Free Coinage of Silver.

SPEECH

OF

HON. MARCUS A. SMITH,

OF ARIZONA,

In the House of Representatives,

Thursday, March 24, 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 Arizona said:

Mr. SPEAKER: Some time ago, when a bill amending the funding act of Arizona was under consideration on this floor, I took occasion to advocate the payment of our bonds in gold so that the debt could be floated at 5 per cent interest, and thus save the taxpayers of Arizona the sum of $75,000 per annum. The press of the country under the domination of the gold interest seized on my statement as an argument in favor of a single gold standard, and thus placed me before the country as a believer in that doctrine.

When the present silver debate was opened the gentleman from Massachusetts [Mr. WILLIAMS] who presented the minority report on the Bland bill, took occasion to refer to my argument on the funding act and attempted to draw conclusions therefrom in favor of his side of the controversy. I interrupted the gentleman with the question: "Were we not forced to make the concessions we did make and ask a gold bond, by reason of adverse legislation against silver?" This question was not answered to my satisfaction, and in my opinion can be answered only by an affirmative admission.

The fact is that in Arizona we are on practically a gold basis, and if by making the contract payable in gold we could save the amount before stated, I readily gave my consent to the proposition made by the loan commission of Arizona.

But why, I ask, was it ever necessary to ask a gold contract in order to obtain cheap interest on any good debt in the United States?

It became necessary by the act 1873, which demonetised silver and increased the purchasing power of gold. The creditor classes, the money lenders, having in their possession the largest part of this favored coin, could at once demand payment in gold, and such demand is made in order to keep this one metal, this one money standard, with its accrued and accruing interest in the hands of the favored few, and by thus concentrating it increase more and more its purchasing power. This is a tendency to evil and evil only. In order to carry out the scheme we are constantly terrorized by the absurd cry of cheap money. The country is growing tired and justly tired of this selfish prating of monopolists and money-lenders about a "70-cent dollar."

By the most gigantic and criminal mistake to use no stronger term, that history on its darkest pages will ever record, the money of the Constitution, the money of our fathers, good money, silver money, through which the common people transacted three-fourths of the business of the world, was degraded, dishonored, and demonetized by an obscure item in an appropriation bill. Silver was stuck down and gold exalted. Debts contracted under the bimetallic *regime* were at once largely increased by decreasing the ability to pay. The debtor must pay one dollar and a half to acquit himself of a one-dollar obligation. Ye money-lenders who have set up your tables in the temple, beware lest they be overturned by a power second only to that of Him who once purged the sacred precincts by driving you thence at the sting of the lash.

You cannot afford, for personal gain, to contract the currency of the country. The people are growing in numbers and necessities faster than gold is growing. Keep gold the only standard and keep the gold yourselves; tax the people to fill your coffers; subsidize the rich; contract the currency until you, yourselves, hold it all; of the fruits of their toil rob those who make and support the Government; permit, if you will, the selfish avarice of class to gather, under acts of Congress, the labor of the world to your pockets; do all this and you will find a mighty and a desperate Sampson embracing to destruction the foundation pillars of the State.

If I doubted the sincerity of the gold advocates on this floor, I could denounce the demonetization of silver in no softer terms than treason.

Now, Mr. Speaker, invoking the patience of the House, I will proceed to give my reasons in favor of the free and unlimited coinage of silver. I shall not claim originality for what I may say, but will use the reason and ofttimes the very language of others in this argument and leave its force or its weakness to the judgment of my associates here and my constituents at home.

In view of the charge that we who advocate the free coinage of silver are influenced by personal motives, I would beg to ask an answer to this question.

ARE THE CHAMPIONS OF GOLD LESS GOVERNED BY SELFISH CONSIDERATIONS THAN THE FRIENDS OF SILVER?

Use creates demand. Demand creates value. Value gives price. To stop by law or otherwise the use of any article for a particular purpose is to that extent to destroy the demand for it, glut the market, and reduce its price. To stop the coinage of silver is to reduce its value. To limit the coinage, and therefore the use of silver, is to measurably reduce its value. To keep our mints open by law to gold and invite the free coinage of its entire supply, and by the same law to close our mints against all or a part of the supply of silver, is by law to enhance the value of gold and depreciate the value of silver as compared with gold, and cause the metals to part company. This is precisely what our Government has done. To flippantly deny a fact that common sense accepts as self-evident and a principle that practical business experience constantly demonstrates, is to betray a fatuity against which argument may be useless, but the fact and principle remain undisturbed.

Our critics say, "The Government can no more regulate the value of silver than it can regulate or control the price of wheat." Now, if they will extend their logic to gold the controversy is redeemed from the paltry and inconsequential jargon about "mine-owners and speculators." It is not the business of the Government to regulate the value of either silver or gold, any more than it is its business to regulate or control the price of wheat. But the Federal Constitution makes it the business and duty of the Government to "coin money and regulate the value thereof." In other words, the duty is imposed on the Government of providing for an ample, safe, uniform, and convenient circulating medium for the channels of trade and the purposes of exchange. Gold and silver were yoked together as money metals in the Constitution.

The same wisdom, prudence, and foresight that framed that instrument, tied the two metals together by statute in 1794 and provided for the free coinage of both gold and silver at a fixed ratio. The free coinage thus established was maintained down to 1873, when silver was demonetized by stealth and indirection. The friends of silver money demand that the standard, coinage, and ratio then violated shall be restored. The whole burden of the charge of sharp practice and swindling policy lies against the advocates of gold monometallism and they have never been able to shift it. The fact that the performance of the duty of providing for an ample volume of money may enhance the value of either gold or silver in no way relieves the Government from its obligation. If in conserving the general interest of the whole country some local or special interest receives some special benefit, so much the better for the latter, for it involves no detriment to the former.

Against the specter of "silver-mine owners and speculators" I place the specter of gold-mine owners and speculators; against the cosmopolitan character which the monometallist attributes to silver is placed the cosmopolitan character which attaches to gold. Against his loose assertion that Government can not give arbitrary value to an article is placed first the fact that the Government *has for ninety years* and is to-day giving arbitrary value to gold as measured by itself, and, second, the fact that from 1794 to 1873 the Government gave arbitrary value to silver as measured by itself and gold. Against his statement that the Government could not purchase all the silver that would be offered under free coinage is placed the well known fact that under free coinage the Government *would purchase no silver at all.*

Against his assertion that under free coinage "unnumbered millions" of "silver plate, wares, and ornaments" would be hustled to our mints is placed the fact that under our present free coinage of gold there has been no perceptible exodus of gold watches, jewelry, ornaments, and gold-plugged teeth to our mints; and the further fact that though within the past two years silver rose at one time from 98 cents to 120 cents an ounce, there occurred no alarming hegira of "silver plate, wares, and ornaments" to the ordinary market places nor to the counters of the Government.

Against his exaggerated estimate of of the world's annual supply of silver $150,000,000, and the effect of this sum on a bimetallic standard is placed the fact that in 1856, when according to M. Chevalier. the annual supply of the world's gold mines was $200,000,000, the demonetization of gold by Belgium, Germany, and Austria did not in the slightest degree disturb the parity of gold and silver as money in France and the United States, both at that time bimetallic standard countries; also, the fact with our 63,000,000 people under free coinage added to the present silver-standard nations there would be at least ten times the population to absorb the alleged $150,000,000, of silver per annum that in 1856 absorbed the $200,000,000 of gold per annum; likewise the fact that France has at present over $400,000,000 more of legal-tender silver money than we have in this country, all of which is at par with gold, notwithstanding the silver coin of France is 3 per cent lighter proportionately to gold than our own.

