FREE COINAGE OF SILVER.

SPEECH

OF

HON. HENRY PAGE,

OF MARYLAND,

IN THE

HOUSE OF REPRESENTATIVES,

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SPEECH

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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. PAGE of Maryland said:

Mr. SPEAKER: I do not enter into this discussion with any of the pretension of a financial expert, nor do I expect to enrich this subject with anything new or additional to the stock of argument or fact already presented.

I find myself, sir, at variance, however, with gentlemen whose footsteps I am always anxious and generally willing to follow, and I think I owe it to myself as well as to the constituency whom I represent to state here the motives by which I have been influenced and the conclusions which shall control my vote. Before I do that, however, I desire to state what I believe to be the gist of the argument, the real question which is before the House.

THE REAL QUESTION.

I believe in the last twenty years in the discussion of financial questions in this country, there have been some things settled, at least, by the American people, and one of those things is this; that whatever legislation this House and this Congress or any other may undertake it should be such as will tend to the establishment of a bimetallic currency, in which gold and silver at fixed and equal values shall both circulate freely among the people.

Now, Mr. Speaker, I think that it is such a currency as this that the people of these United States have agreed is the most desirable; and to this the general sentiment of the world, there is reason to believe, is at last tending. It is, I repeat, such a bimetallism as will carry along these two metals at a fixed parity along with each other; that is, that the dollar in gold shall be equal to the dollar in silver, and *vice versa*. Unless I mistake the tenor of this report, this is the object which is intended to be accomplished.

The majority report uses these words:

> Bimetallism does not tolerate the idea that one metal, gold for instance shall be set up as the standard by which the other metal, silver, shall be purchased or measured. This is gold monometallism; it fixes gold as the measuring metal, or the sole valuator. Bimetallism means that each metal shall be a standard unto itself. Free coinage of silver means that all silver bullion of 412½ grains standard or 371¼ grains pure silver shall be worth a dollar in lawful payments. The stamp of the Government is affixed to it solely for the purpose of guaranteeing its weight and fineness. It is the bullion that, in fact, is legally monetized.
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> This being so, the bullion, 371¼ grains, or 412½ grains standard silver is always worth a dollar because the law so declares. All that is necessary to enforce this law is to get Government stamp as to the fact of the weight and fineness. Therefore, silver bullion under free coinage can not fall below the value at which it is declared by law to have in all payments. It can not fall below that value which the Government gives it at the mint, because the mint is an open market for all of it at a fixed price. The same may be said of gold.

Now, I think this position is entirely different from that which has been taken by so many gentlemen on this floor; that it "makes no difference what quantity of silver may come into the country." My distinguished friend whom I see before me, and other gentlemen on this floor, have stated, "let the silver come," and "let it be of what value it will," "if we have all the silver of the world, we will be master of the world."

That, I respectfully submit, was not the opinion of the distinguished chairman of the Committee on Coinage, Weights, and Measures when he wrote this report. And when gentlemen stand here and undertake to make an argument upon this bill upon that basis, I present them with this report, and bid them reconcile their words with the principles laid down by those who have brought up this bill.

No, sir; the report of this committee contemplates that these dollars shall go side by side; and the elaborate argument made by this report is to show that if this bill pass they will go along side by side, the dollar of the silver equal to the dollar of the gold.

A CONSENSUS OF OPINION.

Now, Mr. Speaker, I can not dwell upon this idea longer, as I would like to do, but I want to say that in the investigation which I undertook to make of this question, the first fact that confronted me, at the very threshold of my researches was the very remarkable one, that almost the entire financial opinion in other countries as well as in our own was, that in the present condition of the monetary affairs of the world, the adoption of the policy of the free coinage of silver in this country at the ratio 16 of silver to 1 of gold, would not result in bringing about a parity of the metals, or if it did it would be but temporary, and could not permanently so maintain it.

Mr. Walker, in his testimony delivered before the Monetary Commission, when he states that nine-tenths of those who exercised large financial powers in Europe and four-fifths of those in the United States, were of the opinion that this could not be accomplished, puts the case in much milder terms than the Director of the Mint, when the latter says, as he did in his late article in the Forum, that there is not a statesman or a financial operator or expert in Europe who believes that this bill or a bill of this character could accomplish such results.

