

Free Coinage of Silver.

SPEECH

OF

HON. RICHARD P. BLAND,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, March 22, 1892.

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

Mr. BLAND said:

□ Mr. SPEAKER: This bill proposes to go back, in effect, one hundred years on the 2d of the coming month of April. It was in 1792, on the 2d day of April, that the founders of this Government, in pursuance of our Constitution, adopted, under the recommendation of Hamilton and Jefferson and the statesmen of that time, what we call the double standard. They provided by the first mint act for the coinage of gold and the coinage of silver without limit at the mints of the United States; that silver should be coined into dollars, halves, quarters, dimes, and half dimes, and that the dollar should consist of 371.16 grains of silver, precisely the dollar in silver that is called for by this bill.

There is nothing new in the bill, Mr. Speaker. That system of money was continued in this Government from that day until January, 1873, when the dollar established by the first mint act was discontinued. This bill proposes that gold and silver shall be coined at the ratio fixed by the act of 1837, which is called the ratio of 16 to 1, but, more exactly speaking, it is 15.98 to 1. The first mint act which I have referred to established the ratio at 15 to 1. That ratio was changed in 1834 and 1837.

This bill provides in its first section that an owner of gold bullion or of silver bullion shall be entitled to have the same coined into standard money at our mints without limit; or, if he prefers, that coin notes shall be issued on the bullion at its coining value. The necessity of this provision is apparent. It is the aim of all, both the friends and the opponents of this bill, that gold and silver shall, as far as may be, have equality at the Mint. In order that this equality shall be preserved it is necessary that silver shall be put upon the same plane with regard to the issuing of certificates at the mint as gold. To-day the law provides that the owner of gold bullion may take it to the mints of the United States Government and have certificates issued accord-

ing to the coinage value to the full amount, or be paid in money. He is not required to wait for the coinage of his bullion, but may receive legal-tender money or gold certificates for it.

By the act of 1837 (I will not take time to read it now, but will have it printed with my remarks) this right obtained with regard to both gold and silver. The act of 1837 provided that the owners of gold bullion and silver bullion should have the right to deposit their bullion at the mint and that the officers of the mint should pay for it on the spot in money. A million dollars was authorized to be kept on hand at the mint all the time for that purpose. No interest was charged. The bullion was deposited, and the money was turned over to the depositor for either gold or silver under the act of 1837, as it is to-day with regard to gold.

The bullion was held and coined at the pleasure of the Government. The law of 1837 does not specify that the bullion shall be coined at any particular time; that was left discretionary with the officers of the Government, the Secretary of the Treasury determining that matter according to the exigencies of the public needs. But in reality this bullion was in most part coined at once, and the resulting coin was kept on deposit to pay for bullion as deposited. So that there is nothing new in this bill in that regard, nothing whatever.

Now, under the laws providing for the coinage of gold, gold bullion may be deposited at any of the mints or assay offices and coin certificates issued therefor. They are denominated coin certificates; in this bill we denominate them coin notes. Under the existing laws bullion gold can be deposited to-day at the mints of the United States and coin certificates issued for the coinage value of the gold bullion. Those coin certificates are made a legal tender for all customs dues and for payment of interest on the public debt. Now, by this bill we simply put silver upon the same footing, giving it the same advantages, the same recognition at the mints that gold has to-day—nothing more and nothing less.

Now, there is greater necessity, probably, that silver should have this right than that gold should have it. I send to the Clerk's desk to be read a letter from the Director of the Mint, in response to a note from myself requesting him to state the difference in cost and time between the coinage of gold bullion and the coinage of silver bullion, respectively.

The Clerk read as follows:

TREASURY DEPARTMENT, BUREAU OF THE MINT,
Washington, D. C., March 16, 1892.

DEAR SIR: Replying to your telegram of to-day, as to the difference in cost and time in coining \$1,000,000 in gold double eagles and \$1,000,000 in standard silver dollars, and also as to the number of silver dollars which our mints could coin in a year, I would say that the first portion of your inquiry is difficult to answer, but I will do so as nearly as practicable.

You will understand that \$1,000,000 in double eagles represents only 50,000 pieces, while the weight of \$1,000,000 in double eagles is only one-sixteenth of the weight of \$1,000,000 in silver dollars, so that it requires sixteen times as much metal and twenty times as many pieces to be handled at the mint to coin \$1,000,000 silver dollars as it does \$1,000,000 in double eagles.

We estimate that it costs about 1½ cents apiece to coin silver dollars, so that to coin \$1,000,000 would cost \$15,000.

The mint at Philadelphia could probably coin 1,000,000 silver dollars in twenty working days, and the same mint could probably coin \$1,000,000 in double eagles in five working days.

Just what the relative cost of coining each would be it is not practicable to state, because no test has ever been made.

With the present capacity of the mints would say that we could coin from 40,000,000 to 45,000,000 silver dollars a year.

Very respectfully,

E. O. LEECH, *Director of the Mint.*

Hon. R. P. BLAND,
House of Representatives.

Mr. BLAND. It will be observed, Mr. Speaker, that the time required to coin a million dollars of gold double eagles is fifteen days less than would be required to coin the same value of silver. So that the depositor of gold (if the depositors of the two metals are required to wait for the coinage of the bullion respectively deposited by them) has an advantage of fifteen days' interest on his deposit; in other words, the holder of silver bullion must wait twenty days for the return of his money with a corresponding loss of interest; whereas, the holder of gold bullion need wait but five days. So that this difference of time required for the coinage of the two metals operates as a loss to the depositor equal to the difference between twenty days and five days. And this alone would necessitate a disparity in the bullion value of the two metals.

Again, Mr. Speaker, that letter shows that the present capacity of the mints is equal to the coinage of about forty or forty-eight million dollars of silver per annum. So that if the mints of the United States were set to work at their full capacity upon the coinage of standard silver dollars, coining no gold whatever, it would be impossible to coin the silver money as fast as it would be necessary to supply circulation to the country, assuming prices to remain at their present low level. The wants of increased trade and population would not be met; there would not be given a per capita circulation equal to keeping up the per capita which we have to-day.