Against his left-handed illustration of the Government buying 78 cent wheat at $1 is placed the palpable fact that his analogy is worthless in that he selects an article, the supply of which is practically unlimited, while in the same arguments he laments the fact that our Government is already buying the entire annual supply of our silver mines.

Against his ascription of protective tariffism to the free coinage of silver is placed the more irreconcilable protective tariffism of his advocacy of the free and exclusive coinage of gold.

Against his assertion that "the free coinage of silver is only a disguised proposition to debase the standard of money" is placed the fact that 412½ grains of silver uncoined and 900 fine will exchange for more of the staple articles of commerce to-day than in 1873, before silver was demonetized. This is the crucial test of the equity of standards, and one that every person can prove and apply for himself. The relative increase in the value of silver as compared with the ordinary staples is sufficient to more than offset the effect of improvements in the means of production. Added to this fact is the consideration that under free coinage the relative value of silver would essentially be yet further enhanced, leaving the equities under a bi-metallic standard still in favor of the creditor and against the debtor, if in favor of either.

On the other hand, under gold-standardism there has been a constant and flagrant violation of the equities of all time contracts, and insidious but ceaseless pillage of debtors and tax payers. Each succeeding year has witnessed the demand for the sale of more labor and the products of labor to pay a given amount of debt and taxes than it would have required when the debt was contracted and the taxes levied. By debtors in this connection is not meant the profligate and the improvident, but the men of energy, foresight, skill, calculation, and daring, who set afloat and push forward great industrial enterprises; the busy, restless, courageous throng, who on farm and in factory, mill and mine, create the nation's wealth, and build up the public prosperity.

These classes have always operated largely on borrowed capital. They should be required to return measure for measure with pay for use, and no more. Justice, policy, and good faith require the restoration of the standard of money and payment, violated in 1873, and the maintenance of its integrity, and this will in the end be done despite all the efforts of interested avarice to defend by simulated grief and brazen assumption that which was obtained by surreptition, indirection, conspiracy, and fraud.

FREE COINAGE OF SILVER THE POLICY DEVISED BY JEFFERSON, INDORSED BY HAMILTON, RECOMMENDED BY WASHINGTON, AND ADOPTED BY THE FATHERS IN THE EARLY DAYS OF THE REPUBLIC.

Of the free coinage of silver the critic says, "We knew beforehand precisely how it would work." How familiar sounds this classic fustian! They have the cheerful habit of always knowing beforehand precisely how things will work. In 1878, when the bill to open our mints to the limited coinage of silver was before Congress, they knew just how it would work. A perfect hurricane of lurid prophecy was turned loose on the country. They predicted the public credit would go to discount; that our gold would instantly leave the country; that our bonds would be cast back on us from Europe, discredited and dishonored; that all payment of the national debt would cease; that the foundation of business confidence would be broken up; that the fabric of credit would fall to pieces, and that productive enterprise would be swallowed up in universal bankruptcy. Despite these awful warnings the friends of silver coinage persisted, and passed the bill over the veto of President Hayes.

The act provided for the purchase of not more than four millions nor less than two million dollars' worth of silver bullion per month and the coinage of the same into standard silver dollars. The coinage was begun and continued until we have in circulation to-day nearly 400,000,000 silver dollars or their proxies in the form of silver certificates. Instead of our gold going abroad, gold accumulated in this country in amount never witnessed before. Instead of our bonds going to discount, they went to a premium, and over $1,000,000,000 of them have since been paid. Productive enterprise revived, new industries leaped into life, and the country entered upon an era of comparative prosperity.

To-day there are at least $20 in silver used in the daily business transactions of our country to one of gold. The silver dollar is the faithful friend of the farm, the factory, and the store. In recent years these hundreds of millions of our silver dollars contributed to support the minutest veins and capillaries as well as the large arteries of commerce and reinforce the vast fabric of credit when our great money centers trembled and rocked in the throes of incipient convulsions.

The coinage of the silver dollar has been attended from first to last with nothing but unmixed benefit. Yet during all these years the annual wail of woe went up to Congress against silver coinage. The United States Treasury Department became a veritable mausoleum of dead prophecies. And even yet there are in the country a few pessimistic croakers who from time to time emerge from their caves of gloom to chant their melancholy refrain. It is respectfully submitted that to the opponents of silver coinage, sitting amid the ruins of their fallen prophecies, the present is not a very opportune time to open a new series of prognostications about decreasing values, lessessing confidence, and precipitating a panic.

On the one extreme are ranged the idolators of the single standard with their proverbial assurance, their discredited philosophy, and their equally discredited prophecies. On the other extreme are ranged the Government warehouse and subtreasury enthusiasts with their dreams and hallucinations. On the safe, solid, tried, practical, constitutional middle ground of the free coinage of both gold and silver at a fixed ratio stand the friends of the bimetallic standard. The annual supply of the world's gold mines is steadily decreasing. The scramble for gold is becoming more and more desperate. The supply of the silver mines are not increasing.

This country is a producer of both metals. To re enforce our circulation by the coinage of both metals is the policy suggested by prudence and vindicated by experience. Such policy would broaden and strengthen the basis of credit and safeguard us against the danger that always attends the exportation of the single-standard metal. The addition to the circulation would be of a safe and healthful character, subject to none of the objections urged against the paternal schemes for farming out the public credit in the form of money to private interests. It would enlarge and extend the benefits already realized by the country from the limited coinage of silver. It is the policy devised by Jefferson, indorsed by Hamilton, recommended by Washington, adopted by the fathers in the early days of the Republic, and acquiesced in and defended by the statesmen of all political parties down the line of our national history for over three-quarters of a century. The change of conditions, so far from excusing departure from that policy, only renders it the more imperative that it be restored and maintained.

CERTAIN FALLACIOUS NOTIONS REGARDING FINANCE.

The charge of protectionism or paternalism which is made against the free coinage of silver applies with much more force to the exclusive free coinage of gold, and to neither in a controlling or determining sense, unless the object be to abolish the use of both metals as money. The distinction by which it is sought to give weight to this charge is based on a condition impossible of existence under free bimetallic coinage, as has been amply demonstrated by actual experience. The misconception is still further enhanced by the mistaken habit of assuming, with reference to gold, *that use follows commercial value*, instead of proceeding on the true principle, applicable to gold in common with all other commodities, that *commercial value follows use.*

Use creates demand and demand creates commercial value. Anything measured by itself is, in the very nature of things, always equal to itself, even though it actually grow larger or smaller, heavier or lighter, plentiful or scarce. To the mistaken mental habit of measuring gold by itself is attributable the notion, more or less prevalent, that gold is an inflexible, unchangeable and infallible standard of value. On the same erroneous principle, though nine-tenths of the world's stock of gold were suddenly destroyed, the value of the remainder would remain the same. To this fundamental error, never committed except in reference to gold, are due the widely divergent conclusions arrived at by equally conscientious writers on the subject of money.

As well might we hold that our town clock is the infallible standard of time in spite of anything that may happen to its machinery. One day the tower on the court-house is struck by lightning and the machinery of the clock deranged. Soon it is observed that the sun and moon and all the clocks about the town are out of joint with our standard clock. But the wise men insist that nevertheless that is our standard time, and that the people must adjust their industrial and domestic habits to it. When it is proposed to repair and correct the mechanism of the clock the wise men demur and insist that before that is done the planetary system and the other clocks about town be first made to conform to the time indicated by this infallible standard; otherwise they say we would be guilty of the offense of partiality and paternalism towards the heavenly bodies and the clocks about town. They refuse to see that the only partiality or paternalism in the case is their favoritism towards their deranged and untruthful standard.

