Free Coinage of Silver.

SPEECH

—OF—

HON. HORACE F. BARTINE

OF NEVADA,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, March 24, 1892.

WASHINGTON, D. C.,
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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. BARTINE said:

Mr. SPEAKER: I wish that I were endowed with the voice of my gigantic friend from New York [Mr. COCKRAN] with which to make myself heard upon this occasion; but, though I am lacking in his physical power, if gentlemen will kindly give me their attention I hope to convince them that my lines of thought are fully as close and accurate as his so far as this question is concerned.

In my judgment the silver question is the most vitally important that confronts the American people to-day. If any gentleman imagines that a measure placing wool or cotton-ties or binding-twine on the free list approaches in the remotest degree the importance of this great question of money, which is interwoven with every business concern of our lives, that gentleman has very contracted notions upon the subject of political economy.

This question affects the farmer in his field, the mechanic in the workshop, the merchant in his store, and the banker in his counting-house. It is not only national but world-wide in its scope, and its ultimate decision will bear for good or for ill upon the industrial fortunes and social welfare of the entire humane family. It has awakened the profoundest thought in every quarter of the commercial world. Such a question is certainly entitled to a fair, calm, earnest, and deliberate consideration upon its merits. It can not be decided by lordly declamation, however well rounded and eloquent the periods may be. It can not be settled by contemptuous epithets, by sneering allusions to "the silver craze," "cheap money fanatics," and "70-cent dollars." It can not be dismissed by stigmatizing it as a "swindle," or by wholesale and unbridled denunciations of the silver-miners of the far West.

The man who employs any of these lines of argumentation (?) simply proves himself lacking in that mental equipment which is the prime requisite for an intelligent discussion of the subject. We may safely admit that the silver-producing States and Territories, in demanding free coinage, are, as best they may, looking out for their own interests. They hope to enhance the value of their product. But the whole science of political economy deals with the material concerns of men. It may with perfect propriety be termed the science of selfishmess. Every nation or state favors that particular line of economic policy which appears the most likely to promote its prosperity. The New England and Middle States are devoted to the protective tariff because they believe that their wealth has been greatly increased by its operation. The Southern States are deeply tinctured with the free-trade idea because they believe that such policy will be beneficial to them.

It is an entirely selfish motive on both sides. Now, I have always been a sincere believer in the protective principle. I think that the country as a whole has been largely benefited by its operation; but I also realize that it has been very unequal in its effects—that some States have been benefited very much more than others; indeed, that the disproportion has been so great as to give color to the claim that the tariff enriches one section of the country at the expense of another. The wealth of the great cities of New York and Boston and Philadelphia and Baltimore has been piled up mountain high by special legislation peculiarly advantageous to them; and yet we find the ruling classes in those great money centers swelling into a white heat of indignation at the thought of the silver-miner realizing a benefit through the enhanced value of his product.

Not long ago a venerable Senator of the State of Vermont, speaking in a place which I am not at liberty to name, stated that if free coinage had been the law since 1878 the Government would have lost $108,000,000, the whole of which might have gone to swell what he characterized as the already "enormous profits" of the "silver corporations." The venerable gentleman doubtless shares the opinion of many other ill-informed persons, that every silver-miner is a "silver king."

If he or anyone else who entertains this opinion will take the trouble to visit the silver-mining regions of the country, he will not be long in having this illusion dispelled. He will learn that he can explore a hundred mining districts and travel 10,000 miles without seeing a "silver-king." But he will find the whole country full of men who, for a quarter of a century have trod the desert and climbed the mountain, growing old and gray and feeble in the vain search for wealth that never came. In every district he will find scores of men with little mining claims in which all

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their hopes are centered, toiling on year after year, only to have them shattered because the grade of the ore is too low or the price of silver is too low to yield them any profit.

In every gulch and canon he will behold the cabin of the prospector who, torn from the bosom of his family, is struggling for a bare existence for himself and for them, but never forgetting to educate his children, and teach them to love their country. Everywhere he will see towns half deserted, business men in distress, and laboring men out of employment because of depression in their one great industry.

What shall we say of the broad-gauged (?), big-hearted (?) statesman who would refuse to cast a glimmer of encouragement across the pathway of these men, and help lift them from the "slough of despond," because, perchance, some imaginary silver king might realize a little benefit at the same time? Shame upon such an argument! I have no panegyric to pass upon the "silver kings." In truth, I scarcely know any of them. In their natural qualities I presume that they are just about like other men—good, bad, and indifferent. Whatever they may be in that respect, they can almost be counted upon the fingers of one hand. They are men who, in the mutations of fortune, have by purchase or discovery become the owners of valuable silver mines.

It is fair to assume that they are anxious to restore the value of silver to its former figure. But it is proper for me to say in this connection that the only men in Nevada who are ever referred to by this title are more largely engaged in producing gold than silver. It is a fact which it may surprise many to learn that the famous "bonanza mines" of the Comstock lode are actually yielding a greater percentage of gold than silver.

But as a simple matter of justice I want to say this: Whenever you find a "silver king" you find a man who is engaged in a great and productive industry, one which is constantly adding to the substantial and enduring wealth of the country. And not only this, but you find him employing hundreds and perhaps thousands of hardy miners and paying them the best wages that are paid to any class of laboring men on the face of God's green earth. Yes, we have poor people out in those regions, people who have felt want and are now feeling it in all its stinging forms; but you can find no extreme poverty among the employees of the "silver kings."

The $108,000,000 which Senator MORRILL referred to is the difference between the market price and the coining value of silver, and it represents the precise extent of the robbery that has been perpetrated upon the miners who dragged that silver from the depths and poured it into the coffers of the nation. "Those infamous" miners, who are held up to the execration of mankind, have furnished the country with over $400,000,000 in coin, every dollar of which is at par, and have only received about $300,000,000 for it.. I leave any fair-minded man to say upon which side of the transaction the "swindle is to be found. The miner, who, with infinite toil and even at the risk of his life, has furnished the country with money for the payment of its national debt and the adverse balances of trade, demands that this robbery, carried on for the benefit of the creditor classes at home and abroad, shall cease.

We ask that silver shall be restored to the position it occupied for 4,000 years prior to 1873; and when we make this just demand, the sanctimonious souls of the bondholders and the money-lenders are shocked at what they deem our moral depravity. [Laughter.] Their Christian virtues that have been sleeping in sweet repose for lo! these many years, are all aroused, and in a flood of pitying tears they beseech us to have pity upon the widow and the orphan, and the hard-working, poorly paid servant girls. It is perfectly astonishing what a wealth of sympathy the Eastern bankers have for the servant girl whenever the silver question happens to be mentioned. And yet I fancy that the cases are by no means rare in which those same servant girls can be found toiling like slaves in the kitchens of these same sympathetic bankers for the magnificent stipend of $2.50 per week. [Laughter.]

But, while conceding that the silver producer is actuated by a desire to improve his condition, is it not equally fair to assume that there is a little, just a little selfishness behind the virtuous demand for "honest money" that comes rolling up in thunder tones from Wall street? Is it quite reasonable to ask the people of the country to believe that the money-brokers and the stock-jobbers are the personification of all that is honest in American finance? The money kings of the East, as such, are engaged in no productive industry. Their business is simon pure speculation. Their dealings are very largely with things that have no tangible value except for speculative purposes. They organize corporations and joint stock companies upon a basis scarcely more substantial than the ethereal frostwork of a winter's morning. They water the stock so as to multiply the number of shares, thus giving them a wider field for speculation.

Then the "bull" exerts all his energies to force the prices up, while the "bear" labors with equal vigor to force them down. They build up great mountains of credit, and when the collapse comes it carries ruin into every quarter of the country. There has never been a "Black Friday" or any other paralyzing commercial panic in America that can not be traced directly to the wild speculations of the money kings, who have in the main dictated the financial policy of the United States ever since the outbreak of our great civil war. [Applause.]

Is there a gentleman in this House who really believes that in presenting a united front in opposition to silver, the great money centers of the world are actuated by a desire to benefit the poor man? If so, that gentleman presents a picture of innocent credulity as beautiful as it is rare. I assert that the great money centers of the country have never given their sanction to any monetary law that has had the slightest tendency to ameliorate the condition of the poor. Every scrap of such legislation which has been placed on our statute books with their approval has been in the in-

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terest of the national banks for the enhancement of the value of our bonded debt, national, state, and municipal, for the benefit in short, of every man with a fixed income, or an accumulation of money, and to the injury of every debtor and taxpayer throughout the length and breadth of the land. [Applause.]

The "silver king" of the West can stand a comparison with the "money king" of the East and suffer nothing by that comparison. I have said this much in a preliminary way, not because it has any particular bearing upon the silver question *per se*, but merely in reply to the senseless phillipics that are being constantly hurled at the silver-mining States and Territories. Let us now look at the facts and principles involved and endeavor to consider them in the light of calm and dispassionate reason.

WHAT IS THE SILVER QUESTION?

What is this "new-fangled scheme" of finance, as our opponents term it? Before the year 1873 the "silver question" was unheard of in America. Through innumerable centuries of time gold and silver had been the two great money metals of the world. In some countries gold was the principal currency and silver occupied a subordinate place. In others, and indeed in most of them, silver was primary and gold was secondary, while in a third class the two metals were used upon equal terms at a fixed ratio to each other. The first were called gold standard countries, the second silver standard, and the last double standard.

But these terms are misleading. The action of the bimetallic countries, that is, those in which both metals were freely coined and endowed with full legal-tender functions, in linking them together, had the effect of holding them at a fixed ratio everywhere, and all nations commercially connected transacted their business substantially on the basis of the double standard. For example, when England adopted the gold unit in 1816 it made no difference in the value of an ounce of gold. It remained, as formerly, just equal to 15½ ounces of silver, and the prices of commodities were not affected. Silver was no longer available for currency purposes in England, but it continued so available almost everywhere else. Hence this action on the part of England operated simply as a local currency regulation.

She sent the silver abroad to exchange for commodities and kept gold at home for use as currency. But wherever that silver went it continued to form a part of the world's stock of standard coin and weighed in the great balance against the general stock of the world's commodities. For this reason the change of the monetary unit in England produced no disturbance of values, and property of every species in the United Kingdom continued to be measured by the double standard, as before.

So I lay down the broad proposition that at the beginning of 1873 the great mass of gold and silver coin, linked together at the ratio of 15½ ounces of silver to 1 ounce of gold, made up the aggregate volume of primary money of the world. This metallic money constituted not only a large part of the currency in actual circulation, but it was also the foundation of that immense structure of credits which modern business methods had brought into existence.

I now take a second step and lay down the further proposition that at the date mentioned there was not even a pretense, publicly expressed, that this aggregate mass of money was any too large for the business requirements of the world.

When the great gold discoveries of California and Australia were made some writers thought that gold might become super-abundant, thus destroying the ratio of 15½ and injuring creditors, who, it was assumed, would be paid in the cheaper metal; but so far as I know not one ever took the position that there was at any time actually too much money. That was not the idea which induced any country to demonetize either metal. England adopted the gold unit upon the advice of Lord Liverpool, in the interest of what he deemed to be commercial convenience. The double standard was thought to involve slight fluctuations that caused more or less trouble to merchants engaged in the foreign trade and interfering with the close precision of accounts.

The question of aggregate volume was never considered in the matter at all. The same is true of Germany. Whatever the shrewd and cunning financiers behind the scenes may have intended, the reason given was, that Germany ought to be in accord with the monetary policy of England because of their close commercial relations. In the United States the matter was not discussed at all. The silver dollar was just dropped out of the coinage and nothing was said about it.

So, I repeat, that up to the beginning of 1873 there was no such thing as a claim that there was any too much metallic money in the world. If this be true, it follows as a logical and inevitable conclusion that anything which deprived the world of a considerable portion of the money which it then had, left it with an insufficient supply. It is impossible for any man who has a logical idea in his head to get away from as plain a proposition as that. If you have none too much of a given thing, and a portion of that be taken away, it must leave you with too little; nor can it make any difference, save in degree, whether the result be brought about by actually destroying a portion of the thing or by depreciating its quality so as to render it less effective in satisfying the popular demand. The law of supply and demand applies to money just as perfectly as it does to anything else.

DEMONETIZATION OF SILVER.

