

Free Coinage of Silver.

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SPEECH

OF

HON. JOHN DE WITT WARNER,

OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

*Wednesday, March 23, 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. WARNER said:

Mr. SPEAKER: The bill before us is an alleged free-coinage bill. As such it appeals at once to my sympathy.

LEGITIMATE FREE COINAGE.

For I believe coinage to be perhaps the one business function of Government that legitimately comes before postal service; and as an American citizen, as a Democrat, I love freedom. And if I could convince myself that this bill provided for real free coinage, tending to lessen Government interference with our business, and to facilitate each doing business as he pleases, it would have my earnest support, promoted at once by my devotion to Democratic principles, and to the interests of my constituents.

I do not agree, however, with those who claim for government the right to impair the obligations of lawful contracts made by citizens with each other. And the decision of a Republican Supreme Court, packed by a Republican President to secure the assertion of such a Republican doctrine is no guide either for an honest man, a consistent Democrat, or anyone else who believes that the Constitution of our fathers should be obeyed in its spirit as well as its words. So far, therefore, as the words "legal tender" express more than the general understanding existing without law, and the prescribed medium in which taxes shall be paid and damages assessed, they have always seemed to me to mean legal robbery, either of debtor or creditor. And for government to favor or discourage the use of any metal which its citizens see fit to use as money, or to control its supply, has seemed to me the natural act of a despotism—the last one to be permitted by a free people.

Under every government and under no government men will trade, and in the exchange each determines the terms of his trade,

which terms are emphatically "none of the Government's business." It may, however, legitimately note that silver and gold are most generally considered convenient standards by people who trade, practically everybody. It may, therefore, well facilitate trade by receiving from its citizens the metals they desire to have coined, and casting these into ingots of convenient size and shape, guarantee by the Government stamp the weight and fineness of each, so that every citizen may fearlessly depend upon the correctness of the measure of value thus defined. It should do this without favoritism—it may well do this without charge—in order to benefit all by making the business of the country as free as air to regulate its own supply of coin.

This, sir, is my Democratic idea of free coinage—leaving each man to express by contract his preference for silver or gold—but leaving no man free to break his contract, and the Government least of all free to break it for him. In this light, sir, the "constitutional" provision for coinage, about which so much has lately been said, was no attempt to prescribe the metals its citizens should use, but a recognition of the fact that they did use gold and silver—no grant of authority to fix a value ratio between currency metals, but simply a permission to serve our citizens by ascertaining and announcing their judgment in that regard—no power to dictate or vary the terms of their contracts in aid of this, that, or the other metal, or interest, but rather to facilitate the carrying out in good faith of such contracts as they should choose to make for themselves.

#### GOVERNMENT INTERFERENCE.

I know, sir, that such has been neither the theory nor the practice of governments. There is scarcely one of long-standing in existence but has used this opportunity of serving its citizens as an excuse for cheating the mass of them—either directly to aggrandize the central government or indirectly to favor certain classes. Kings of England have from time to time debased their currency in order to repudiate their debts, and incidentally cheated the prudent among their citizens until, when the British "pound sterling" became fixed at its present standard, it lacked more than two-thirds of the silver it ought to contain. French monarchs found the same new way to pay old debts, and, mulcting prudence to support tyranny, had left in the French "livre" (or "pound" of silver) when it was dropped from the list of French coins but one-eightieth of the value that the mint standard had originally guaranteed.

This tyranny is as insinuating as pitiless. Acting as does its twin extortion—the protective tariff—upon daily intercourse between man and man, it fleches so little at a time that it is endured, while it heaps its aggregate of wrong. The power to do this wrong is the extreme of kingly prerogatives. The exercise of that power is the extreme of Republican practice—as the name Republican is now misused by the party that masquerades under it here.

It is not surprising, sir, that Republican statesmen should frankly defend such a policy. Knowing his party, I can understand the Senator from Nevada [Mr. JONES] when he says:

Our money system was not based on the idea that we should have both metals always and concurrently in circulation, but upon the idea that there

might occur occasional variations in their value, and that it would always be to our advantage in every respect to make avail of the cheaper of the two. (Globe, CXXXVII, 1080.)