Our national bimetallic standard of money was struck by legislative lightning in 1873, by taking from it the free coinage of silver, thus transferring it into a mono-metallic standard. By conferring upon gold exclusively the function that was formerly shared by silver, the standard was put out of joint with silver as well as everything else measurable by that standard thus changed. Now it is insisted that before correcting the mechanism of our standard of money by restoring the free coinage of silver we must first adjust the commercial value of the silver to the deranged and violated standard or stand guilty of the offense of paternalism toward silver. It is obvious that the only paternalism in the case as between the two metals is the favoritism toward that of the changed and disordered standard. With the restoration of the bimetallic standard in the free coinage of both gold and silver at the old bimetallic ratio, the somber spector of paternalism would disappear as naturally as it came. [Applause.]

By elaborate tables of carefully prepared comparative statistics used in the last silver debate in the United States Senate, it is demonstrated that the value of gold, as compared with all the other great staples of commerce, has advanced since 1873 an average of about 20 per cent. The accuracy of the statistics, though easily capable of confirmation or refutation, was not disputed. Nor was their force denied further then as influenced by the cheapening effect of improvement in the means of production. Yet it was not held that the latter consideration is sufficient in itself to account for the increased exchange of value of gold. It is likewise shown by authority equally conclusive that the average exchange value of silver as compared with other commodities, except gold, has risen at least 7 per cent.

The law that took silver out of our standard of money and added its function to gold gave propulsion to the rise and exchange value of gold just in proportion as it militated against the rise in silver. From the standpoint in equity it would seem that silver has during these years been a juster measure of exchange value than gold. Certain, however, it is that the union of the two metals in free bimetallic coinage would give greater stability, equity, and integrity to our standard than is possible under the single standard of either. The automatic operation of bimetallism on the standard steadies it by preventing violent advances or depressions. These considerations in connection with all the other circumstances surrounding the subject suggests that neither justice nor prudence underlie the opposition to the free coinage of the silver dollar.

MONETARY VALUE—THE SUM TOTAL OF USAGE GIVES COMMERCIAL VALUE—THE GRESHAM LAW A LAW OF DISPLACEMENT NOT PECULIAR TO MONEY—THE LOGIC OF THE SITUATION IRRESISTIBLY TOWARD BIMETALLISM.

All values measured by themselves are essentially arbitrary. On the other hand the value of every article of a commercial character when measured by other articles of commerce is essentially fluctuating. The inflexible and unchangeable value, which is often attributed to gold coin, is simply the arbitrary value of a standard only measured by itself. This is the value to which the quoted words plainly apply. Governments can no more give fixed commodities, or comparative value, to gold and silver than they can arrest the motion of the stars. David Hume, John Locke, Adam Smith, and all the older economic writers agree that gold and silver both fluctuate in value.

Profs. Jevons and Walker, more recent authorities, show by comparative tables of statistics that between 1789 and 1809 gold fell 46 per cent; that between 1809 and 1849 it arose 145 per cent, and that within twenty years after the latter date it fell 20 per cent. It is estimated that during the past eighteen years gold has again risen 30 per cent. Jevons says that—

In respect to steadiness of values the metals are probably less satisfactory, regarded as a standard of value, than many other commodities, such as corn.

The discovery of new mines, the exhaustion of the old mines, the arbitrary adoption of the metals by governments for money purposes or their demonetization and disuse for such purposes, and the greater or less demand for them for artistic and mechanical uses are accidents and circumstances which contribute to fluctuation in their value. Usefulness or utility gives desirability. This desirability leads to use, and whether the use be by governments or individuals, or both, for money or in the arts, or for both, it creates the demand which in connection with supply gives exchange value.

The law, custom, or usage, that rendered the fabled nugget of copper a proper tender by the mummy as a fee to Charon gave it its monetary value for that purpose. It was the tribal law, custom, or usage which ordained the use of silver as money, that gave to the 400 shekels of silver which Abraham tendered to Ephron the Hittite, and "current money with the merchants" its monetary value. It was the law, custom, or usage which decreed the use of silver as money that gave to the twenty pieces of silver for which Joseph was sold into slavery and the thirty pieces of silver for which the gentle Nazarene was betrayed to his death their monetary value.

In each instance even on the principles of barter the use of silver, for other purposes than money, was a factor, contributing to its monetary value, and not by itself creating it. Where barter is applied the sum total of usage gives to the metals what is termed the monetary value, but what, more properly speaking, is only commercial value. Crusoe, on his desert isle, sitting among his sacks of gold, is the synonym of poverty until he finds the grain of wheat which gives promise of food and life. That gold had no commercial value. The grain of wheat was worth immeasurably more than all of it. But let civilized governments, or even barbarous tribes find it, and at once its use for the purposes of money makes it command a thousand times its weight in wheat.

So far from the value of given articles "for other purposes" being the sole cause of their monetary value, the former is not always even co-existent with and equal to the latter. Was it the "value for other purposes" of the iron in the coins of Sparta, under Lycurgus, that gave to those coins their monetary value? Was it the value of the leather "for other purposes" that gave to the money of Carthage its monetary value? Was its "value for other purpose" that gave to the money made in China in the thirteenth century from the bark of the mulberry tree its monetary value? Was it its "value for other purposes" that gave value to the wamwum of the American Indians? Was it their "value for other purposes" that gave to the glass coin of Arabia, the brass coins of Rome, the pasteboard bills of Holland, the ten-penny nails of Scotland, the musket balls of Massachusetts, and the cocoa beans of Mexico their monetary value?

Is it its value for other purposes that gives to the $800,000,000 of silver coin in France to-day its monetary value? Is it its value for other purposes that gives to our $400,000,000 of standard silver coin and the millions more of subsidiary and minor coin their monetary value? The commercial value of the silver in the coin of France is $170,000,000 less than its monetary value, and in the United States nearly $100,000,000 less. How obvious, therefore, it is that governments not only by the use of the metals as money add to their commercial value, but at times confer a monetary value beyond and independent of the commercial value.

Much is said about one kind of money driving another kind out of circulation. The Gresham law is simply a law of displacement. It applies to all articles of commerce as well as to money. The self-binder displaces the sickle, and the railway train displaces the stagecoach. But the theory that the scarcest money is the best money is on par with the idea that the smallest crop is the best crop. Gold and silver, like other commodities, go where the hightest prices are offered, whether the offer comes from individuals or governments. Monetary value is national; commercial value is cosmopolitan. The single-standard metal, whether it be gold or silver, is alternately money and commodity instrument and article of commerce. Economic law is inexorable.

England adopted the single standard in 1819, and Germany, the Latin Union, and minor European states, at a later day. Since 1819 the Bank of England has suspended specie payment nearly a dozen times, the landowners of England have been reduced from one hundred and sixty-five thousand to less than thirty thousand. Her $3,500,000,000 national debt is as large as at the close of the Napoleonic wars, yet bread riots have periodically startled her cities and agitated her statesmen. But two years ago, when heavy drafts were made on her gold by Russia, her Barings touched the borders of insolvency, and, in spite of all the assistance of the Bank of England, plunged several leading New York banks into ruin and carried our country to the edge of panic and financial disaster Goschen, the chancellor of the British exchequer, announced to Parliament that the perils attending the increasing competition for gold made a consideration of the return to bimetallism advisable.

