

AGAINST FREE COINAGE OF SILVER.

SPEECH

OF

HON. ISIDOR RAYNER,
OF MARYLAND,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

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WASHINGTON.
1892.

SPEECH
OF
HON. ISIDOR RAYNER.

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. RAYNER said:

Mr. SPEAKER: I shall endeavor in the remarks that I propose to make upon this subject to treat this question not from a political or party standpoint, but in as plain and intelligible a manner as I can to discuss it as an economical and financial problem whose practical solution is now upon us, and which must be met in a spirit of honesty and patriotism for the best interests of the American people.

HONEST MONEY.

I apprehend that we are all in favor of honest money, that we are not in favor of a depreciated and fluctuating currency, that we want a measure of value that is certain and stable and not one that is variable and changeable from day to day and that has different values in the different localities in which it may be employed. An honest man when he owes a dollar is willing to pay a dollar, and when he gives a dollar's worth of labor or sells a dollar's worth of merchandise expects to receive a dollar in return. If this dollar, when it is in the shape of a legal-tender note, is sustained by the credit of the Government, or by an equivalent amount of treasure in the Government vault, then the paper dollar is an honest dollar. If it is in the shape of coin and when melted in the crucible is worth a dollar, then it is also an honest dollar. If, however, the Government has not the means or resources to redeem its paper promises, or if the Government stamps the mark of a dollar upon a piece of bullion that is not worth a dollar, then, in either event, we have a dishonest dollar.

This is the difference between honest and dishonest money. It would be hard to believe that any class of people in this country were in favor of dishonest money. No one could possibly derive any benefit from a depreciated currency. If it enabled a debtor to pay less than the amount of his indebtedness it would at the same time compel him as a borrower to receive less than he is entitled to, and as a consumer to pay more for what he receives. Besides, this dishonest money unsettles values, disturbs credit, violates contracts, engenders speculation, and invariably results in panic and disaster. I therefore assume that we require that which every other substantial people in the civilized world require, and that is money that is actually worth what it

purports to be, and not money that is artificially appreciated and that has a government falsehood stamped upon its face.

THE SILVER DOLLAR.

Our present silver dollar is dishonest. It does not come up to the test that I have referred to, and it is not a dollar in any sense of the word, except in so far as a Congressional fiat or a Government device can make it so. A silver dollar contains 371½ grains of pure silver, and 371½ grains of silver are only worth 70 cents, or thereabout. A gold dollar contains 23.22 grains of pure gold, and if melted is worth a dollar the world over, and is an honest dollar. The ratio is wrong. That is to say, 16 grains of silver are not equal in value to 1 grain of gold. We have, therefore, two kinds of dollars in circulation. One that is honest and properly labeled; the other that is dishonest and falsely labeled.

Now, it is all very well to say that it is not silver that has depreciated but gold that has appreciated; but the fact still remains that unless you clip, amalgamate, or deteriorate the gold dollar as has been suggested that the present gold dollar if melted has a purchasing power 30 per cent greater than a silver dollar if melted, and that therefore the two dollars are not upon a bullion parity, though they are upon a parity by law. In this connection I am not much disturbed by the platitude that is continually obscuring the vision of our silver friends, and that is, that the money of the Constitution is gold and silver. This is true in a certain sense, but it is not true that the ratio of the one to the other is defined by the Constitution, and it is the ratio alone that is giving us all the trouble. I am a bimetallist according to the true meaning and definition of the term. I am not in favor of the monometallism of gold nor of the monometallism of silver. I am in favor of both metals, but of both upon an interchangeable basis of value, as was undoubtedly contemplated by the Constitution.

THE LAW THAT KEEPS THE SILVER DOLLAR AT PAR.