What then, Mr. Speaker, shall we do with this consensus of opinion? Are we bound by opinions which come to us from the other side of the water? I say no. Americans who are engaged in the grand and glorious business of promoting the progress of this great free country, of directing in this new land the march of triumphant democracy in America, can not afford to take the opinion of any country or of any people, without the fullest examination of their merits.

We must not be fettered with opinions and ideas useful, perhaps, in their time and place, but unfitted for this puissant people. Free thought untrammeled by precedent has been the secret of our progress. Let us think for ourselves, and let us act for ourselves now and always.

But gentlemen, while we take no opinions from other quarters without due examination, let me tell the advocates of this bill that when they despise these opinions and treat them only with denunciation, opinions coming, as they do, from many whose reputation is worldwide, I tell you they are not acting as statesmen or as patriots, and that posterity will hold them responsible if they fail to give them a fair consideration. My fellow-members, you are bound here not simply to rest upon your own unaided wisdom.

NOT TO REST UPON YOUR OWN UNAIDED WISDOM.

All the lights of the past are held up before you. The book of experience, in which is written the history of the world, is open to you, and you are not philosophers and you are not statesmen if at this day and in this enlightened age, when we are expending hundreds and thousands of dollars to distribute the wisdom of the world among our schools and teach the rising generation how to value and discriminate between the claims of conflicting contemporary opinion, I tell you we are not wise if we treat a world-wide judgment simply with denunciation and with ridicule. These opinions are deserving of profound respect. We can not afford to pass them by as evidence of a "conspiracy" (to use the language of the majority), planned in the Old World and "successfully carried out there and here;" a "conspiracy" in which science has struck hands with greedy avarice to stop or pervert the laws of monetary progress.

WHAT IS THIS BILL?

But let me pass from that. What is this bill? It will either bring us a flood of silver or it will not. If it brings no silver, as has been shown here upon this floor more than once, it is wholly inutile and innocuous. It then grants no additional function to silver. It gives no increase of metal, and it can therefore operate neither to increase the price of the metal nor furnish relief by the enlargement of the currency.

BOTH SIDES BELIEVE SILVER WILL COME HERE.

But neither side maintains this view. Both sides believe that silver will come here; and the pinch of the argument is this: We believe that it will come in floods—come until every financial channel is choked with it. You believe that it will come in such quantities that it will regulate itself, and the beneficent results of it will be shown in the increased circulation going out among the people in such self-regulating quantities as to quicken the avenues and marts of trade. But, gentlemen, let me ask you right here, why will the quantity of silver increase, why will it come here at all, as an effect of this bill? It must be because this bill infuses into silver some life and some vigor which it had not before.

WHAT WILL BRING IT HERE.

What is it that is to so quicken it? It is not in the legal-tender faculty, for you have got that now. It is not in the fact of its weight and fineness, because they are the same as before. What is it, then, that this bill confers which is not now existing laws? It confers nothing, not one item, but this single feature: that it opens the mints of the United States, and says to the world at large, "Come on, all you who have silver, and we will take 90 cents' worth of it, and pay you $1.29 for it," and that is all.

It is, Mr. Speaker, not monetizing money or coin. It is, in the language of this report, "monetizing bullion." It authorizes every man in the whole world, when silver is worth but 90 cents per ounce in the market, to bring his silver into this market, to the Mint of the United States, and this Government will buy it at the rate of $1.29, no matter what the market price may be.

Do not talk to me about the laws of trade. Do not prate about statistics, and cover me mountain high with them. Tell me not when money will come in legitimate commerce and when it will go. I present to you, in answer to it all, one single fact, and that fact is this, that men will sell when and where they can make profit by so doing.

It is not a question, Mr. Speaker, whether the French will send their $700,000,000 to the United States. It is not a question whether Germany as a people will send their 100,000,000 thalers here and sell them in the open market, but as certain as water runs down hill, as fire ascends to Heaven, as the greed of man seeks his profit wherever there is a prospect of gain, just so certain will this silver come into this market whenever the seller of it can be assured he will get $1.29 for it instead of 90 cents, its market price the world over. Who will come to sell? The majority report gives the reply: "The Mint is an open market for all of it (silver) at a fixed price." How long will it come? So long as present conditions exist.

THE MAJORITY'S FIRST REASON.