So that it is evident, if these two metals are to be put upon an absolute parity at the mints of the Government, it is necessary that silver as well as gold should be deposited, and legal-tender notes issued for that deposit, which can go at once into circulation as money and draw interest.

In this connection I may remark, Mr. Speaker, that it is contended by many very able financiers, gentlemen versed in monetary science, that the simple fact that bullion silver is not coined to-day so that the legal-tender dollar can be put at interest is in itself an explanation why the dollar is above the par of the bullion, why the gold dollar is above the par of the silver bullion; that is to say, the owners of gold bullion have the right to-day—to do what? To take their metal to the mints of the United States and receive at once dollar for dollar what it will coin. So that the owners of gold bullion do not own simply bullion; they own money.

That bullion can be transferred anywhere as money, less the cost of getting it to the mint; and when it is taken to the mint money is issued for it that goes into circulation at interest. The owners of silver bullion, however, find no such access to the mints. There is no mint that converts their bullion into money. Now, what is the result? The result is that the coined silver dollar is above the par of the silver bullion; I mean the coined silver dollar is as much above the par of silver as is the coined gold dollar; and the gold bullion is as much above the par of silver bullion as the gold dollar, less what it may cost to transmit the metal to the mint. Why is this? Because the owner of the gold bul-

lion can immediately have it converted into money which draws interest.

Now, if silver bullion could be utilized in this way—if the owner of silver bullion could go to the mints of the Government and at once have it coined or notes issued upon it, those notes or coin going into circulation and drawing interest, the silver bullion would at once be at par with gold bullion and with gold coin and silver coin. There is no question about it. But if it is denied access to the mint the owners of the silver must take into consideration the probabilities of the future when it may reach the mints and be coined.

If he is making a profit of 10 per cent on his money and he can not under existing conditions have the silver bullion coined for probably twelve months, it is a loss of 10 per cent interest and the bullion is 10 per cent below silver coin. If the delay is two years he loses 20 per cent; three years, 30 per cent, and so on. And so it is governed by the chance he expects to have in the future when the bullion may be increased in value by being convertible into money and draw interest, and this probably measures the difference between the coin and the bullion.

Now, Mr. Speaker, the bill further provides that after the passage of this act no more gold and silver certificates shall be issued, but that those outstanding shall be canceled and destroyed when they come into the Treasury of the United States and coin notes issued in lieu of them, reserving, however, the legal-tender character of the certificates as long as they are outstanding. This is done in order that uniformity may be preserved in our metallic circulation, having paper based dollar for dollar on coin, without any distinction in value.

It is a coin note and represents so much coin of equal value, whether gold or silver, with the right of the Government to redeem in either metal. Gold and silver are put upon an absolute equality at the Mint, an absolute equality in the Treasury, an absolute equality in the issue of notes, an absolute parity in circulation in the country, for the notes call for neither silver nor gold, but for coin, whichever the Treasury may have and find it convenient to use in their redemption.

Now, there is some complaint that the bill does not provide that the silver bullion shall be coined when deposited at the Mint, but that it shall be coined only so far as may be necessary for the redemption of the notes outstanding. I can see that so long as the mints are closed and the silver bullion outstanding has no right to go to the mints, why we should insist on the coinage of all the bullion purchased when there is a limitation put upon the coinage, because the bullion is not money but the coin is. But when we give silver bullion free coinage, the bullion which goes to the mints to be struck into money becomes itself money or its equivalent, being practically of equal value, whether it be in the shape of bullion or in coin.

There is no difference. There is no difference between gold bullion and gold coin now, except the slight cost of getting the bullion to the Mint, which would be the same case as to the coinage of silver. But, Mr. Speaker, to meet that objection of certain gentlemen, and in order to cover as far as practicable such a ground of objection to the bill, I am perfectly willing and shall move to amend it at the proper time so as to read in

such a way as to meet that difficulty. As at present the bill provides:

That the said coin notes shall be redeemed in coin on demand at the Treasury or any subtreasury of the United States; and the bullion deposited shall be coined as fast as may be necessary for such redemption.

I am perfectly willing to offer an amendment to this provision of the bill so that it shall read, "as fast as the mints can coin the bullion," which is at the rate of some forty or fifty million dollars annually.

There is another feature connected with the bill which had its weight in the consideration of the coinage of silver, and it is this: The last section provides that when the Government of France sees proper to open her mints to the unlimited coinage of silver at her ratio of $15\frac{1}{2}$ to 1, that by proclamation of the President of the United States our mints shall be opened to the coinage at that ratio, and thereafter the dollar should consist of 400 grains of silver.

Now, it has been claimed, and is no doubt true to some extent at least, that when we adopted the ratio—and I will go back to 1792—of 15 to 1, it was a ratio that overvalued silver, and consequently our money was principally silver, very little gold being in circulation. Afterwards, however, in 1834 and 1837, we adopted a different ratio of 16 to 1, by which we overvalued gold, and our circulation became principally gold. This was because the French mints were coining at the ratio of $15\frac{1}{2}$ to 1 and for over fifty years had fixed the price of gold and silver bullion that never varied, except perhaps the difference in the charge of transportation of the bullion to the Mint.

Now, it has been said that France will not resume the free coinage of silver, although we may, unless we coin at the same ratio with France. Why? Because all our silver will leave us on that basis, except that which we are using in our subsidiary circulation. It will do as it did after the act of 1837 was passed, when gold was overvalued. Silver will gradually leave us; we will maintain some in circulation, but our circulation will be principally gold. That is an argument that has been used, and consequently it is proposed to save our own silver and keep it in circulation, and in order to maintain the equality of gold and silver we must adopt the ratio that was adopted in France, so that the relations of the metals to each other will be the same here as in the mints of France.