In 1873 the German Empire and the United States of America both demonetized silver and adopted gold as the sole standard of value. About a year later France and the other States of the Latin Union limited the coinage of silver, and in 1878 ceased its coinage altogether. Silver was not completely destroyed as money by this action, but its efficiency was greatly impaired. It was relegated to a secondary position. It continued to pass from hand to hand in cash transactions,

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but gold became substantially the sole support of the great fabric of credit, by means of which, perhaps nine-tenths of the business of the world is transacted.

At the time of this demonetization, gold and silver were used in just about equal proportions, and the discarding of silver amounted in effect to the virtual destruction of nearly one-half of the money supply of the world. If it be true that the law of supply and demand applies to money the same as to other things, what would be the natural effect of thus reducing the supply? Manifestly each remaining unit of full standard money would become more valuable. That is to say, its purchasing power would be increased. Other things would become the cheaper. This is precisely what took place.

Upon this point there is no difference among economists. No matter which side of the silver question they may take or how much they may differ as to the cause, they are agreed upon the fact that the period extending from 1873 down to 1890 has been one of almost constantly failing prices. The Economist's Index Numbers show a decline of about 26 per cent; the tables of Dr. Soetbeer show the same decline. The figures of Prof. Sauerbeck show a fall of 31 per cent; of Robert Giffin 37 per cent; and the Hamburg Tables indicate an average decline of 33⅓ per cent. These are the most eminent authorities who have investigated the subject. The Economist, Soetbeer, and Giffin are strong advocates of the gold standard, while Sauerbeck and Palgarve lean to bimetallism. The feeling of the compiler or compilers of the Hamburg Tables I do not know. A fair average of these figures shows a decline of 30 per cent, which indicates that gold has appreciated about 43 per cent.

It is proper for me to add, however, that these figures are only brought down to the beginning of 1887; but the fact is generally recognized that the decline has continued since then, save as it was checked temporarily by the monetary legislation of this country in 1890. The Economist Index numbers, though have been extended on to 1892, and they show a decline of 3 per cent more since the date I have given. And it is fair to assume that prices will continue to follow the same downward course until the cause is removed, subject, of course, to ephemeral spurts which may result from short crops or other causes, materially diminishing the supply of commodities.

THE CAUSE OF THE FALL.

While these facts are generally admitted, there are many who deny the conclusions, stoutly contending that the demonetization of silver has had nothing to do with it, and insisting that gold has remained constant while the other things have fallen. This is the sheerest nonsense. I would be justified in using a much stronger term. The value of anything is what it will exchange for. The money value of anything is the amount of money it will exchange for, and the value of money itself is the quantity of commodities or property that it will exchange for.

To say that a gold dollar will exchange for more of other species of property than formerly, and at the same time assert that its value has not changed, involves about as flat a contradiction as it is possible to express in the English tongue. Still, it is one of the stock arguments that have rung in our ears ever since this agitation began. It lies at the foundation of all this cry about the "Dishonest 70-cent silver dollar." The only way on earth that our opponents can figure out a 70-cent dollar is by supposing that gold has remained constant. In the light of the figures that I have given, the absurdity of this supposition ought to be apparent to any man of ordinary intelligence. It is a matter of personal knowledge to most of us that the value of the silver dollar, considered as mere bullion, has never been materially less than 70 cents in gold. This shows a relative depreciation of 30 per cent., almost exactly the same as the average decline in the gold price of commodities.

The testimony with those familiar with the conditions existing in silver-using countries, is all to the effect that in such countries there has been no material change in prices since 1870. That money and goods continue to exchange at the same rates as before. It can therefore be safely affirmed that silver has remained stable or nearly so, while gold has risen more than 40 per cent. And such a result was perfectly natural. The demand for gold has enormously increased. Robert Giffin candidly admits that the divergence between the two metals has been caused by an increased demand for gold rather than a diminished demand for silver.

As a matter of fact Germany reached out and seized upon $400,000,000 in gold. The United States gathered in $700,000,000 and Italy $100,000,000—about $1,200,000,000 in all. This is very nearly one-third of the total amount of gold coin known to exist. To deny that this extraordinary demand for gold enhanced its value, is to repudiate the law of supply and demand. To admit it, is to completely destroy the whole argument leveled against the silver dollar as a dishonest and degraded coin. To acknowledge that the divergence has been mainly caused by an increased demand for gold, explodes at once and forever the claim that this metal is a fixed and unchangeable quantity in economics.

WHAT HARM HAS IT DONE?

The fact being established that gold has been greatly appreciated in value, manifesting itself in a general fall of prices, the next question is, what harm has it done? My answer is that the resultant injury and injustice have been simply incalculable. The primary business of the world consists in producing those things which are necessary for the sustenance and comfort of man. Speaking generally, it may be said that the people of the world are divided into two classes—producers and nonproducers. A fall in the price of the product, therefore, means an injury to the producer for the benefit of the nonproducer.

Again, every debt must be paid out of the products of labor. If the price of the product fall

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it is the same thing as an increase of the debt. Hence, a fall in prices means the injury of the debtor class for the benefit of the creditor class. A fall in prices diminishes profits, checks productive enterprise, and causes business stagnation. Regardless of what any economist may have said or written, it is a matter of common every day knowledge that low prices, depressed markets, and dull times are inseparable companions.

When the margin of profit is unduly narrowed, money is withdrawn from the legitimate business of production, and naturally floats into what are called the "money centers," where it becomes, at times, superabundant and interest ranges low. One class of money-owners seeks permanent investments, while another plunges into those wild, speculative ventures, in which a few gigantic fortunes are amassed through the destruction of innumerable small ones. A diminution of the money supply makes it easier for a few men to control it, and widens the gulf between the rich and the poor. [Applause.]

Accordingly, the period extending from 1873 down to the present time has been one of widespread, almost universal complaint among the producing classes.

This fact is recognized by nearly all investigators, and with scarcely an exception they draw the line sharply at or about the year 1873. In 1885 the Queen of England appointed a commission to inquire into the reasons for the depression of industry in that country. This commission consisted of twenty learned and distinguished men, of whom Lord Iddesleigh was the chairman, and its investigation was of the most exhaustive character. The evidence elicited was simply overwhelming that depression existed to a degree that was without a precedent. The witnesses were practically unanimous. They were further agreed that it was the producing classes who were the most seriously affected through the general and continuous fall in prices. In its final report the commission clearly recognized these facts, as the following quotations plainly indicate:

Paragraph 31: "Those who may be said to represent the producer have mainly dwelt upon the restriction and even the absence of profit in their respective businesses. It is from this class, and more especially from the employers of labor, that the complaints chiefly proceed. On the other hand, those classes of the population who derive their incomes from foreign investments, or from property not directly connected with productive industries, appear to have little ground of complaint; on the contrary, they have profited by the remarkably low prices of many commodities."

Paragraph 55: "We have observed above that the complaint proceeds chiefly from the classes who are most immediately and directly concerned in production; and there can be no doubt that of the wealth annually created in the country, a smaller proportion falls to the share of the employers of labor than formerly. The view, therefore, which we are disposed to adopt is that the aggregate wealth of the country is being distributed differently, and that a large part of the prevailing complaints and the general sense of depression may be accounted for by the changes which have taken place in recent years in the apportionment and distribution of profits. The reward of capital and management has become less; and the employment of labor is, for the time at least, not so full and continuous; so that, even where the rate of wages has not been diminished, the total amount earned by the laborer has been less, owing to irregular and partial employment."

Paragraph 71: "Another element of great importance in the situation is the serious fall of prices to which we have above referred. There can be but little doubt that production and commercial enterprise are stimulated to a greater extent by rising than by falling prices.

Whatever may be the inconvenience of a rise in prices, it certainly encourages a greater activity in production and an extension of credit. When prices are rising, capital is constantly endeavoring to find new means of employment; and a spirit of enterprise animates all classes engaged in commercial operations. In times when prices are falling, on the other hand, speculation even of a perfectly legitimate kind is checked, and production tends to diminish. Suppose a manufacturer to borrow a fixed sum at a fixed rate of interest. This he has to repay, whatever the result of his operations may be. Meanwhile prices may fall. Not only does he buy his raw material at the higher price and sell his goods at the lower, but he has also to pay interest and repay principal on the higher value; and in addition to this, it is found that wages do not respond to such movements as quickly as the prices of commodities.

The trader, too, is affected in the same way, and he does not know what the value of his stock will be at the year's end, or what profit he will be able to secure upon his capital; and when trade is crippled it is natural that production should halt. The fall of prices, which has been in progress during the greater part of the last ten years, has become much more marked in the last two, and its full effect in checking production and depressing trade has therefore scarcely become apparent But the slight diminution in the production of some of our leading industries, which we have noticed above (paragraph 41) affords some evidence that this influence is beginning to operate, and should prices continue to fall we think that a further curtailment of production can hardly fail to ensue."

These extracts fully confirm the statement which I have made that the producing classes, the men who are engaged in building up and developing the world, have been the sufferers by this change, while the nonproducers, those in the enjoyment of fixed incomes and possessing accumulations of money, have been the principal beneficiaries. For the purpose of connecting this testimony with the affairs of our own country, it is proper for me to say that the Director of the United States National Bureau of Labor, in his report for 1886 expresses the opinion that the industrial depression existing in this country was exceeded by that of none other except Great Britain. Many reasons were given for the general decline in values. The commission did not feel itself authorized to go into the sliver question and its inquiry was not extended into that field. But that it had an important bearing upon the extraordinary industrial situation was fully appreciated. In its third report the matter was referred to in the following language:

In recent years the purchasing power of gold has increased, or, in other words, the prices of commodities in general, as measured by a gold standard, have fallen; and this appreciation of gold, taken in combination with other circumstances, has disturbed the relations between the two precious metals.

An inconvenient depreciation of silver, as measured in gold, has for some time prevailed, and is still proceeding. Without going into minute details, we may point out that these changes result from a twofold set of causes Not only has the supply of gold diminished, but the demand for it has increased. That is to say, the actual production of gold from the mines has declined, while the demand for it has been largely increased by its substitution for silver in the coinage of Germany and other countries; at the same time the supply of silver has been increased, both by the somewhat larger production of the mines, and by the demonetized silver thrown on the market by Germany and Holland.

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Then the commission proceeds to advise the creation of another commission for the express purpose of investigating the causes which have produced the change in the relative value of gold and silver. Now, in my opinion, while particular causes may have had certain local effects, the primary and general cause has been the legislation of 1873, which to a great extent destroyed silver as money and practically made gold alone the standard by which everything else is measured.

In my advocacy of the free coinage of silver I do not occupy the position of a croaker. For the man in public life whose sole argument consists in picturing the calamities of the people I have no especial admiration. Certainly not enough to induce me to follow his example. I recognize the fact that during the last twenty years the wealth of the country has greatly increased, that the population has increased, that the volume of business has increased, and that the census returns indicate a degree of national prosperity unequaled by that of any other country in the world. But the aggregates of national wealth and growth are not the only things to be considered. The welfare of the individual is of even greater importance; and the manner of the distribution of wealth is vital to that welfare.

The era of which I have been speaking has beheld an accumulation of individual fortunes of which we find no parallel in the history of any other period. The whole tendency of the times has been towards the concentration of wealth. Nearly all the important industries of the country, outside of agriculture, are now in the hands of great firms, corporations, syndicates, and combines. A few years ago a millionaire was a curiosity. To-day a five-millionaire commands scarcely a passing notice, and the cases are by no means rare in which we find ten, twenty, fifty, and even a hundred millions of dollars in the hands of a single individual. And while this has been going on the whole country has been traversed by armies of tramps looking for work or begging for bread, and one long cry of distress has gone up from the ranks of legitimate industry in every part of the civilized world. [Applause.]

I mean no discourtesy to any fair-minded opponent when I state that I have never yet heard what strikes me as a valid objection to our demand for the free coinage of silver. I ask you now to follow me while I glance at some of these objections.

PREDICTIONS OF SILVER MEN.

I do not know whether it is intended as a serious argument against free coinage or not, but those who are opposed to it are laying great stress upon the assumed fact that some silver men predicted that legislation heretofore had would bring silver to par. The minority devote an entire subheading of their report to this feature of the controversy. Having failed in every prophecy they have made, it is not unnatural that they should seek consolation in the failure of somebody else. The fact that they grasp at such a circumstance, shows their poverty in substantial argument. The conservators of national honor, as our opponents claim to be, ought to be fair in debate and honest in their statements of fact.