And so, sir, I should have been prepared for this bill had it come from the other side of the House. It proposes to coin into round ingots 70 cents' worth of silver to any extent that bullion-owners may present it for that purpose, and, stamping each with the certificate of the United States that it is worth \$1, not to return it to the bullion-owner from whom it shall have been received with a "Do as you please with this, and Heaven bless you in your undertakings," but to compel every one of its so-called free citizens to accept this silver, whether he pleases or not, as the equivalent of the dollar, worth over 40 per cent more, in which he had contracted for payment. It is not, sir, the free coinage of silver as such to which I object as a Democrat. It is against the undemocratic theory of forced currency of silver that I protest, as I do and shall against every other force bill by which the central government of the United States shall endeavor to interfere with the political or personal rights of its citizens.

There is one particular, to be sure, and only one, in regard to which this bill is not thoroughly a Republican measure; it is not apparently framed in order to steal and oppress by law the poverty of the country, as such, in favor of wealth. It is rather a communistic scheme, such as Jack Cade might have been proud of—to distribute to those who are unfortunate or imprudent the wealth that industry and thrift shall have gained for itself. There may be a choice between the tyranny of a Bourbon and the depredations of Robin Hood. But I insist upon it, sir, that neither of them are Democratic, and that they are but the twin offspring of that principle of tyranny that gives consistency to Republican policy.

In short, sir, I respectfully submit that for Government to interfere with the currency is the same crime as for it directly to obstruct trade; and, however unsuccessfully we may appeal to the Republican heathen, I believe, sir, we may yet confidently appeal to the Democratic elect not to put sacrilegious hands to the ark of our covenant. And I can not express, sir, the disgust with which, as we read the new chapters of tariff reform that are daily being added to the Democratic gospel, we find interleaved between them Republican heresies of wild-cat finance that have been inserted there by those who still claim good standing in the Democratic church. And I have dwelt thus long upon the theory of the Bland bill because, sir, I believe its provisions show such deviation from the principles of Jefferson as to involve a departure on the part of those who follow them from the Democracy that he planted, that Jackson and Cleveland watered, and to which, of late years, God has given such abundant increase.

#### LEGISLATION FUTILE TO EFFECT VALUES.

There is, however, another ground upon which I am not less directly opposed to this bill. Its enactment would be futile. We have no excuse even for seriously considering it, unless we prefer to learn by our own disaster instead of profiting by the experience of others. Since the time when the first wild-cat financier tried to find a new way to pay old debts, there have never

lacked plenty of experiments, individual and national, in the business we are now asked to undertake. The result resembles the tracks of the oxen that Cacus stole. They all point one way, to the cave of destruction—*nulla vestigia retrorsum*—they never have been heard of since, except as warnings against their fate. If there is any fact in political economy that universal experience has established—in the misery of the multitude—to the discomfiture of tyrants, it is that legislation, as such, is utterly powerless to affect values, and that the only way in which Government can do this is actually to destroy property, or withdraw it from use, and thus lessen the supply left to meet the natural demand.

For example: If the United States should decree that 50 pounds of wheat should be known as a bushel, and should offer on presentation of wheat to give a certificate calling for a bushel for every 50 pounds that were presented, there is no man so foolish as to imagine that the price of wheat would be affected. The only result would be that in the case of people dealing in wheat in this country, the term bushel would be understood to mean five-sixths of what it now imports, and the actual price of wheat remaining the same the price here for a nominal bushel would be five-sixths of that elsewhere fixed by the market. If, on the other hand, our Government should contract by law to buy 100,000,000 bushels of wheat each year, and either to destroy the same or remove it from the possibility of use by locking it up in storehouses for an indefinite time, there is no question, on the one hand, but that wheat would be higher, or, on the other, that the general public—the consumers of wheat—would be practically taxed the extra extent which the wheat-growers would thus receive.

So in the case of silver. We now have in operation the Sherman pig-silver-purchase act, providing for the purchase by the Government of 7 tons of silver every working day in the year, to be indefinitely stored in the Government Treasury and thus withheld from the market. There is no question but that this law will keep the price of silver somewhat above that at which it would otherwise stand, until the increasing supply shall have lowered the price to that at which it is, on the average, profitably produced. And there is no other question but that Government can increase the price of any commodity in just the same way so long as the Government credit holds out. It is equally certain that the mass of the people who pay taxes, are and must be losers. The operation of the Sherman bill is a perfect example of this.