If that is done, as the bill provides, all our silver dollars shall be recoined, all we have in the Treasury or which come in afterwards, for they will be worth 3 cents on the dollar more than the dollar of the French mints or the dollar we adopt. That being true, and France should adopt this ratio and we go to the same, it will necessitate the recoinage of our standard silver dollar. That being the case it might be well, all other things being equal, that the bullion would remain on deposit and no more be coined than is necessary for the redemption of the notes outstanding, because it would necessitate the recoinage of all the outstanding dollars. That is the argument; but as I said, it is rather a matter of apprehension on the part of some gentlemen, and I am willing, in order to meet the objection that the amendment I have suggested shall be adopted, that it shall be coined as fast as practicable.

Now, Mr. Speaker, this concludes the theory of the bill.

Mr. BLOUNT. Mr. Speaker, I rise to a question of order. We can not hear the gentleman in this part of the House.

The SPEAKER. The House will please be in order.

Mr. BLAND. It is claimed by those who oppose this bill that gold alone is a sufficient basis for money; that owing to a system of credit, bills of exchange, promissory notes, bank checks, book accounts, off-sets and barter, we can get along on the gold basis, that this system of credit answers the purposes of money and is treated in reality as money.

I admit that to a certain extent these devices economize money, that they may postpone the payment of money. They are devices that pertain more in Great Britain and in this country, on the gold standard than in France on the double standard, for there they have about \$50 per capita, so it is stated. They have more money per capita in circulation in France than is in circulation in England or in the United States. There is no necessity there for these devices which are necessary in England and the United States on the gold standard. But credit money, as it was understood many years ago, gave rise to this theory.

When Mill was treating upon the effect of bank notes, notes of private banks and other institutions that were put in circulation as money, he carried the theory further, and held that bank deposits and bank credits and credits of all sorts answered the purposes of money. He went so far as to say that this system might ultimately, if properly devised, entirely do away with money itself. But this has been combated, and was combated at that time.

I do not know that I can answer this proposition better than by having quoted a very distinguished financier, Lord Overstone, upon the subject. I will send to the Clerk's desk and have read an extract from the testimony of Lord Overstone, in 1840, referred to in this chapter. The book from which the extract is taken is Weston on Money.

The Clerk read as follows:

A less amount of the circulating medium of the country is sufficient to perform certain functions, in consequence of that economic process of using money which arises out of banking deposits. The same thing exists to an enormous extent in the system of the clearing house; but will any man in his common senses pretend to say that the total amount of transactions adjusted in the clearing houses are part of the money or circulating medium of the country? So book debts and transfers in account, throughout the whole community, will answer the same purpose. Again, take the case of barter. All these are modes of economizing the use of the circulation or money of the country; but the attempt to make out that every means by which you economize the use of things is in reality that thing itself seems to me a logical process the fallacy of which is obvious.

Mr. BLAND. Mr. Speaker, as I stated before, I admit that the refined system of credits that we have to-day does to a certain extent economize the use of money, and does tend probably to sustain prices for the time being. But what does credit mean when analyzed? In the last analysis it means payment, and then you must have money.

We remember in 1881, I think it was, when legislation was pending in this House and in Congress, when we had passed a bill for the refunding of the national debt at 3 per cent interest, that the national banking institutions of the United States surrendered about \$18,000,000 of legal-tender money into the Treasury as a threat against Congress, a threat for the purpose of inducing a veto from the President. And they succeeded. Now,

the withdrawal of \$18,000,000, that occurred in about six weeks or two months, put interest up in New York at 1 cent a day.

Money was scarce all over the country and the country was threatened with a panic. Only \$18,000,000 of actual money taken from the channels of circulation did that thing. Yet the clearing house of New York from day to day in settling balances with its members, may issue checks of millions and nobody notices it. They may cancel a million or five millions to-morrow and nobody notices it. It is not money. It is a convenience simply, by which debts are offset in this clearing house, by which these banking associations settle their balances with one another, and nobody pays any attention to it and it has no effect upon prices, compared with actual circulation and actual money.

I may give my note to-day for \$100 in exchange for a horse, in the nature of barter, if money is scarce. That note may pay a debt of the payee, the man to whom I give it. It may go on performing some quasi functions of money, but it is all the time an evidence of debt, to be settled and to be paid in money; and when pay day comes I must have the money or respond in property. And when the note is paid it is dead unless I renew it. But money paid never dies. It is always in circulation unless by act of law we take it out of circulation. Credit means death. Credit money, if there is such a thing as credit money, must be paid.

But it is contended by our friends that the vast system of credit in this country takes the place of money, and economizes money in that way. But let us see about that. Here is a wholesale merchant in New York who sells his goods to a retail dealer or to some other wholesale merchant, and he sells to the retail dealer. Now, what is the condition? You can buy those goods cheaper if you pay actual cash, even from the wholesaler, than on credit. If they are bought on time you must pay interest, either on the sale or on a note; and if the retail dealer sells the goods, if he has not paid for them in cash, he sells them at a higher rate than if he had paid cash; and he charges a higher rate for credit than for cash. Why, when you reduce the system of credit and bring it down to its last analysis, it is simply an enormous burden upon the people of this country.- That is what it means.

I do not wonder that the wealthy of this country that can command credit are anxious that they shall issue their credit against money. It is in order that their credit may draw interest the same as money itself. There is the secret of it, and that is the animus of those gentlemen who are opposed to the restoration of silver as a money in this country. I say that we should have more money in circulation and less credit. I do not mean to say that it does away with credit altogether. Of course that can not be done. It is a necessary thing, I suppose.

Some men, by misfortune or otherwise, will not have a proportional share, no matter how much money goes into circulation; and they must have credit; but they would have means of payment that they have not now. There would not be that necessity for credit. If we had more money and less credit as a basis for business enterprises we would have less bankruptcies and less panics; for you scarcely ever hear of financial panics without money pressure.

When pay day comes it is whispered around; with a breath of suspicion it is told that a certain bank in Boston, New York, or

St. Louis is not as Cæsar would have his wife—"above suspicion." The bank is investigated; the truth is found out that it has extended its credit, in order to obtain enormous interest on credit, beyond the safety point, so to speak; and when payment is demanded the money is not there. The bank fails, and this one bank becomes the nest, I may say, of contagion that spreads itself everywhere. Some other bank connected with it fails and ceases to pay. Your money is locked up in the bank vaults or in the pockets of those who have it. Credit is gone.

