FREE COINAGE OF SILVER.

SPEECH

OF

HON. W. H. BUTLER,

OF IOWA,

IN THE

HOUSE OF REPRESENTATIVES,

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1892.

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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. BUTLER said:

Mr. SPEAKER: The true test of prophecy is fulfillment, and the measure of the ability of the prophet is the result of such test.

No other question of ancient or modern times has been accompanied by so general a prophetic tendency as that of the free coinage of silver; and as a matter of great interest, though little moment, let us put some of these prophecies to the test.

The anti-silver prophets proclaimed in complete and formal solemnity that the demonetization of silver in 1873 would be the solution of the financial problem and the precursor of general prosperity. The condition of demonetization was realized, but the years immediately following were the most ruinous, in point of stringency in financial conditions, ever known in this country's history. The prophecy failed of fulfillment.

When an aroused people clamored for the restoration of silver coinage, the same wise seers proclaimed that even the partial restoration produced by the act known as the Bland-Allison bill would drive gold from America and throw our monetary system to a silver basis, thus precipitating disaster and financial ruin. The prophecy was not fulfilled.

The next important change was the bullion-purchase bill now in operation. Again the prophets foretold approaching doom and howled under the terrors of expected disaster. The prophecy was not fulfilled.

The claim of prophetic inspiration has consequently been abandoned per force, and, on a par with common mortals, anti-silver men must henceforth be judged, not with the confidence based upon known superiority, but upon the plain foundation of the reasonableness of their declarations measured in the light of history and proved by the cold processes of logical sequence.

When the anti-silver orator henceforth indulges in the statement that free coinage means dishonest money, he will pardon common incredulous humanity for asking of him a support to his declaration.

When, in the warmth of his supposed patriotism, he talks of flooding America with foreign silver and driving the gold from our shores, he must not be offended if some one less easily persuaded than himself shall suggest the necessity of something more than the bare unsupported statement.

When he shall state that every pensioner and every laborer will, under free coinage, be paid in dollars of less than 100 cents in value, he must not frown if some so-called "untutored mind" shall innocently inquire the basis of his direful prophecy.

If the anti-silver prophet shall prate of the silver ring, he must not be surprised if some lesser light shall wonder what difference there can be in the comparative rights and virtues of the silver ring and the gold ring. When he makes the naked declaration that free coinage will contract the currency, he may incidentally be called upon to show how more makes less.

The alarmed votaries of opposition to coinage of the white metal may cry that "the kernel of free coinage is public plunder," but the plain people of the country, owing, as these prophets tell us, "to lack of understanding," may ask them to explain the private plunder of the masses by what are commonly called the "gold-bugs."

No, my prophetic friends, you must come down from your pedestal of self-assumption, and, like the common representatives of the people, judge and be judged upon the basis of solid and logical thought.

The indignant protest of our friends against giving the Colorado mine-owner $1.29¼ per ounce for silver, which is only worth 90 cents per ounce, does not fit well alongside of the assertion that silver, being made by this law worth $1.29¼ per ounce, will attract to us all the silver of the world.

Their hypocritical claim that they are in favor of free coinage of silver whenever the two metals can be restored to their former commercial ratio of 16 to 1 does not deceive us, when coupled with the financial history of our country, which declares that silver was never below par compared with gold until the ruthless hands of their co-conspirators struck down the white metal by the demonetization act of 1873. Even on the day of the consummation of the conspiracy, silver was above rather than below par. The departure of the white and yellow metals from that ratio of 16 to 1 dates from that very act of demonetization, and was caused thereby.

We can not accept such opposing positions as having harmony of thought or intention. They are attempts at deception, pure and simple.

Come now, let us reason together. Is there need of a larger volume of money? This has passed nearly or quite beyond the necessity of demonstration, being admitted in the arguments of all who favored the present bullion-purchase method of dealing with the coinage problem.

Volume of money should keep pace with the increase in population and business growth, and the volume should always be sufficient to prevent what is known in the commercial world as monetary stringency. As to just what ratio of dollars to individuals is necessary to meet that condition is not a matter of absolute unvarying fact. But here that point is not required to be stated, for there is no party or class in this controversy who declare opposition to increase in volume of money in direct terms.

Steadiness of ratio of money per capita is important, though contraction is always more dangerous than inflation, because affecting the great masses of the people for ill.

But, to my mind, the volume of money is not so serious a question as the stability of the money itself. Whether the money be gold, silver, or paper, it is of first importance that each dollar shall represent 100 cents to-day, to-morrow, through all the days of the year, and through all the changes in our history.

But stability being thoroughly established, volume has much to do with the prosperity of our people. With no money at all, all trade becomes immediate barter, and all labor becomes an exchange of energy for the products of the immediate vicinity in which the energy is put forth.