Well, now, the question is asked, if the silver dollar is not worth a dollar, how is it that it passes as a dollar from hand to hand and has a purchasing power equal to that of the gold dollar? The answer is that legislation has given it an artificial value. When I speak of legislation I mean of course the act of July 14, 1890, authorizing the purchase of 4,500,000 ounces of silver monthly, to be paid in Treasury notes. I am of the opinion that this act, if not repealed or modified, will eventually be attended with the most disastrous consequences, and that under it it will be impossible to keep the two metals at a parity. If the balance of trade should turn strongly against us, or if heavy shipments of gold are made to foreign countries, then the storm will come, and it will come so quickly that it will strain the financial resources of the country to weather it and make for a harbor of safety. This act should never have been passed. It was a political expedient of the Republican party and a temporary device to do two things at one and the same time, two things utterly conflicting in their nature—to gratify the silver mine owners and at the same time to keep the two metals at a parity in the American market.

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THE PLUNGE INTO THE MAELSTROM—FREE COINAGE.

But the silver-mine owners are not at all gratified by this act. They condemn it, though upon opposite grounds, in terms quite as severe as those pronounced upon it by the Chamber of Commerce of New York. They want free and unlimited coinage; and this brings me to the vital point at issue upon which this House has been flooded with a mass of literature and contemplated legislation that makes reason stand aghast. Never in the financial history of this country has so glaring a fraud been projected, and such a raid been attempted upon the earnings and savings of the people. When I say fraud, I speak of the necessary effect of this movement, and not of the motives of its advocates, a majority of whom are influenced by the best intentions and the most earnest convictions upon this subject.

Just think of it! It is not enough that we purchase the entire output of the American mines, which we are now doing, but we must open our mints to the whole surplus silver of every country on the earth, and we must not only agree to do this forever, but we must also bind ourselves to coin their silver at a figure at least 30 per cent more than it is worth in any of the markets or commercial centers of the world. The people really do not understand this business. They are being imposed upon and deceived. When they once grasp it, as they will, they will scatter these bills to the winds, and this delusion will disappear so quickly and so effectually that it will only be remembered with derision, as has been the fate of other heresies of the same character which made their appearance under the same auspices, captivating and gathering converts until they were once understood, and, when the revelation came, going down to their resting places with no monument to show where they lie and with no epitaph save the ridicule and dishonor that followed them to their graves.

WHO IS TO PROFIT BY THIS FRAUD?

There is no one to profit by this fraud except the mine owners, who are to have the privilege of dumping their bullion upon the people at a coinage price away above its market value. Of course, I appreciate the fact that it is an excellent thing for them, giving them about \$18,000,000 a year more profit than they are making now, and they can well afford to inundate us with whole libraries of literature and employ a host of advocates to advance and promote this scheme before committees. Who will get this money when the mints are opened and 70 cents can be coined into a Government dollar? Will the people receive any of it? Not the clipping of an eagle. Every dollar of profit, instead of going to the Government and through the Government to the people, as it does now, will go deep down into the pockets of the Nevada and Colorado millionaires, as with flying colors they march to the doors of the Mint and demand of its Director that he stamp a flaming lie upon the product of their mines.

THE ALLEGED DEMONETIZATION OF SILVER.

But, say they, we are entitled to this profit because silver was demonetized in 1873, and we only ask its restoration. What an utter pretense and mockery this is. Demonetized how? Why, there was no silver worth mentioning that could be demonetized

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in 1873. There has been more silver coined by the mints in three months after this alleged demonetization than there had been in the whole century that preceded it. Silver had risen to a premium in 1873. In other words, it was worth more in bullion than it was in money. So that when coinage was suspended standard silver dollars were not in existence. I am not now justifying the methods by which this legislation was brought about. It is not motives, it is facts that we are seeking for, and the fact is that no objection was urged against this act, no outcry was made against it, until the discovery of the great silver deposits and the consequent depreciation of silver bullion.

When silver was more valuable in bullion than in coin, then the mine owners were not very much concerned about its demonetization, but the moment the bullion value fell below the coinage value then it became a great outrage not to coin it at a premium. If we are to determine upon the character of the crime by the uproar that has been raised upon it, a general massacre of the people would hardly have exceeded it in atrocity. I confess that it is horrible to contemplate how these gentlemen were curtailed of their right to convert 70 cents' worth of silver into a Government dollar; but I humbly suggest that if we propose to restore to them this bounty that we proceed all along the line and give a 30 per cent bounty to the farmer upon his agricultural products, to the manufacturer and the merchant upon their goods, and to the laborer upon his wages. They all need it, I am sure, in a much greater degree than the surfeited monopolists in question, and they have precisely the same right to appeal to this Government for protection. But let us assume for the sake of argument that a great crime was committed by demonetizing silver in 1873, is that a reason why we should commit the greater crime of demonetizing gold in 1892?