To meet this self-evident conclusion, the majority report sets up two special pleas. Here is the first:

> The familiar warning, that free coinage would cause shiploads of silver from other countries to be brought here and dumped at our mints in exchange for our gold is still urged. How can this be under the bill or proposed law. * * He can take his coin note to the Treasury and demand redemption, but the note is redeemable in coin, and the Secretary of the Treasury could hand him back the coin struck from his shipload of bullion.

In reply to this, it may be asked what will be the effect of this course on the part of the Treasury. First, will not the very fact that these notes may be redeemed in silver bring them below par as to gold? Will anybody outside of a lunatic asylum put 100 cents in gold in a coin note which may be redeemed in silver at 70 cents in the dollar, or possibly less? Pass this law and will not every dollar represented by the gold certificates, amounting to one hundred and sixty millions, be promptly collected in gold, and will one cent of that or of the outstanding gold coin go into the new coin certificates? Is it not then perfectly clear that a depreciation of the coin notes must at once occur whenever the Treasurer fails to redeem them in gold.

Indeed, will that result be postponed until the Treasurer takes such action? Will not the possibility itself be sufficient? I will ask my friend from California [Mr. BOWERS], if he had a certificate in his pocket, and he knew that a party could give him either a silver dollar or a gold dollar, and he knew that silver in it would be worth 70 cents, and he wanted $1.29——

Mr. BOWERS rose.

Mr. PAGE of Maryland. I can not stop for you. [Laughter]. Would he take it?

And here is the second preventive which the majority report presents us:

THE SECOND REASON.

> The bullion 371¼ grains or 412½ grains standard silver is always worth a dollar, because the law so declares.

Is not this threshing old straw?

That Government may ordain a local currency irrespective of the value of the material employed may indeed be true. In former times Lacedæmon had iron money; Russia, leather; the East, cowrie shells; the Hudson Bay Indians, furs, and Maryland, tobacco. Says Jevons, page 32:

The essential point is that people should be induced to receive money and pass it out freely at steady ratios of exchange for other objects; but there must always be some sufficient reason first inducing people to accept the money. The force of habit, convention or legal enactment may do much to maintain money in circulation when once it is afloat.

But all writers on the subject concur in stating that this is mere local currency. Such a currency can be kept at par only by limiting it to correspond with and not exceed the power of local absorption. It is upon this principle that subsidiary and token coins circulate at par. For this reason France and the Latin Union in 1874 limited its silver coinage and stopped it from 1878.

Holland in 1874 for a like purpose did the same, and for the same reason silver now circulates in this country at par. The very moment, however, the limit of the absorbing power of the country is passed the value of the whole mass depreciates to what the price of the surplus is in the foreign or other market to which it must go. Amasa Walker in his Science of Wealth, therefore, states the accepted rule which all writers on the subject have adopted, as follows:

Government does not determine the value at all, but simply certifies to the weight and purity.

A standard coin—

Says Jevons, page 74—

is one of which the value in exchange depends solely upon the value of the material contained in it. Token coins, on the contrary, are defined in value by the fact that they can by force of law or custom be exchanged in a certain fixed ratio for standard coins. The stamp serves as a mere indication and guaranty of the quantity of pure metal.

Among other functions of money the two principal are those of being the measure and standard of value. It is received only to be passed on. To induce people to do this, it must have value in itself. No legislative enactment *per se* can confer this value.

All coin when it is brought in contact with the currency of other countries will gradually settle to the real value of the metal it contains without regard to its stamp.

The world soon finds out the true quantity and fineness of the metal, and the ordinary rules of supply and demand as certainly adjust its price as in the case of any other material. The contention therefore that the law can settle the value of silver coin seems to me utterly at variance with all those principles of monetary science which have been laid down and accepted by all writers on the subject.

AN INSTRUCTIVE LESSON.

An instructive lesson upon the power of Government to regulate such matters may be found in the legislation of 1864. At that time greenbacks were gradually depreciating. Gold went to a high premium and speculation in it ran high in Wall street. It was rightly supposed that such speculation was exceedingly detrimental to the country, and those who believed that legislative enactment could do anything brought in a bill to prohibit "certain sales of gold."

This bill made it illegal to trade in gold or to make any contract payable in gold and this was enforced by heavy penalties. The bill was passed June 17, 1864. It remained in force until July 1, 1864, the day on which the President signed a bill repealing it. Gold in the meantime had risen from 89 to 151 per cent, and speculation proceeded to an extent before unknown in this or any other country.

