for the world would have been somewhat less than from 1849 to 1873, but would probably have been sufficient to have maintained reasonable stability in the value of standard money. So now, while it is as certain as that time will continue that, under existing conditions, through inadequacy of supply for money purposes, gold will continue to increase in value, and prices, measured by gold, continue to fall, it is reasonably certain that the supply of both metals will be sufficient to maintain fairly stable relations between money and commodities, and thus secure to the industrial world what it has sorely lacked since 1873.

The bugaboo of foreign silver coming here no longer alarms intelligent men. Under free coinage silver would be \$1.29 an ounce here; it is \$1.38 in India, and with open mints would be \$1.33 in the states of the Latin Union, which is the value of all the coined silver of Europe.

The requirements of England and of the continent for silver to pay balances to the East would not be materially changed whether a profit of the difference between 95 cents and \$1.38 were made on the silver sent there, or only the difference between \$1.29 and \$1.38. India absorbed quite as much silver in years before the fall of silver here as since then, and will continue to absorb both gold and silver. But whether our silver goes abroad at 95 cents or \$1.29 is quite material to this country, not only from the direct loss on the exported silver, but in the far greater loss sustained on the price of wheat and cotton and their manufactured products, which have and will follow closely the rise and fall of silver bullion, for reasons so often explained.

If wheat at the present time is less influenced by the price of silver bullion than cotton, it is due entirely to the failure of the wheat crop in Europe.

If the value of silver here should fall to 50 cents an ounce, as it probably would if demonetized as gold monometallists would have it, while its purchasing power among two-thirds of the population of the globe continues at \$1.33 to \$1.38, then the production of silver in this country should be made a crime, as its continual production and sale here at the low price, while used in other countries at the high price, would be destructive of our agricultural and manufacturing interests.

The silver question, therefore, is an issue, and one that vitally concerns the welfare not only of the industrial classes but of business men generally, and it will not die down at the bidding of any party; nor can it be ignored, thrust aside, or dodged. It is a living issue and must be met and settled; and the only permanent settlement of it is the restoration of free bimetallic coinage or the ultimate abandonment of the principle of automatic regulation of money through the production of the precious metals.

Mr. Speaker, the senior Senator from Indiana presented a petition in the Senate recently from a Grand Army post in Indiana, praying for the defeat of the free-silver bill now pending. In doing so he made some observations that so fully express my views on the subject that I offer them as a part of my remarks.

Sir, I speak not for others upon this question; I speak for myself, and recognize the responsibility I owe alone to those who have sent me here. It is said there is trouble in the silver question at this time. It is said it is dividing and distracting political parties, that there are divisions in both parties in regard to the proper course to pursue. This all may be true, but the friends of silver have not made the trouble. Gladly would we have seen the silver dollar let alone in its sphere of usefulness and honor. Deeply do we regret the continued and venomous assault upon it. We are simply defending one of the institutions of the founders of the Government from the greed and avarice of the great money changers of the world.

We look back in history and find ourselves in company with Washington, Jefferson, Hamilton, Madison, John Marshall, Monroe, Jackson, Clay, Calhoun, Webster, Van Buren, Silas Wright, Marey, Seymour, Benton, Cass, Douglas, Hendricks, Morton, Allen G. Thurman, Salmon P. Chase, and Abraham Lincoln. No fault was ever found in silver by those illustrious men, nor danger feared by them on account of its existence and use as money. The statement that the silver dollar ever cheated or defrauded any human being out of his just dues or the reward of his labor is shown to be false on every page of American history. For nearly twenty years past we have listened to dismal prophecies as to the injurious effects of silver currency. No one of them has been found to have been true at any time in the annals of the Republic.

I seek to proscribe no man on this question. I do not present it as a party test, nor shall I submit to having it so presented to me. I shall pursue for myself the line of duty which lays so plainly before me, and I shall do so without let or hindrance from any source. I shall vote my own convictions and answer to my constituents for my action. Nor will the silver issue ever obstruct my vision nor my course as to other and perhaps greater issues. It is in full harmony with the overpowering and masterful issue of tariff reform, and it has proved itself a powerful help and handmaiden to free government in the defeat of the bill intended for the forcible subversion of free elections throughout the United States.