The Government has now outstanding its notes, payable in gold under the Sherman proviso, for silver purchased during the last two years, to an amount of 180 tons per month, at rates ranging from \$1.20 per ounce to 90 cents, the present price. It is already the loser to the extent not merely of the difference between the value at present market rates of the bullion thus held as its only collateral against its outstanding notes, and the rate at which it purchased such bullion, but to the further extent of the crash in silver prices which will be brought about by any attempt of the Government to realize upon this collateral.

The bill we are now considering, on the other hand, removes the credit of the Government from all support of the price of sil-

ver, absolutely suspends all attempt by Government purchases to affect the current supply, and therefore is as powerless to affect silver values as was Canute's command to regulate the tides.

The notion that the worth of the gold in a dollar is dependent upon the permission of our statute, is one of those insidious Republican heresies that will always spring up to trouble us until the instincts of slavery shall have been rooted from the human mind. Nothing is more plain in the experience of all governments, and especially our own, than that, in so far as legislation defining values is in accord with the facts which exist without it, it is superfluous, and that so far as such legislation is not in accord with such facts it is invariably thwarted by the result.

In 1792 Alexander Hamilton, not as a policy, but in accord with commercial practice as he ascertained it, defined the relative worth of silver and gold in our currency to be 1 to 15. So long as the commercial worth of these metals remained at that ratio his definition was effectual—that is to say, superfluous. The moment that the markets outside so changed that this relation was no longer the commercial one, his legislation was falsified; and, as a result of the fact that by his standard silver in coin was overestimated, the coinage of gold practically ceased and our currency became one of silver alone.

Under Jackson's Administration, and with the deliberate intent of making our circulation a gold one instead of a silver one, the law was so changed as to overestimate the worth of gold when in the form of coin. The result was that, except as subsidiary coinage, silver promptly disappeared from circulation, and that—in spite of the hullabaloo we have lately heard about the "dollar of our fathers"—there is scarcely a member of this House whose life is long enough to have enabled him to have seen silver dollars in circulation until my friend and colleague, the author of the pending bill, got the United States to go into silver speculation less than fifteen years ago. And to do him justice, he is not laboring under the delusion in which this, his present bill, is defended by so many of his friends. He knows perfectly well, and he admits with perfect frankness that the effect of the pending measure would be to depreciate the value of the money in which debts and wages, insurance and savings banks' deposits and pensions are paid. I do not mean that he considers his bill so utterly powerless as do I. He admits, however, that the effect of his bill would be to lower our present dollar of account toward the value of the depreciated silver, for which he proposes free coinage. I quote from his remarks during the present session, found at page 1410 of the printed RECORD of its proceedings:

All the bullion is at once placed on a parity with gold, and the 30 per cent difference is destroyed the moment you remonetize silver. The gold miner will probably lose 15 or 20 per cent on his gold, for he now has the monopoly, and gold will go down somewhat, while probably the miners of silver will be benefited, for silver will be advanced and the two metals will touch par midway. \* \* \* The silver dollar is then equal to the gold dollar. \* \* \*

But we are told about the dump of silver from Europe. Mr. Chairman, this is an absurdity. Talk of our flat giving a certain value to the silver of the world! Can anything be more ridiculous?

He has the best of authority for his statement—the recent extensive experience of our own country. For forty years—from 1834

to 1873—we had absolutely free coinage of both gold and silver at the ratio proposed by this bill. During all that time the commercial ratio was such that a given amount of silver bullion was worth from 3 per cent to 8 per cent more than its coinage value. In other words, for forty years free coinage of gold was powerless to raise its price to even the small extent that would have made it equal to silver at the coinage ratio.

How can we expect, now that the conditions are changed, that free coinage, powerless before, will be able to raise silver the more than 40 per cent that now separates it from gold? Under free coinage of both metals from 1834 to 1873 silver, then undervalued, was driven from our circulation. How can we expect otherwise than that, under the free coinage now proposed, gold, the metal now to be undervalued, will be driven from the circulation?