It is not money. You realize it is not money, and what is the result? The result is that the gentlemen who have money in the bank vaults have absolute power over the prosperity of the people of this nation. They charge a high rate of interest. The creditors demanding their pay from their debtors, but the debtor can get no money. It is locked up, and as for him, he is forced into the bankruptcy court, the sheriff's execution tells the tale, and his property is confiscated.

That is credit, and that is the effect of credit. And credit is the effect of constriction of the volume of money always. It is instituted for that purpose, to economize something—to economize that which is scarce, and can not be had without great cost. It was instituted, stripped of all its refinements, because money is scarce, and the scarcer you make money and the greater the limit on the volume of money the higher is the proportionate cost price of credit. Well, now, the idea, that the vast business interests of this people and of this country must depend upon the credit that wealth loans or upon the wealthy of this country for money and for our prosperity!

Now, Mr. Speaker, on the question of silver, I do not know that I can do better than to have the report of the minority read, as presented by it. I ask the Clerk to read the portion marked, and hear what calamity they state will come to this country if we have more money.

The Clerk read as follows:

With this burdensome stock of silver cumbering the treasuries of Europe, it is claimed by free-coinage advocates that none of it will be unloaded upon our open mints. Yet it is familiar to all European financiers that most of the nations of Europe are anxious to secure more gold and to hold less silver.

At present there is not a mint in Europe which is open to the free coinage of silver, and the actual coinage is so small as hardly to constitute an element in the consumption of the annual silver product. No further argument is needed as to the temper of Europe toward silver than the fact that not one of its nations is willing to add to its present stock of this metal.

In point of fact, as the slightest acquaintance with the monetary history of Europe since 1857 will show, all the nations of Europe entertained at that time a desire to adopt the single gold standard, and the reports of the French commissioners from 1857 to 1870 indicated clearly that it was during that time the settled policy of France to place herself upon the single gold standard. Germany forestalled the action of France and drove, by her policy, the states of Europe to close their open mints against the coinage of silver. The closing of these mints was clearly an indication that these countries would not run the risk of losing their gold and becoming silver-standard countries.

It is well known that Austria-Hungary has already adopted the policy of resuming specie payments upon the single gold standard, and is now in the money markets of Germany and England attempting to obtain gold for this purpose. Indeed, no one with any knowledge of the monetary conditions of Europe can doubt that at the present time every one of the European countries would eagerly exchange a great part of their silver coin for gold coin, even at a large loss from the coinage value of the silver.

It is well known that Germany did not complete its substitution of gold for silver owing to the rapid decline in the price of silver, and that more than \$100,000,000 in old thalers are still unredeemed by the Government. It is known that the Bank of France has in its vaults at least \$250,000,000 in silver 5-franc

pieces which the people refuse to take into the circulation of that country. Austria is openly in the market to borrow \$100,000,000 of gold, and we have therefore in sight, without the necessity of legislation on the part of foreign governments, the demand for \$450,000,000 in gold.

The United States is the only source of supply to Europe, and our gold, by virtue of this bill becomes available to take the place of unusable silver. The free-coinage problem is not, therefore, one that concerns the mere trifle of superfluous bullion or the annual product of the mines, but it involves probable action by every nation in continental Europe to dispose of its silver in exchange for gold when any market shall offer such exchange.

France alone has \$700,000,000 of silver coin. This country has a stock of gold of about the same amount. The wildness and audacity of the free-coinage scheme becomes apparent when we consider the results. If the Bank of France alone should determine, as she would without hesitation, to send her huge supply of silver to this country and exchange it for gold, what would be the result?

Mr. BLAND. I will ask the Clerk to suspend reading there, and I will read a portion of that myself.

Now, Mr. Speaker, we are told by those who submit this report that France, Germany, and England, and the states of Western Europe long ago had determined to come to the gold standard; that they are carrying out that process now, and that Austria is making efforts to procure one hundred millions of gold, and there is no supply of this gold except the United States, and yet the report goes on to say:

The \$120,000,000 of gold in our Government Treasury would speedily be exhausted, and our greenbacks be left without any reserve for redemption; every dollar of gold in circulation would be hoarded by the people and by bankers to await the result of this tremendous monetary experiment. Not a person or bank would pay out a gold dollar when the best financial authorities assured them that in a few days or a few weeks the premium upon that dollar would exceed the accumulated interest of years which would come from any other investment.

With what gold would our Government then meet the silver bullion of France which would be sent here to be exchanged for gold at the ratio of 16 to 1? Even if the law confers upon the Secretary of the Treasury authority to borrow gold for such a purpose any Secretary who should exercise this right, to meet the hundreds of millions which France alone might demand, would be driven from his place by an indignant people. There can be no doubt that the only alternative which our Government would have, would be the refusal to pay gold, and the payment of creditors in silver coin. With this act the adoption of the silver standard is complete and we stand upon the monetary plane of India and China.

Now, Mr. Speaker, see the absurdity of this report itself. The gentleman who drew that report is an able gentleman, and he only presents what is presented by the ablest gentleman on that side of the question, an inconsistency such as that. That is to say, that \$700,000,000 of silver coin in France which is there today as money, a circulating legal tender for every debt, public and private, at a par with gold, will be sent here to exchange for our gold; and in the next breath he says that every holder of gold, and every bank in this country will hoard its gold up immediately, just to keep these Frenchmen from getting it. They say that if the Secretary of the Treasury paid out one hundred millions held there he would be impeached, and he ought to be. How, then, is the Frenchman going to get his gold?

Mr. Speaker, it is such arguments as these, fallacious, evidently so, that are held up here to frighten the American people upon this question. Under this bill, suppose the French Government should call in all of its six or seven hundred millions of silver at a par with gold and a legal tender where it is? The minority report says that the people there do not take it. In fact, it is like gold, it is held as security for bank notes, and besides there is

about four or five hundred millions of it in circulation. The people carry it around in their sacks and use it as money.