It is lately claimed, however, as a last resort by its enemies, that nothing should be attempted at this time on the subject of silver, because nothing can be accomplished; that, owing to the fact that the two Houses of Congress and the executive department of the Government are not in agreement, no measure on the subject can become a law. If this is a reason for nonaction on the subject of silver, it is a still more powerful reason, and pleads with still higher force against any action on the still greater subject of tariff reform. The free coinage of silver can pass both branches of Congress, but will doubtless be vetoed by the President; while any measure of tariff reform, free wool, or anything else, can pass only one House, with the absolute certainty of being vetoed if by any possibility it should pass both. Such a reason for nonaction on any subject is worthless and untenable. Let us, therefore, do our duty as each one sees it for himself.

But let there be action—bold, constant, and aggressive action—against every evil in sight, leaving the consequences to that high Providence which rules in the councils of nations, as well as in the affairs of men. The spirit of the people at this time expects no one to shrink back from the conflict at any point in the line of battle simply because he is not assured of immediate success. The Bruce of Scotland was taught the ultimate point of courage, duty, and endurance by the climbing spider's repeated failures, but constant action and final success. The just ends in view by the laboring people of the United States in the present crises of their affairs are few and simple, but as far-reaching and as powerful as the mighty principles which uphold life, liberty, and the pursuit of happiness. They may be stated, in brief space, as follows:

First. Absolute equality in the burdens and blessings of government founded on a tariff reform which will place, as nearly as possible, all the necessities of life on the free list, causing wealth, and the graduated incomes of wealth, rather than the wants and necessities of working people, to pay taxes and furnish Government revenue.

Second. A full and sufficient volume of money in circulation, consisting of gold, silver, and legal-tender paper currency, at par with each other and inconvertible.

Third. Free elections in all the States, untrammelled by "force bills," or any other Federal machinery implying a want of faith in the intelligence, the honor, or the patriotism of any portion of the American people.

Fourth. Rigid economy in public expenditures so that no more billion-dollar Congresses may come to curse the country.

Southern Bankruptcy.

Mr. Speaker, I am not one of those who believe that the free coinage of silver will bring all the relief the country needs. If I am honest with myself and the people whom I represent I will say that I do not expect a very large increase of the circulating medium to result from free coinage, but I think it is a step in the right direction. I believe that it will tend largely to restore confidence and greatly encourage the farmers and wage-workers of the country. It will be a return to the constitutional money of our fathers. I believe that a very large increase in the volume of money is absolutely necessary, and that better and more equal distribution is imperatively demanded.

The South is perhaps more depressed and threatened with universal bankruptcy to a greater extent than any other portion of the country. The reason is perfectly apparent—we do not share in the distribution of money from the Treasury. The Government commenced to rob us as soon as the war was over by taking \$75,000,000 of cotton tax without excuse or justification. Of this amount Alabama paid \$10,388,072.10, or \$7 per capita, or \$35 for each family of five persons for her present population. This is our money; give it back to us in silver dollars or legal-tender notes issued for that purpose.

The money is now in the Treasury and Congress refuses to return it. Why not pay back this money to the rightful owners, as you did the direct tax and other claims less honest? Why not direct the Secretary of the Treasury to pay this amount to the South with a new issue of legal-tender notes? If we could get \$75,000,000 now for distribution it would relieve us and send our people to work with renewed energy and more love for the flag and confidence in the Government.

Mr. Speaker, those who make their bread by the sweat of the brow have my sympathy, and I will go with them as far as the cabletow which binds me to good government and a sound currency will permit.

As I have already said, I beg for an opportunity to vote for a measure placing on the free list all the articles named in the bill, and coupled with it authority to issue legal-tender notes to pay the obligations of the Government, thereby in a short time doubling the volume of money in circulation.

If this policy is pursued we will soon see the greatest degree of prosperity in this country ever known. Farmers will be able to raise the mortgages which

threatened to make millions of homeless people. The comforts of life will be in the reach of all industrious citizens. The cry of hard times will be silenced, and in its stead will come songs of rejoicing from all quarters of this broad land.

Others may do as they like. As for myself, I will vote for any and all measures that promise to wipe away the bitter tears poverty brings; that will help to pay the mortgages; that will free the farmers from the strong chains the money power is forging about them. Give them an even start in the race for life. Lift as many of the burdens as possible from their shoulders and let the proudest boast of America be of her citizen farmers.

Horace V. Bisbee, printer, Post Building.