#### THE BLAND BILL MEANS DEPRECIATED CURRENCY.

This brings me, sir, to one sure effect of this bill—which indeed is its avowed object as explained by a large proportion of its friends—so to depreciate the currency in which debts shall be paid as to enable those who owe money to pay their debts with less of value than for which they are now bounden. So far as concerns debts contracted before 1873, they were contracted at a time when the silver dollar was not in circulation and when silver was worth so much more than gold that it is inconceivable that anything but gold dollars could have been meant by the debtor. So far as concerns contracts made since 1873, every debtor has known that by the law the dollar named in his contract meant a gold dollar.

Even if you leave the safe guide of letting each stand by his contract and attempt to do sentimental justice, is it fair, in order to benefit the few who owe debts more than eighteen years old, to scale down the amount coming due to every creditor in the United States at the present time? If you say that you propose to disregard contract and common sense in order to help all creditors whose debts were contracted before silver went below \$1 per ounce six years ago, is it fair thus to dole out illegitimate charity and to scale down the tenfold greater amounts due upon debts contracted since that date which are now outstanding?

#### WHO CONSTITUTE OUR CREDITOR AND DEBTOR CLASSES.

I suppose no one will suggest, even if this indebtedness was wholly owed to the rich, that they should thus be robbed by law. But it is an even greater hardship when we come to consider who are the real creditor and debtor classes of this country. The first and most numerous of those who would have to accept depreciated currency for what is coming to them would be the great body of wage-earners of this country, at once the most deserving of our citizens, and those who are numerous enough to damn in political perdition the party which thus imposes upon them. Next in order come the widows and orphans, the trust funds for whose support constitute the great investments of our trust companies, who loan it to capitalists all over the country. Then come the thousands who have attempted to provide against old age and disaster by insurance in life and benefit companies, whose thousands of millions are loaned to our capitalists.

Other thousands of millions are held by the savings banks of the country, and represent in the main thrifty provision of working people against poverty or old age. Then come the hundreds of thousands of veterans of the late war, the balance of whose pensions, already contracted by the Government to be paid to them, is thus proposed to be scaled down. Does my friend who introduced this bill believe—can the Democratic party afford to assume—that this great army of creditors, representing the bone and sinew, the thrift and patriotism of this country, will tolerate thus robbing them of what is now their due? Does my friend think that they will be any the better satisfied by his explanation that he hopes the effect of his act will be such as to take from them only a part of that which is now their own?

And now as to the debtor classes. To the farmer of Mississippi or Kansas, who, owning property to the extent of \$1,000, has been able to get \$500 in debt and lies awake nights in consequence, it may seem that others like him constitute the debtor class of this country: but the fact that the property of the rural classes is of such a character, and that banking facilities in rural neighborhoods are so limited, as to make it comparatively hard for farmers to borrow when they need it has resulted in leaving them actually less indebted, in proportion to their property, than is any other property-holding class in this country. On the other hand, the more convertible nature of the property of capitalists and the greater banking facilities at their disposal have resulted in making the wealthy of this country the greatest borrowers.

If, for example, we can suppose that under present conditions the farmer is able to borrow to the extent of 50 per cent of his whole possessions, the capitalist is able to borrow and does borrow from 75 per cent to 90 per cent on his property. Every moneyed man doing business in the city not merely discounts for loans to himself the securities given him by those to whom he has loaned money, but in addition deposits all of his available securities with his bankers as security for loans to nearly their full amount which he constantly procures upon them. Every great railroad corporation is in the habit, as an almost invariable preliminary to doing business, of running into debt to the full extent of the worth of its road-bed and equipment, leaving the stock worthless except so far as the success of its enterprise may have brought extraordinary profits. And, as I have already noted, the indebtedness of our great corporations is in the main to savings banks, insurance companies, to trust companies, and to those other associations who hold their capital only for the benefit of the wage-earners and people in moderate circumstances, to whom I have already referred. Such being the case, any plan which by general depreciation of our currency would relieve the farmer of any portion of his indebtedness would enable the banker and the wealthy corporations to shirk a far greater proportion of their indebtedness to the ruin of the very classes of whom the farmer is a part and upon whose prosperity he and every producer are most of all dependent.

