

FREE COINAGE OF SILVER.

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SPEECH

OF

HON. GEORGE W. SMITH,  
OF ILLINOIS,

IN THE

HOUSE OF REPRESENTATIVES,

Thursday, March 24, 1892.



WASHINGTON.

1892.



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

Mr. SMITH of Illinois, said:

Mr. SPEAKER: For near three days and nights the bill (H. R. 4426) entitled "A bill for the free coinage of gold and silver, for the issue of coin notes, and for other purposes," has been under discussion in this House. During that time much has been said which is of value in determining the propriety or impropriety of the passage of this measure. In fact many gems of thought and arguments which bear the stamp of statesmanship have fallen from the lips of those who, by reason of the time allotted to them for the discussion of this subject, have been enabled to enter into details in presenting it from the various standpoints occupied by both friends and opponents of the measure.

While this is true, a great amount of rubbish has also been thrown into its consideration. To those of us who have enjoyed only the privilege of listening, but were denied the right of extended debate, because of the very limited time given for the present discussion, it appears that much which has been said by the advocates of this bill was for home consumption or local purposes.

This is a question in which the entire people of the United States are vitally interested, and should be considered from the standpoint of patriotism and not party, national interests and not individual preferment or gain.

Many arguments have been indulged in, which, in our judgment, viewed from the standpoint of an American citizen, are very fallacious and misleading to the general public.

Those points we would be more than pleased to take up and argue even in the closing hour of debate. But notice has been served upon us that the previous question will be ordered in a few minutes, and we can submit but the skeleton of an argument and a few thoughts for the sober consideration of our people when they, around their firesides, shall meditate over the action of their members in Congress, and determine each for himself whether the course of his Representative was wise or injudicious.

The catchword of this bill is more money and a larger volume of circulating medium per capita. The impression which every one of its advocates hopes, or at least apparently expects, to convey to his constituents and the country is that under the present financial system money is scarce. That by reason thereof, times are hard. That the poor are ground down by unjust

legislation, and that absolute and unlimited free coinage of silver in the United States would operate as a panacea for every financial ill and open the door for wealth to every citizen of this vast country.

Unless the bill now before us will open new markets for our products, give to the people more money or a better quality of money than we now have under existing laws, then I take it the people are not asking us to adopt your measure nor support this bill. Would this measure do either? This I think is the vital question to be considered.

What is the existing law in reference to silver? By an act approved July 14, 1890, which, by the way, was at a time when the Republicans were in the majority in this body and charged with the grave responsibilities of legislating for the interests of the whole people, they cheerfully assumed that responsibility and solemnly enacted the following law:

An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion to the aggregate amount of 4,500,000 ounces, or so much thereof as may be offered in each month, at the market price thereof, not exceeding \$1 for 371.25 grains of pure silver, and to issue in payment for such purchases of silver bullion Treasury notes of the United States to be prepared by the Secretary of the Treasury in such form and of such denominations, not less than \$1 nor more than \$1,000, as he may prescribe, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

SEC. 2. That the Treasury notes issued in accordance with the provisions of this act shall be redeemable on demand, in coin, at the Treasury of the United States, or at the office of any assistant treasurer of the United States, and when so redeemed may be reissued; but no greater or less amount of such notes shall be outstanding at any time than the cost of the silver bullion and the standard silver dollars coined therefrom, then held in the Treasury purchased by such notes; and such Treasury notes shall be a legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues, and when so received may be reissued; and such notes, when held by any national banking association, may be counted as a part of its lawful reserve. That upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

SEC. 3. That the Secretary of the Treasury shall each month coin 2,000,000 ounces of the silver bullion purchased under the provisions of this act into standard silver dollars until the 1st day of July, 1891, and after that time he shall coin of the silver bullion purchased under the provisions of this act as much as may be necessary to provide for the redemption of the Treasury notes herein provided for, and any gain or seigniorage arising from such coinage shall be accounted for and paid into the Treasury.

SEC. 4. That the silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of charges or deductions, if any, to be made.

SEC. 5. That so much of the act of February 28, 1878, entitled "An act to authorize the coinage of the standard silver dollar and to restore its legal-tender character," as requires the monthly purchase and coinage of the same into silver dollars of not less than \$2,000,000, nor more than \$4,000,000 worth of silver bullion, is hereby repealed.

