

Free Coinage of Silver.

SPEECH

OF

HON WILLIAM J. COOMBS,
OF NEW YORK,
IN THE HOUSE OF REPRESENTATIVES,

Wednesday, March 23, 1892.

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

Mr. COOMBS said:

Mr. SPEAKER: I speak to-day as a merchant, representing a constituency composed in great part of merchants doing business in the largest commercial city in the country.

I, with others upon this floor, represent men whose enterprise has extended American commerce, and the fame of her manufacturers to the uttermost parts of the globe, who have made markets among all nations for American productions, and helped gather in from foreign fields golden harvests for our people. I come in their name to protest against the enactment of a law which will throw our country and its commerce out of relation with every other country in the world; to protest against a sweeping enactment which will destroy the recognized standard of value and increase the peril of every commercial operation at home and abroad.

I do not remember to have heard during the discussion of this question in the House any extended allusion to its bearing upon our trade relations with the world. Gentlemen who have spoken upon the question have in nearly every case confined themselves to speaking of its effect upon ourselves alone, disassociated from the world of commerce and finance beyond our borders.

We can not, of course, expect by what we do here to force the outside world to follow us, unless it be for their interests to do so, and unless there is very good reason founded in self interest for their doing it.

Whatever value we may by our fiat place upon a piece of silver that we call a dollar will be its value only within our borders. The whole outside world beyond the limits of our land will only receive it at its true bullion value, whatever that value may be. At the dividing line the fiat portion of its value disappears.

No nation in modern times has been able to impose its arbitrary standard upon the world at large. Such standards as have been tacitly agreed upon have been the result of generations of intercourse, and should not be changed without long and careful consideration. We should not, and will not if we are wise, antagonize the strong tendency of the times towards a uniformity of business laws, customs, and standard of value.

Many of the gentlemen who have spoken on this question have condemned the legislation of 1873 as a conspiracy against silver. I beg to differ with them, and to suggest that it was only a part of the great general movement towards uniformity, of which I have spoken, and to which our lawmakers wisely and almost unconsciously yielded in order to keep ourselves in a condition of trade and financial sympathy with other nations.

The tendency of the times has for a generation been towards a closer profit on transactions, and a consequent necessity for eliminating every item of risk that could be eliminated. Silver was found to be an unreliable standard on account of its constant variation in price, and was consequently discarded.

The result of that action was that our relations with foreign countries have been unembarrassed, and we have been able to call upon them for assistance in our times of distress.

It is now proposed by the bill before the House to cut ourselves loose from this unity of value and to start out upon an independent course, for, as I said before, no man upon this floor can have the hardihood to suppose that we shall be able to coerce the world to adopt our standard. Viewed in any light the step would be a serious one to take, even if we proposed to issue our coin upon the basis of the market value of the bullion, but when confessedly this is not the case, when our coin is to be part bullion and part fiat value, the situation has a seriousness beyond description when we consider the enormous and widespread interests involved. It should not be approached in a partisan spirit or be embittered by sectional animosities, but claim our calmest thought and most deliberate action.

Gentlemen upon this floor have expressed resentment at the idea that we should be expected to conform ourselves in any way to the customs or requirements of foreign nations. I can not sympathize in this feeling; we are only one member of the great family of nations, and can not, although we are strong and rich, impose our will upon them. Neither can we afford to live independently of them. It is true that we have many things that they want, but they also have many things that we need.

The question has been pressing itself upon my mind ever since this matter has been before the people, how, providing this bill becomes a law, we shall arrange to carry on our foreign business with any reasonable degree of safety. It seems to me that in order to cover the added risk it will be necessary to charge so large a margin of profit that it will seriously interfere with our ability to compete with foreign manufacturers. In order to illustrate, let us trace an operation.

If I sell an invoice of goods to a merchant in Brazil to be paid for in sixty or ninety days I am obliged to charge it in gold, for he has none of our silver dollars to send to me in payment, and if he sells his coffee to us he sells it for gold. I purchase and pay for

the goods at an enhanced price in silver. In order that my merchandise shall be charged on a gold basis I am obliged to make a reduction equal to the difference in exchange on the day upon which it is charged. By the time that I get my gold back from Brazil and sell it for silver to replace the silver that I paid to the manufacturer—silver may have advanced—my profits are destroyed.