If any silver man ever regarded the Bland-Allison act as being in any sense the equivalent of free coinage, I never saw him. And if one of them was ever satisfied with the manner of its execution, I should like to find him and exhibit him as a curiosity. With reference to the present law I may say that if any silver men thought it would bring silver to par they must have been very few, for it is an undisputed fact that from two-thirds to three-fourths of the advocates of free coinage voted squarely against the bill, and those who voted for it only did so because they could get nothing better. Secondly, it is a point upon which any person might very easily go astray. It was manifestly impossible for anyone, however intelligent, to name the price silver would reach under a fixed and limited demand, because the supply was uncertain.

The exact accumulation was unknown, and the future product could not be foreseen. A very small increase, if sufficient to leave a surplus on the market, might make the most reasonable forecast seem utterly ridiculous. Furthermore it is perfectly obvious that speculation has been a most important factor in the rise and fall of silver, and the continued existence of a surplus has given the speculator a fine opportunity for the exercise of his craft.

Our contention has always been that it should be taken entirely out of the domain of speculation by giving it free access to the mint. In this we have heretofore been defeated and forced into the acceptance of compromise measures.

When these compromises fail to produce all the results which we claim for free coinage, we are taunted that our predictions have failed. Such an argument is not only unfair but it is positively dishonest.

Referring to this very propensity on the part of our opponents, in a speech which I delivered in the last Congress, I made use of the language to which I invite the attention of the House:

> Now, sir, I have said that the bill under consideration does not meet with my approval. I believe that the solution of this problem requires complete, absolute, and unqualified free coinage. It is absurd to expect one metal to maintain itself by the side of the other, when it is loaded with restrictions which tend to keep it down. To give us a half-way measure, and promise us free coinage when parity is reached, is about the same in principle as for a physician to prescribe a half dose of medicine for a sick patient, promising him a full dose when he is entirely well. This bill may bring silver to par, if so it practically solves the question. But it may not have that effect, and if it fail there is scarcely a doubt that our opponents would use it as additional argument against us. They would say that, "Silver has been fairly tried and found wanting, let us now discard it entirely."

I make no claim to the gift of foresight but on that particular occasion it must be conceded that I struck the nail squarely on the head.

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Had the existing law been brought forward and championed by the silver men upon the ground that it would be beneficial to the country, and the prediction had failed, such failure would have been a substantial one, but a prediction as to the advance in the price of silver bullion was simply a blind guess on a side issue with one of the elements, namely, the supply, unknown. On the other hand, the failures of our opponents as prophets have been upon points that are vital—that go to the very heart of this entire question.

When the Bland-Allison act of 1878 went into operation, it was claimed by many of them that it would drive gold out of the country and prove in the highest degree disastrous.

Mr. Sherman, as Secretary of the Treasury, declared that $50,000,000 was all that could be safely coined; that beyond it parity could not be maintained, and that our finances would fall into confusion, to the grave injury of the country. President Arthur and President Cleveland, representing the same line of financial thought, were constantly picturing the dire calamities to come if the coinage of silver dollars was not stopped, and urging the repeal of the law. Ever since $50,000,000 has been coined we have been standing at the brink of a precipice, and just a few more were going to hurl us headlong into the awful abyss. These prophecies have filled the air ever since 1878. They go to points that involve this entire controversy, and their failure proves that the prophets are radically wrong in their philosophy and their reasoning.

What we say is that free coinage will bring the two metals to a parity and hold them there. Just so far as we have been permitted to go we have proved the correctness of our position. Every dollar that has been coined is at par, and it must be remembered that this is purely a question of coin. If the bullion had all been coined it would all have been at par. But we never claimed that bullion which could not be coined would be at par.

INCREASED PRODUCTION.

It is claimed that the reason why prices have so fallen is that production has been largely increased by mechanical inventions, better transportation facilities, and the like. This argument will not bear close analysis. That there has been any greater increase since 1873 than for the preceding twenty years has not yet been proved, It rests upon mere assumption and the dexterous manipulation of figures. Taking the United States alone and estimating the increase in proportion to population it is shown that we have a larger excess of cereals and breadstuffs than formerly.

This is an unfair or at least faulty, method, because the fall in prices has not been confined to this country, and taking the commercial world as a whole the production is no greater per capita than it was twenty or twenty-five years ago. Wheat has always been regarded as a safer test of value than any other commodity and a steadier quantity in economics than even gold or silver. In my speech of June 7, 1890, I gave the figures showing the wheat crops of Europe and America by decades and periods of five years from 1870 down to 1888. Those figures were carefully taken from various standard authorities, and I have no reason to doubt their accuracy. The statement being as pertinent now as then, I will reproduce it.

From 1870 to 1880 the annual average was 1,287,000,000 bushels; from 1875 to 1884 the average was 1,249,000,000 bushels; in 1883, 1,267,000,000; in 1884, 1,377,000,000; in 1885, 1,204,000,000; in 1886, 1,173,000,000; in 1887, 1,259,000,000; in 1888, 1,224,000,000.

For the decade first named the average annual production of the United States was about 328,000,000 bushels, making a total average for the two continents of about 1,625,000,000 bushels. For the five years ending with 1888 the average crop of Europe was 1,247,000,000; of the United States, 440,000,000, making a total average of 1,687,000,000, an increase of about 62,000,000. But it is entirely safe to say that the population of Europe and America increased within that time 26,000,000.

To have kept pace with the population the increase of wheat should have been 100,000,000 bushels, whereas it was only 62,000,000, so that there has actually been a falling of in the production of this great cereal, the price of which is considered by all economists the surest barometer of the general scale of prices.

I may add that in 1889 the product of Europe was 1,203,000,000 bushels, and that of America 490,000,000, 1,693,000,000 in all, about 6,000,000 more than the average of the preceding five years. It no more than kept pace with the increase of population.

Even including the importations from India and Australia, I do not think it is possible to figure out any material increase in the wheat supply of Europe and America. And yet there are very few commodities that have fallen in a greater ratio than wheat, and nothing has caused more distress throughout the agricultural regions of the country except the fall in the price of cotton.

There has been considerable increase in the product of cotton in America, which is the chief source of European supply; but it must be remembered that cotton being a raw material used in manufacture the product may increase almost indefinitely, and consumption move right along with equal pace. And so it would had not the purchasing power of the people been crippled by a diminution of the money with which to make payment. In the case of such a commodity as cotton goods, when the money supply falls short, people will naturally reduce their purchases to the lowest possible point.

But the people must eat, and the wheat has all been consumed. This great cereal has not increased in proportion to population and use, but it evidently has increased relatively to something, and that something is money—the instrument which measures the wheat. The argument that prices have fallen because of increased production carries with it the admission that money has not increased in the same ratio. If we ask what controls the price of wheat, we are instantly told "supply and demand." But when two things are pitted against each other in a trade, the law of supply and demand applies to both. What is it that makes wheat worth a dollar a bushel? Why simply this: the supply of wheat and the demand for it, and the supply of money and the demand for it, are such that in the popular estimate they just balanced by a dollar of the one and a bushel of the other. This suggests the query:

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Why should not money increase with the increase of products. I am not able to see how any principle of natural justice would be violated by such increase. [Applause.]

True, a certain product might be suddenly and enormously increased by some extraordinary circumstance. I do not mean that the supply of money should be increased to meet such a case, because that would throw it out of proportion to other things. But, striking a fair average of the increase of products, I can see no reason why money should not increase pro rata, thus preserving the general average of prices. The maintenance of absolute equality in such matters is, of course, impossible, but in the way I have suggested, it seems to me that a fair approximation would be reached. With an increased production and a stationary or diminished demand the price of some things would fall, while that of others would rise from opposite conditions.

But these variations would be adjusted by the business instincts of man. If the price of one thing rose very much, more people would engage in its production, and the price would fall to the general level. On the other hand, if the price of a particular commodity fall, some of the producers will engage in other pursuits, the product will diminish and the price rise again to the general level. But where prices are nearly all falling together it is impossible for any such adjustment to take place.

COMMODITIES AND LABOR.

It is claimed that commodities ought to be cheaper now, because it takes less labor to produce them. That is bad logic, and the economics of the proposition are still worse. If it takes less labor to produce a given commodity, that may be a good reason why the commodity should exchange for less labor, but it is no reason why it should exchange for less money. Money and labor are by no means identical.

For the money price of commodities to fall as production increases would have the effect of keeping the producer in the same condition, while the possessor of money, and particularly one who has a large amount of it, would realize a great and unconscionable advantage.

In this connection I want to read a brief extract from a speech by Prof. Taussig, a strong advocate of the gold standard, recently delivered before the Liberal Club of Buffalo, as reported in the Buffalo Express:

The fall had been attributed to improved methods of production, better machinery, and cheaper transportation. Personally, the speaker had never been able to find in improved methods of production *per se* any true explanation of the fall in prices. Commodities had fallen in price, but there was one crucial exception to the general tendency, namely, in regard to money incomes, which had not fallen. This was a very important consideration and put a very different face on the relations between debtor and creditor. The former gave back, it was true, the same amount, yielding a command over more commodities. The creditor got more than he gave, but on the other hand the debtor had not suffered, his money income was as large as it was before.

Here is a distinct recognition of three things: First, that prices have fallen; second, that improved methods of production, etc., have not been the cause; and third, that all the benefit of the change has gone to the creditor. But he says the debtor has not been injured. Whether he has been directly injured or not, he has a good right to complain, for if any benefit accrue to the nation as a whole, the debtor surely ought to receive his share.

Let us take a simple illustration to show how this change will work between the man who happens to have money and the producer.

We will suppose a community of 101 persons. One of them has $100,000 in money. The other 100 have no money and are farmers engaged in the production of wheat. Farming by the most primitive methods, they produce 1,000 bushels each, worth $1 a bushel, making the total value of their product $100,000. The man with the money can buy it all. Now, we will further suppose that by the application of more labor, or, if you please, better methods, they increase their product to 1,500 bushels each, making altogether 150,000 bushels. If the price fall in proportion to the increase, the wheat will now sell for 66⅔ cents per bushel, in all, $100,000.

The man with the money, who has done nothing but watch his dollars and see them grow, can still buy the whole of it. It may be said that as each producer gets $1,000 of greater purchasing power than formerly, he can procure more of those things which he has to buy, and in this way realize a benefit. If this be true it does not obviate the glaring injustice of allowing the miser, doing nothing that is useful to others but simply gloating over his gold, to command 50 per cent more of the products of other men's labor.

A dollar should be no bigger one year than it is another. Besides if that farmer happens to be heavily in debt he has to pay back just the same number of dollars, no matter how much they may have appreciated in value, and to this extent he loses all the advantages that would have naturally come to him through the increase of his product. The wrong becomes very much greater though when we consider the case of the farmer as it actually is. I have supposed him to have increased his crop, so as to still realize the same number of dollars. But in fact the farmer can seldom do this. There is a limit to his acres and a limit to the capacity of the soil. Any considerable increase of a given staple is usually the result of bringing more land under cultivation, which involves the application of more labor or the use of expensive machinery. Now, suppose in the case I have taken the 100 farmers are increased to 150, each producing 1,000 bushels. The price falls to 66⅔ cents, and the owner of the $100,000 commands the product of the labor of 150 men instead of 100 as before.

Each farmer now receives $666.66⅔ instead of $1,000. He has lost 33⅓ per cent. "No," it is said, he has not lost anything because he can now by as much with $666 as he formerly could with $1,000. Perhaps he can and perhaps he can not. If all his business be cash, his purchases

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just equaling his sales, and everything that he buys falls in the same ratio, he neither gains nor loses. But none of these conditions obtain. Everything does not fall in the same ratio. Some things, such as taxes and other expenses in the nature of fixed charges, do not come down at all. The chief fall has been in the great staples, raw materials, as they are generally termed.

Again his purchases and sales are not just equal. If the producer realize any profit he must in the nature of things sell more than he buys. Consequently a fall in prices hurts him more than it helps him. Finally his business is not all cash; and right here intervenes this element of credit which it is claimed has made silver unnecessary in the monetary system of the world.

The great majority of farmers are more or less in debt; some of them heavily. If one has a mortgage of $2,000 on his farm, the value of his crop at a dollar a bushel will pay it in two years; at 66⅔ cents per bushel it will take the value of three years' crops to accomplish the same result. And this principle holds good wherever deferred payments are to be made. The proportions may vary, but with prices continually falling, the man who incurs a debt always pays it in money that is dearer and more difficult to get than the money of the contract. So that the vast edifice of credit, invoked as an answer to our demand for free coinage, instead of relieving the situation is the prime cause of the inequity which grows out of a shrinking volume of actual money.