A representative of values makes possible an exchange of products by intermediate processes, and allows products or labor to be exchanged for other products or labor, wherever found, without regard to the nearness or remoteness of the things exchanged.

No man doubts the benefit or even the necessity of such general representative of values, which in common parlance is known as money. Scarcity of money makes exchanges difficult. Plenty of money makes commerce easy to be carried on. There may be a possibility of having too much money for the necessary exchanges in any country, but it has never yet been found in a country using either gold or silver or both as a basis of circulating medium.

And it is with a coin basis in view that my remarks are made. I am taking conditions as they exist in the world. Two metals, yellow and white, are used as money. The question is, "If used, how to be used?"

Stability is possible in only one way, so far as coin values are concerned. As business on a coin basis is conducted the honest dollar is a coin whose bullion value and coin value are identical.

Bullion value, like the value of any other product, depends upon the general law of supply and demand. If bullion, or any other product, depends upon a variety of demands it is the sum of those demands that decides the value. If one class of demand will utilize half the supply, and the remaining demands sometimes utilize the other half, and sometimes less than the other half, it is apparent that the variation in such demand in proportion to the supply, will cause a variation in the value and consequently the price of the bullion or other product.

The only way, then, to establish a steady, unvariable value is to insure a demand never less than the supply. Free and unlimited coinage of bullion makes a perfect market for the bullion. When applied to silver it means that whenever 371¼ grains of pure silver are found, the mint will coin it into a 100-cent dollar and deliver the dollar to him who brought the bullion to the mint. This furnishes a place where there is a constant and unvarying 100-cent demand for each and every mass of silver of 371¼ grains pure or 412½ grains standard silver.

When applied to gold it means that every 23.22 grains of pure or 25.8 grains of standard gold will find a constant and unvarying 100-cent demand to meet the entire mass of the supply. The demand in either case being perfect as to quantity and unchanging as to price, makes it impossible to hold the price below the price at said mint. The bullion value becomes in fact the coin value. This makes stability. Speculation in the money bullion becomes impossible, and quotations will be as steady as the dropping of the sand in the hour-glass.

This, of course, applies to the minimum price of the bullion. I do not doubt that lessening the production of either metal beyond expectation might make the demand for use in the arts so far above the supply from the mines as to enhance to a greater or less degree, for a short time, the value of either metal; but this presupposes a condition not at all likely to occur; and it is safe to assert that under free coinage of both the white and yellow metal the variation in the bullion value of either would be approximately *nil* and the value be substantially maintained at par, and the coins minted from such bullion be maintained at a parity.

That the variation of value or price under free and unlimited coinage is substantially zero is well shown by the coin history of this country.

The last year prior to the establishment of the coin ratio at 15.98 to 1, namely, 1833, the bullion ratio was 15.93 to 1, and after forty-one years of coinage at said ratio the bullion ratio stood at 15.92 to 1. This fact is taken from the report of the United States Monetary Commission of 1877, from which report are also taken the following facts of interest and appropriate to the question under present consideration:

For the forty-one years above mentioned so steady were the values of the two metals that the average ratio for the forty-one years was 15.60, and never in all that time was the ratio as great as 16 to 1 nor as small as 15 to 1. This is plainly, then, a ratio practically stationary.

But as soon as silver was demonetized and its bullion value determined by the commercial and not its monetary uses, there were wide variations in value and a constant depreciation in the price of silver bullion as compared to gold. The average ratio for 1874 was 16.16 to 1; for 1875 it was 16.69 to 1; and for 1876 it was 17.83 to 1. And the variations were great during each year, as well as between years. During the fiscal year ended June 30, 1877, the ratio of silver to gold varied from 20.17 to 1 on July 13, 1876, to 16.11 to 1 on December 14, 1876, the latter ratio being the highest value point for silver from the time of demonetization of silver to its partial remonetization by the Bland-Allison bill in 1878.

The lessened value of silver was not due to an increase of the American product relative to gold, for that increase began several years before the demonetization, and had up to that date shown no effect on silver in the way of reduction in price.

The American product of silver, up to and including 1857, for many years had averaged about $50,000 per annum. In 1858 the silver product was in value $500,000. From that time the product had almost steadily advanced. Taking a few sample years: The product for 1861 was $2,000,000; for 1864, $11,000,000; for 1867, $13,500,000; for 1870, $16,000,000; for 1872, $28,750,000, and for 1873 $35,000,000.

During the same years there was no increase of gold to correspond, but in fact, on the average, a slight diminution. And yet silver maintained essentially its value during all those years.