The rule or law of Sir Thomas Gresham did not apply to gold and silver. In the reign of Queen Elizabeth, I think it was, the coin in circulation was found to be degraded by clipping and general short weight. It was found that as long as any clipped or abraded piece of silver would buy as much as a full-weight piece of silver the heavy piece was kept out of commerce and used in the arts, and the spurious piece did the trade of the realm. The light displaced the heavy in commerce, or had such tendency, and this is all that the Gresham law meant.

Germany's national debt is a fixture, her agricultural population growing more impoverished and discontented, while France, with her immense supply of silver money, has outrivaled her ancient enemy in prosperity at every point. This swelling tide of immigration to the United States from the South Latin and Scandinavian Unions, attests the increasing discontent prevalent in those countries.

In the mean time, despite our single gold standard and all the frantic efforts of the Treasury Department, to arrest the flight of gold, $68.117,110 worth has left the country within the past fiscal year, and gold is still leaving at the rate of nearly $2,000,000 per month. The Government now, as ever, is impotent to stop the exodus of gold, and the prudent course is the restoration of the bimetallic automatic standard and coinage from which we departed in an evil hour. Such a step will mitigate the menaced danger of the exportation of one of the metals by a supply of the other, check the violent fluctuations of both, and give a double hostage to business and industrial prosperity.

SILVER DETHRONED.

We are informed that the act of 1873 demonetizing silver was a "precautionary self-protective step" justified by the increased supply of silver and the action of European governments, and this view seems to be attributed to Prof. Ellis Thompson. The fact is we were on the road toward so-called resumption of specie payment. That journey comprehended the distance from a paper-money standard to the bimetallic standard; not the double distance from a paper-money standard to the monometallic standard. It meant resumption in both gold and silver if we had both, and in either in absence of the other. It did not mean resumption exclusively in silver if new gold mines were discovered, nor resumption exclusively in gold if new silver mines were discovered.

But the comstock silver lode had been discovered in Nevada. There had been a larger coinage of silver dollars during the year of 1872 than in any previous year in our national history. The coinage of silver dollars in the month of January, 1873, just prior to the act of demonetization, amounted to $97,150, and the subsidiary coinage to nearly $2,000,000. The increasing silver coinage in connection with the gold coinage promised to broaden the basis for specie payment, arrest the destruction of values, smooth the road to resumption, and mitigate the terrors of confiscation.

Then it was that in a bill of sixty-seven sections, "relating to the mints and assay offices," the silver dollar was surreptitiously dropped from our monetary system without a word of debate on the specific point in either branch of Congress. This was the "pecautionary self-protective step" by which silver was cut from the standard, a new standard set up, and the basis of prospective specie payment narrowed to the slender and uncertain proportions of gold.

The national debt, most of the State debts, and practically all the corporate, municipal, and private debts of the country had been created under a paper-money standard.

Resumption of specie payment meant not only the payment of the national debt at a metallic standard, but in the nature of things it meant the payment of all other forms of debt likewise at a metallic standard. This under bimetallism must have been a sufficiently drastic operation, but to strike one metal from the resumption fund was like amputating one leg of the runner in the heat of his struggle to reach the goal. To the distance from paper to bimetallism was added the distance from bimetallism to monometallism. The route was lengthened, the obstructions increased, the danger multiplied. The conspirators were amply repaid for their "precautionary self-protective step." They reveled in the wrecks of 50,000 bankruptcies and reaped a splendid harvest of foreclosures. [Applause.]

The value of bonds and mortgages were doubled and in some instances trebled by their increased command over other forms of property. All forms of securities, annuities, and fixed income were augmented in value in the same proportion that the value of labor and the products of labor were destroyed. Agricultural, manufacturing, and other forms of productive enterprise were harassed and paralyzed, homes went by the thousands under the hammer of the auctioneer, and our courts became assizes of confiscation. This continued until the acts of 1878, stopping the contraction of Treasury-note currency and compelling the limited coinage of silver dollars, cut the clause of the act of 1873, and in a measure released the country from the carnival of insolvency and ruin.

It is not contended that all these evils would have been escaped but for the demonetization of silver, but it is claimed that that act aggravated and multiplied them at every point. The prospective increase in the supply of silver so far from mitigating its injustice only adds to its infamy. It was the "precautionary self-protective step" of the Sir Giles Overreach who burglarizes his debtor's safe of the means of payment, in his well-planned advance to the possession of the coveted mortgaged property. Viewed either from the circumstances of its immediate surroundings, or from the distance of years, the demonetization of the silver dollar in 1873 was simply a legislative crime, incapable of justification, excuse, or palliation. No amount of cheap argument in cheap books, by cheap authors, can impart to it the slightest grace or merit, and talent thus employed, so far from dignifying its subject, only depreciates itself.

What is said of the action of European governments in demonetizing silver, instead of justifying the act of 1873, only emphasizes the folly of a policy that discounts against ourselves the beneficence of nature, deprives us of the advantages that should attend us as the largest present producer of gold and silver, anchors the vast and complicated interests of the nation to the accident of the failure of the supply of the single-standard metal, assigns us periodically to a fruitless scramble to arrest the exodus of gold from the country, and then leaves us to tempt its return by the destruction of values and consequent bankruptcy.

SILVER AND 1873.

The act of 1873 demonetizing the standard silver dollar contains sixty-seven sections. It purported to be a codification of the assay, mint, and coinage laws of the United States. The reports accompanying the bill in the respective Houses did not contain a word about the suspending the coinage and demonetizing the standard dollar. The gentleman in charge of the bill, in his speech in presenting it to the House, said nothing about the omission of the standard dollar. It has been charged that Senator Sherman, in presenting it to the Senate, said nothing about dropping the silver dollar. There had been a much larger coinage of these dollars within the year before, and the month before, the bill was passed than during any similar previous periods in our national history; so that if rapidly increasing coinage could give importance the subject was quite as important as ever. Yet, after all this general silence in Congress at the time on the subject, we are gravely informed that the demonetization of the silver dollar was a deliberate "precautionary self-protective step."

On the day that President Grant signed the bill, he sent a special message to Congress recommending the construction of new mints at Chicago, St. Louis, and Omaha for the coinage of silver dollars to assist towards the resumption of specie payment. Eight months thereafter, Grant in a letter to Mr. Cordrey expressed surprise that silver dollars were not appearing "to supply the deficiency in the circulating medium." Sanators Conklin, Blaine, ALLISON, Howe, Hareford, and Beck and Representatives Cannon, Kelley, Garfield, HOLMAN, and Burchard, all prominent and watchful members of Congress in 1873, arose in their places in a subsequent Congress and distinctly disclaimed any knowledge at the time that the act of 1873 demonetized the silver dollar. And now, after these men frankly made such statement, and most of them are dead, they are blandly assured that the silver dollar was openly demonetized in pursuance of a well-digested, well-settled policy.

Men who have had occasion to observe the course of legislation know that the fact that a given clause appears in a statute is no proof that it existed in the original bill. Conference committees often insert important matters after the bill has passed both Houses in different forms. As to the scope, nature, and effect of such new matter the members of the respective Houses are frequently, yes, generally, compelled to rely on the candor and good faith of the chairman of the conference committees when they submit their reports. By concealment and bad faith it may transpire that that is enacted into law which, in truth, has none of the moral force of law. Such law should be repealed as soon as sharp practice is discovered or ignorant blunders made, whether powerful interests have acquired special pecuniary advantages through its operations or not; and whether inequitable and vicious laws are enacted openly and in good faith or by subterfuge and indirection, the necessity for their repeal always remains until the evil is corrected.

SILVER AND WHAT IT MEANS.

