

Danger from Free Coinage of Silver a Theory, not a Condition.

SPEECH

OF

HON. WILLIAM T. CRAWFORD,

OF NORTH CAROLINA,

IN THE HOUSE OF REPRESENTATIVES.

Tuesday, March 22, 1892.

The House having under consideration the bill (H. R. 4126) for the free coinage of gold and silver, for the issue of coin notes, and for other purposes—

Mr. CRAWFORD said:

Mr. SPEAKER: This is no new spectacle now presented in the history of monetary legislation. It is simply history repeating itself; the same old struggle of the rich and strong to control the poor and weak, of capital to control labor, of the classes to dominate the masses, and an effort of the creditor to enslave the debtor.

Now, we do not in any sense concede the truth of the conclusions of those who oppose this bill, but on the contrary we insist that the argument is misleading, fallacious, and unfounded in fact, and that the predicted danger exists only in the imagination of those who have become the victims of the gold craze and adopted the theory of European governments, which have never had any policy on the great monetary questions outside of pure selfishness and greed.

In 1857, after the discovery of gold in Australia and California, Austria and Germany, supposing that the whole world was going to be literally flooded, demonetized gold, and declared silver to be their coin standard and legal tender. But an experiment demonstrated the fallacy of that theory, and should have taught them that the parity of the two metals is not appreciably disturbed by the mere increase in the quantity of one of them. In a short time the vast silver mines of Nevada were being opened, and promised a greater yield than the gold fields of California.

Germany had in the mean time extorted from France a thousand million dollars as an indemnity on account of the Franco-German war; and again becoming excited on account of the prospective increase of silver, reversed her policy, demonetized silver, demanded that France pay her in gold, and thereupon declared gold to be her sole money standard. England demonetized silver because she could not keep it in circulation on account of the premium it commanded in India, China, and Japan; and from that day to this she has been a speculator in silver, and never has lost an opportunity to depreciate it in the markets where she buys, so as to give her a larger margin where she sells.

Mr. Speaker, I submit that it is a bad policy for a great Government like the United States, the very center of the commercial world, with illimitable resources and the finest soil and climate the world has in it, and producing more than half of the whole annual output of silver, to stand by acquiescently and allow England and other European Governments trying to stand on a gold basis, to fix the value of silver as an international money. They produce no silver and therefore have no interest in it outside of speculation. We can not expect silver to receive fair treatment at the hands of its enemies. We are timidly waiting for Europe to take the initiatory for the restoration of silver to a parity with gold.

We have the power to force recognition in the adjustment of the financial policy of the world, and I believe it to be the duty of this Government to assert its right and do it now while Europe is in the very throes of bankruptcy, because gold can not be had to sustain her inflated bank credit system. And a full and complete recognition of silver by the United States would be the entering wedge for an international conference, and the result would be a ratio upon which gold and silver would be recognized as money without disparagement one to the other whether in coin or bullion.

Austria-Hungary is now taking steps looking to an international bimetallic agreement. The currency commission is examining experts on the financial situation, and would welcome an opportunity for settling the status of the two metals permanently, once for all time.

There is not enough of gold and silver to supply the increasing demands for money in the rapidly expanding trade of the world. And I do not understand that the opposition to free coinage of silver is based on the ground that it would give us too much money, for that argument would not bear the test and scrutiny of investigation.

The report of the Comptroller of the Currency shows that the national banks have on deposit subject to check, \$1,608,585,414, and other banks and trust companies have in round numbers \$1,200,000,000, all told \$2,700,000,000, and have in reserve only \$500,000,000 as a basis of redemption, including gold, silver, greenbacks and national-bank notes. Five dollars and a half, we may say, of inflation or credit money for every dollar of actual cash. What would be the result if a great money panic were to sweep over the country and shake the confidence of the people in the banks and these deposits were immediately drawn upon? The banks would be crushed, the business avenues paralyzed, and the country ruined.

And the situation is even worse in England, for she has \$15 of check or confidence money for every dollar of gold in the banks, and when the Baring Bros. failed the great Bank of England was shaken from center to circumference and but for the timely assistance of bimetallic France in the loan of \$15,000,000 it would have collapsed and scattered ruin broadcast throughout the land.