Again, how would depreciation of the currency help any considerable portion of those whose financial condition is such as to cause them to be classed first of all with debtors? It is the universal experience that they may be divided into two great

classes: the one composed mainly of those who are thrifty and prudent, and are steadily getting out of debt without the aid of Government; the other class composed of those whom misfortune or lack of financial tact has left "ne'er to do weel's," more and more deeply in debt every year. It is notoriously true that the former class are, as a whole, not those who are clamoring for free coinage of silver. It is equally well-known that the advocates of depreciated currency are mainly to be found among the latter class.

Without dwelling upon the suggestion that it is presumably most unsafe to follow the guidance of those whose experience has shown their inability to handle financial affairs, I do venture to ask, what good can this depreciation of currency do to these gentlemen? Its effect, of course, would be to raise the price, equally, of everything they buy, as well as of everything they sell. Now, if their income were steadily more than their outgo, this would increase the nominal value of their credit balance at the end of each year, though it would still represent no greater amount of anything for which men care. On the other hand, however, if—and such is the case with those who are sinking deeper and deeper into debt—their annual outgo is now less than their income, the annual result would be to increase the nominal amount by which the year would leave them deeper in debt.

I grant you that this is no peculiar hardship; but before the interests of these people is urged as a reason for this Government embarking on the shoreless sea of wild-cat finance, I submit it should be demonstrated, more satisfactorily than it has been done, how any man will be benefited by getting into debt at double the nominal rate that he has done without the aid of the law.

#### RUPEES AND WHEAT AND COTTON PRICES.

There has of late developed a theory—of which the last illustration is the crazy-quilt diagram that each member of the House has received this morning—that as goes the price of silver, so goes the price of wheat and cotton.

On examination we find that during the years covered silver and cotton and wheat prices have so converged and diverged that it is only after calculations as complex as those involved in the Donnelly cryptogram, or necessary to tell the time by Capt. Cuttle's watch, that any correspondence is seen. It is, however, reasoned thus: "India is a wheat and cotton producing country—a rival of America—and closely connected with Great Britain in financial matters. India is also one of the few countries that retain silver as a standard currency, the rupee (33 cents) being the unit. The Indian farmer sells his wheat and cotton for rupees, and as the price of silver goes down, the British purchaser can get rupees (to buy Indian wheat and cotton) at less cost in gold. Being thus enabled to get Indian wheat and cotton more cheaply he will not pay so much for American wheat and cotton. On the other hand, if the price of silver rises he will have to pay more gold for rupees to buy Indian wheat and cotton; hence will be willing to pay more for American wheat and cotton." The moral of which is, of course, that to get a good price for his farm produce all the American farmer has to do is to increase the price of silver, the simplicity of the plan being its chief merit.

Taking the case of wheat, the facts are:

First. That the amount of wheat exports from India have so far been insignificant when compared with those from this country. Indian exports for the last five years recorded being, 1887, 41,558,000 bushels; 1888, 25,271,000 bushels; 1889, 32,874,000 bushels; 1890, 27,764,000 bushels; the figures for 1891, however, being stated by the Agricultural Department to be higher than those for 1890.

Second. The Indian wheat exports have decreased rather than increased of late years, and have been somewhat less in the very years when wheat was low here.

Third. The depreciation of silver has so reduced the purchasing power of the rupee in the districts reached by Indian railroads and steamers, the only ones whence wheat and cotton are exported, that it buys a correspondingly less and less number of pounds of wheat, thus annulling the supposed advantage to the British purchaser of the fall in the gold price of rupees.

Fourth. Decrease in the cost of transport from the fields of the consumer, dependent, first, on the extension of the Indian railroad systems, and, second, on the cheapening of ocean freights—operating to bring a greater area of wheat lands into competition with those formerly utilized—is the real cause there as here of the low price of products thus affected, the result in India, however, having so far been not so much to increase her exports as to supply the increased home demand that has followed lower prices there.