Now, suppose, I say, that they bring their silver to our mints, will they wait for its coinage? If they do, they will have it in the form of coin in dollars that are worth 3 cents less here than the silver is worth where it was brought from. Can they take that silver dollar and compel any banker or private individual to swap a gold dollar for it? Certainly not. Can they take it to the Federal Treasury and demand gold for it? Certainly not. But suppose the Frenchman gets coin notes for it, not waiting for his silver to be coined, can he take it to any banker and demand gold for it? The minority report says he can not do that because the gold will be locked up; the report says he can not do that because the Secretary of the Treasury would be impeached if he undertook to pay out the gold.

Then where does the Frenchman get his gold? He gets no gold. It is redeemable in the very coin made from his bullion, and he has lost 3 cents on the dollar by bringing it here, the difference between the ratio of 15½ to 1 and the ratio of 16 to 1. Besides that, he has lost on the abrasion and wear of the metal, he has lost the cost of transportation; he has lost not less than 5 cents on the dollar in order to exchange his silver for a dollar that is, after he gets it, nothing but a silver dollar, no gold in it. What does he do with it? He must either take it back to where it is worth more than it is here or put it out at interest.

Now, there is the difficulty. The moment that silver has the right to come to our mints and be coined into interest-bearing money, it is on a par with gold. That is all there is in it; and, argue it as you may, present it as you please, this whole fight is between capital that demands interest on credit and the people who demand money instead of credit. [Applause.]

The foreigner brings his silver here and coins it into interest-bearing coin notes and lends the money to our people; and God knows there are enough of them who need it even if the whole 700,000,000 should come. But nobody supposes for a moment that any such thing could occur. It is absurd, absolutely so. The minority report shows it to be absurd.

Why, Mr. Speaker, this report tells us that the European nations intend to go to the gold standard and are preparing for it to-day, and have been preparing for it during the last twenty years; and yet so inconsistent is this report that it winds up with a proposition that this Government shall ask those nations to do what? To enter into an international agreement to restore silver, when, according to the report, they have already issued a decree against it. No, sir; if that report were true, and if all the calamities predicted in it to flow to the people of this country from the restoration of silver could reasonably be anticipated—if I believed that, I would not want to tamper with this question. Silver should go to the demonetizing melting pot; but, mind you, when that occurs, gold will sooner or later go with it.

I do not know but that those people on the other side of the ocean are aiming to go to the gold standard on account of the action of this Government. We have invited them to do it. The action of the Government of the United States upon this question has been an invitation to the world to demonetize silver. We began it in 1873, and in all our efforts to restore silver in this country we have been defeated by the same tactics, by limitations, by

provisions, by throwing a tub to the whale. In 1878, when the free-coinage bill passed the House by over a two-thirds majority of the Representatives of the American people, it went to the Senate and there this same idea of an international agreement was injected into the question. Those conferences met, and we know the result.

The next bill passed provided for the purchase of \$4,500,000 worth of bullion, and the friends of the measure proclaimed to the world that that legislation was in the interest of silver, that in course of time it would put silver at par. I opposed that bill on this floor and said at the time that gentlemen were deceiving themselves and deceiving the country; that silver could not be put at par in any such manner as that, and that the effect of the law was simply to make a commodity of silver and even to limit the use of that commodity. The law of 1878 compelled the coinage and the use of the silver dollar.

The law of the last Congress, July 14, 1890, provided for the purchase of silver at its market rate measured in gold, and for the use of the bullion for what purpose? As mere dead capital in the Treasury, which might as well be at the bottom of the Potomac. The notes being gold notes only under the Treasury administration. Talk about that being in the interest of silver! A provision was put in the bill that the money might be redeemed in silver dollars, and that so many should be coined (\$30,000,000) for that purpose, but you will find another provision that was put in the bill for a different purpose and, provided it was the policy of this Government to keep the metals at par, in order to do that the Secretary of the Treasury was required to redeem the notes in gold in his discretion, and the Secretary of the Treasury advertised all over the country that those notes are gold notes and redeemable in gold and will be redeemable in gold even if he has to sell bonds for that purpose.

This fact in itself is a warning to the world that we propose to continue silver demonetization, a warning that other nations construe to mean a greater demand for gold; hence they are bidding for gold against our bids for that metal. This puts gold up and silver down. Our last estate is worse than the law of 1878, unless we coin the silver bullion and redeem with silver dollars.

Now, as long as there is in the world surplus silver which finds no access to the mints to be converted into interest-bearing money, it is depreciated in proportion to the time you must calculate when it can be converted into money, necessarily so. Then, Mr. Speaker, are we to be frightened here by the action of other nations? Are we to be told that because they are demonetizing silver and intend to go to the gold standard, we must follow suit? Is that the position of gentlemen on this floor—that our financial system must be regulated, not by our own ideas of justice to our own people and the people of the world, but by other nations absolutely?

If there is anything in this minority report it teaches us that if we want silver restored as money of the world, if we expect to maintain it as money in this country, this Government must take some action and that speedily in that direction. Instead of being an argument against the free and unlimited coinage of silver and giving that metal monetary functions that report is an argument for silver. We must either give silver free coinage or we must abandon it outright and forever. There is no question

about that, and gentlemen must recognize this in voting for or against the pending bill. If this Government, backed by its 65,000,000 of American people, with their vast resources developed and yet to be developed, and with this insatiable demand for money, decides to restore silver to a parity with gold, silver will go where it always has been as one of the money metals of the world—at a par with gold.

Even the little Government of France maintained the parity of the two metals at 15½ to 1 for about seventy years; and until the very day that she suspended or limited the coinage of silver, silver bullion was at a par with gold bullion everywhere. The moment the French mint put a limitation upon the coinage of silver, that moment it began to fall, and not till then. There was, it is true, a slight depreciation before, but it was so slight as to hardly occasion notice. Mr. Cernuschi, one of the ablest French writers upon money, gave his testimony on this question before the Silver Commission of 1876. In response to a direct question put by myself he stated that France made a great mistake when she suspended or limited the coinage of silver.