THE DEMONETIZATION OF GOLD.

Is there any doubt but that the free and unlimited coinage of silver means the demonetization of gold? Not its demonetization by depreciating it, but by driving it to a premium and forcing it from the channels of circulation. Upon this point we need not appeal to Gresham's law or to any other law of political economy. Let us appeal to the law of common sense, if there be any common sense left upon this subject. A merchant or a farmer or a laborer owes \$100; he has one hundred silver dollars, which are only worth \$70, and one hundred gold dollars, which are worth \$100 or more, to pay the debt with; how will he pay it—in silver or in gold? Where in the financial history of any country has there ever been an exception to that universal principle, as unbending as the laws of nature, that the cheaper metal always drives the dearer metal out of circulation.

What then will be the result of free and unlimited coinage? Inevitably, that gold will be hoarded and concealed, that we will be brought to a silver basis, and that there will be a contraction instead of an expansion of the currency. The \$600,000,000 worth of gold which was in circulation, according to the report of the Director of the Mint, on February 1, 1891, will leave the channels of trade, and we will be compelled to devise some new system of finance to meet the emergency. But the silver lobby says this

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is all conjecture and false prophecy. Let us see whether it is. In 1822 the ratio was 1 to 15, and gold was relatively the more valuable. What was the result? Why, of the \$6,000,000 of gold coined up to that time not a dollar was in circulation. In 1834 the ratio was changed and made 1 to 15½.

Silver was then worth more than gold. What was the result? The silver dollar disappeared entirely from circulation. At the present ratio silver would unquestionably drive gold out of the country if the equilibrium of the law once gave way to free coinage; and then what would be our condition? There is no longer any guesswork, presumption, or probability about it. Every well-balanced financier in the world would stake his reputation upon it that we would be brought to a silver basis, and upon a financial level with Russia, Mexico, the South and Central American Republics, and every other begging and impoverished government in the world.

CAN OTHER COUNTRIES SPARE THEIR SILVER?

But it is said that other countries can not spare their silver; that there is no surplus of silver in the world, and even if we open our mints to free coinage, our coinage will not exceed its present limit, namely, the product of the American mines. If this is so, why not restrict the coinage to American silver? But it is not so. The moment we pass a law offering to coin the world's silver at a profit of 30 per cent more than it is worth, from that moment, surplus or no surplus, we get all the silver that we can coin, and in exchange we ship our gold to foreign countries. Mr. Leech, the Director of the Mint, estimates the annual silver product of the world at \$168,000,000. But this is not all that we will be called upon to coin.

The Secretary of the Treasury has stated, and I believe his statement to be true, that there is in Germany, Austria, and other countries of Europe more than \$200,000,000 of silver, to say nothing of the vast hoards of silver in Mexico and the South American countries in the shape of coin and jewelry that would come to this country the moment we were ready to pay \$1.29 an ounce for it, or even a lower rate. Besides this, the Bank of France holds at a loss an enormous amount of silver which it would lose no time in selling at a profit in the American market. We might as well cease talking about any international agreement upon this subject, just so long as we adhere to this delusion of opening our mints to the unlimited coinage of the world.

The governments of Europe are anxiously awaiting the time when the opening will take place. They will attend it without being formerly invited, and we may rely upon one thing, and that is, that they will never reciprocate the compliment of inviting us to any convention that they may hold for the purpose of settling the coinage and adjusting the ratio between the two metals. When we are once upon a purely silver basis we will stand about as much chance of being asked to a conference of this sort as the naked savages upon the banks of the Gambian River, whose circulating medium consists of rum and molasses and hair oil and elephants' teeth.

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NO SILVER COINED IN EUROPE FOR THIRTEEN YEARS.