If it is so with me in selling my merchandise, will it not be the same with the man who buys your wheat or cotton to sell it to England? In order to keep my foreign customer I am obliged to force down the price of the manufacturer, so that I may have enough margin of profit to meet a larger margin of uncertainty. Will not the man who buys your wheat or cotton or cattle require the same?

Every added risk requires an added profit to meet it. Every uncertainty in a transaction calls for increased margins of gain, and that increased margin has to be paid by the producer. The merchant can not afford to pay it and the consumer will not pay it if the markets of the world are open to him.

The Mexican merchant, when he buys his goods from this country, pays for them in gold. In order to get his gold exchange to send to us he is obliged often to pay as much as 30 per cent premium on it, which he adds to the invoice as a part of the cost of his merchandise. Sometimes he purchases the products of his own country and sends them to be sold for his account in order to put his funds in New York to pay his indebtedness. He buys that produce for silver; it almost invariably sells in New York for less than its silver cost; if that loss is not more than 10 per cent or 20 per cent he is satisfied, because it saves him paying a 27½ or 30 per cent premium on his exchange.

Do you think that you will enjoy that way of doing business? Do you think that it will have the effect of building up the foreign business of the country and increase the demand for our surplus productions; or do you not want to sell any surplus productions? With our high-tariff friends on one side seeking to discourage foreign purchases, and our silver friends on the other side discouraging the sales of our productions abroad, we shall certainly be in a very unenviable position.

The business operations in staples are to-day conducted on very low margins of profit, frequently as low as one-half or 1 per cent seldom as high as 2½. In order to be able to do this, and do it with any degree of safety, the instrument used in its accomplishment must be precise and not of uncertain action. In this case that instrument is money, and the money must have no uncertain value.

The tendency of this law will be to antagonize this condition of trade so favorable now to the producer and to the consumer, and throw us back a generation or more in our race for commercial supremacy. A measure which will accomplish this result can not be in the interest of the country at large. Our best interests are served by a policy which puts us into accord with the commercial system of the world at large, which keeps us well within the great financial and commercial currents which sweep around the world, distributing blessings to every country. Within them is helpfulness, health, and prosperity. They are the result of a higher civilization, and we, the most advanced of the nations, can

not afford to go outside of them; of all nations we with our ever increasing commerce should favor uniformity of action and uniformity of methods and mutually helpful policies.

We have more to gain from them than any other nation. Our mercantile energy has brought us recognition as a part of the great scheme, and I most respectfully, but speaking for my constituency, most earnestly and solemnly protest against destructive action.

I also venture to say that the mandatory way in which this bill is brought before the House is not the best way in which to secure the wisest action. One amendment only was permitted, and that amendment was taken advantage of by the framers of the bill. I ask you, gentlemen, was that wise? Is it not better, in discussing a policy of such magnitude, to leave the field open so as to enable the House to contribute its collective wisdom? Amendments might be offered which would go far to ameliorate the harsh conditions.

I also, gentlemen, protest against the bill as it now stands on account of its dishonesty, and I take only the aims as expressed by some of its most ardent advocates as proof of my warrant for using that harsh expression.

I have done business with every nation and every colony upon the face of the earth. I have let my proof-glass down into the commerce of every people, and I have found that the world esteems honesty. As proof of it I will state that doing business, as I have said, with every nation, I have found that in a business extending over thirty-five years in which I have kept records of it that my losses from dishonesty of creditors has not equaled one-sixteenth of 1 per cent on the amount of my operations.

So I say that the commercial world holds honesty in high esteem, and what will it say when this great, rich nation at one blow seeks to scale down its indebtedness, the indebtedness of its people, 30 per cent by the issue of coin bearing upon its face an untrue statement as to its value, and decreeing that it shall be a legal tender for the payment of all debts, public and private?

I regret that the short time allotted to me in which to speak upon this important question has prevented me from alluding to the enormous injury it will be to the country by the discrediting of our public and private securities, which have heretofore found favor in European markets, or to the injury to the laboring man and men of fixed incomes whose expenses will be increased without adequate increase of income; but whatever may be the result of this contest I shall feel that by word and act I have done all in my power to avert the impending disaster.