THE RIGHTS OF CREDITORS.

We are implored to respect the rights of creditors and not enact a law that will permit the dishonest debtor to meet his obligations with depreciated money. Our opponents always approach this question from the creditor's standpoint. It is a significant fact that we never hear one of them denouncing the measure which struck down silver and elevated gold, thereby compelling the debtor to pay back dollars more valuable than the ones he received.

It is all right for the debtor to pay in dollars worth 143 cents, but it is an "outrage" for him to even think of paying in dollars worth 70. They tell us to "think of all the thousands of poor men and poor women who have their little deposits in the savings banks," every dollar of which they say would be "scaled down 30 per cent" by this "infamous measure." We ask them to bestow a passing thought upon all the millions of toilers and debtors who have no deposits in savings banks, whose burdens have been increased by the gilt-edged fraud that compels them to pay in money that is all the time rising in value. [Applause.]

I am free to say that just as nearly as may be we should endeavor to preserve equity between man and man in all our legislation. But absolute equity is impossible. All monetary changes affect the value of money one way or the other. But in any change that is made in the status of money the debtor should be favored rather than the creditor. The equities in his behalf as a rule are stronger, his necessities are greater, and the welfare of the nation demands that his interests should be guarded with the most sedulous care.

When the value of money is reduced it affects only the accumulations. The productive power of the individual owner is left entirely unimpaired. He still possesses his physical strength, his intellectual vigor, all his powers of producing and creating wealth. On the other hand, every debt must be paid out of the products of labor. Therefore a rise in the value of money compels the debtor to turn over more of those products to satisfy the debt. It operates continuously, day after day, week after week, year after year, and is in the nature of a tax upon industry and production.

Mr. DOLLIVER. Does the gentleman admit that the effect will be to depreciate the currency?

Mr. BARTINE. I will touch that point later on. A friend near me suggests that as the debtors are more numerous than the creditors, they should be preferred upon the principle of the greatest good to the greatest number. [Laughter.]

EQUITIES THAT HAVE ARISEN SINCE 1873.

It is said, though, that, conceding that the demonetization of silver was wrong at the time, many equities have sprung up since which would be violated by a return to the former conditions.

My answer is that the struggle for the restoration of silver began as soon as its demonetization was discovered, and it has continued without intermission to this day. Two steps have been taken intended to restore the double standard—the acts of 1878 and 1890. Every contract made since 1873 has been made in the face of the probability, or at least the possibility, of a complete return to the old order of things. Moreover, in our efforts the great moneyed powers of the country have opposed us at every step.

Year after year, as the contest has been renewed, the national banks, the money-lenders and bondholders, intrenched behind the ramparts of wealth, have stood a solid phalanx in the line of our march. We have been held at bay for nearly twenty years, and now they have the unblushing effrontery and hardihood to invoke the equities that have sprung up during that time; one of the most aggravated cases of wrongdoers seeking to take advantage of their own wrong that ever came under my observation. If this position is a sound one, then no matter what kind of a legislative outrage may be placed upon the statute books it would never be possible to repeal it. It would only be necessary for the perpetrators to organize their forces, maintain the *status quo* for a time, and then invoke the new-born "equities."

THE PENSIONER.

We are now pathetically appealed to not to injure the pensioner, the blue-coated hero who

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served the country in its hour of need, by paying him in depreciated dollars. The gentleman from Ohio [Mr. HARTER] has been flooding the country with circulars showing, to his own satisfaction, I suppose, that the adoption of this measure would compel the pensioner to receive his pay in dollars only worth 70 cents, and which would probably sink to 60 through the further fall in the price of bullion. Then he has scattered another circular far and wide declaring that the effect will be to compel the Government to pay a dollar for 70 cents worth of silver bullion for the enrichment of the miner who produces it for almost nothing. Just how the gentleman reconciles these two statements I do not know.

The process of reasoning by which he reaches the conclusion that the same dollar is going to be worth 100 cents to the silver miner and only 70 or perhaps 60 to the pensioner, when it comes to be understood, will no doubt occupy a unique place in mental philosophy. I have no doubt that the gentleman has "rasseled" with the problem and thinks he has solved it. Perhaps he has. But what is he going to do with a case in which a man happens to be both a silverminer and a pensioner? The man takes a quantity of bullion to the mint and receives coin notes for it. He then goes to the pension agency and draws his quarterly allowance in the same kind of notes. So far all right. We know that those which he receives for his bullion are worth 100 cents on the dollar, because the gentleman from Ohio tells us so. We know that those issued from the Pension Bureau are only worth 70 cents on the dollar, for we have the assurance of the same high authority on that point. [Great laughter.]

But the man puts the money all in the same pocketbook and gets it mixed so that he cannot tell which he got for his bullion and which he received on account of pension. The question at once arises: What kind of money has he got? [Laughter.] This is a matter of some concern to me. Representing a silver-producing constituency and there being many pensioners among them, I do not like the idea of having them all tangled up with their money in that kind of a way.

If the gentleman from Ohio, out of the abundance of his resources, can convince me that it will lead to any such complications I shall be strongly inclined to vote against this bill. But as the silver-miner would be very likely to unravel the snarl in which he finds himself by disposing of all his money at 100 cents on the dollar, and as everybody else would no doubt do the same thing, in which case nobody could lose anything, I shall be obliged to reject this new system of logic and vote for the measure. [Applause.]

I believe that the interest of the pensioner is as dear to me as to any other man. I am not a pensioner myself, but I have served side by side with many who are. Some of my very best friends are men whose names stand upon the pension rolls of the country, and I would not willingly do anything of which they can justly complain. But I do not believe that this class of men will ever attempt to dictate the kind or character of money in which they shall be paid. They ought to be intelligent enough to know that their pensions must be paid out of the products of the labor of their countrymen, and patriotic enough to say that money which is good enough for the country as a whole is good enough for them.

If any of them are disposed to listen to the song of the golden nightingale, it may not be out of place for me to remind them that the men who are the loudest in their denunciations of free coinage to-day belong to the same class, and in many cases are the same individuals who thought a 40-cent greenback good enough for the soldier in the field but not good enough for the holder of a Government bond. [Applause.] All that they care for the pensioner now is to use him as a leverage for attainment of their own ends.

The great mass of our pensioners are also engaged in some productive industry, and their welfare depends upon the general prosperity of the country. In many cases their interests as producers are vastly greater than their interest as pensioners. In no event can they afford to stand in the way of their country's prosperity through a fear that the dollars which they receive in pensions may have a somewhat diminished purchasing power. They must take their chances with the rest of us, and I believe that as a rule they are ready to do so. I am willing for them to have all the pension that their services and necessities entitle them to. If in any case, or class of cases, the rate is too low I am ready to vote an increase; but I am not willing to see pensions increased by an appreciation of money, because the effect of that is to injure the country at large a hundred times more than all the pensioners are benefited. [Applause.]

IS THE DOUBLE STANDARD PRACTICABLE?

It has been persistently contended that free coinage will give no relief from any existing evil because the double standard is visionary and impossible; that there cannot be two standards, and that owing to fluctuations between the metals the standard will be alternately silver and gold; that sometimes the currency of France was mostly silver, while at other times gold largely predominated, and that the same thing is true of the United States. This argument rests upon the theory that the double standard can only exist when exactly equal amounts of both metals are found circulating together in the currency.

In making this argument our opponents entirely overlook the difference between the currency and the "standard." They ought to know, if they do not, that nations sometimes have a currency of paper while the standard is gold or silver, or both. England herself adopted the gold standard when she had nothing but paper in circulation, and the United States did substantially the same thing. The standard cannot be determined by the character of the currency in circulation.

The fallacy of such an attempt can be very easily shown. Suppose that we had a curreney con-

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sisting of just $500,000,000 in gold and $500,000,000 in silver. While that condition lasts no one will deny that the standard is double. Now, suppose that in the course of trade we send $1,000,000 in gold abroad to pay for goods in one country, and at the same time import a million in silver from another, changing the relative amounts to $499,000,000 in gold and $501,000,000 in silver. Will anyone but a hair-splitting theorist claim that the double standard has been destroyed. Surely not. Then where would the monometallist draw his line? The answer is, "nowhere." It cannot be drawn at all in support of this theory until the whole of one metal or the other is driven from the circulation, a thing that never took place in the experience of any bimetallic country.

Again, while it is true that the relative amounts of gold and silver have varied in the French currency and in our own, it is not true that one was driven out by the other. In the early part of the present century the currency of France was chiefly silver, but at that time the main part of the money of the entire world was silver. It is estimated that the weight of silver in the hands of man was forty-five times as great as that of gold, and the production was about in the same ratio. Very naturally gold would seem scarce in any country that authorized the use of both metals. When the great gold discoveries of California and Australia were made gold became more abundant, and of course the proportions were changed. But not one single piece of silver coin was ever "driven" from France. It was drawn out by commercial currents.

It is a well-known fact that between 1850 and 1860 the commercial relations of America and Europe with Asia became very much closer than they had ever been before. The ports of China and Japan were thrown open to civilized nations, and a great trade previously unknown sprang up between them. About this time France also began importing on a large scale from India, a thing she had never done before. Payments to these Oriental countries were invariably made in silver. Consequently the shipments of silver to the East became very much greater. The change which took place is clearly shown by Chevalier in his work on the fall of gold.

I quote from page 65 of that work:

The value of silver rises at present, owing to the sudden demand for this metal for exportation to the remote East. According to the statements published by Mr. James Lowe and derived from the books of the Peninsular and Oriental Steam Navigation Company, by whose agency nearly the whole of this precious freight is transported, the vessels of this company carried from England to Asia the sum of £12,118,985 in silver in 1856, and of £16,795,232 in 1857. In 1851 it was only £1,716,100. Besides from the ports of the Mediterranean there have been sent to the Levant and the remote East (India, China, and the adjacent regions) in 1856, £1,989,616, and 1857, £3,356,689. This is for the year 1857, £20,145,921, that is to say of more than double the yield of all the silver mines that supply the markets of the eastern world, I mean of Europe and America.

This influx of silver is independent of an exportation of probably one-tenth of the above amount in gold which has been going on during the last few years. It is true that we ought to deduct from these exportations of silver to the East a certain quantity imports, because, in these articles, alongside of the general stream there is always a certain countercurrent. But we have reason to believe that for the last few years it has been but a limited sum; at any rate the amount is unknown to us.

That shows the movement of silver to the East in 1857 to have been about twelve times as great as it was in 1851. But why was it sent? Was it the operation of the Gresham law driving French silver to India? Certainly not The Hindoos did not demand silver because of any fluctuation in value between the two metals. They cared nothing about the ratio. They wanted silver because it was their money and gold was not. If the ratio had been 20 to 1 they would have taken it just the same. They are doing so now. Anything that France purchased abroad had to be paid for. So far as possible she made payments in commodities; but Asia took very few of her commodities, for which reason she was compelled to send silver. The "Gresham law," that is to say, the fluctuations in value between the metals, had do more to do with its exportation than the laws of the "twelve tables.'

THE FLUCTUATIONS TRIVIAL.

The fluctuations in value of the two metals relatively to each other have been too slight to constitute a substantial objection to the double standard. At the worst they have amounted to no more than a small inconvenience, not to be considered for an instant in the light of the monstrous wrong and injury which must come, and has come, from the partial or total discarding of one of the metals.

As I have stated before on other occasions, the extreme variation in Europe was only 2⅞*d.* an ounce during the whole period that France kept her mints open—about 70 years—and this only affected the bullion. The coin was undisturbed.

As long ago as 1829, Albert Gallatin, one of the ablest of our financiers, in a letter to Secretary Ingham, very clearly pointed out the insignificances of these fluctuations. In that letter he says:

The whole amount of inconvenience arising from the simultaneous use of the two metals consists in this: Their relative value being fixed by law, if this changes at market, the debtor will pay with the cheapest of the two metals, and therefore at a rate less than the standard agreed upon at the time of making the contract; if the change in the market price is in that of the metal with which he pays the debt, and it is obvious, in the first place, that if the change is due to the rise in the value of one of the two metals and that had been the only legal tender, the choice given to the debtor to pay with either enables him to do it according to the standard first agreed on

But the true answer is, that the fluctuations in the relative value of gold and silver coins, arising from the demand exceeding or falling short of the supply of either, are less in amount than the fluctuations either in the value of the precious metals as compared with that of all other commodities, or in the relative value of bullion to coin, and even then the differences between coins, particularly gold coins issued from the same mint, and, therefore, that those fluctuations in the relative value of the two species of coin are a quantity which may be neglected, and is, in fact, never taken into consideration at the time of making the contract.