The case of cotton has been similar, except that with cotton the product of the United States has been increased from 6,935,000 bales in 1888-'89 to 7,311,000 bales in 1889-'90 and 8,652,000 bales in 1890-'91, with the result of so glutting the world's market that, quoting from the Department of Agriculture's report for the current month—

These facts clearly show what is the matter with cotton-growing. It is suffering from overproduction. In the two years this country has produced more than 2,000,000 bales above the requirements of consumption. It has reduced prices to a point which the planters declare is below cost of production.

The present situation well shows the absurdity of the attempt to connect silver prices with those of cotton and wheat. Silver is lower than ever before, being produced more abundantly and cheaply than ever. Wheat is higher—the immense crop here being met by a demand from Europe caused by failure of crops there. Cotton is lower here than ever—two enormous crops in succession. With this the wicked rupee has had nothing to do except so to disturb the poor Hindoo in attempting to do business with an unstable currency that it is now given out that the Presidency of Bengal is conferring with other Indian states with a view of asking that silver be demonetized and the gold standard be adopted for India.

#### MORE CURRENCY WANTED.

It is fair, however, to note that many urge that what this country needs is more currency, and that the pending bill is designed toward that end.

In the first place, what proof is there that we need more currency? I often need more than I have, and I suspect that other gentlemen are likewise inconvenienced; but I have never yet

been ignorant of where there was plenty of it to be had, provided I could either exchange property or give security for it; and since Abraham bought a burying place there has been no other way that I know of to get currency. More than this, currency is more abundant and its use cheaper than ever before. If I went about inquiring for houses in Washington, and found that there were plenty of vacant ones, and that rents were very low, and a man should tell me that what Washington needed was more houses, I should tell him he was mistaken, and as a proof of that I should urge that there were already more houses than were occupied and that rents were low.

Just so with money. The one way to judge of whether there is any lack of money is as to the amount of it left unused, and the rate at which its use can be hired. Now, sir, there has never been a time, generally speaking, when there was so much capital idle and seeking employment as now, and there has never been a time when anyone wishing to hire the actual currency, gold or silver, paid down in ringing piles upon the counter, could do so to as great extent, and at so low a rate of interest, as at the present time. You hear of stringency in the money market, and you are apt to imagine that capitalists have their fingers upon the throats of the general public.

Such is not the case. The only people who are ever pressed for money are the ones who have overspeculated, and those involved with them, who temporarily want more money than they can give security for, or may want it more promptly than they can negotiate for the loan of it. The general public, so far as it is able to give security for funds (and those are the only terms upon which it will be suggested that any one should be able to borrow money), has not, of late years, been generally pressed. During the very time that in New York short loans were being reported as bringing 1 per cent a day, I was borrowing for a client, on second mortgage at 4 per cent, a loan of \$25,000.

On the point that there has been no scarcity of late of a full supply of the precious metals, I append to my remarks a quotation from pages 205-223 of David A. Wells's *Recent Economic Changes*:

#### DEPRECIATION WOULD HURT WAGE-EARNERS.

More numerous than all other classes combined are those who sell their time and their labor for money, the wage-earners and salaried classes. For all of them, from the clergyman to the factory hand, the one question that must decide where their interests in this matter lie, is: "Will free coinage help us to get more, or will it compel us to be satisfied with less of the necessities and comforts of life for the money we can earn? We are told by the advocates of free coinage at the present standard that the result will be to make money more abundant, to raise prices, which is simply another way of saying to make money cheaper. We are told that this will make lively times, and that wages and salaries will be enough higher to make up for the extra cost of food. Is that true?"

Our silver-tongued friends say that it is true, and point us to the enormous inflation of the currency in war time and the lively times in business that we had then, and forgetting how terribly we paid for it all in the six lean years that commenced in 1873,

they refer us to the years 1861 to 1865, as the proof of their claim. These were grand years indeed for speculators, for manufacturing employers, for financiers who carried on the great money transactions of the Government, for contractors who supplied our armies with clothes and food and arms. But how was it with those who worked for money? Let us see. As to clergymen, physicians, lawyers, and teachers, there are no statistics. And even if there were they would count but little. It so happens not merely that workingmen are far more numerous than all the other classes combined, but that statistics are at hand showing just how much the different classes of artisans and day and piece laborers could purchase from year to year with the wages they received.