The chancellor of England immediately ordered the banks to increase their gold reserve \$200,000,000 or cut down their credit medium \$1,000,000,000. In the face of all this you point us to England's magnificent system of finance, the most unstable and rotten on the face of the earth.

Here is a splendid field for the genius of those who are afraid of

cheapsilver. Why do you not take steps to remedy this evil which has grown up by the abuse of privilege under the banking laws? No other institution has been the recipient of such large immunities from the Government as the banks, and notwithstanding the special privileges granted they are the fruitful source of all money panics, for they alone have the power to contract or expand at will the volume of the circulating medium. Such disasters would be impossible if the banks had silver in their vaults to meet even one dollar in three of their outstanding liabilities. Silver has intrinsic value and can not be panic-stricken by the adventures in speculation like the Baring Bros.

Notwithstanding this vast expansion of the volume of money in the nature of bank checks, for checks are a substitute for money and in many respects answer every purpose of money—notwithstanding this, I repeat, Mr. Speaker, the people of the agricultural sections are looking toward this Capitol and hoping that this Congress will change the financial policy of the Government so as to give them relief from their bankrupt condition.

The cry is, give us more money and money that can not be controlled by bank syndicates. Silver has always been peculiarly the money of the people. It is the missionary money and makes its way to the most remote and isolated sections of the country, and serves the business interests acceptably. And the people demand that it shall be coined free and without limitation by the Government upon the same terms as gold.

Since the demonetization of silver in 1873 the farmers have from year to year seen the price of their products declining in the markets. Cotton, our great staple crop that gives us a cash balance against the trade of the world, does not pay the expense of production. It is quoted in the markets to-day at a fraction over 6 cents. The loss on the last crop at the price of cotton in 1873 was over \$300,000,000. The farm is becoming a burden, for it will not pay running expenses, taxes, and the interest on the money invested, whether it be cotton, wheat, corn, tobacco, or what-not, the wail goes up from unremunerated toil, and will you not heed the cry and give this relief?

Mr. SIMPSON. That is because we have to trade the farm products for gold.

Mr. CRAWFORD. Certainly, and it is getting worse every year.

Mr. MILLIKEN. How is the price of your wheat?

Mr. SIMPSON. Regulated by gold.

Mr. CRAWFORD. There is no hope of relief from increased crops, for that only insures a corresponding decrease in price. The only hope, as I see it, is to give us the markets of the world to sell in and buy in unrestricted and free, except so far as may be necessary to provide revenue for defraying the expenses of the Government economically administered according to the time-honored theory of Democracy; drive the speculators in farm products out of the market as is proposed by the antioption bill, and restore silver to its constitutional status, as contemplated by the bill under consideration, and new life will be infused into agricultural pursuits and again start the farmer on the high road to prosperity.

But the Republican party and an element in the Democratic party, not the Democratic party however, assume that the effect of a free-coinage law would be the dumping of Europe's surplus and depreciated silver into our mints and receive our gold in ex-

change, which would finally reduce us to a silver standard, or that it would drive gold to a premium and by its own force depreciate until its value as money would be comparatively destroyed. If the effect would be to enhance the value of gold I am inclined to the opinion that England and Germany, as well as many members of this House, and the influences back of them, would be on the other side of the question. But by what ledger-deman the predicted exchange will be effectuated has not been satisfactorily shown.

This bill provides that the owner of bullion may take it to the Mint and have it coined free or he may deposit the bullion and receive coin notes therefor; but he can not go to the Treasury and demand gold for them, as the Secretary is vested with the discretion of paying either in gold or silver. Then, I desire to know what inducement will be offered to the owner of French coin or bullion to have it converted into American coin when it would be nothing but bullion upon its return to France. Besides, he would be minus the insurance and transportation charges. Could it be for the hope of getting our gold? Certainly not, for Europe's coin is on par at home at the ratio of 15½ to 1 while our ratio is 16 to 1, and she has no accumulation of bullion. It is merely a theory and not a condition.