I confidently claim that the best and safest guide that we can follow upon this question is the experience of other countries that have passed through the same difficulties and have been confronted with the same crisis that we are now approaching, and who have successfully stemmed the torrent and emerged from the danger. What is this experience? We have been told over and over again that for the last thirteen years there has not been a full legal-tender silver coin struck in any of the European mints. In England silver is subsidiary. In France, Belgium, Switzerland, Italy, and Greece the coinage of full legal-tender silver was suspended in 1878.

Norway, Sweden, Denmark, and Holland have practically taken their stand upon a gold basis, and as testified to by the Director of the Mint before the Committee on Coinage, Weights, and Measures, the only countries to-day that maintain the unlimited coinage of silver are India, Japan, Mexico, and the South American Republics. Is not this an unanswerable argument against the folly of our course? Does not this indicate the dangerous precipice that we are approaching? Does it not show with unerring precision that we are gradually leaving the field of sound finance and chasing a chimera that will lead us to destruction and into such unfathomable depths that human ingenuity will search in vain for any device or contrivance that can extricate or rescue us?

THE PER CAPITA APPARITION.

It is said, however, that we require more money than any of these countries that I have named, and that instead of having more we have less. I wish I had the time to enter into the details of this latter branch of the investigation. I simply deny this statement. If any reliance can be placed upon the financial reports that have been authoritatively issued from the departments of almost every European government, we have a larger per capita circulation to-day than any of the countries of Europe, with the exception of France and the Netherlands. We have a per capita of over \$25, while the average in Great Britain and Germany is only \$18, and the other countries of continental Europe have scarcely one-third of the per capita circulation that we have. If increase in the average circulation is evidence of prosperity, we ought to be very happy, because it is greater now than it has ever been before.

But this apparition that is fluttering before us has not even the semblance of reality or substance about it. The moment that we enter upon the arena of averages and per capita, we are chasing shadows and phantoms around the circle of a ghost dance. Suppose there was a little settlement of one hundred persons, and there were \$100,000 in the settlement, and the whole of it was held by fifty persons, what good would that confer upon the other fifty? A per capita circulation would make it \$1,000 a head, but this would not be the truth. It is not the smallness of the circulation that is causing the stringency that is being complained of, it is the want of circulation that produces stagnation. Our wealth is centralized and monopolized to a large extent by the silver barons and their protected kindred, and kept from the public veins and arteries and from the channels of trade and commerce.

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Instead of requiring a larger circulation, I contend that we can succeed with a smaller circulation than any other country, because our system of credits, exchanges, drafts, checks, and bank, warehouse, and storage certificates give us facilities and advantages that no other country in the world possesses. There is generally an abundance of money to be found, at low rate of interest too, if collaterals are forthcoming, and it is a very rare instance to find an individual or a community unable to obtain money if they have an equivalent to give in exchange. This silver delusion is proceeding upon the theory that an additional amount of money is to be distributed whether there is anything to give in exchange for it or not, and taking advantage of this sophism, the silver lobby is playing upon the ignorance of the masses and deceiving them with a cry of cheap money, a cry that will be turned into bitter lamentations whenever we experience the full effects of this legislation.

CHEAP MONEY FOR THE MASSES.

But, say they, the people will derive the benefit of free coinage, because it will necessarily give them more money, relieve debtors, raise prices, create a market for agricultural products, and generally bring about an era of flush times and inflation. This is the same old war-whoop under which, in days gone by, whole battalions of innocent victims have marched to financial ruin and destruction. Thank Heaven, the hour has come when men think and reason upon these subjects, and sober thought and intelligence dominate the counsels of the nation.

Now, I want, with all the emphasis that I can, to put this question to the men who are in earnest in the assertion that it will be of benefit and advantage to the people for this Government, single-handed, to adopt the policy of free and unlimited coinage of silver. You say that such a policy will not have the effect of deluging this country with the silver of other countries; that the world has no silver to spare, and that it is an idle prediction and calamity-prophesying, as you call it, to suppose that foreign silver will flood our markets when we open our mints to receive it. I take you at your word now—strictly at your word—and I grant you, for the sake of argument, that you are right, and Secretary Windom and Secretary Foster and the ablest financiers of the country were wrong when they indulged in such gloomy forebodings.