A comparison of the world's product of silver and gold shows the same results as to quantity, thus demonstrating that relative quantity with free coinage, or a perfect market, will not materially change the ratio of value.

Taking the same years shown in the comparison of the American products we find:

Year.	Silver.	Gold.	Year.	Silver.	Gold.
1861	$42,500,000	$114,000,000	1870	$51,500,000	$116,000,000
1864	51,500,000	113,000,000	1872	65,000,000	101,500,000
1867	54,000,000	116,000,000	1873	70,000,000	103,500,000

This shows a steady increase in the world's product of silver and a slight decrease in the world's product of gold, and yet the ratio of the two metals remained practically unchanged.

This statement of facts, undeniable and as unchallenged as established history, is wholly in support of the course of reasoning formerly instituted to prove that a complete and perfect market for any product at a fixed price will fix the minimum price of that product. In the case of silver, under free coinage at the present ratio, there was never a year in which the price of silver was not as high as the price indicated by the ratio at which it was coined at the mint. It must, consequently, be admitted that the reduction of the bullion value of silver was directly resultant from the process of demonetization, and its former status of value can only be restored by its former status of mint privilege.

The most amusing, if it were not the most humiliating, feature of the present attitude of certain anti-silver representatives would be the plea for an international conference to endeavor to unite other countries with us in the effort to restore bimetallism. America struck down silver and thus forced most of the nations of Europe to follow, owing to the fact that our policy had forced a reduction in the price of the white metal, of which our country was the chief producer. If a return is to be made to a restoration of bullion values, duty would suggest that we lead the way.

But it is not reasonably to be expected that foreign nations will join us until compelled to do so by force of circumstances. Ours is a debtor nation; that is, the money centers of Europe have furnished moneys for all classes of great operations and corporations in this country. They are our creditors in large amounts. The bonds of our nation, the bonds of our great railroads, the bonds of our great municipal corporations, the bonds of the greatest commercial establishments, the capital of vast syndicates in this country are all largely owned by the capitalists of Europe.

Men with large credits and nations with large credits naturally desire a scarcity of money, and consequently adopt as narrow a basis as possible for their monetary systems. The same argument that will make it profitable for a creditor to have money scarce and difficult to obtain will make it profitable for a debtor to have money plenty and easy to secure. In a financial sense debtor and creditor are always antagonistic. The difficulties of the debtor are the opportunities of the creditor. Money hard to get means money of a high rate of interest, and high rate of interest oppresses debtor and exalts creditor. Nations in a financial sense are only aggregations of individuals. The debtor nation wants a broad coin basis; the creditor demands a narrow one.

Again, in any country, the classes, so far as classes exist, are debtor and creditor classes. It is the obvious desire of the creditor classes, whose funds are cumulative by reason of being loaned on interest, to demand that the volume of money or, when coin is considered, that the basis of the circulation, be as narrow as can be secured. They desire only such basis as gold will furnish. The debtor people, being those who borrow money and consequently pay interest, must have a broad basis of currency and a consequent ease of interest payment, and final principal payment as well.

Hence it is that the great money centers of our country are daily scheming to defeat the only possible solution of the bimetallic problem—free coinage. They cry "honest dollar," but they have done all they are capable of doing to make it a dishonest one. They caused its depreciation by the act of 1873, and then deliberately began to rob the people of the just rewards of their toil. From that day to this they have fattened on the results of labor, gleaned through manipulations in the bullion market on the metal used in our discredited coins.

The mill bosses and the money bosses have become co-conspirators against the common people. They, by financial schemes, make the value of money to fit their own desires; and then, by tariff robbery, control the policy of its distribution. It is time for the people's representatives to call a halt on such class advantages.

There should be no compromise with wrong. We have but to do our duty, without questioning what may be the result at the other end of the Capitol, or at the White House. Should the free-coinage bill meet a Presidential veto, so much the worse for the President. It will simply stamp him as an enemy of the common people, and a benefactor of Wall street.

The restoration of silver to its old constitutional status may not come this year, but it will come eventually, and when it does it will mark the beginning of a new era of prosperity. It will increase the wages of labor. It will strengthen the price of both cotton and corn. It will add to the debt-paying and taxpaying power of every citizen. Silver will cease to be a commodity of variable market price, and the coin of which it is composed will not be variable in purchasing power. It will come as a blessing to every man who earns his bread by the sweat of his face, and it will add to the comfort and home cheer of every crippled soldier whose name is on the roll of honor of his country's brave defenders. It is wise. It is honest. It is in favor of the people. It overthrows the financial basis of class legislation. It recognizes the laborer as having equal rights with the millionaire. Therefore it is right; and being right, will meet the approval of the people.