What theory shall account for accepted facts, or what conclusions shall be derived from them, is so exclusively a matter of individual judgement as to justify the widest difference of opinion; but when an entire misapprehension exists as to the facts themselves, a correct conclusion is at best only an exception. Monometalists assert as a fact the conclusion that the value of gold is fixed by the "universal edict from Lombard street." Following this we are presented with the conclusion that "it is the sustaining power of gold that keeps the silver afloat at its nominal value." In amplificatation of this comes the conclusion that wherever silver coin is at par with gold coin such parity is due to the limited legal-tender quality of the silver coin and the legal exchangeability of the silver coin in gold coin.

An examination of the real facts discloses the value of conclusions sought to be derived from them. The act of February 28, 1878, reopening our mints to the coinage of the standard silver dollar, expressly provides that that coin shall be a legal tender "for all debts and dues public and private except where otherwise expressly stipulated in the contract," and this is the law to-day so far as the legal-tender quality of the silver dollar is concerned. The words "except where otherwise expressly stipulated in the contract" involve only the limitation on legal-tender quality which the courts of the country without statutory provision have in a series of decisions attached to all forms of legal-tender money, including gold, where the contract expressly stipulates payment in a specific kind of money.

So, without discussing the policy of either legislative or judicial restictions on the legal-tender quaility of standard coin uttered by public authority, the fact is our 400,000,000 of standard silver dollars are as complete in their legal-tender quality under the law for any sums whatever as gold. Nor is there a section, line, or word of law anywhere making these millions of silver dollars "convertible into lawful money." These coins are neither directly or indirectly made exchsgeable, convertible, or redeemable in gold any more than gold coins are made exchangeable, convertible, or redeemable in silver. There is not the slightest legal exchangeability about either.

Quite as much is true of the silver 5-franc piece. Of these coins there are at least $600,000,000 worth in France. Their weight as compared with the gold coin is 3 per cent lighter proportionately than our silver dollar. The 5-franc coins is neither limited in legal-tender quality nor is it in any sense made redeemable in gold, yet the $600,000,000 of this coin is at absolute parity with gold. In June of last year, according to the London Economist, the Bank of France alone held, to use the moneclature of our own monetary system, $250,500,000 of full legal-tender silver coin against which its notes were in circulation.

The plain facts are that France and the United States have to-over $1,000,000,000 of full legal-tender silver money, that this entire sum is at par with gold coin, that not one dollar of this sum is made exchangeable, convertible, or redeemable in gold, and finally, that the only possible theory on which its parity with gold can be accounted for is the fact that *it is invested by law with precisely the same monetary functions as the gold coin.*

Nature places a limitation on the supply of silver just as it does on gold. If the law limits the coinage of silver in connection with the free and unrestricted coinage of gold, such limitation depresses the market value of the silver excluded from the coinage and increases the exchange value of both the gold and the silver coin; but as between the gold and silver coin it is equality of monetary functions and therefore of demand that gives equality of monetary value, as will be made to appear more fully hereafter. The redeemability of subsidiary silver coins and nickel and copper minor coins in "lawful money" cuts no figure in the controversy, as these coins are redeemable in silver dollars as well as in gold coins. It is thus seen that the whole theory of the maintenance of the parity of the white and yellow standard coins by limitation on legal-tender quality, limitation on coinage, and legal exchangeability, disappears with the alleged facts on which it is based.

But, after the dissipation of the general theory, by its conflict with the facts that "standard silver coin derives its nominal value from gold," there remains a number of perfunctory conclusions in connection with such theory that merit examination as they illustrate the character of the average objection urged against the restoration of free bimetallic coinage. We are told that—

> Lombard street commands the money market of the world, just as Mark Lane commands the wheat market of the world.

Lines of inquiry that might otherwise lead to correct conclusions should not be conveniently lost in a maze of mystery about Lombard street, Mark Lane, and an alleged "pool of nations." There is no inherent potentiality in Lombard street to make it the master of the money market of the world, or which requires that the pecuniary interests of the American people shall be subordinate and subservient to the adventurous caprices of that commercial Monaco. The rule that applies to wheat and Mark Lane in no sense applies to Lombard street and silver, *except as it is made applicable by our own legislation.* Prices radiate from the point of maximum surplus, demand outward toward all points of surplus supply.

London is the center of maximum demand for wheat, and minimum supply. The surplus wheat of the nations, therefore, moves on upward and converging incline planes toward Mark Lane. This is illustrated by the relative prices of wheat on a given day at Minneapolis, Chicago, New York, and Liverpool. But no one would contend that London dominates the market in woolen, cotton, and linen fabrics, or in steel and iron goods. The price of an export product beyond the cost margin is not controlled from the point of export, but by competition for the product at the point of destination. The relation of wheat to Mark Lane, therefore, arises out of and is properly ascribable to natural economic forces. But as England is not in herself a large consumer of our silver, the rule fails utterly when applied to Lombard street and silver, except as it is made applicable exclusively by the extraneous assistance of American legislation, as I will proceed to show.

Reference to British policy sometimes excite elaborate essays on the comparative habits, usages, and virtues of different nationalities. Nevertheless British statesmanship is shrewd enough to avail itself of the blunders of American legislation to advance the interests of England. There have ever been philanthropic British financiers quite ready to counsel and assist the United States in the perpetuation of such folly as would best fortify the position of England and weaken that of her competitors.

In 1871 Ernest Seyd, a German-English banker, wrote and published in London a book marked "exclusively for private circulation," and entitled "Suggestions in reference to Metallic Currency in the United States." The author outlines with prophetic genius the policy subsequently pursued by Congress relative to silver. When the bill which subsequently demonetized silver was first before Congress, Mr. Hooper, who had it in charge in the House, said:

> Ernest Seyd, of London, a distinguished writer and bullionist, who has given great attention to the subject of mints and coinage, is now here, and after examining the first drafts of this bill, made various sensible suggestions which the committee accepted and embodied in the bill.

An extract from The Banker's Magazine of August, 1873, runs as follows:

> Silver being demonetized in Germany, England, and Holland, a capital of £100,000 ($500,000) was raised and Ernest Seyd, of London, was sent to this country with this fund as the agent of foreign bondholders to effect the same object.

This extract is dismissed at what it is worth. But Ernest Seyd's paternal mission at last proved so successful as to justify the closest scrutiny of a financial policy so kindly advised and supervised from the other side of the Atlantic.

The demonetization of silver in 1873 destroyed the use of silver in this country for standard monetary purposes. By that act Congress struck hands with European governments to force the general disuse of silver as money, and relegate it to its use in the arts and colonial and single-standard coinages. That movement created the most violent and intense competition for gold. Since then the exchange value of gold has risen at least 30 per cent. There are respectable authorities who place the rise much higher than this figure, and produce authentic comparative statistics to prove it. The increase in the exchange value of gold resulted in a proportionate increase in the exchange value of all American securities held abroad as well as those held at home. The holders of these securities on both sides of the Atlantic were the special beneficiaries of the rising standard of payment, while the American masses harvested the increased burden.

The face value of the gold coin has ever since been pointed to as evidence of its unchangeability. But the violent rise in its exchange value as compared with the great staples of commerce tells with peculiar veracity the story of the unmixed violation of commercial equities, the universal pillage of the profits of productive industry, and the confiscation of the property of debtor and taxpayer. Meanwhile avarice denies all appeal from the face of the yellow coin, views with Christian fortitude the golden streams of unearned increment which the increasing exchange value of gold turns into its coffers, discovers special financial wisdom in the legislation that prepared the extra harvest of unmerited gain, and meets all protests against the legalized larceny with well-simulated indignation on the subject of repudiation.