The calculation is made in this way. An estimate is made of the average quantity of each of the ordinary family supplies consumed during a year by an average workingman's family; and by finding the average price of these supplies during each year it is easy to calculate the cost of the supplies for an average family in each of the years under observation. The average wages in each class of work for each year is then ascertained, and the proportion then calculated between each year's wages and each year's expenditure for family supplies. This has been done on a large scale for wide sections of the country and in numerous industries, and its results placed before Congress in tables whose accuracy has never been questioned.

What is the result? It is this—the same in kind for every class of labor, though some suffered worse than others. Taking both prices and wages as they stood in 1860, we find that in 1861 both prices and wages had risen, but that prices had risen faster than wages, so that the wages in 1861 would buy fewer of the comforts and necessities of life in that year than the wages of 1860 brought in 1860. And so it went on more and more so as prices got higher and our currency more depreciated, till in 1865, when money was most plenty and prices highest, a workingman had to give 300 days' work for the supplies that in 1860 he could have bought for 240 days' work. In other words, though his wages were nominally higher in 1865, he actually lost in that year 60 days' work on account of the depreciation of the currency. After that year money got dearer—that is, prices grew lower and wages fell too; but their purchasing power so raised that from 1865 on the labor of each year bought more and more of the necessities of life.

In other words, in proportion as the money in which wages were paid became plentiful and depreciated, the wage-earner lost the value of more and more days' work in a year, and just in proportion as after the war money grew less abundant and dearer, the wage-earner got for his work more and more of what he had to buy.

Do you want to know where the lost days' work in war time went to? They went to enrich financiers, employers, contractors, speculators. Do you want to know whence came the increased amount of goods that as prices grew lower after the war the laborer could get, even with his smaller wages? It came out of the pockets of financiers, employers, speculators, who were so drained that in 1873 and the years that followed many of them

went to the wall. The experience of these United States has therefore proved that cheaper money, no matter how abundant, means less purchasing power in the wages the laborer gets, even though they are nominally higher.

But this is not all. Our silver friends forget that it was not cheap and abundant money that made the lively times we had here at the North during war times. On the one hand we had Government buying from us all we could raise or make at a rate so tremendous that in addition to the enormous war taxes it owed in 1865 three thousand millions of dollars that it had borrowed to pay us for the provisions and goods it had used. Why should not we have lively times when Government provided such a market? Again, just at the very time when this great demand for all we raised and made created a demand for laborers Government was taking our men by the million to fill its armies. How could there help being work for those who stayed at home?

If that was the case in war times, when Government purchases enormously increased the demand for the products of labor at the same time that enlistments in the Army left the supply of labor inadequate to meet the demand for it, how much worse would cheap money be for the laborer now in profound peace, when no extraordinary demand for the products of his labor can be expected to keep him employed, and no dearth of the labor market caused by enlistments will be at hand to keep his wages from falling?

#### THIS BILL WOULD NOT PROVIDE MORE CURRENCY

I do not mean to suggest that where banking facilities are inadequate, or where, for any reason, credit is shaken, that there may not be, for the time being, great difficulty in obtaining money. But this bill proposes to remedy neither of these difficulties. As to the one it leaves it untouched, and as to the other, by its tampering with the obligation of contracts, it threatens the most tremendous blow at general credit that has been dealt in a generation.

If more currency is needed, why depreciate the value of the dollar and take the Government pledge from behind it, thus involving an instant premium on gold, and driving from circulation the \$600,000,000 we now have of that metal? If more circulation is wanted, why so unsettle contracts as to discourage the extension of the credit system, by which every boat load of wheat as it becomes stored in the elevator, every bale of cotton as it is delivered to the press, every barrel of pork as it is stored, becomes with its certificate of inspection and draft attached, money of the merchant in every bank in Christendom?

Why involve the business of the country in such uncertainty, as to make hazardous and therefore to curtail the business of the merchants who are now ready to sell their goods at three, six, and nine months' credit to the local storekeepers of the country at large, and who use the notes and the credit accounts thus due them as currency upon which, in their turn, the banks they patronize furnish them with money to do business? If more credit and more currency is what is needed, then this bill would but exaggerate the stringency now felt, and if, on the other hand, there are malevolent throngs of capitalists who would be benefited by increased stringency in the money and credit market,

then such commercial pirates might well subsidize every man who would promote such legislation.