THE GRESHAM LAW.

The gentleman from New York [Mr. COCKRAN] and others have referred to the Gresham law,

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but not one of them seems to have grasped the true principle involved in that so called law.

People speak of the Gresham law very much as they would of the cholera, yellow fever, or small pox. One would think it was sort of a financial pestilence laden with dishonor and death. What is this dreadful thing? In order to determine just how far it will apply to the currency under free coinage we must understand the precise question with which Sir Thomas Gresham was dealing; and then we will be in a position to consider the harm which came from the operation of that law.

At the time that he conducted his investigations the greater part of the currency of England was below the limit of tolerance, that is below the legal weight. The full-weight coins had nearly all been melted down or shipped abroad. Hence the currency was in a very bad condition. He therefore laid down the maxim that "bad money drives good out of circulation." But this is merely a loose generalization and far from being an accurate statement of what had really taken place.

In the currency of all countries where coin has circulated freely for a long time there is always a great deal of it that is light. This is produced by natural wear and by various fraudulent methods, clipping, filling, and the like. It was so in England. Now, if a gold or silver smith wanted a certain quantity of metal for use in his art he would either purchase bullion or he would utilize the heaviest coins that came into his hands. The man who desired specie for export did the same. The effect was to leave a large proportion of light coins in circulation as money. But it is erroneous to say that the light coins "drove" the heavy ones out of circulation. There was no "driving" about it.

The heavy coins were not melted down or exported merely because they were heavy, but because a certain quantity of gold or silver was needed for those purposes. It was not a case of antagonism between heavy-weight coins and light ones, it was a matter of commercial necessity. Had there been no light coins in the realm there would have been just as many melted and exported, but in the latter case the coin remaining in circulation would have been equally good.

WHAT WAS THE HARM?

As long as the light coins circulated at par nobody was injured. But as the abrasion and the sweating and clipping increased, a point was finally reached in the life of each coin when somebody would refuse to take it at its nominal value. Then the holder was subjected to a loss, for if he took it to the mint he could only get its bullion value.

This is where the injury came in, and it resulted from the fact that the underweight coin in circulation was not legal tender. But under bimetallism if one metal be shipped out of the country, the one that remains is legal tender, full-standard money, which no man is at liberty to refuse so long as it retains its legal weight. But as soon as a coin drops below the weight prescribed by law, it ceases to be money, and it then presents the evil which confronted England in the days of Sir Thomas Gresham. [Applause.]

ARTIFICIAL VALUES.

I have heard gentlemen lash themselves into a fury denouncing silver miners for their base and thieving attempt to give an "artificial value" to their silver. Is it possible that there is a man anywhere with hardihood enough to engage in a discussion of this question who does not know that all values are artificial? Utility is natural and inherent in some things, but value is purely artificial. There is a broad distinction between the two. Utility is an absolute quality; value is merely a term of relation. As the Supreme Court of the United States has said, it is an "ideal thing."

As for example, the air we breathe possesses utility in the highest degree. We could not live without it. But ordinarily it has no value at all. On the other hand a diamond is of very little utility, but of great value. Value is the estimate which men put upon things, and it means the rate at which they will exchange for something else. In civilized life it is generally understood to mean the sum of money which a thing will exchange for, but it means equally the amount of other things that a sum of money will exchange for. The idea of value never presents itself separate and apart from the exchange of one thing for another.

But even utility is largely artificial. Modern society is based almost entirely upon an artificial conditions. Iron possesses a certain utility—that is, it has natural qualities which enable man to utilize it. A locomotive is made almost exclusively of iron, and it is of great utility. But how much of that utility is natural? None at all, save that mite which nature impressed upon the crude material of which it is composed. Nearly all of its utility and the whole of its value are purely artificial. Gold possesses very little utility. It will not compare for a moment in that respect with iron. Its actual use is entirely artificial and in general of but very little importance except for monetary purposes.

Aside from that which is in the teeth of the people and in the form of money, every pound of gold in the world might be dumped into the Pacific Ocean with scarcely a perceptible effect upon the welfare of mankind. By far the most important use of gold is as money, and money is wholly an artificial creation. Up to 1873 gold and silver were jointly used. In that year the monetary functions of silver were limited and those of gold increased. The change was altogether legislative and artificial. The one was artificially elevated, the other was artificially depressed. By undoing that legislation we seek to restore the former relation, and instantly we are denounced as fanatics and thieves trying to enhance the value of silver by artificial means. [Laughter and applause.]

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RATIOS ARE LEGISLATIVE.

Again, not only is the monetary use of gold and silver an artificial one, but when the coinage is free it absolutely controls the market value. The reason is obvious. Under a free coinage a pound of metal is convertible into a certain number of dollars free of charge. Manifestly it is worth just the number of dollars it will make.

And yet some people seem to think that because an ounce of standard gold will always coin into $18.65 its value never changes. So the ratios between the metals for the last two or three hundred years have always been legal ratios.

If all nations had adopted the same ratio that would have been the universal market price. But as the ratios have generally differed, we find small market variations within the limits of the legal ratios of different countries. Prior to 1785 there was not a market in Europe in which the ratio was 15½ to 1. They ranged from a little above 14 to almost 16 to 1, but nowhere was the ratio 15½ to 1. In that year it was deemed advisable to recoin the French Louis, De Calonne, the French minister of finance, advised the ratio of 15½ as a fair average. In England it was about 15¼, in Portugal 15¾, in Spain 15⅞, in France 14⅝. All the other European ratios were below 15. So, considering that Portugal furnished England with gold, while France drew her silver chiefly from Spain, De Calonne concluded that 15½ was the safe ratio for France, and accordingly recoinage took place at that rate.

A little later, when Hamilton was considering the ratio to be adopted by the United States, he concluded that the French ratio was erroneous, and that a just average of European ratios was about 15, which was established by the United States. Mr. Hamilton may have been right; 15 to 1 was possibly the true one prior to 1875; but Hamilton overlooked the fact that when a great, powerful and wealthy nation like France adopted the ratio of 15½ that action itself become a a tremendous force in fixing the true ratio. As a historical fact it became the absolutely controlling force. The American Republic was then in its infancy, poor and feeble, and its ratio of 15 became a complete nullity.

In 1834, perceiving that a mistake had been made, the American ratio was changed. But instead of placing ourselves in alignment with France, we went to the other extreme, and adopted the ratio of 16, or more accurately 15.988. By our first ratio we undervalued gold and overvalued silver, by our second we overvalued gold and undervalued silver. Both were therefore nugatory. But it was only because France was so much richer and more populous than we, and her trade conditions were such that she was capable of absorbing and using vast quantities of both metals, thereby controlling their relative value. So gentlemen will see that the condition which made silver 3 per cent. more valuable in Europe than in America was an artificial one. Our silver did not go to Europe, because it was worth more to the silversmith there, for it was not. The prices of merchandise, including silverware, were generally higher here than in Europe. It was attracted by the French coining rate.

BALANCES OF TRADE.

But it was not the difference in coining ratios alone that carried our silver abroad. If that had been so, the gold of Europe would have flowed in to take its place, because we overvalued gold just as much as we undervalued silver. But the gold did not come. Even the product of our own mines did not stay. Both metals took their flight. This was owing to the circumstances that we were confroned by a heavy and continued adverse balance of trade. We had to meet this with specie. The bullion in the silver dollar was worth 103 cents at the European ratio, and accordingly, instead of going to the American mint it went to Europe.

A considerable amount of gold went to the American mint for coinage. It was worth 3 per cent. more there than it was at the French mint. But what became of it after it was coined? Why, it followed the silver across the Atlantic. The silver was insufficient to meet the adverse balance, and the gold had to go too. So that the only effect of the difference in value was to carry the silver abroad before it was coined, and the gold afterwards. We therefore coined the gold for nothing, except as we had a temporary use of it.

It is a very instructive fact, too, that from 1860 to 1871 France coined $130,000,000 more gold than we did, although she gave to that gold a valuation 3 per cent. lower than we did. And this is not all. She imported $365,000,000 more gold than she exported, while we exported $417,000,000 more than we imported. Our opponents claim that a discount on silver of 2 or 3 per cent. would be enough to deprive us of all our gold. Why did not some enterising individuals at that time engage in the work of gathering up silver, taking it to Europe, exchanging it for gold, at a profit of 3 per cent. and bringing that gold back to America?

I very much doubt if the financial history of that period discloses a single transaction of the kind. If done at all, it must have been on a very limited scale. The business of the world does not consist in trading one kind of a dollar for another kind of a dollar; but it consists in the exchange of commodities for commodities, the dollar being used as the mechanism of that exchange and the measure of their value.

This proves what I have repeatedly said, that the distribution of the precious metals depends far more upon commercial currents than coining ratios. If there were nothing to be considered but ratios, of course either metal would go where its coining rate was the highest, if the difference were enough to make the exchange an object. But it is impossible to consider coining ratios separate and apart from commercial conditions.

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Referring to this very question of the distribution of the precious metals, and adverting to the fact that Holland, giving to gold a relative value lower than it had in France, succeeded in retaining that gold while France lost a large portion of hers, the French monetary commission of 1790 made the following comment:

The true explanation lies in the fact that in every country the abundance or the scarcity of the precious metals is to be traced to a cause far beyond and above that of the ratios between gold and silver, viz., to the balance of trade.

SUCH MOVEMENTS OF THE PRECIOUS METALS ARE NOT INJURIOUS.

Let us suppose that during the period referred to the trade conditions had been such that our silver had been just sufficient to meet and pay the balance of trade. This would have left us with nothing but "cheap John" gold dollars for home use. But what harm would it have done? That is the question. Absolutely none. Each silver dollar would have paid a debt of 103 cents, while the gold dollars would have answered for all the purposes of internal trade.

Our opponents undertake to figure out a loss from free coinage in this way. They assume that we are going to give silver a higher valuation than it has elsewhere. They assume that our gold will be sent abroad to exchange for silver; that the silver will be brought here and thrown into our currency, and that this process will be continued until the gold is all gone. Then they assume that the silver dollar will depreciate. Now, let us analyze this proposition. It consists of a series of assumptions all resting upon the primary assumption that we propose to give silver a higher valuation than it has in other countries. This primary assumption is entirely fallacious and rests upon no foundation whatever.

The great mass of silver in the world is in the form of coin, struck at the rate of from $1.33 to $1.37 an ounce. We propose to coin silver at $1.29 an ounce. The man who can figure it out that for us to coin silver at $1.29 is giving it a higher valuation than it has in the form of coin at $1.33 and $1.37 must be a mathematician who could have put Euclid to shame. What we propose by free coinage is simply to raise the price of the uncoined and uncoinable bullion to $1.29. This constitutes an almost infinitesimal fraction of the entire mass.

If the primary assumption is shown to be false every argument based upon it necessarily falls to the ground. But the first assumption fails for another reason. The evidence is simply conclusive that bullion is of substantially the same value in all the bullion markets of the world.

Upon this point I desire to call attention to the testimony of Mr. Stewart Pixley, of the firm of Abell & Pixley, the great bullion brokers of London, given before the royal commission:

Paragraph 142: "Has the price of silver differed at any times in the markets materially from that which has ruled in the London market? I should not think very much so, because it is so soon balanced by orders transmitted to this market by telegram or cable. It is higher just now in New York than here."

Paragraph 143: "But the rapid means of communication between one market and another practically bind together all the markets of the world, I suppose as regards bullion? Yes."

Paragraph 144: "And has that been so during the whole period over which your tables extend? I speak of 1852; my experience does not go beyond that.

Paragraph 145: "That was before telegraphic communications had been made with France and had so connected the markets? There was no sub-marine cable to France in June, 1852, but before December, 1852, there was."

Paragraph 146: "But even before that time I suppose any difference in prices in the two markets very rapidly corrected itself? Yes, it was only a question of two days at the outside."

Therefore, even in the case of the crude bullion there would be no material profit in sending gold to Europe to exchange for silver. It would cost substantially as much there as it would be worth here.