If these views be reasonable what must be expected from the passage of this bill? I quote as my reply the answer given by Isaac Newton, in 1717, when asked why silver was then leaving England. He says:

> And it appears, by experience as well as by reason, that silver flows from those places when its value is lowest in proportion to gold, * * * and that gold is most plentiful in those places in which its value is highest in proportion to silver.

We are not without experience on this point in this country. In 1792 the United States established a ratio by which gold was undervalued, and as a consequence it fled the country. In 1834 the ratio was changed, by which silver was then the undervalued metal, and as a consequence we were left without silver; so that in 1873 when the act demonetizing it was passed there was very little of it in the country.

SILVER MONOMETALLISM.

The passage of this bill, by which 70 cents' worth of silver is to be made equal in value to the gold dollar, it seems to me, would drive gold from circulation among us, and would, therefore, practically bring us to a silver basis. We should then have not bimetallism, but monometallism upon the silver standard, a result all would deprecate. It may be admitted we need more circulation, though we have now $24.74 per capita—higher than in any of the leading commercial nations of the world except France, as appears by the following table:

Circulation in United States and other countries.

	Per capita.
United Kingdom	$18.33
France	43.29
Germany	18.38
United States	25.30
By report, March 1, 1892:	
Circulation in United States, $1,518,439,319, or	24.74

But silver monometallism, it will be conceded, will not furnish an increased volume of money. What we do need is a true bimetallism in which gold and silver shall be at a parity at the rates fixed and so circulate.

GRESHAM'S IDEA.

The friends of this bill strenuously contend that Gresham's law, "That bad money drives out good money, but that good money can not drive out bad money," only applies to money of one kind of metal. It is true that Gresham formulated his rule from the condition of the currency of England, resulting from the competition between the good and the bad silver coins of the realm. But no one can mistake the principle which underlies the rule. It is as Jevons states it, that the mass of the people as a general rule pass the good and the bad indifferently; but the few, finding there can be a profit made out of it, carefully select the more valuable coins and melt, hoard, or export them.

Every financial law in its last analysis is but the resultant of the forces of self-interest. And whenever a currency is so arranged that an advantage can be acquired by converting gold to private uses by withdrawing it from circulation and passing along the silver it is absolutely certain that it will be so done, and that certainty then becomes a law of finance. Gresham's law has therefore always been applied to the relations of all kinds of money in the same circulation.

It was a necessity, however, for the friends of this bill to limit the scope of Gresham's law; for if this ancient rule, always conceded to be sound, applies here at all, it but confirms the reasoning that maintains that the passage of this bill means the departure of gold, a flood of silver, and the establisment of the silver standard as the sole basis of our currency.

FOREIGN CONDITION OF MONETARY AFFAIRS.

I have so far considered this bill without referring to the existing monetary condition of Europe. If this be taken into the account, and no consideration of the subject is complete without doing so, the situation becomes much more impressive.

First. An examination of the statistics will show that since 1873 the world's product of silver has more than doubled, while that of gold has only increased about 25 per cent.

Gold and silver product in the world.

	1873.	1890.
	Ounces.	*Ounces.*
Gold	96,200,000	116,009,000
Silver	63,260,000	128,914,000

Second. Notwithstanding the large purchases of silver by the Government under the acts of 1878 and 1890 amounting in the aggregate to more than 377,000,000 ounces, the commercial value of silver has steadily declined, as will be seen from the following table:

The commercial value of the pure silver contained in the silver dollar has been annually since 1873, at the average price of each year, as follows:

Bullion value of the silver dollar, 1873–1890.

Calendar year.	Average price.	Calendar year.	Average price.
1873	$1.004	1882	$0.878
1874	.988	1883	.858
1875	.964	1884	.861
1876	.894	1885	.823
1877	.929	1886	.769
1878	.891	1887	.758
1879	.868	1888	.727
1880	.886	1889	.724
1881	.881	1890	.809

Whether this decline is due to the demonetization of silver by the act of 1873 or to the enormous increase in its production, or both, is, for the purpose now in view, immaterial. That it is a fact is sufficient.

Third. The stock of silver in the principal countries in the world is about (per Director of Mint) $3,936,241,624, of which the United States holds about $539,241,624.