But the more pertinent inquiry at this point is as to the effect of our anti-silver legislation on the silver market, and the influence of such market in turn on the present industrial interests of the country. The act of 1873 reduced silver to a mere commodity, and left it to seek an alien market. England at once availed herself of our folly to supply her India colonies with currency from our rejected silver.

The act of 1878 reopening our mints to the limited coinage of silver dollars restricted the monthly purchases of silver to not more than four million and not less than $2,000,000 worth. The Treasury Department exercised its discretion against silver and held the monthly coinage down to the minimum limit prescribed in the law. The remainder of the annual supply was excluded from the coinage. It was rejected at our mints and turned as a commodity into the market to be hawked about transatlantic money centers, and auctioneered into the European colonial coinages and the single silver standard coinages of Asia, Africa and South America. This general anti-silver policy most effectually transferred the control of the silver market to Lombard street.

Under the present law which was conceived, proposed, and enacted by the aggressive enemies of the silver dollar, the Treasury Department makes its purchases of silver bullion at London prices. British financiers shape their entire policy with reference to silver for the purpose of retaining the advantage secured by our legislation. Last year, when Spain made a draft on the market for 8,000,000 ounces of silver, England at once temporarily suspended the shipment of silver to India to prevent the Spanish demand from raising the price. This feat was commented on in the financial columns of American journals as an example of British shrewdness in holding down the price of American silver.

The testimony taken a few years ago before the Royal Commission of Trade and Industry in London, is replete with congratulation on the advantages accruing to India and, through India, to England, from the antisilver policy of the United States. One gentleman testified that while it had taken England fifteen years to increase her spindles from 150,000,000 to 250,000,000, India, under the impetus of American silver, had added 100,000,000 spindles in ten years.

The process by which our silver is used to give India wheat and cotton a vast advantage in the markets of the world over American wheat and cotton was fully explained, and in substance is as follows: India cotton and wheat are shipped to Liverpool, or any other European market and exchanged for gold. With the gold, silver is purchased at its market price. This silver is coined under British authority into rupees at its coinage value. These rupees are sent to India in the purchase of cotton and wheat at their nominal or face value. The cotton and wheat are in turn sent to the world's market, and the operation is repeated to the extent of the annual British-India coinage.

In other words, under British authority to coin money for the India colonies, 78 cents worth of American silver excluded by American law from American mints is coined into 100 cents worth of rupees. The 78 cents worth of silver in this form purchases 100 cents worth of India cotton and wheat. This 100 cents worth of India cotton and wheat, which actually costs 78 cents, is sent to the Liverpool market in competition with like American products which cost 100 cents. The 22 per cent margin is the instrument furnished by American legislation by which India wheat and cotton crowd American wheat and cotton from the market. To increase the British-India coinage beyond a certain point would raise the market value of silver and lose to England and India the advantage of this margin. Now, inasmuch as the surplus or exported wheat, fixes the price of wheat in the market at home, we can readily see the wisdom of England taking advantage of our law which has reduced silver to a mere commodity, and rendered it a subject of speculation.

It is in the management of this tendency that the distinctive British policy appears. By careful regulating the shipments to India, and holding down the price of silver, England preserves the margin, and by distributing it over the entire India wheat and cotton export, most effectually handicaps all competition in the export market.

This is the silver policy so watchfully cultivated by England with the assistance of the United States. Some three years ago, Sir R. N. Fowler, in a speech before the Colonial Board of Trade in London, in speaking of their British-India silver policy, said:

> If we continue this policy a few years longer we can ruin the wheat and cotton industry of the United States and build up India as the chief exporter of these staples.

Now, our sales of wheat and cotton in the markets of the world for the four years ending with 1883 amounted to $923,000,000. Our sales of the same staples in the markets for the four years ending with 1888 reached only $540,000,000. The loss of the $329,000,000 worth of market is a part of the price we pay for our folly in enabling our rivals to play battledore and shuttlecock between Mark lane and Lombard street at the expense of the American farmer and planter. The words of Sir R. N. Fowler, already quoted, taken in connection with the statistical evidence of their truthfulness, give peculiar pith and flavor to the common observation that——

> England is the bunco-steerer of the civilized world and Uncle Sam the gentleman from the rural district.

[Laughter.]

When the free-coinage bill was before the late Congress with what was thought good prospect of becoming a law, Henry Clews, of the banking firm of Henry

Clews & Co., of New York City, wrote in his circular letter of April 19, 1890, as follows:

If the silver bill be passed and the exports of silver consequently stopped, the tendency will be to transfer the silver market to New York. This will certainly be favorable to American interests, for the aim of England is to invariably depress silver, in order to cheapen the cost of making the rupee, which, whether composed of silver bought at 44d. or 60d., buys in India the same amount of wheat and other products.

This was the statement and opinion of a shrewd, successful, far-seeing financier, and concurred in by not a few of the ablest men in the country of his class, as their own words attest. Free coinage failed, and silver remained a mere commodity dominated by a foreign power. But the facts show how little of inherent magic there is in Lombard street. There is no necromancy about that place for the control of the silver market. The control of silver was located there by American legislation. The repeal of such legislation and the restoration of free bimetallic coinage would in addition to other benefits remove a most potent obstacle from our foreign commerce and recall the advantages lost by an act of treacherous folly.

"CHEAP" SILVER—THAT-MUCH-TALKED-OF DELUGE A MERE FANCY.

The proposition to repeal the legislation that violated our standard of money and restore free bimetallic coinage is met by the prophecy that such policy will deluge our mints with floods of cheap silver. This objection is a notion of modern invention. Until within a few years the great nations of Christendom welcomed the discovery of new mines of silver and its use as money as a positive boon to commerce, and unmixed blessing to society. It is the new brood of financial philosophers, hatched in the credit shops of the nations, that is trying to set the world aright on this question. But authentic information, gathered by competent officials from reliable sources, leaves the phantasy about a flood of silver to our mints without even the benefit of chance or conjecture.

The entire stock of silver coin of France, and Germany's 107,000,000 legal-tender silver thalers are at par with gold at the ratio of 15½ to 1. Of the German stock, $48,000,000, is held, together with $180,000,000, of gold, by the Imperial Bank, as its quick cash reserve. A most exhaustive investigation of the subject by ex-Secretary Windom, who no one suspects of having been partial to free silver coinage, led him, in in his report to the Fifty-first Congress, to say:

It is safe to say there is no stock of silver coin in Europe which is not needed there for business purposes.

The whole stock of standard and subsidiary silver coin of Europe is at par with gold at a ratio of 3 cents on the dollar more favorable to silver than our own. William P. St. John, president of the Mercantile National Bank of New York, shows conclusively, in his recent reply to John Jay Knox, ex-Comptroller of the Currency, and also the president of a national bank, that for Europe to send her stock of silver coin to our reopened mints at our coinage ratio would involve a direct loss to the holders of such coin of $33,000,000 besides the cost of accumulation and transit, and adds that it is "wild to dread the threat of Europe's silver to flood our reopened mints."

An European silver coin now worth 100 cents at home, if recoined at our mints at our coinage ratio would be worth only 97 cents. For this reason ex-Secretary Windom said in his report:

There is much less reason for shipping coin to this country than bullion.

And on the question of silver bullion, the ex-Secretary says in the same report:

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

The Indias, Japan, China and other Asiatic nations, the African colonies, and South American countries, so far from being able to release their silver coin, are every year absorbing more silver for their own coinage purposes. The exclusive silver-standard nations taken as a whole have less than $1 of silver per capita, and commen sense repels any notion that any appreciable part of this would come to our reopened mints.