But, lastly, if we concede that a considerable amount of our gold would be displaced by silver, it does not follow that there would be any depreciation. No matter what the proportions of gold and silver in our country may have been, there was never any discount upon either the gold dollar or the silver one. In America one would always buy as much as the other. And so it was in France. Sometimes the currency of that country was mainly gold and at others mainly silver, but the coins were always at par. If one or the other commanded a premium at the bank, it was simply a commission exacted by the banker as his share in the profit of the transaction. In ordinary business there was never any difference in value between gold and silver coin.

COST OF PRODUCING SILVER.

One of the new arguments now being used against silver is, that it has depreciated because it costs so little to produce it. It is figured out with the utmost precision that it costs no more than 41 cents an ounce, and some have discovered (?) that it costs no more than 14 or 15. If they continue their ciphering, I feel encouraged to hope that at no distant day every man living in the silver-producing States and Territories will find himself literally rolling in wealth. My glowing anticipations, however, are somewhat shaded by the circumstance that those who employ these figures do not seem to have unbounded confidence in their accuracy. If silver can be produced at an expense of 14 cents an ounce, or even 50, and sold at 90, it is certainly a very profitable business.

I can scarcely bring myself to believe that these gentlemen who manipulate their figures with such dexterity are so entirely destitute of ordinary human feelings and business sense as to be able to resist the temptation to engage in it. Besides, if the value of silver depend upon the cost of production it is a singular circumstance that it should be worth two or three or four times as much. With silver at 90 cents an ounce and the cost of production below 50 it should be quite apparent that the cost has but very little bearing upon its value. As a matter of fact the cost of producing

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does not affect the price of anything save incidentally, as it affects the supply. It is supply and demand that control prices. If the price of an ordinary commodity rise more people will engage in producing it, thus lowering the price to a point that will give a fair return on the cost of production. If the price fall below that point some will abandon its production, the supply will fall off, and the price will rise.

But gold and silver are not ordinary commodities, and the labor cost of production has but very little bearing, if any, upon the supply. These metals occur rarely in nature. They cannot be produced until they are found. In searching for them men are governed by the probability of finding them, and not by any consideration of the labor cost of production. The labor cost only affects the supply of the precious metals in those cases where the grade of the ore is very low. With silver at $1.29 an ounce there are, of course, mines which could be worked that must remain idle with the price at 90 cents.

These, however, are poor mines, and it would take a great many of them to produce enough silver to materially affect the value. But any statement that it only costs 41 cents an ounce or less is either the result of ignorance or mendacity. The very figures relied on show that the statement is absolutely untrue. In the tables prepared by Director Kimball, he takes twenty-five mines which are producing $5,000 a year and upwards. Right upon the face of the figures, it appears, that they relate to productive mines only.

In his testimony before the royal commission, Prof. Roberts Austin expresses the opinion that it costs from 1 shilling and 8 pence to 2 shillings per ounce to produce silver, but he explicitly declared that he was dealing only with successful mining ventures. Referring to Dr. Linderman's estimates, the professor uses the following language:

> I believe that the mean cost of production, as given in the concluding paragraph of the paper, relates to successful mining and metallurgy, because in the case of unsuccessful works, the details as to cost are not published, and it is very difficult to get an estimate in the absence of such published data.

A little further on he says:

> My impression is that as improved processes are introduced and as more accurate knowledge is brought to bear on mining operations you would approach an ideal price, and that as a result a great deal of money is wasted in ignorant search, badly directed search, and in the adoption of ill-advised processes.

Still again, in answer to another question, he says:

> Well, I am afraid that I can add nothing on this point to my answer that my figures only relate to successful operations, not to failures.

He also admits that many observers claim that all the precious metals are produced at a loss, and I undertake to say that no published estimate of the cost of procucing silver which makes it less than its coin value takes any note whatever of the untold millions of dollars in labor and money expended in vain search and the development of mines which have produced absolutely nothing.

Mr. Pixley, in his testimony, states that, speaking generally, silver mines can not be worked at a profit with silver less than 85 cents per ounce.

If any gentleman who believes that these figures are reliable will go to Nevada or any other silver-producing State and invest his surplus cash in the business of mining I will promise him that he will be but a very short time in learning the difference between a "bonanza" and a hole in the ground. As stated in the report of the majority, the cost of producing silver has no place in this discussion. If measures of an economic character are to be rejected because somebody may realize an advantage we shall never get any beneficial legislation whatever, for it is impossible to reach the general public except through the medium of individuals. This argument is simply an appeal to prejudice, intended to obscure the real issue. [Applause.]

THE INTEREST OF THE FARMERS.

The farmer has far more at stake in this question than the silver-miner. The great bulk of what the American farmer sells in the European market is sold in competition with silver-using countrles. In substance and in effect he is selling his produce upon a silver basis. It having been shown conclusively that the silver coin of Asia has maintained its purehasing power, it is perfectly plain that the East Indian producer has an advantage over the American producer in the English market.

The products of India are sold at the lowest point of profit. They are paid for in silver: The American farmer must, of course, sell at the same price. The East Indian takes his silver home, where it is just as good and effective money as it ever was. The American can obtain the same amount of silver that the Hindoo can, but if he brings that silver to America he sustains a loss of 30 per cent in converting it into our standard coin. Therefore, it is plain that India has, primmarily, an advantage in the English market of 30 per cent upon those things in which we compete.

But the effect extends even further than this. The importation of wheat from India never began on a large scale until silver commenced to decline in the London market. When that took place there was a direct inducement to the English importer to convert his sovereigns into rupees at a profit, and send those rupees to India to pay for wheat or any of the other products of that country. Had this fall in silver not taken place he probably would not have turned to India at all as a source of supply. Therefore, not only must the American farmer come down to the silver basis, but to a still lower level by a competition which might not otherwise exist.

COTTON.

The same is true in respect to cotton. In the latter case the result has been brought about in

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two ways—first, by enlarged importations of East Indian cotton; second, by the stimulous given to cotton manufacturing in that country, and the exportation of cotton fabrics from that country. In both of these latter particulars the growth has beeu wonderful. In Bombay the number of spindles increased from 450,000 in 1873 to 1,690,000 in 1886.

Mr. Paul Tidman, a very intelligent investigator, in his testimony before the royal commission declares emphatically that the creation of East Indian manufacturing industry practically dates from the demonetization of silver. Some idea of the marvelous growth of the export trade may be gathered from the fact that in 1874 the export of cotton yarn from India to China and Japan amounted to 3,000 bales, while in 1886 it had reached the aggregate of 220,000 bales. On the other hand the exports of England to the same countries were, by comparison, almost at a stationary point, those of 1886 being actually 11,000 bales less than the exports of 1875. Besides, India now supplies a large part of her market formerly controlled by England.

The fall in silver, or rather the rise in gold, has undoubtedly been the chief cause of this change. At Bombay the factories are operated entirely upon the basis of silver money. The fabric, when completed, comes into direct competition with the product of the English factory. As a result the demand of the latter for the great staple of our Southern States is reduced, and down goes the price. Not only does England take less of our cotton than she otherwise would, but selling the product of her looms to some extent in competition with the cheaper fabric of Bombay, the price is forced still lower.

It is claimed that these results have been brought about largely by railroad building in India and the completion of the Suez Canal. The fertility of resource displayed by our opponents in finding explanations of the phenomena of the last twenty years is by no means the least interesting part of this controversy. It reflects credit on their ingenuity, if not upon their fairness. The only effect of the railroad building in India has been to facilitate transportation from the interior to the seaboard.

But after the seaboard is reached the distance by water from the nearest point of India through the Suez Canal to England is nearly twice as great as from New York to Liverpool; and freight charges both inland and by sea are actually twice as great from the wheat fields of India to England as they are from Chicago to Liverpool. So that, other conditions being equal, it is still to the advantage of England to import from America rather than from India. But other conditions are evidently not equal, and that the fall in the price of silver in Europe and America, while it retains its value in Asia, has stimulated the manufactures and export trade of India to our injury, is to my mind so plain a proposition that it scarcely admits of discussion.

Now, if we assume that only one-half of the fall in price has been caused by the demonetization of silver, which is conceding a great deal to the other side, it is still a matter of the utmost importance to the farmer that silver should be restored. At a moderate estimate his wheat has fallen 30 cents a bushel. An advance of 15 cents upon a crop of 500,000,000 bushels means $75,000,000 to the wheat-grower. A proportionate rise in cotton would be of even greater importance, as will be seen from the fact that a change of 1 cent per pound on the crop of last year makes a difference of about $35,000,000 to the producer. A change of 5 cents would make a difference of $175,000,000.

Compared with these figures, the benefits that can accrue to the silver miner from free coinage are utterly trival. The total product of the mines may be roughly stated at 60,000,000 ounces, and its present market price is about 90 cents an ounce. Should it rise to par the miner would gain about 40 cents an ounce, making an aggregate gain on the entire product of about $24,000,000. But it must be remembered that this gain to the miners, even standing by itself separate and apart from every other consideration, would work neither injury nor wrong to anybody.

THE MARKET VALUE OF SILVER.

It is argued that the coinage ratio should conform to the "market value." This is a case of inverted logic. It involves the idea that the lesser should control the greater. The correct proposition is that the "market value" should conform to the coinage ratio. The silver coin in the world amounts to about 3,000,000,000 ounces, every grain of which is at an absolute parity with gold, or is so fixed in its location and use that it has no effect whatever upon the market price of silver bullion.

There is said to be at the present time a visible supply of crude bullion, amounting to about 3,000,000 ounces. This is a surplus which cannot be coined, and for which there is no other certain demand. It is coolly argued that the market price of this surplus for which there is no demand is a fair measure of the value of a thousand times as much, which has been actually coined and endowed with the functions of money. They might with just as much propriety claim that the value of 25 tons of pig iron lying as an unsalable surplus on the market would furnish a fair measure of the value of a steam engine of the same weight. [Laughter.]

Every antisilver man claims that gold is all right; that its coin value represents its true value. But, suppose that limitations were placed upon its coinage and as a result 3,000,000 ounces were left upon the market, that could not be coined and which could only be disposed of in the remote and uncertain future. Will it be seriously claimed that this surplus of gold would be worth as much as gold coin? Certainly not. It might fall a dollar an ounce, two dollars, three, or five. And after that shrinkage had taken place, would it be a fair thing to say that it represented the value of that great mass of gold which is actually in the form of coin? Surely no intelligent man would claim that, but they claim it with regard to silver, which furnishes a precisely parallel case.

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But the proposition is grossly unfair for another reason: not only do they take a small surplus of the raw material as a just measure of the value of the manufactured article, viz., the coin, but they insist upon estimating that raw material by the standard of gold, which has been elevated by the very act that depressed silver.

CHANGED CONDITIONS.

It is urged, though, that, conceding the controlling force of the action of France prior to 1873, conditions have changed; that neither France nor any other country could have maintained free coinage with one metal 30 per cent below the other. That is true. If, while the mints were open freely to both metals on equal terms at a certain ratio, they had gone apart 30 per cent, the coinage of the dearer metal must have stopped.

No silver advocate denies that proposition. The trouble with the suggestion is that it is another case of inverted logic. The cart has been put before the horse. It assumes that silver has fallen 30 per cent through natural causes and that therefore the mints are closed to it, while the truth is that the mints were closed first and that silver fell as an inevitable result.

If we are to consult natural conditions only, it ought to be very much easier to maintain the ratio now than at any time for three hundred years before it was demonetized. So much is being said about the overproduction of silver that it may surprise many people to learn that silver, relatively to gold, instead of having enormously increased, has very greatly diminished. When America was discovered the quantity of silver in Europe was forty times as great as the quantity of gold. I am speaking of the metals by weight. From that time until the year 1800 the quantity of silver exceeded that of gold in the proportion of at least 45 to 1, taking the period as a whole; and for a large portion of the time it reached 60 or 65 to 1, never falling below 30 to 1.

In 1803, according to the Encyclopedia Britannica, the annual production was 53 to 1. From 1800 to 1810, according to Dr. Soetbeer, the product by value was in the ratio of 77.2. to 22.8, about 50 to 1 by quantity, while Dana Horton states that in 1810 the total quantity by weight in the hands of man was about 45 to 1. The quantity of gold then gradually increased until 1850, when the relative quantity as given by Mullhall was 32 to 1. So that from 1492 down to 1850, three hundred and fifty-eight years, the weight of silver never exceeded that of the gold less than 30 to 1, sometimes reaching, as I have said, 65 to 1.