Well, then, what follows? That we will only consume our own silver, namely, the product of the American mines. That is your contention. Now, tell me, if you please, and explain to the American people, the victims of your contemplated policy, how that will give them any more money or be of the slightest influence in increasing the circulation of the country. We all know that the Government is taking at the present time the whole output of the American mines, and if it is doing that and no more will come to it, from what source then will there be an increase or addition to the present circulation? In other words, as I have always contended, it is not the people who are to receive any money, it is the mine-owners who, instead of selling their silver under the present law at the market price, are to be

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invested with the privilege of coining it at a fictitious and inflated value.

And this, Mr. Speaker, is the whole business, and all there is in it and all there is of it, and the moment you take away from these bills the interest of the mine-owners who are supporting them, the good sense of the American people will shatter them into fragments and not a component part will be left. Stripped and scaled of its gloss and glitter, this is the contest, a contest in which the people have not the slightest interest, except to demand of their representatives that they shall not legislate to subsidize the silver syndicates of Nevada and Colorado; that no such excessive tribute shall be paid to them; that they shall not be permitted under any pretense to coin their product at any profit beyond the market price; that they shall not be allowed to enter into any copartnership with the Government, and that when they come here demanding protection for their mines and a premium upon their treasure, they shall be told in plain and unmistakable terms that we will never stamp a false impression upon our coin to gratify the greed or avarice of any class or section of this country, no matter what influence they may wield or how potential they may be.

THE EFFECT OF FREE COINAGE UPON THE FARMER.

It is principally to the farmer, however, that the silver-mine owners are appealing in their frantic effort to realize the great contingent which is awaiting the realization of its hopes. Now, after they receive this contingent, what is the farmer to receive? Will they agree to divide their fees with him? Will they agree to divide the \$18,000,000 of additional profit that they are to make—will they dole out a small pittance of it to the farmer? They are using him as the means and instrument to make this profit. They are parading him as the victim of a monetary gold unit; now, what will they pay him for becoming the victim of a monetary silver unit? If a farmer requires a thousand dollars with which to improve or stock his farm, what sort of dollars will the philanthropists of Nevada and Colorado give him to make his purchases with? Will they give him or will he get a thousand one-hundred-cent dollars, or a thousand seventy-cent dollars?

Gentlemen, every one knows that he will get a thousand free and unlimited coinage silver dollars. What sort of dollars will they be? They will be dollars (which in bullion cost the mine-owners about 60 cents) which are worth 70 cents, but upon which they have procured the Government to stamp the spurious emblem of 100 cents. But this is not all. Is not a large amount of the indebtedness of the country which is to-day borne by the agricultural interests payable by the terms of the contract in gold coin, and will not gold coin be called for in every contract the moment that a debased silver dollar is made a legal tender? Now, I ask simply in a spirit of innocent inquiry as these bastard dollars are being delivered with all the expedition of the mint, whether the farmers of the country in their orisons and daily supplications will be likely with tears of gratitude to return their thanks to their benefactors for the manifold mercies that they have showered upon them in compelling them to buy gold at a

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premium in order to liquidate the debts they have contracted to pay in gold?

FREE COINAGE FOR THE LABORER.

But the farmer is not the only dupe who is being deceived in this matter. How about the laborer? He is the sacrifice and the sufferer, confessedly so, in a worse degree than any other individual in the community. Will he stand by simply gazing at this revolution without sounding an alarm or raising the signal of danger? Everywhere, in every intelligent discussion of the subject, it is substantially conceded that the coinage of a 70-cent dollar is equivalent to a 30 per cent reduction in the standard of wages. The laborer has nothing to sell except his labor. Will the price of labor rise? Never under such a policy as this. The whole experience of the past, the axioms of political economy, the laws that govern employer and wage-earner, all proclaim to us that the coinage of an inferior metal means and must mean a reduction, not only in wages, but also in the purchasing power of wages.