With the fear that any flood from the world's stock of silver coin or from any accumulated stock of silver bullion out of the way the inquiry is narrowed to the regular annual supply of the world's silver mines. Ex-Secretary Windom, in the report before referred to, placed the annual supply of the world's silver mines at 110,000,000 ounces, the coinage value of which, according to his statement, was

$142,000,000. For the sake of agreement on a fact let the sum indicated by the World Almanac, $161,287,927, be accepted. We are told in the usual perfunctory way that "the bulk of this would pass through our mints." But the Director of the United States Mint distributes the current demands on the annual silver supply as follows:

Required by India $35,000,000. Coinage of full legal-tender silver by Austria and Japan $10,000,000. Subsidery coinages of Europe, South America, and colonial coinages $16,000,000. Annually exported to China, Asia, and Africa, others than used in the Indian coinage 10,000,000. Annual coinage of Mexican dollars, not used in the arts and manufactures, $15,000,000.

This is the distribution as stated by the Director of the Mint in his official report. Dr. Sootbeer, a distinguished and reputable authority, insists that the annual use of silver in the arts and manufactures far exceeds $15,000,000. And as there "is no known accumulation of silver bullion anywhere in the world" it is evident that the Director's figures are below rather than above the fact.

But allowing the maximum figure on the annual output of the world's silver mines and the minimum figures on the foreign annual demands on such output, the largest possible annual supply of silver at our reopened mints is reduced, it is easily seen, to $70,287,927, and this is nearly $20,000,000 in excess of the sum justified by the statistics of the Treasury Department. Thus an analysis of the facts dissolves the prospective deluge of silver at our mints into the dreams and hallucinations from which it sprung.

There is in this whole anti-silver argument a total failure to establish any connection whatever in the nature of cause and effect between the volume of gold and the parity of silver coin. The treaty closing the Franco-Prussian war required the payment of the $1,000,000,000 to Germany in gold. France pushed the coinage of silver at her mints to the utmost capacity. As the volume of gold at that time decreased the volume of silver increased. In this, as in many other instances, the facts leave the "case of gold-bugs" without the benefit even of coincidence.

Under free bimetallic coinage the French supplied themselves with an ample volume of primary silver money, kept their industries humming, increased their exports, and recalled their gold. They supplied themselves with good par standard money from the rejected silver of the United States before they suspended free silver coinage. The United States on the other hand suspended silver coinage, rejected the silver supply of her own mines, and demonetized what standard silver coin we did have.

After much disquisition awhile ago on the habits, customs, and usages of different nationalities in which the comparisons were all against France, we are now informed that "France, by dint of her consummate skill in management, and because of her singularly favorable industrial, economic, and metaphysical peculiarities," has been able to sustain her silver money at par with gold. After much elaborate and mysterious expatiation on the danger of silver driving out gold, we are now informed that France, with over $700,000,000 of silver money, drew $27,692,855 of gold from the United States between May, 1888, and July, 1889.

After much unctious assumption of immaculate financial honesty and integrity for the single standard, we are now informed that the volume of silver money must depend for support on the volume of gold, which theory of course requires that any reduction in the volume of gold, whether from loss by abrasion or exportation, must be attended with a corresponding shrinkage of the volume of silver, and the consequent double contraction of the currency which John Sherman in 1869 said "means to everyone except a capitalist out of debt or salaried officer a period of loss, danger, lassitude of trade, fall of wages, disaster, and ruin."

In one breath we are startled with a painful picture of the "earth scoured over to obtain what silver is wanted" under the present law, and in the next we are regaled with an awful vision of an inundation of our mints under free coinege. We have been entertained with the figure of sneak thief entering the house and taking your best suit of clothes and under the law of displacement leaving his rags; now we are presented with a gold-supporting theory under which the thief takes the best suit, and not only leaves no rags, but before departing forecloses a mortgage on the house itself. We have been treated to a most favorable commentary on the policy by which France secured $700,000,000 par silver money and at the same time to a most dismal forecast of the fate of the United States should she increase her volume of silver money by precisely the same process.

After an emphatic approval of the present law and demand that it be let alone, the "dear people" are introduced to a series of checkered statistical calculations.

showing the sad physical results of the present law. These are but a few examples from that maze of codtradictions and inconsistencies in which a writer or speaker entangles himself who assails bimetallism with a mob of loose and straggling notions that tumble over and destroy one another even before the real conflict begins.

The present standard silver dollar circulation of the United States is slightly in excess of $400,000,000. The present standard silver coin circulation of France is over $600,000,000, or over $200,000,000 in excess of our own. We are informed that the resources of the silver market are exhausted under the present law to procure the $54,000,000 worth of silver annually required.

Making the most reasonable allowance for probabilities, it would take nearly four years of the utmost possible supply of silver at our mints under free coinage to bring up our volume of primary standard silver money to that of France. With her population of 38,000,000 and $600 000,000 standard silver money, France, as is seen, has a little over $16 of such money per capita. The same per capita of silver money in the United States would raise our present $378,000,000 to over $1,000,000,000, to supply which under free coinage would require the largest possible annual coinage at our mints for from nine to ten years. It is not contended that any such increase would occur under free coinage. It is only shown that even under the much vaunted "gold support of silver" this increase could take place without danger to the parity of gold and silver coin.

The safety of such coinage even on this unique theory could fail only in the contingency of the failure of the annual supply of gold. Of course, the failure of the world's annual supply of gold would on the same theory require that no more silver be used for money purposes. The annual shrinkage in the world's stock of gold coin from abrasion, loss outright, and absorption in the arts would on the same theory require a parallel shrinkage in the world's stock of silver money. The practically total disappearance of gold through its long used and complete failure of the world's gold mines, as was the case in the latter days of the Roman Empire, would by the same theory require the total relegation of silver also from use as money, and, while leaving intact the sound principles of bimetallism, would furnish a practical illustration of that charming chaos which seems to await with peculiar fidelity the avarice theory of the single metal standard writer when traced to its logical conclusion.

Mr. Speaker, it is scarcely necessary to again notice the asseverations that the free coinage of silver would drive out gold. Those who assert this are compelled to admit that gold leaves the country periodically even under the exclusive gold standard and exclusive free gold coinage. England with her single gold standard lost over $100,000 of her gold in less than two years. There was no efficacy in the gold standard to keep gold in the country. Goschen, chancellor of the British exchequer, in his remarkable speech at Leeds a year or so ago, served notice on the banks of England that they must increase their gold reserve $200,000,000 or take down $1,000,000 000 of their credits. France with her immense reserve of silver, easily spared to the Bank of England $15,000,000 of gold. But this was not sufficient. The Barings failure has shaken the fabric of credit, and there was again illustrated in a measure the truth of the observation by McLeod, the eminent writer on political economy, when he says:

> The inability of credit shops to extinguish the credit they have created—commonly called the failure of banks—is the cause of the most terrible social calamity of modern times.

The failure of the Barings dragged down a half dozen New York banks and stocks fell in the New York market over $600,000,000 inside of thirty days. Gold comes and goes in spite of single gold standard. The gold-standard men triumphantly point to the fact that one from two leaves one, gold from gold and silver leaves silver, but seem oblivous of the equally patent proposition that one from one leaves none, gold from gold leaves nothing. They would anchor the vast and complicated interests of the American people to gold alone which periodically leaves the country in spite of them, and when gold does leave the country they rely on the general collapse of credit and destruction of values to attract its return on the same principle that the money of the community is attracted by the low auction prices of the bankrupt goods at the bankrupt store. [Applause.]