[Here the hammer fell.]

Mr. LANHAM. I ask unanimous consent that the gentleman from Missouri [Mr. BLAND] be permitted to continue his remarks without limit.

The SPEAKER. The gentleman from Texas [Mr. LANHAM] asks unanimous consent that the gentleman from Missouri [Mr. BLAND] be permitted to finish his remarks. Is there objection? The Chair hears none.

Mr. BLAND. I thank the gentleman from Texas and the House for this courtesy. As I was saying, Cernuschi said it was a great mistake on the part of the French Government to limit the coinage of silver or to take any notice of its demonetization by Germany; that if France had continued to coin silver freely, a part of the gold coin would have flowed from the French to the German mint, and a part of the silver coin from the German mint to the French mint; that thus the two metals would have remained at a parity, and neither country would have been hurt. And so it would have been; there is no doubt about it.

Compare France, with her 35,000,000 of people and a territory not so large as that of the State of my friend [Mr. LANHAM] who has just done me the courtesy to have my time extended—compare France with the mighty empire of the American people, and then tell me whether this great Government can not do today what France could have done then. Other governments are looking upon our legislation with suspicion; they have a right to say that the American Government is preparing—for what? For a total demonetization and rejection of silver. We are preparing for it; the opponents of this bill are preparing for it.

The slogan has gone forth everywhere in their press. The exigency has arisen when the gold party in this country is demanding the repeal of the law of July 14, 1890. They are right from their standpoint; I do not dispute that. If I believed, as they believe, that the restoration of silver would bring the dire calamities which they predict for this country, I would myself demand the repeal of that legislation.

The governments of the Old World know that the wealth and power of the bankers and financiers of this country are being exerted with a determination to demonetize silver absolutely and un-

conditionally at the American mints; and they are making preparations for that condition of things. We are driving them to it. But the moment this great Government opens its mints to the unlimited coinage of silver, those foreign governments will take a new attitude on this question; self-interest will require them to do so.

Lombard street and Wall street are twin brothers; London and New York are the negotiators of the wealth of the Old World and the New; and the large holdings of securities there and here will, if silver be restored, depend upon the absolute parity of the two metals. Thus the financial interest of Europe will be your interest and mine. To-day the reverse is the case. The passage of this bill will bring us all in favor of the restoration of silver—rich and poor, creditor and debtor alike.

But I was about to say, Mr. Speaker, how impossible it would be for any nation of the Old World now having silver in circulation at a par with gold, the silver money invested and drawing its modicum of interest like gold, to talk about bringing silver here in exchange for gold when they can not get a dollar of gold.

What will occur then? More likely the result will be—and I make the prediction, and it is borne out by reason—that the restoration of silver here means its restoration everywhere throughout the world; confidence everywhere is restored in silver as money, and all the nations of the world will seek it as insatiably as gold is sought. But suppose not? Suppose that this does not result, and that the predictions of those who have looked upon silver with a hostile eye are verified? Suppose they bring their silver here as predicted? They can make nothing by bringing it over here. We will utilize the surplus product of our mines to the extent of seventy-five or one hundred millions of dollars a year. That will go into the channels of circulation.

Why, Mr. Speaker, Mr. Secretary Windom made a report to the last Congress in which he estimated, under his unlimited bullion purchase bill, that we would receive about \$51,000,000 annually. I will not take up the time of the House now to read it, but I will print extracts from it with my remarks. In that report he goes over the markets of the world and the use of silver in the arts in the various nations of Europe, and comes to the conclusion that on an unlimited purchase of silver we would get about \$51,000,000 at the bullion value. At its coinage value no doubt we would get more; how much, it is probably difficult to say, but possibly as much as seventy-five or a hundred millions of dollars.

Mr. BARTINE. Will the gentleman from Missouri yield for an interruption?

Mr. BLAND. Certainly.

Mr. BARTINE. The Secretary was dealing then with the coinage value when he gave the figures at \$51,000,000.

Mr. BLAND. Now, Mr. Speaker, it is claimed by some that the bill of the last Congress, the bill of July 14, 1890, would put as much money in circulation as this bill. Why? Because that bill puts in circulation from forty-eight to fifty millions of silver annually, and we claim that this bill can not put in circulation over seventy-five millions or a hundred millions at the outside. But what is the difference? It is that that bill did not put silver in circulation at all. That is the difference. It put gold instead of silver in circulation; that is to say, it put gold notes in circula-

tion, redeemable in gold, and fixed us on a gold standard or a credit standard of gold, and gold was the only thing with which the credit was solvable in.

Now, when you have legal-tender primary money, that in itself is a standard by which credit is to be measured that comes in competition with gold; it simply puts a prop under your credit in addition to the gold, and you have the silver of the world to draw on to do it. Not only is this true, but we have more money in circulation by the additional volume of silver which is coined and which does away with the necessity for credits.

Suppose, sir, and I do not know but it is a supposable case, for we are told of very strained relations existing to-day between the United States and the Government of Great Britain—suppose that a conflict should arise, and God forbid that any conflict ever should arise between this country and that or any other country on earth; it would be a crime, it seems to me, against mankind; but ambitious leaders, and stubborn men in authority, sometimes set in conflict the great masses of the people of one nation against another, even contrary to their own will—but suppose that a war should come with another country in the near future where would your gold go? Remember it.

If you had unlimited coinage of silver here, and we got even \$100,000,000 annually—which is a basis on which you can issue three or four dollars to one in paper, and keep it at par—with your gold and silver in that way, issuing par money only from the national Treasury to carry on a war, there would be no necessity for the issuing of bonds payable in gold coin; and let me say when that day arises, if it ever does arise, and this Congress or any other Congress obeys the will of the American people, you will not have any gold bonds sold to carry on the war. You will have no more of the gold redemption of greenbacks, with your gold 50 or 60 cents above par converting the greenbacks into gold bonds at high rates of interest, payable in gold coin, and freed from taxation. You will find legal-tender notes issued and used instead of bonds if you but restore silver to its proper rank. The legal-tender notes can be maintained at par.