SEC. 6. That upon the passage of this act the balances standing with the Treasurer of the United States to the respective credits of national banks for deposits made to redeem the circulating notes of such banks, and all deposits thereafter received for like purpose, shall be covered into the Treasury as a miscellaneous receipt, and the Treasury of the United States shall redeem from the general cash in the Treasury the circulating notes of said banks which may come into his possession subject to redemption; and upon

the certificate of the Comptroller of the Treasury that such notes have been received by him and that they have been destroyed and that no new notes will be issued in their place, reimbursement of their amount shall be made to the Treasurer under such regulations as the Secretary of the Treasury may prescribe from an appropriation hereby created to be known as National bank notes; Redemption account, but the provisions of this act shall not apply to the deposits received under section 3 of the act of June 30, 1874, requiring every national bank to keep in lawful money with the Treasurer of the United States a sum equal to 5 per cent of its circulation, to be held and used for the redemption of its circulating notes; and the balance remaining of the deposits so covered shall, at the close of each month, be reported on the monthly public debt statement as debt of the United States bearing no interest.

SEC. 7. That this act shall take effect thirty days from and after its passage.

Approved, July 14, 1890.

By the provisions of this act it will be seen that the Secretary of the Treasury is authorized to purchase from time to time 4,500,000 ounces of silver bullion, or so much thereof as may be offered in each month at the market price, not exceeding \$1 for 371.25 grains of pure silver; and to issue in payment for such silver bullion Treasury notes of the United States in sums or denominations of not less than \$1 nor more than \$1,000. And by that act the Secretary of the Treasury is given full power to issue such Treasury notes in such denominations as may suit the convenience of the people.

Such Treasury notes issued by the Treasury Department and given out in payment for the silver bullion so purchased shall, under said act, be redeemable in coin on demand of the holder thereof, at the Treasury of the United States or at the office of any assistant treasurer of the United States; thus furnishing the means by which every citizen of our country who holds one of those Treasury notes may without expense or inconvenience to himself have his paper note converted into coin if he so desires, such notes being redeemable in either gold or silver coin in the discretion of the Secretary of the Treasury. By existing law those Treasury notes are a legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract.

By this exception the Republican party recognized that right which is inherent in every citizen to contract for payment in any particular commodity or character of currency he may desire. This is an individual right, and we did not seek to abridge it, and any attempt to do so would have been against the policy of established law.

Not only are these Treasury notes a legal tender, but they are by that act made receivable for customs, taxes, and all public dues, and when so received may be reissued; and when held by any national banking association they may be counted as part of its lawful reserve.

By that act, passed by a Republican House and Senate and signed by a Republican President, the Secretary of the Treasury was directed to coin each month 2,000,000 ounces of the silver bullion so by him purchased into standard silver dollars, until the 1st day of July, 1891, and thereafter he was authorized to continue the coinage of the silver bullion so purchased in such quantities as might be necessary to provide for the redemption of the notes issued in payment for the silver bullion so purchased, and the gain or seigniorage arising from such coinage is by that law to be accounted for and paid into the Treasury of the United States. By this clause the people get the benefit of the gain or

seigniorage from the coinage of the bullion. This amounts to many thousands of dollars annually; but under the provisions which you propose in your bill now under consideration where will that gain or seigniorage go? It would go into the pockets of the bullion-holder and the rich mine-owner. Yet gentlemen on the Democratic side of this House charge that the Republicans are always legislating against the interests of the poor people, the laborer and the farmer.

How will you gentlemen explain this matter to your constituents when you shall have passed this bill? By the provisions of your bill you would take from the people all the gain or seigniorage arising from the coinage and give it to the rich bullion-holder and mine-owner. Are the people in favor of this? Are the farmers and the laboring men, for whom you profess such great sympathy and concern, willing that you should rob them of this amount in order to increase the wealth of the millionaire in the guise of the bullion-holder? Do you tell them in your campaigns of education, as you Democrats call your campaigns, that by the passage of this bill the bullion-owner would realize some 30 per cent profit, which under the Republican act of July, 1890, now goes into the Treasury of the United States and inures to the benefit of all our people?

As you do not answer this question, I will answer for you. No. You never tell the people this. You simply content yourselves with indulging in glittering generalities, telling them how poor they are, how they are oppressed, how this tyrannical and wicked Republican party is ever legislating against the interests of the masses and in the interest of the rich monopolist, and thus endeavor to deceive and befog them. Such policy can not always win. In the language of the lamented Lincoln—

You may fool all of the people some of the time, you may fool some of the people all the time, but you can not fool all of the people all the time.

Under that act of July, A. D. 1890, the Secretary of the Treasury may purchase the entire products of the silver mines of the United States, and every dollar's worth of the silver so purchased goes into circulation immediately in the shape of those Treasury notes. Does anyone pretend to claim that under the bill which we are now considering any more money would be put into circulation amongst our people?