In 1885, according to Mullhall again, the proportions of the two metals were 19 to 1, the change having been brought about by the tremendous yield of the California and Australian gold mines. Other investigators estimate the relative quantity at 16 to 1, and this seems to be just about the relation of the gold and silver coins. Now, if France could sustain the ratio of 15½ in the face of a supply of 45, how much easier ought it to be for us to sustain the ratio of 16 when confronted with a supply of very nearly the same ratio.

It is said though that silver has increased greatly in quantity since 1870. True. It has more than doubled in annual production, but the aggregate quantity relative to gold in 1885 was, as I have stated, from 16 to 19 to 1.

Short periods of production are an unsafe guide, because the precious metals have always been produced by spurts. From 1850 to 1870 the production of gold increased nearly 400 per cent, but open mints absorbed it, and there was no appreciable fall in value.

FRANCE HAD HELP.

But it is said that all of continental Europe, as well as Asia, helped France to sustain silver. That is true, and shall we have no help if we established free coinage? Secretary Windom showed in his report that in 1889 other countries than ours absorbed $91,000,000 in silver, nearly two-thirds of the total product. The idea that the moment we begin free coinage other countries are going to abandon silver is ridiculous. The use is far more likely to increase.

The great objection to silver, and the reason why other countries regard it with distrust, is its depreciation. In the monetary conference of 1878 Mr. Goschen, chancellor of the exchequer of Great Britian, said that the situation presented "a vicious circle; states were afraid of employing silver on account of the depreciation, and the depreciation continued because states refused to employ it."

Every argument against silver is based upon the fact that the market value of the bullion is below that of the coin. We propose to remove this objection by virtually converting the bullion into coin, and our opponents meet us by declaring that the moment we do so other nations will begin to unload their silver coin upon us, even though they have to sustain a serious loss through its conversion into American coin. Such a contention scarcely merits respectful consideration, but it stands upon as high a plane of dignity as many other arguments which we are called upon to meet.

The minority of the Coinage Committee, in their views, estimate that if we establish free coinage we shall be at once menaced with $450,000,000 in silver, or, if you please, a demand for $450,000,000 of our gold. They tell us that the Bank of France has $250,000,000 in silver that the people of that country refuse to take into their currency; that Germany has still $100,000,000 in unredeemed thalers, and that Austria is openly in the field to borrow $100,000,000 in gold.

The statement that the Bank of France has $250,000,000 in silver that the French people decline to use is to me literally a "stunner," and I think that it would be equally a stunner to the people of that country if they heard or saw it. I had supposed, from my limited reading, that this silver was held by the bank as a part of the reserve for the support of its business generally

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and the redemption of the $600,000,000 of its paper in circulation. But then we are quite liable to be stunned by many of the statements recklessly hurled at us in this controversy.

Next take the unredeemed thalers. Their amount has always been more or less mythical, but assume them to be $100,000,000. If we concede that $50,000,000 of them may be redeemed and sent to America, it is a very liberal concession, for Germany will need a considerable amount of them for the smaller transactions of the people, no matter how firmly she may have established the gold standard. Next take Austria. Suppose that she does want to borrow $100,000,000. We are not compelled to loan it to her unless we choose to do so. She can not swamp us with silver, for she has only $90,000,000 all told, according to the minority's own figures.

Fifty millions from Germany and a like sum from Australia is a most extravagant estimate of the amount of silver that would be likely to move in this direction. Mark you! I do not concede that any such amount would come, but if it should, I can see no possible harm to result. The most of it would naturally find its way into the business of the country and have a stimulating effect.

It would be impossible for those governments to unload silver upon an extended scale without the knowledge of our Government, and it would be an easy matter for us to guard against it if deemed necessary. But if it should all come I am not able to see how ruin would follow. I think the burden of proof is upon those who predict calamity to show in what manner it would come, and I have never yet heard even an attempt at such proof.

It is a pleasure to observe, though, that however unanimous the minority may be upon this point they are decidedly out of harmony with some other very eminent authorities upon their own side of the question.

Secretary Windom, in his report for 1889, distinctly stated that no European nation had any silver coin to spare. During the last session of the Fifty-first Congress among those who appeared before the Coinage Committee to protest against the passage of a free coinage bill was a delegation representing the Board of Trade of the great city of Philadelphia. The spokesman of that delegation was Mr. Frederick Fraley, president of the National Board of Trade, a venerable gentleman 85 years of age, whose thorough and exhaustive knowledge of American financial history awakened the profoundest admiration in my mind. I invite the attention of the House, and particularly that of the Pennsylvania members, to a colloquy that took place between Mr. Fraley and myself:

MR. BARTINE. I want to state a proposition, and then I would like you to answer it in your own way. You have spoken a number of times about the profit which might be realized by any person who desired to buy up silver and bring it to the American mint in the event of our establishing free coinage. Our coinage ratio as it now stands gives to silver a valuation of $1 29 per ounce. The coinage ratio in France gives to silver a value of $1 33 per ounce, omitting fractions in each case. That coined silver in France is at a par with gold. It performs there all the functions of money, and will buy as much of anything as the same nominal amount of gold coin will buy, and France contains nearly one-half of the entire amount of coined silver in Europe. Now, will you explain how any man can realize a profit by melting down silver in France that is worth there at the rate of $1.33 an ounce, transporting it to America, and converting it into our dollars at the rate of $1.29 per ounce, receiving in return a silver dollar, which, according to your theory, will be depreciated, and make any money on the transaction?

MR. FRALEY. As I understand it, the transactions in the purchases of silver in France are not in the purchase of the coins of France, but in the purchase of silver bullion, aud that silver bullion is purchased in France, and practically at the same rates that it is purchased in London.

MR. BARTINE. You do not mean that coin is being bought as bullion in France?

MR. FRALEY. Coin is not bought as bullion in France. I doubt if you could buy it at all as bullion, because they have not more than enough to supply the domestic wants of the people of France. It would have to be considerably enhanced in price if you could purchase it as bullion. Our two half-dollars were, under the enactment of 1853, in order to keep it here, made of the same weight as the five franc piece. They contained about as much silver (that is, the two half dollars) as the five-franc piece, and the same result has attended that arrangement as has attended the silver coinage of France; it has kept it all in the United States. It is useful for those exchanges of small coin which the people of both countries require for their hand-to-mouth and hand-to-hand transactions; they are kept on hand to meet emergencies.

MR. BARTINE. What you have said in reference to the currency of France would also apply to that of Italy and other countries and to the states of the Latin Union?

MR FRALEY. I think in a measurable extent it would. The other states have a less proportion of silver in proportion to the population.

MR BARTINE. Then, as I understand you, the flood of silver which we have to fear in the event of the establishment of free coinage would not come from the coined silver which is the currency of Europe, but the uncoined bullion. Have you any idea how much bullion there is?

MR. FRALEY. No; that is it. You cannot tell what sources the supply of such a matter as silver will spring from.

Here we have a gentleman, the head and almost the father of Pennsylvania finance, appearing in opposition to free coinage and distinctly admitting that we are in no danger from European silver coin, but only from the bullion. It is to be noted, moreover, that he was not able to point out any danger even from the latter source, for he acknowledged that he had no idea how much bullion there was. Of course if a man know nothing as to the quantity of the bullion his opinion as to the danger can be of but very little value, for that is the very essence of the whole question.

As Mr. Fraley says, no one can tell exactly how much bullion there is, but we can get near enough to it for all practical purposes. Making the most liberal allowance for error, it can be safely affirmed that at no time within the last two years has there been more than 20,000,000 ounces of silver bullion in sight in all the markets of the world, and it can be affirmed with equal safety that such an amonnt taken into our coinage would have had no more effect in depreciating the silver dollar than one of Mr. SHERMAN's speeches:

To my mind the proof of our ability to absorb all the silver we would be likely to get under free coinage is as conclusive as the nature of the subject admits. I cannot make it clearer than by

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quoting from the report that I had the honor to make during the last session of the Fifty-first Congress:

In the adjustment of this question we believe that the American Republic would prove a more potential factor than England, France, and Germany combined. Those three countries contain an aggregate of about 125,000,000 of people. We have about half that number. But those are old and long-settled countries, almost at a standstill in their national growth and development.

The population is increasing, but slowly, and the people are huddled together in dense masses upon a limited territorial area. Hence a much smaller per capita of money will suffice for their wants. But instead of having a smaller per capita they have a much larger. Their total currency amounts in round numbers to $4,025,000,000, about $32 per head, while according to the highest estimates we have only $24. To give us a proportionate amount of currency would require an addition of at least $512,000,000.

That amount would merely put us on an even keel with the average of those three nations. But the opinion is widespread that both England and Germany are suffering from currency contraction, while nobody pretends that France has any too much. That country has about $57 per capita, but she fails to get the natural benefit of it, because of the scant supply of money in neighboring countries, which, by lowering prices there, lowers the scale in France also.

We could therefore take into our curreccy about $2,000,000,000, and then start even with our sister Republic across the Atlantic. This is $500,000,000 in excess of the entire amount of silver coin in Europe.

But in fact we could absorb and use very much more in proportion than France, because of the difference in existing conditions. Ours is a new country, about equal to the whole of Europe in extent.

We have vast areas of virgin soil awaiting the approach of capital for its reclamation Our mineral resources are practically without limit, and no country on the globe presents such opportunities for the profitable investment and use of money. It is the existence of these conditions, this capacity for money absorption, that makes the United States so tremendous a force in the settlement of this great financial problem.

What France most effectually accomplished for a period of seventy years should, it seems to me, be entirely within the scope of the almost measureless power of the United States.

FURTHER DEMONETIZATION.

If it be true, as suggested, that Austria and Russia, and perhaps other countries, are contemplating the adoption of the gold standard, that simply furnishes a conclusive reason why the United States should by every means in its power sustain and uphold silver. Those two nations contain an aggregate population of about 125,000,000. Should such a mass of people engage in the great struggle which is now going on for the limited supply of gold it would undoubtedly add very much to the appreciation of the metal that has already taken place.

It is fair to assume that the increased demand for gold would add 25 per cent to its already unduly enhanced purchasing power. Will it be seriously claimed that we must follow gold up the ladder of appreciation, no matter how high it climbs, in order to maintain an "honest dollar" and the "best money in the world?" Such action on the part of Austria and Russia can have no material effect in depreciating silver, because they have very little more of that metal than they would need for small change, even with a gold standard. Therefore the result would necessarily be an advance in the value of gold and a further subversion of equities upon that line.

THE CHEAP-SILVER DELUGE.

Our opponents change front on this point so often and are so much at issue among themselves that we are at a loss to know just what their position actually is. For years they insisted that free coinage would bring a flood of silver into the country. At last it dawned upon farmers and other producers that more money was exactly what they wanted, and not being able to find any country that had ever been injured by a flood of silver, whether cheap or dear, they began to look wistfully for the "flood."

Observing that this argument inspired no terror, in truth, that it was a sort of boomerang, they began to shift their position. They were not so certain about the flood after all, and finally they evolved the great idea that silver would not actually come, but would only threaten to come, and in consequence of that threat the gold would seek safety in retirement. As a result, instead of having more money we would have less, and even what we did have would be depreciated in value.

Let us look for a moment at this argument as an economic proposition. We have in circulation, we may say, about $1,600,000,000. We will suppose that about $600,000,000 of it is gold. A free coinage law is enacted. The owners of the gold become frightened and hide it away. This reduces the currency to $1,000,000,000. And with 65,000,000 clambering over each other in a mad struggle to get these dollars, each dollar is going to be worth less than it was before.

The idea of anything for which there is a steady demand diminishing in quantity and at the same time diminishing in value is utterly at variance with any recognized principle of political economy. The man who employs such an argumeat must be driven to it by the exigencies of a cause that is intrinsically wrong. Now, our opponents must stand somewhere. They have not the privilege of the "Irishman's flea." Free coinage will either produce a flood of silver or it will not. It can not possibly bring a flood and a drought at the same time. Neither can it contract the currency and depreciate the dollar at the same time.

PAYING FOR SILVER IN GOLD.

Now comes the claim that this bill is not a simple free-coinage bill, but a bill to buy all the silver in the world and pay for it in gold—a wild scheme of inflation. I am sure I don't know what interpretation the Treasury Department will place upon the provisions of the bill if it become a law. Our Secretaries have been in the habit of interpreting the coinage and financial legislation of the country just about as they have pleased, and they may do the same thing with this. But if it contains a provision that makes it susceptible of such interpretation I am not able to find it.