When you demonetize silver in this country gold itself is gone, and I do not care if the day shall come when silver is demonetized, I do not care how soon gold goes with it, for the money of the world is disrupted and metallic money is a thing of the past. Both of these metals since the days of Abraham have been money side by side. They live together the world over to-day. They are found together in the same deposit, in the same mines and matrices, and have been the servants of civilization since civilization dawned. They are twin brothers, and whenever you sever the ligature between them both are dead.

Mr. Speaker, I have stated what in my opinion is the great benefit to be derived from this bill. It is that it restores absolutely and confidently and beyond doubt the old power of the two metals. They are tied together. It preserves to this country the standard of money based upon both metals. If in the course of time our gold begins to go abroad, and silver comes here, we still have the same volume of money, though it may be in a different metal.

Mr. Gallatin, in commenting upon that situation and answering the arguments in favor of the double or the optional standard, properly speaking, stated the conditions upon which it was

maintained, the theory that underlies the proposition, and that is that it might be impossible for any government to fix absolutely the parity of the two metals; that is to say, to tie them together for all time; but that the fact was that if at the ratio fixed by the action of some other nations, or any circumstance, gold should go above the par of silver, it would go abroad and it would go for what it is worth, and people would use silver. Debtors would pay in silver; and if the cheaper money, silver, had not lost its purchasing power as compared to commodities, that it was the most equitable money for that use. They have the right to use it in equity and in law; and to-day, after all the demonetization of silver in this country and others, silver bullion will buy as much of commodities as it would for the last fifty years.

But it will not when you make money of it, because that will raise the value of it. It will probably reduce the value of gold 10 or 15 per cent and increase the value of silver that much, and they will meet each other half way. At any rate, unless silver or gold has lost its purchasing power, as compared to commodities, let us have the equitable right and the legal right to use it; and if gold becomes more valuable than silver, and gold goes; or *vice versa*, if silver becomes more valuable than gold, as it was for many years in this country, and silver goes; then if gold has not fallen as compared to commodities, let us have the use of it. The fact that the people go to using the cheaper metal is in itself a power to force it to keep up its value. It makes an increased demand for the cheaper metal, that at once brings it up to par with the other, and so it is self-regulating.

Other governments are somewhat interested in the demonetization of silver in this country; but I want to read a little extract, first, bearing upon the point that I have just dwelt upon, and particularly the Gresham law, so called, as laid down by that eminent author, Francis A. Walker:

This principle—

That is, the Gresham law—

is that of two sorts of money circulating together, the inferior will drive out and replace the better. Stated thus without qualification, as it usually is, the proposition is not true. It is only when the body of money thus composed is in excess that the better part begins to yield place and retire from circulation.

When, however, the aggregate amount of the two or more sorts of money in circulation becomes excessive, that is greater than the community's distributive share of the money of the world, the principle of Gresham's law begins at once to operate, acting through the desire of men to pay their debts or effect their purchases with the least valuable commodity which will answer the requirements of exchange. By this means the heavier coins are selected for exportation in payment of debts abroad where only the actual weight of fine metal will determine their power in exchange or for consumption in the arts, industrial or decorative, at home, where the denomination of the coin is of equally little account.

That is a principle laid down under the Gresham law, so called, that before gold could leave this country there must be some other forms of money to take its place, that it may gradually disappear as other money is substituted for it.

Why, gentlemen tell us that the moment this bill is passed all of our gold goes out of circulation and leaves the country, and we have a contraction of four or five or six hundred millions of dollars at once. Well, that is contrary to all monetary theory and monetary science. The moment you restore silver, if gold is taken from circulation, prices go down in proportion, and that

necessitates money that comes from abroad to purchase commodities that are cheaper here on account of contraction of money. Everything will be cheap. Europe will come here to purchase with gold. Put silver out at interest, and the man who hoards his gold is simply yielding to silver. His gold is drawing interest no longer. It will lie idle in his vaults.

Silver will take the channels of circulation and begin to draw interest, and the increment on it will go into the coffers of those who have it. But where will be your gold? Doing nothing? Rusting? Gold will soon begin to say, "It is a great deal better to wear out than to rust out. Here is silver filling the channels of circulation. It is doing all the work that I claimed I only was capable of doing, or fit to do." Gold will begin to seek some investment to draw interest, too; and the "yellow boy" will soon demand that he shall go into circulation and draw interest, and be the equal at least of his white brother.

Why, my friend here wants to pass a bill to issue bonds bearing gold interest. Why? Because gold has been crowned king in this country. It is the money of monarchs, of the monarchs of Germany and England. The money of the aristocracy, chosen to represent the wealth, and the rich. Silver, they say, ought only to be used by poor people and poor nations. Gold is a tyrant that will not tolerate anything in competition or in dispute of its absolute power and sway. It must dominate, or it will not have anything to do with your finances.

It would alone have absolute power over the people of this country, and no man can get money unless he makes a gold contract. But just let silver be made free and you will see that you would uncrown gold and overthrow that tyrant, and relegate it to the level with silver, where it ought to be. You take it and put it on the same level with silver and you will have plenty of money, and the result is that when money is plentiful prices are better and the people are investing everywhere in business enterprises. You may have to pay more interest for your money, but the business is transacted not alone in money, but in labor, and the products of labor are measured by money. [Applause on the Democratic side.]

When you undertake to measure the products of labor by the volume of money with which you will have to pay this interest, it will be cheaper to you. It will cost you less labor and less of the products of labor. It would cost you less cotton, wheat, corn, and pork, and other commodities. What are we doing to-day, Mr. Speaker? We are simply, at the behest of London and Wall street, which have absolutely demonetized silver, asked to demonetize cotton, wheat, and the products of labor, and the products that labor earn, in order to make cheap food for the English, in order to make cheap food for those who hold fixed incomes, derived from the labor of this country. I do not wonder that the people of England, or of the old nations who buy our bread-stuffs and cotton, should demand that gold shall be the only measure, and that they shall demonetize silver, because every dollar of fixed income may buy one bushel of wheat, when it ought really to take \$2 to buy one bushel.