This is precisely what is claimed by the opposition, namely, that articles of consumption will rise in value and that the producer will receive more money for his product. Admitting this to be true, where does the laborer come in, when at the end of the week he receives ten silver dollars for a week's work, and finds that his ten silver dollars will buy seven dollars or less of necessaries for his family, I pray you where is his place in the procession? The silver barons are steering clear of this part of the performance. The laborer is not in their programme; but just as sure as I am speaking to you now, when the curtain rises and the scene reveals in one spot the lordly owner of the mine with his treasure in profusion stored around him and behind him the mint with its swiftest process fashioning and forging it into coin, and in another spot the miner who digs it from the earth, exhausted by his toil, receiving it at the fabricated and fictitious mark that his employer has placed upon it, then perhaps the voice of intelligent labor at every meeting place and council where it assembles to discuss its rights will be heard in tones of thunder protesting against the injustice of this crime.

THE REMEDY.

I have now concluded this presentation of this all-important subject. Of course I have only selected the salient points and leading features of the controversy. In an address of this sort nothing else would be expected. Whole libraries have been written upon this topic. Political economists and financiers in every age, and in almost every language, have treated and discussed this subject in all the varying forms and shapes in which it has appeared. I have circumscribed myself within the environment that now surrounds it, and I earnestly appeal to my countrymen calmly and dispassionately to bestow on this matter the consideration that it deserves. It is not a question for to-day or for to-morrow. It will continually recur until it is finally settled. It is not and ought not to be a party question.

It will be a great shame to drag it into the heated field of political action, where the conflict of prejudice and the clash of passion are utterly unfitted to decide it. It requires a different

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forum. It needs the cool, unbiased mind, the well-informed and balanced judgment, the ripe experience and wisdom of those who have no personal interest at stake, and who can meet the issue with a due regard for the rights of the entire country. There is only one remedy that the occasion suggests. I use the language of the advocates of the silver bills. Place gold and silver upon an equal basis. I agree with them in the conclusion of their syllogism. I do not agree with them in their premises or in the means through which they arrive at the result. I would place them upon an equal basis by making them intrinsically equivalent to the device that they bear. I would not coin a gold dollar that does not contain a dollar's worth of gold, nor coin a silver dollar that does not contain a dollar's worth of silver.

Every other scheme is a fiction and a fraud. To compel the Government to place the emblem of a dollar with the ensign of the Republic upon 70 cents worth of bullion is worse than counterfeiting and is an artifice and a trick upon the people. No such juggling with the finances of the country can ever succeed. I would repeal all legislation that sanctions the right to falsely label the coinage of the mint. I would respectfully suggest to the Committee on Coinage, Weights, and Measures that a false coin is as bad as a false weight or a false measure. When gold is to be coined let it be coined at its market value. When silver is to be coined, let it be coined at its market value. This is true and honest bimetallism. This is the gold and silver of the Constitution. Every other theory leads to monometallism, and free and unlimited coinage of silver at the present ratio is monometallism in the worst degree.

I have no lingering fear that any such measure will ever become the settled policy of the Republic. I have too much confidence in the patriotism and the intelligence of our people. This discussion, though proceeding for years, has in truth but just begun. It takes time to reach the great portals of public opinion. I am willing to abide by its judgment, whatever it may be. That judgment has not yet been formed. It is just in the process of evolution.

There are two roads before us—the one is the path of honor and of good faith; the other leads to the wilderness where confusion reigns and where the poisoned weed, luxurious to the sight, but deadly to the touch, in exuberant growth abounds. It is the weed that springs from corruption; whose fruit will wither to the taste, and whose shade sends forth the dampness of decay. Temptation leads us to the wilderness I know. Alluring hopes light up the way and splendid visions attract us there; but I tell you, gentlemen, that other nations, their faith repudiated, their pledges broken and their promises violated, have time and time again traveled in the same direction. They have abandoned the open path and taken to the wilderness, and by the sad example of their fate, by the doom that has befallen them, by the judgment and the sentence they have suffered, I warn you to keep to the path that leads to the field where honor blooms and where integrity through all the seasons surviving every state of transition and of change has defiantly withstood the tumult of the tempest and the violence of the storm. [Prolonged applause.]

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