By your bill you propose to open the mints of the United States to the free and unlimited coinage of the silver of the world, while there is not at this time a mint in Europe which is open to the free coinage of silver.

The following figures show the stock of silver in European countries, as estimated by the Director of the Mint, at the beginning of the year:

France .....	\$700,000,000	Austria-Hungary .....	\$90,000,000
Germany .....	204,000,000	The Netherlands.....	65,000,000
Belgium .....	55,000,000	The Scandinavian	
Italy .....	60,000,000	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
Portugal .....	10,000,000		

The amount of silver coin in the world outside of the United States is estimated to be \$3,338,500,000; and the estimated amount of gold in the United States is only about \$650,000,000, or at the most not over \$700,000,000, and yet France alone has \$700,000,000

of silver coin. Suppose your bill should become a law and France alone should avail herself of the privilege which it would give her of having her silver coined in our mints, exchange or convert it into coin notes, and present those coin notes at our Treasury and demand gold therefor, as under your bill she has a right to do, what, gentlemen, would be the result? I simply ask the question and leave you to answer it.

Can you give any good reason why the mints of the United States should coin the silver of other countries free of cost, and then permit such foreign governments to exchange the silver when so coined into your coin-notes, as this bill calls them, and then present these coin-notes at the Treasury or any subtreasury of the United States and demand and have them redeemed in gold, and thus, at the sweet will of other nations, practically drain this country of every dollar of gold which we possess, contract our currency, and leave us with silver only?

In that event we would find it necessary to go into the markets of the world to procure gold with which to meet our obligations with other countries and our own people, or resort to the favorite Democratic method of repudiation.

This is no idle thought, but a solemn fact which stares us in the face should your bill be adopted, and demands a satisfactory explanation.

By your bill this country is to be made the dumping-ground for the silver of the world. But the gentleman from Missouri, in charge of this bill, tells us in substance, as I understood him, that we need have no fears on this score; that the bullion of other countries is not likely to be dumped upon us. If that be so, why not limit in your bill the free coinage of silver to the bullion produced from the mines in the United States?

If your bill would not give us any more money than is procured for circulation under the existing law, then the next question of interest to us is, Would it give us any better money? Why, gentlemen, go with me to any store in the United States. You take your gold and I will take my Treasury notes, which have been issued under the Republican silver bill. You call for a dollar's worth of sugar, it is weighed out to you, and you pay for it with one dollar in gold. I then call for one dollar's worth of sugar and pay for it with one of these Treasury notes. Do you not know the merchant will give me just as many pounds of sugar for my dollar as he gave you for your gold dollar? My dollar (Treasury note) will buy just as many pounds of coffee as your dollar in gold. And the same is true of every other article which we may purchase.

Suppose I owe you \$100; you call on me for payment. I hand you \$100 in these Treasury notes. Would you accept it? Why certainly, and balance my account. Suppose I offered to pay it in gold; would you take any less than \$100? Not at all. A farmer buys your horse for \$100. When he goes to pay you he offers gold. Would it make any difference in the amount you would require him to pay? I think not. The amount required would still be \$100.

If these Treasury notes issued under the act of July, A. D. 1890, meet all demands of trade, are a legal tender for all debts public and private, and receivable in payment for all dues, then, in what way would the bill you now offer provide us with any better quality or a larger quantity of money?

Would the adoption of your bill open to us any additional markets for our products than we have under the existing law? I confess that I am unable to see where it would do so, and you gentlemen who are advocating its passage have failed to enlighten us concerning this.

I can readily understand why the bullion-holder and mine-owner might favor the passage of this bill. It means millions of gain to them individually, by reason of the seigniorage which now goes into the Treasury of the United States; but, under your bill, it would go into the pockets of the bullion-holder or mine-owners, hence they are the ones who would be the beneficiaries under this bill, but where and in what manner would the rest of us be benefited?

The coin notes which you provide for in this bill would answer no greater or better purpose than do the Treasury notes we now have. The bullion which we purchase to-day is the property of the Government, just the same as it would be if deposited under the provisions of your bill. Our Treasury notes to-day are a full legal tender for all debts, public and private. The coin notes provided for in your bill could be no better. But let me here say that I am in favor of both gold and silver as a medium of exchange, and it is declared to be the established policy of this Government to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

I am desirous of seeing silver take its place in the monetary system of the world, and heartily in favor of an international conference with a view of accomplishing this result.

And now, Mr. Speaker, as I can not, for lack of time, enter into any detailed discussion of this question, I must content myself with the few thoughts I have been able to offer, and can only hope by these remarks to call attention to some material points for consideration in determining how we should vote on this measure.