But the opponents of free coinage of silver would have the country believe that Europe has an unlimited quantity of silver ready to pile in on us by the shipload as soon as the door is opened. But the facts do not warrant such conclusion.

Secretary Windom in his report for 1889 says that—

There is no accumulation of silver bullion anywhere in the world.

He assures the country that there is no danger of the silver product of foreign countries pouring into our mints; and further assures us that European countries will not ship their coin to our mints for the purpose of getting Treasury notes in exchange, for the reason that they have made provision for maintaining their stock of silver at par, and that there is no silver in Europe not needed for business purposes. Continental Europe does not even pay her trade balance to India in silver, and it is more than \$70,000,000 annually, and silver is worth about \$1.37 an ounce, being at a ratio of 15 to 1. This enormous debt is paid in London with council bills bought with gold. This fact corroborates Mr. Windom's report.

Could a Republican dare to ask for better and more conclusive evidence on this great question than the official statement of Mr. Windom? Do you want any better authority or do you want authority at all? [Laughter.] We all know that the late Secretary was not an advocate of free coinage, therefore his declarations are against interest and you can not well contradict them. But it was an honest statement by an honest man.

Now, Mr. Speaker, I desire to call the attention of the House to the fact that France owns one-half of Europe's silver, about \$650,000,000, and by the treaty stipulations of the Latin Union each government was to redeem its subsidiary coin with full standard coin at the expiration of the treaty, which occurred in 1890, if I mistake not, and at the time France held of the coin of Italy, Greece, Belgium, and Switzerland 600,000,000 francs, which they were compelled to redeem at \$1.33 an ounce in gold, and France has not presented a single dollar for redemption, and will not do it, for the reason the French people have confidence

in silver and will not allow it to be degraded by any sort of discrimination. Then, upon what reasonable hypothesis can it be asserted that France will bring her silver to our mints and have it coined in the event of the passage of this bill when it would be worth only \$1.29 if at par?

Mr. WILLIAMS of Massachusetts. Will the gentleman yield for an answer now?

Mr. CRAWFORD. I want an answer, but not in my time.

Mr. WILLIAMS of Massachusetts. The gentleman has asked a question and said that he would like an answer.

Mr. CRAWFORD. I supposed that other speeches would be made. I do not want to yield my time for an explanation. I would be glad to allow the gentleman an answer, but my time is limited. You can make a note and answer in your own time.

Mr. WILLIAMS of Massachusetts. But you asked a question and requested an answer.

Mr. CRAWFORD. But not in my time.

Mr. BUNN. He will have plenty of time.

Mr. CRAWFORD. Now, this is the proposition I want to submit again. I want to know upon what reasonable hypothesis it can be asserted that, if France will not present the 600,000,000 francs to the governments of the Latin Union for redemption in gold, as it is her right to do, at \$1.33 an ounce, she will bring it to our mints and take the risk of bringing up to par, as you say she would do, and then get only \$1.29 an ounce and without any promise of an exchange in gold?

Mr. TRACEY. Would you like to have an answer?

Mr. CRAWFORD. Yes, in your time, after I get through. [Laughter.]

Mr. TRACEY. It is an easy matter.

Mr. CRAWFORD. The mere statement of the proposition refutes the argument.

This tirade against free coinage comes mainly from the great money centers of the country, where vast wealth has been accumulated by speculation in stocks and gold at the expense of the toiling millions.

I have in my pocket a letter from a Boston firm, and I presume every other member of this House has received a similar one, containing a vehement protest against what it terms "black repudiation:" and calls on the boards of trade, financial and business organizations, and associations generally to take steps to present to members of Congress the true sentiments of their constituents, and concludes by saying, "the time is short, and quick sharp work is necessary." The tone smacks of a Wall-street gambler rather than a patriot who believes in the doctrine of "the greatest good to the greatest number."

The history of monetary legislation clearly demonstrates that free and unlimited coinage has never depreciated the money value of either gold or silver; but, on the other hand, discrimination and repudiation have never failed to reduce the bullion value of the metal discriminated against, and in the same ratio, and by virtue of the same force the other appreciates. It is a natural result, and is governed by arbitrary law as much as any force in nature, being the effect of cause.