To this condition of the silver market, showing an increased production, an immense stock, and steadily falling prices, there is to be added a further all-important consideration that there is and will continue to be a failure of the demand, owing to the fact that all Europe is now on a gold basis.

England has been upon a gold standard since 1816. By her commercial supremacy she has been able to put the settlement of all international balances upon the basis of the gold value of the pound sterling. So important was this influence that in 1867 at a monetary conference in which the Latin Union (consisting of France, Switzerland, Belgium, Italy, and Greece) Germany, Great Britain and the United States were represented, after a general discussion of the whole subject it was recommended by a majority vote that a single monetary system on the gold standard ought to be adopted.

In 1871 and 1873 silver was demonetized and gold made the sole standard of value in Germany, and to provide the gold necessary for the change that country sold a large proportion of her silver at a discount on the then prevailing price.

In 1872 Norway, Sweden, and Denmark, constituting the Scandinavian Union, demonetized silver and adopted the gold standard.

In 1874 the Latin Union, finding it necessary to protect itself from the current of silver then flowing into the countries composing that association, agreed to limit their coinage of silver, and subsequently in 1878 ceased absolutely to coin that metal, and have coined none at all since. It may be remarked here as having some bearing on the subject, that by the terms of the agreement of the Latin Union entered into November 6, 1885, if one of the States desires to resume the free coinage of silver it shall have power to do so, "on condition of exchanging * * * in gold and at sight," the coin stamped with "their effigies and cirlculating within their territory;" thus practically placing the coinage of those countries on a strictly gold basis.

Holland in 1875 adopted a double standard, but prohibited the coinage of silver.

Russia in 1876 suspended the coinage of silver except for its China trade.

Austria-Hungary has determined to adopt the gold standard.

TIME INOPPORTUNE.

From this brief statement it would seem we are choosing a most inopportune period for our experiment. A falling market, an increased supply, and the world against us. To maintain silver at a par with gold under such circumstances, it is obvious it would be necessary to raise the price of silver to a parity with gold at a ratio of 16 to 1 the world over. This would mean that the four thousand millions of silver would be increased in value by this act of Congress $1,000,000,000. In other words, that an act of Congress has added so much wealth to the world. I can not bring myself to the belief that any statute can have such an effect.

The minority report estimates, by the authority of the Director of the Mint, the stock of silver in European countries to be as follows:

France	$700,000,000	Portugal	$10,000,000
Germany	204,000,000	Austria-Hungary	90,000,000
Belgium	55,000,000	The Netherlands	65,000,000
Italy	60,000,000	The Scandinavian Union	10,000,000
Switzerland	15,000,000	Russia	60,000,000
Greece	4,000,000		
Spain	125,000,000	Total	1,398,000,000

Can there be a doubt, in view of existing circumstances, that a large proportion of that immence sum will come to us? Already we are being drained of gold to supply the demands of the European markets. In 1891 the excess of exports over imports of gold was $67,946,768. With our gold leaving us and this mass of silver ready to take its place, what serious evils may we not apprehend should this bill pass? A depreciated currency, gold the toy of the stock exchanges, what commercial and business ruin is there ahead?

The comments of Lord Macaulay upon a condition similar to this in England have already been quoted in this debate with great force. Let me add what an eminent citizen of New York has said:

Plagues, pestilence, and famine are after all but local and temporary calamities; floods, earthquakes, and cyclones are limited in their disastrous results; but a change in the standard of values affects all existing contracts, upsets all the calculations of business, reaches every family in the land, and converts legitimate trade into speculation and gambling.

WAGE-EARNER AND THE FARMER.

Two classes of persons excite my particular interest, however—the wage-earner and the farmer. The first is he who suffers soonest and worst. Changed financial conditions reach him latest in the effect on his earnings. While the purchasing power of the coin he receives may daily grow less, his daily stipend remains fixed in amount. He becomes more and more burdened with the care of providing for his wife and children, and he too often wonders as he ponders over his troubles why his dollar does not bring him as much as it once did.

And the farmer, taxed on all he consumes, condemned to buy in a market the highest in the world, made so by tariffs imposed for the benefit of those whom he sees growing richer and richer while he grows poorer, and forced to sell in the lowest market in the world at free-trade prices, has now the prospect of being compelled to receive his hard-earned profits in a depreciated currency, at the rate of 70 cents on the dollar.

I can not support a bill that may, and I believe will, produce such results. [Applause.]

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