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The claim of course rests upon the provisions which allow the holder of bullion to deposit the same at the mint and receive coin notes, which notes are themselves redeemable in coin. It is assumed that these notes will be issued on deposits of silver and then redeemed in gold coin. Now, if "coin" necessarily means gold coin, then the contention is a sound one; but the man who would give the word such an interpretation must be a genius indeed; a man who could find a legal interpretation in the depths of his own mind, without regard to the language of the statute or the meaning of words. It is scarcely necessary for me to say in this House that "ccin" means "coin," and that it does not mean "gold coin." The Secretary may construe it in that way. But if this note feature were to be entirely eliminated and the depositor compelled to take coin, what guaranty have we that the Secretary would not hold that the silver dollars were redeemable in gold dollars.

Of course in such a case there would be no provision for redemption at all; but the Treasury Department might proceed upon the theory that such redemption was necessary in order to sustain the credit of the Government and maintain the parity of the coins. The Treasury Department, ever since the passage of the Bland-Allison act, has proceeded upon the idea that the silver dollar is a bad dollar, and has sought to give it good standing by discrediting and disparaging it.

The report of the minority adopts the view that the Treasury Department would have to redeem these notes with gold, because as soon as payment was made in silver the silver dollar would begin to depreciate. My answer is, that the credit of no money was ever yet sustained by the refusal of the power creating it to put it into circulation. Suppose that during the war persons having claims against the Government, upon presenting them at the Treasury Department had been met by the Secretary and courteously informed that there was an abundance of greenbacks in the Treasury; that they were not very good money; that the Government was engaged in a life and death struggle and might not survive the conflict; that he would like to have them take greenbacks, but that he could not advise them to do so, and that if they wanted gold they could have it.

How much do you suppose that the greenback dollar would have been worth, and how many of them would have found their way into circulation? This is precisely the way the silver dollar has been treated; and yet it is seriously claimed that its parity has only been preserved by holding it up to public gaze as a degraded, inferior, and unsafe coin. On this point it is only necessary for me to say that the Secretary of the Treasury will have the matter of the redemption of these notes entirely in his own hands. So far as they may be presented for that purpose he should redeem them, with an eye both to the condition of the Treasury and the maintenance of their credit.

But I can see no reason why any considerable amount of them should be presented for redemption at all. They are full legal tender, available for any monetary purpose within the country for which gold coin is itself available, besides being more convenient. Nothing but an adverse balance of trade, heavy and long-continued, can permanently deprive us of our gold. Such a condition will relieve us of our gold quite as effectually without free coinage as with it; the only material difference being that in the former case we would have no standard money left, while in the latter we would have a goodly supply of silver for use at home. It must be borne in mind, also, that this legislation, like any other, can be changed if time demonstrates the necessity therefor. Congress is in session every year. We have shown no lack of ability so far in protecting our material interests, and there is no reason to doubt that we shall be found equally capable in the future. [Applause.]

One of the fundamental defects in the whole argument against the free coinage of silver is the never ending assumption that the Government must stand ready to redeem the silver dollar with a gold one. Planted upon the gold standard, pure and simple, with silver in the position of credit money, the contention might be a sound one.

But under true bimetallism the element of redemption entirely disappears. Both metals are freely coined and thrown into the common reservoir of the currency. Each being invested with precisely the same functions, each performs the same duties and consequently has the same value. The two metals being thus commingled and indifferently used, every man has a reasonable assurance that if he happen to need the coins of one particular metal (say for export) he can get them. They may come to him in the ordinary course of business, some friend may oblige him, or he may get them from his banker, if he have one, by paying a small agio or premium. In this way substantial parity is maintained.

EFFECT OF FREE COINAGE UPON THE CURRENCY.

My friend from Iowa [Mr. DOLLIVER] wishes to know whether this will depreciate the currency. The "70 cents" that is talked of so much here as the value of the silver dollar is merely the price of the uncoined and uncoinable bullion. After we establish free coinage, will not that silver possess every quality which it possesses now, and, in addition, the power of paying debts? Hence, it must be more valuable than the uncoined bullion of to-day. My judgment is that the first effect will be to bring silver bullion and silver coin to an absolute parity. Then, the silver coin having exactly the same functions that the gold coin has, the silver coin and the gold coin will have the same value with reference to each other. [Applause.]

But the restoration of silver to the position of full standard money will multiply the number of units of standard money, and thus bring down the value of every dollar both gold and silver.

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Just how much of course no human being can tell, because questions of this kind can not be solved upon mathematical lines, but that is my theory. [Applause.]

Mr. DOLLIVER. How far does the gentlemen think this proposed legislation will expand the volume of the currency?

Mr. BARTINE. I do not think it would add very much to the number of dollars except as by taking the bullion at its coining rate instead of its bullion value, we would get this difference into our currency. The report of the majority shows that this difference would be about $22,000,000, but the effect overreaches that completely. By the legislation which demonetized silver it was reduced to the grade of token money, not only in America but in Europe as well. Now, if we restore the silver bullion to a parity with the coin, *ipso facto* we substantially restore the character and value of silver money, not merely in our own country, but all over the continent of Europe.

At the present time every great banking center looks to its gold reserve as the support of credit, and it is estimated that nine-tenths of the business of the world is transacted on a credit basis. At this time there is about $1,500,000,000 of silver coin in Europe and America. If it is no longer a support of credit it has been deprived of nine-tenths of its power as money; that is to say, it has lost $1,350,000,000 of its value. That estimate though goes too far, because silver certainly does support credit to some extent, especially in the smaller transactions of the people.

But if we assume that it has been deprived of two-thirds of its power as a support of credit then the effect of demonetizing it would be to re-enforce the currency of the two continents by substantially $900,000,000 of standard coin. Money thrown into the circulation of Europe would benefit this country also, because by increasing the circulation in Europe it would increase the power of foreign countries to buy our commodities and in that way would raise the prices of American products. [Applause.]

AN INTERNATIONAL AGREEMENT.

This is the latest "fad" with everybody who is opposed to free coinage. The minority of the committee present a measure looking to such an agreement for the consideration of the House. It is peculiar to this controversy that our opponents always have some counter proposition which they claim to be in the interest of silver. For my part, I have no confidence whatever in the good faith of a large majority of those who are now shouting for an international conference.

We do not look for safe advocates of protection in the ranks of the free traders; neither do we turn to the cohorts of protection to find the reliable champions of free trade. We who are urging free coinage may be fanatics and cranks, but, thanks be to God, we are not fools enough to believe that the only true friends of bimetallism and silver are to be found among those who destroyed the double standard, and who have been denouncing, deriding, discrediting, and disparaging the silver dollar ever since its coinage was resumed in 1878. [Applause.]

If silver is ever restored it will be by its friends and not by its enemies. If they are sincere, then it is a complete abandonment of every essential principle for which they have been contending for the last fifteen or twenty years. You may rake the whole broad field of economic literature and not find a case in which the advocates of a particular policy have so ingloriously surrendered. What becomes of the denunciation of the "infamous and thieving silver-miner, trying to artificially enhance the value of his product?"

If silver be restored by international agreement will not such agreement be a purely artificial thing? And if silver be thus restored will it not benefit the miner as much as if it be done by the United States alone? Nay, more. Because if there should be an internatianal agreement, it is almost certain to be upon the ratio of 15½, which would make silver worth 3 per cent. more than at the ratio of 16, which we propose to give it. What becomes of the time-worn argument that values cannot be controlled by legislation? What is an international agreement but legislation in which two or more countries unite? What becomes of all the twaddle about the impotency of "fiat" and the "Government stamp?" What becomes of the claim that there is an abundance of gold for the business requirements of the world, and that we only need silver for small change.

If there is an abundance of money, why have an international agreement give us more? What becomes of the "intrinsic unchangeable value of gold?" If that value be intrinsic and unchangeable, how can it possibly be affected by an international agreement? What becomes of the great economic principle recently discovered that silver has depreciated because it only costs 40 cents an ounce to produce it? Can it be that an international agreement is going to increase the price of producing silver?

There is not, I repeat, a single substantial argument going to the principles involved in this problem that is not totally abandoned when our opponents declare themselves in favor of an international agreement. The whole question resolves itself into one of quantity or force; and the ability of the United States alone to restore the parity is the only real issue between us. Now, then, if our opponents have been wrong upon every question of principle, is it not possible that they may also be wrong as to the question of quantity? In all the speeches or writings that I have heard or read, I have never yet seen a systematic attempt by facts and figures to prove the inability of the United States to solve this problem by its own unaided action. Those speeches and writings consist mainly of glittering generalities, worn-out platitudes, and passionate appeals to prejudice, which should be entirely devoid of weight in the discussion of a great economic question like this.

The silver men have no objections to an international conference and agreement. But we have

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no faith in the success of such a conference, therefore we are not willing to have it used as an instrument to head off free coinage. The rehabilitation of silver would be of inestimable advantage to this country, and that very fact would be an insuperable obstacle in the way of an international agreement.

In the conference of 1878, Dr. Broch, of Sweden, admitted broadly that the United States would be greatly benefited by the restoration of silver. Note his language, as reported in the proceedings of that conference on page 28:

Mr. Broch recognized that the United States had a great interest in having other countries make equal use of the two metals for their monetary circulation and give equally to both the legal-tender character. The United States fear that if the States still subjected to the regime of paper money resume specie payments with the single gold standard this will immediately produce the double consequence of augmenting in a high degree the value of gold and of depreciating that of products of every kind; a result which, from their point of view, as a great producing country and as a great debtor state, would, in fact, present disadvantages. The United States have a heavy debt, and it must be admitted that a rise of gold would, with one blow, aggravate the weight of the debt.

Mr. Broch was one of the strongest opponents of silver in that conference.

It is difficult to imagine an argument that should carry more weight with an American in favor of free-coinage than this statement of Mr. Broch against it. The demonetization of silver increased the burden of our debt and diminished the value of our products out of which the debt must be paid. In this matter the interests of England are particularly antagonistic to ours. She is the great creditor nation of the world, and of course she wants the value of money raised to the highest possible point.

One of the principal objections urged against bimetallism before the royal commission was that the restoration of silver would deprive England of the advantage she now enjoys through the appreciation of gold. A considerable proportion of her people live upon fixed incomes, and they, of course, are benefited by low prices. This class, combined with the money-lenders, absolutely control the fiscal policy of that country, and they will never forego the advantages they now possess to join us in an international agreement.

England asked no co-operation when she established the gold standard. Germany acted independently of all nations when she abandoned gold in 1857, and again when she discarded silver in 1873. France sought no international conference or agreement when she threw her mints open to both metals in 1803, and the American Republic can afford to be equally independent in 1892.

If we want international co-operation, the way to get it is to act—not stand shivering and trembling like a boy about to plunge into an ice-cold bath.

CONCLUSION.

Now, Mr. Speaker, there is but little more that I care to say at this time. I have endeavored to meet and answer the chief objections to the free coinage of silver, and to do so in a spirit of fairness and moderation. I have also presented affirmatively my principle reasons for believing that the enactment of this measure will be just, wise, and beneficial to the country. I may be altogether wrong in my conclusions, but I cannot be convinced of it by being called a "maniac," a "thief," or other pet names of the kind.

While I impute bad motives to no man and concede rectitude of purpose to all, I firmly believe that rank injustice was done when silver was stricken from the position of standard money and gold was made the sole measure of value. It injured every person depending upon silver-mining by reducing the value of his silver. It injured every debtor and producers generally by increasing the value of gold. It benefited no one but the gold miner, the man with a fixed income, and the man with an accumulation of money. It was essentially class legislation in the interest of the few and to the injury of the many.

I do not pretend to believe that everything which is abnormal in the social and industrial conditions of the day has resulted from the demonetization of silver. Neither do I claim that its remonetization will convert the American Union into a terrestrial paradise and fill the land with Utopian bliss. But I do believe that its general results will all be in the line of beneficence. It will, in a measure at least, restore the equities that have been destroyed by the legislation of 1873; it will relieve the debtor and taxpayer from the unjust portion of his load; it will give the producer a better return for his labor; it will encourage enterprise and lead to a more even distribution of wealth; it will make many a rift in the clouds through which the sunshine of hope may break upon the abodes of poverty, and by improving the condition of the toiling masses add to the greatness, the grandeur, and the glory of our common country. [Prolonged applause.]

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