If the commercial world were to accept gold and silver upon a fixed ratio and make them legal tender for all debts and obligations, then they would constitute the money of the world, and there could be no difference in value if both were coined free.

But where there are different ratios and coin standards, and free coinage of one and a limited coinage of the other, and provisions of law that certain debts shall be paid in gold to the exclusion of silver, there can be no universal par value between the two metals. This is true whether of coin or bullion, but it does not apply to the coin of the United States nor any other government in its respective capacity as a government, as all maintain their own silver coin at par with gold.

We all know from experience that a silver dollar is equal to a gold dollar and is preferred to it in an ordinary business transaction. It is not only true in the United States, but in Great Britain, France, Germany, Austria, and Russia, for they all maintain their silver coin on par with gold.

The gentleman from Ohio [Mr. HARTER] must have been laboring under the depressing influence of a nightmare when he dispatched Grand Army posts to the effect that the passage of this bill would cause their pensions to be paid in silver which is worth only 71 cents to the dollar. [Laughter.] Has the gentleman's experience in business not taught him that such statement is erroneous? I am sure the people of this country know that it is not true. Does he not know that they can appreciate the fact that there is a difference between the coin value and bullion value of silver? I am surprised that the opponents of free coinage would undertake to play upon the credulity of their constituents.

Mr. Speaker, they are parading before the country the price of bullion which is kept from the mint by force of law, which alone keeps it below par; but it can not control the value of the coined silver. The bullion broker, it is true, will not give but seventy-odd cents for the silver we put in a standard dollar, but when the United States coins it and puts the stamp of sovereignty on it and says to the world this is a dollar and will pay debts, the antifree-coinage Democrats and Republicans receive it along with gold in payment of their salaries. [Applause.]

Then why all this anxious solicitude for the old soldiers and laborers. It is the sublimest example of self-sacrifice I have ever known. Congressmen receiving their salaries, willingly, in a money not good enough to pay the laborer his wages. Did the working people ever before know a love like this. [Laughter.]

We do expect silver to flow to our shores from Europe, and from Mexico and South America, and from all the civilized world, and we welcome it not to take away our gold, but in exchange for cotton, wheat, corn, and the various other products of our fields and shops that are seeking their markets, and they are anxiously waiting for us to restore silver to its full monetary value upon our established ratio by free and unlimited coinage, which puts us in elbow touch with the 1,000,000,000 people who use silver exclusively as a money medium, and to strike the shackles from commerce so as to give a freer exchange of products. This policy would put us a step ahead of Europe and enable us to contend with Great Britain for the mastery in the trade of the world.

If we will take a bold stand upon our own responsibility and strike out for the commerce of the silver standard countries by the passage of this bill we would not only gain their trade, but force Europe to adopt the bimetallic standard, for the reason that bullion would be advanced to \$1.29 at once at our mints, which would be a margin of 34 cents based on the London price and would be sufficient to turn the import trade of India, China

Japan, and the Pacific Isles, as well as South America and Mexico, to the United States. It would be the inevitable result unless Europe should accept the "logic of the situation" and return to the bimetallic standard by complete restoration of silver to its par value on the existing ratio. Then the purchasing power of every dollar of the silver of Europe invested in American products would be increased 33 per cent, which would enable them to buy more of our cotton, wheat, etc., and thereby stimulate the markets and relieve the business stagnation that prevails throughout the country. England is not slow to appreciate the result of free and unlimited coinage by the United States.

No less a personage than Sir Robert Fowler declares that her only hope of continuing in control of the world's trade is by keeping silver depreciated, for she is a great creditor country and her bonds are payable in gold, and is therefore in favor of the gold standard, which insures a decline in the price of all commodities as the value of gold advances.