France in 1803 fixed her ratio of free gold and silver coinage at 15½ of silver to 1 of gold. The silver coins contained fifteen and one half times as much silver to the dollar as the gold coin. The United States some time later established our ratio of 16 to 1, or sixteen times as much as silver to the dollar as gold. Thus silver was valued 3 per cent higher at the French mints than at our own. Did this higher valuation of silver result in driving gold out of France, or excluding it from the coinage? On the contrary, between the years 1803 and 1870 France coined $1,447,000,000 of gold and $917,000,000 of silver, and there resulted a larger accumulation of both gold and silver coin in France than in any other country in the world.

This shows, first, that opening the mints to the coinage of both gold and silver does not exclude gold from the coinage; second, that the free coinage of both metals does not necessarily result in driving one out of the country; third, it suggests that the only proper subject of international arrangement is the ratio of coinage, and not the coinage itself; and, finally, that the question of ratio can concern no other country than our own until such other country desire to reopen her mints to the free coinage of both metals.

We are introduced to a quotation from Senator JOHN SHERMAN, in his Paulding speech, as follows:

> No man would be fool enough to deposit an ounce of gold for coinage when with an ounce of gold he could buy enough silver bullion and have it coined without cost into twenty silver dollars.

Under free bimetallic coinage at the ratio of 1 of gold to 16 of silver an ounce of gold would purchase precisely 16 ounces of silver. The 16 ounces of silver would coin into precisely the same amount of money as the 1 ounce of gold, and the real fool is the man who would either purchase silver with gold or gold with silver for coinage purposes. It is only those who prefer to be deceived who are confused by Senator SHERMAN's ingenuity in attaching to free silver coinage conditions utterly impossible of existence under such coinage.

Mr. Speaker, no one ever heard of cheap silver until after its free coinage was suspended. No one will ever hear of it again should its free coinage be restored. The passage of the free-coinage bill by the United States Senate last winter by a majority of 17 at once brought up the so-called "78-cent dollar" to a 92-cent dollar. Silver rose on the market to over $1.20 an ounce. The passage of the bill by the House and its approval by the President would have placed the dollar at 100 cents and the market value of an ounce of silver at $1.29½, and the opponents of free coinage who have studied the question knew it. It was only by a scratch that they saved their stale and hackneyed "cheap silver dollar" stock in trade, and now they are industriously peddling it around to all who are credulous enough to accept it.

At this stage is raised the specter of silver speculation and silver speculators. It is the present policy of the Government that is responsible for both. It was legislation that reduced silver to a speculative commodity. The repeal of such legislation and the restoration of free silver coinage in conjunction with gold coinage would take silver out of the field of speculation once for all. They say this would be legislating value into silver. It would be legislating value into silver just to the extent that we legislated value out of silver, and to the extent that we have legislated value into gold by making its coinage free, and no farther.

Permit the statement here that so far from the standard authorities on political economy being against this system, of all those who have written on the subject within the past two hundred years I will produce ten who favor it for every one that can be produced against it.

On this floor we find men in a fog of vagrant fancies, thinking they see madness, mystery, and folly when they do not see at all. They ascribe to us a desire for more silver, and then settle down as the exponents, apologists, and defenders of the present Government silver-bullion warehouse policy. On this policy our views are almost too far apart to ever conflict. Under such policy the Government goes into the market and purchases $4,500,000 worth of silver per month, regardless of the natural supplies. This silver is not coined or given any of the characteristics of money, but is warehoused as a simple commodity. On this metal commodity Treasury notes are issued at its market value. Into the body of the act authorizing the issue is injected a stump speech about redeemability and parity, with no more legal or moral effect than would have a declaration that the note should be redeemed in diamonds mined in the moon.

On precisely the same principle here observed why should not the owners of steel, iron, corn, wheat, and cotton unload their commodities in Government warehouses as so much collateral and receive Treasury notes on their market value? The present silver policy of the Government heralds, invites, excuses, exemplifies, and justifies every wild land loan, subtreasury, and warehouse scheme that is being advocated in this country to-day. It is all very easy to commend this policy and say let well enough alone, but he who hoists the flood-gates has little right to complain of the deluge.

I am not only opposed to the present policy of the Government and the whole brood of evils which it suggests and invites, but I am opposed to the Government buying an ounce of silver for other than subsidiary coinage purposes. I favor the reopening of our mints to the free coinage of silver and gold at a fixed ratio and the enfranchisement of silver in common with gold through coinage with the distinct properties, characteristics, and functions of primary money.

This means as a policy that the Government shall get out of and keep out of the silver market; that the Government shall get out of and keep out of the business of warehousing silver or any other commodity and issuing Treasury notes thereon; that the citizen who takes either gold or silver to the mints will take gold or silver dollars from the mints; that silver dollars shall be precisely as good as gold dollars and gold dollars as good as silver dollars; that there shall be no accumulation of either silver coin or silver bullion in the Federal Treasury by the process of Government bullion purchases; that the Treasury Department shall be remitted to its proper function of simply collecting and disbursing the national revenues in pursuance of law; that the safe limitation which nature has placed on the supply of silver in common with gold shall regulate the supply of silver coinage, as it does the supply of gold coinage; that the unit of monetary value shall rest on the broader basis of both metals, instead of on the narrow basis of the one metal; that at all times the fabric of credit shall have the support of at least one metal as against the policy that periodically leaves it with substantially none, and that we shall recover the advantages lost to American commerce by the present policy, which enables our rivals to use silver as a means by which to crowd American products from the markets of the world.

This is what bimetallism means and this is that for which the Democrats stood in the last Congress almost as one man. And however earnestly the beneficiaries of special priviliges may pray for the defeat of the Democracy at the ensuing election, the record of the Democrats in the last Congress on the silver question, which I hope they will repeat in this indicates that they are not yet ready to admit that the time has arrived in this country when "Cæsar has his party, and Pompey has his party, and Rome has none."

In conclusion, Mr. Speaker, in the light of recent legislation, which has imposed unjust and unequal taxation on the masses, has subsidized from taxation thus gathered the private interests of a favored few, has heaped upon the shoulders of the people an additional burden of debt by lessening their ability to pay, permit me, in the forcible language of the gentleman from Indiana [Mr. SHIVELY], to say:

The claims of the whole are superior to those of any of its parts. Even now you are at the parting of the ways. If the cane-grower of Louisiana, the beet-raiser of Nebraska, the sap-tapper of Vermont, and the shipbuilder of Maine are to hold banquets in the vaults of the public Treasury and feast on the public revenues, you might as well prepare to welcome the corn-burner of Kansas, the sooty coal-miner of Indiana, the locked-out iron-worker of Pennsylvania, and the famishing agriculturist of New England to the sweet delights of your statutory festivities. [Applause.] No hackneyed maxim nor subtle distinction can avail. Your partial, one-sided communism and your bogus left-handed socialism are but finger boards along the steep descent to beatified St. Simonism. Along that route there is no camping ground. You must choose to rush on to the goal or retrace the course. The wail of the few for luxuries from the public table heralds the demand of the many for daily bread. Greed cannot forever invoke the statutes it has purchased or the constitution it has mangled to protect its gold from the forces of its own creation.

Come on with your millennium of universal prosperity by statute and universal riches by taxation, or dissolve your corrupting and debauching partnership between the Government and favored private interests and give us back the ideal of the fathers in a sturdy, self-reliant, self-helping, and self-respecting individualism as the crown jewel of American politics, the settled and perpetual type of American civilization. [Prolonged applause on the Democratic side.]