Speaking for myself and the constituency which I have the honor to represent, who are a debtor constituency, I want to see their labors and their products of labor monetized by insuring better prices for them.

Let us stand here without regard to party exigency or party appeals, but looking beyond these, saying to the great mass of the American people, and looking them in the face and to what is in their hearts, "Appeal from these halls to the mass of American people upon this subject."

It is a question, Mr. Speaker, that will not down, because it is a question in which the hearts of the American people are wrapped up. They understand full well that this Government collects, as it does, four or five hundred million dollars annually, even to pay the Federal expenditures, to say nothing of the enormous strain of \$20,000,000,000 corporate and private debts, the increment and burden of which must be met by labor and products of labor constantly falling in price. Gold is enslaving the producing classes. Let silver aid in setting them free from the tyranny of gold.

They want a dollar that will not confiscate their labor, but will leave them a little profit. And with these views of this question, Mr. Speaker, I appeal to the gentlemen of this House to lay aside every idea of party expediency, every idea but that which is right and just, and cast their vote according to the dictate of their own consciences and the pledges that have been made to the great productive masses of this country. If they do that this bill is safe, and this cause is won. [Loud applause on the Democratic side.]

ADDENDA.

[Laws of the United States relating to loans and the currency, page 238.]

SEC. 31. *And be it further enacted*, That for the purpose of enabling the Mint to make returns to depositors with as little delay as possible, it shall be the duty of the Secretary of the Treasury to keep in the said Mint, when the state of the Treasury will admit thereof, a deposit of such amount of public money, or of bullion procured for the purpose, as he shall judge convenient and necessary, not exceeding \$1,000,000, out of which those who bring bullion to the Mint may be paid the value thereof, as soon as practicable, after this value has been ascertained; that the bullion so deposited shall become the property of the United States; that no discount or interest shall be charged on moneys so advanced; and that the Secretary of the Treasury may at any time withdraw the said deposit, or any part thereof, or may, at his discretion, allow the coins formed at the Mint to be given for their equivalent in other money.

Secretary Windom's report for 1889, page 82, has the following:

From the above figures the annual product and consumption of silver may be stated approximately as follows:

Annual product (coining value)	<u>\$142,000,000</u>
Disposition:	
Required by India	35,000,000
Coinage of full legal-tender silver by Austria and Japan (average)	10,000,000
Required for subsidiary coinages of Europe and South America and colonial coinages	16,000,000
Amount annually exported to China, Asia, and Africa (other than used in Indian coinage)	10,000,000
Annual coinage of Mexican dollars, not melted	5,000,000
Amount used in the arts and manufactures (estimate)	15,000,000
Surplus product	51,000,000
Total	<u>\$142,000,000</u>

From the above it will be seen that the annual surplus product of silver, which would probably be deposited at the mints of the United States, approximates \$51,000,000 (coining) value, corresponding to 39,445,312 fine ounces, worth, at the present market price of silver (\$0.96), \$37,867,500.

At the present price of silver \$4,000,000 will purchase 4,166,666 fine ounces, or for the year 50,000,000 fine ounces, an excess of 10,554,688 fine ounces above the estimated surplus.

There is in fact no known accumulation of silver bullion anywhere in the

world. Germany long since disposed of her stock of melted silver coins, partly by sale, partly by recoinage into her own new subsidiary coins, and partly by use in coining for Egypt. Only recently it became necessary to purchase silver for the Egyptian coinage executed at the mint at Berlin.

It is plain, then, that there is no danger that the silver product of past years will be poured into our mints, unless new steps be taken for demoneziation, and for this improbable contingency ample safeguards can be provided.

Nor need there be any serious apprehension that any considerable part of the stock of silver coin of Europe would be shipped to the United States for deposit for Treasury notes.

There is much less reason for shipping coin to this country than bullion, for while the leading nations of Europe have discontinued the coinage of full legal-tender silver pieces, they have provided by law for maintaining their existing stock of silver coins at par.

In England, Portugal, and the states of the Scandinavian Union, there is no stock of silver coin except subsidiary coins, required for change purposes, the nominal value of which is far in excess of the bullion value. Germany has in circulation about \$100,000,000 in old silver thalers, but ten years have passed since the sales of bullion arising under the antisilver legislation of 1873 were discontinued. It is safe to say there is no stock of silver coin in Europe which is not needed for business purposes.

The states of the Latin Union, and Spain, which has a similar monetary system, are the only countries in Europe which have any large stock of silver coins, and the commercial necessities of these countries are such that they could not afford, without serious financial distress, to withdraw from circulation silver coins which are at par with their gold coins, to deposit them at our mints for payment of the bullion value in notes.

I take from the Bankers' Magazine of August, 1873, a little extract. It says:

In 1873, silver being demonetized in Germany, England, and Holland, a capital of £100,000 (\$500,000) was raised, and Ernest Seyd, of London, was sent to this country with this fund, as the agent of foreign bondholders, to effect the same object.

The CONGRESSIONAL RECORD of April 9, 1872, contains the report of a bill presented to the House by Mr. Hooper of Massachusetts, the chairman of the Committee on Coinage, in which the following language occurs as coming from Mr. Hooper's own lips, and refers to the act which was passed dropping the silver dollar from our coinage laws, when it had been recognized as the unit of value since 1789:

The bill was prepared two years ago and has been submitted to careful and deliberate examination. It has the approval of nearly all the mint experts of the country and the sanction of the Secretary of the Treasury. Ernest Seyd, of London, a distinguished writer and bullionist, is now here and has given great attention to the subject of mints and coinage, after examining the first drafts of this bill, made various sensible suggestions which the committee accepted and embodied in the bill. While the committee take no credit to themselves for the original preparation of this bill, they have given it the most careful consideration and have no hesitation in unambiguously recommending its passage as necessary and expedient.