Mr. Speaker, the opponents of this bill say that they are in favor of a bimetallic standard, and that the business of the world demands the use of both metals as money, but that they do not think that we can afford to take the risk of the initiatory step. Then the vital question is, who can and who will? We are the greatest silver-producing country in the world, with more wealth and undeveloped resources than any other government under the sun, with everything to gain and nothing to lose, and it is eminently proper that the initial step should be taken by the United States, for we already have \$400,000,000 silver at par, and debts and obligations amounting to billions of dollars payable in silver at the option of the debtor, dollar for dollar, and the only trouble is, we have not enough silver to pay it, and have to mortgage the little farms and pay such interest as the elastic conscience of the money-lender may demand in order to save the home another year, and at maturity the debtor finds himself in still worse condition, for his crop has brought less than the previous year, and the interest is advanced, and you still say wait, a little more slumber, when the very foundation of industrial enterprise is being undermined and the country is on the brink of financial ruin.

There is no more gold in circulation now than there was twenty years ago, taking the world into account, and no prospect of an increase, and in the United States the annual coinage would not supply contraction in our volume by reason of the withdrawal of bank notes. It would be no experiment for us, Mr. Speaker. We tried free and unlimited coinage of silver for eighty-one years uninterrupted, and the people prospered, and desire to return to that policy, notwithstanding this bill has been characterized as a "scandalous measure."

But it is a patriotic effort to put silver back where the Constitution left it and where the Government recognized it from the passage of the first coinage law in 1792 down to 1873, back to where it was stricken down covertly and in the dark by an enemy closeted in a committee room, the secrets of which will remain as a closed book till the secrets of Congressional manipulations are made known in the great day, for no man has dared to assume the responsibility of so flagrant an outrage upon the rights of a people whom he claimed to represent.

Silver was not demonetized because it was a cheap and base money, for it was worth more than gold, being 3 cents above par.

Then it was too high; now it is too low to suit gold bugs. We propose to give you the "happy medium" by taking it out of the hands of speculators, as a commodity of merchandise, and putting it on par with gold, where God and the Constitution intended that it should serve the people as money.

The following tables show the gold and silver in the world, and the amount of all kinds of money medium in the United States:

A.—Amount of gold and silver money in the world.

Countries.	Gold.	Silver.
United States	\$708,000,000	\$482,071,346
England	550,000,000	100,000,000
France	900,000,000	700,000,000
Germany	500,000,000	205,000,000
Belgium	65,000,000	55,000,000
Italy	140,000,000	60,000,000
Switzerland	15,000,000	15,000,000
Greece	2,000,000	4,000,000
Spain	100,000,000	125,000,000
Portugal	40,000,000	10,000,000
Austria-Hungary	40,000,000	90,000,000
Netherlands	25,000,000	65,000,000
Scandinavian Union	32,000,000	10,000,000
Russia	190,000,000	60,000,000
Turkey	50,000,000	45,000,000
Australia	100,000,000	7,000,000
Egypt	100,000,000	15,000,000
Mexico	5,000,000	50,000,000
Central American States		500,000
South America	45,000,000	25,000,000
Japan	90,000,000	50,000,000
India		900,000,000
China		700,000,000
The Straits		100,000,000
Canada	15,000,000	5,000,000
Cuba, Haiti, etc	20,000,000	2,000,000
Total	3,733,000,000	3,880,891,340

B.—Money in circulation in the United States January 1, 1891.

	General stock, coined or issued.	In Treasury.	Amount in circulation March 1, 1892.	Amount in circulation March 1, 1891.
Gold coin	\$606,661,364	\$198,817,863	\$407,813,501	\$406,752,874
Standard silver dollars	412,184,740	332,920,220	59,264,520	63,560,553
Subsidiary silver	77,096,549	14,787,832	62,308,717	57,345,028
Gold certificates	178,151,419	18,150,140	160,001,279	147,119,129
Silver certificates	328,421,343	3,280,157	325,141,186	303,822,259
Treasury notes, act July 14, 1890	85,236,212	9,517,659	75,718,553	28,871,279
United States notes	346,081,016	24,549,323	322,131,628	
Currency certificates, act June 8, 1872	29,440,000	90,000	29,350,000	} 304,274,851
National-bank notes	172,621,875	4,792,427	167,829,443	
Total	2,236,494,518	623,923,623	1,609,558,832	1,518,439,310