CURRENCY NO PANACEA.

So far as concerns currency of the intrinsic value for which it stands, it needs no argument to show that increase in its amount simply changes the form of certain property, equally valuable before and leaves it in the hands of those who have no special want of it. There are, however, those who insist upon certain advantages of fiat currency—currency either of no intrinsic value, or of less value than that for which it stands—such as our green-back notes on the one hand, or our depreciated silver dollars on the other. The very fact that they pass current at their face, while their intrinsic value is less, is insisted upon as a proof that, to the extent they can be kept in circulation, the people are con-veniened and the total wealth of the country practically in-creased.

On the contrary, however, nothing is more plain, first, that by fiat currency nothing is added to the wealth of the country, and, second, that to the precise extent that such fiat currency repre-sents wealth in the hands of those who hold it, it reduces to the same extent the property of those who hold actual wealth, such as lands, houses, farm products, or goods.

As to the first proposition: Suppose one of us owned all of the property in the United States—lands, goods, produce, minerals, and machinery. Suppose, then, someone should offer to sell him the secret of becoming more wealthy, and that this secret, when stated, should be to take a few tons of the oblong ingots of silver which he had stored and cast them into round ingots, to take a few reams of the white paper that was now ready for any use and cover it with printing so as to destroy the most of its uses. Would not the answer be, "My dear sir, I now own everything that can be eaten, drunk, worn, or used in this country. It will be of no advantage simply to change the form of part of what I possess and to spoil a part of the rest; but I will simply have my labor for my pains. The silver when cast into round ingots is the same silver that I had before in the square ones. As to the paper which you propose to spoil, it is now of use for many purposes, and it will then be of use for none. There is absolutely nothing that I can do with it, either for my own comfort or pleasure or for that of others." No one would dispute but that he would be right, and that, of all schemes of extracting sunshine from cucumbers, such a plan of getting wealthy would be the least sensible.

Suppose, however, that instead of one man owning all this wealth, a half dozen of us own it all in equal shares. Would a similar proposition made to us, each and all, be more sensible? Would not each of us answer that, except for some special use to which we want to put silver or paper, it were best to let it be in the form in which it could be most easily stored and most promptly utilized when needed? And, in case some would-be philosopher explained that thereby we could still hold the property which we had, while we secured additional wealth from others, in ex-change for the money thus proposed to be created, would not the answer be, "In so far as it is of intrinsic value we shall have gained nothing by the exchange, and in so far as it is not, no one

will take it except on the pledge of our property to make it good; and to the precise extent of those pledges outstanding we are so much the poorer than the possession of the property apparently held by us?" All would agree that we were right.

Now, take the second suggestion: That if a great amount of fiat or partially fiat currency is once floated in a country so that it is commonly used as a medium of exchange, then that the effective wealth of the country is increased to the extent of the currency thus floated. Let us see. Suppose, for example, there are one thousand citizens of a country thus to be blessed or cursed and that each owns a one-thousandth part of the wealth in that country—of all that can be eaten, drunk, worn, or used for the comfort or pleasure of man. Suppose there then to be created and put into circulation fiat currency to the extent of one-tenth of the actual property already existing. If this fiat currency is issued to the men who actually own this property, and so long as it is held by them, all will agree that the case would be similar to that I have already suggested, and that, except as each might be amused by the new plaything, none would be better off and their poorer neighbors would remain as poor as before.

If, however, we can imagine that this fiat currency would become distributed to those who did not own the other property, and also be accepted in exchange for property by the ones who did own it—and this is the only way in which relief could be given to those who need it—then we have as a result a nominal mass of property in the country exceeding by 10 per cent the previous estimate of value. Now, under our civilization property is, generally speaking, valuable only for purposes of exchange, or of production of other property for exchange, the little that each of us actually makes or permanently holds for use being small in comparison with that by which he obtains from others what he in turn can use or exchange at a profit.

The result, then, of the hypothesis we have assumed is that those holding the currency in question are, equally with those who hold lands, produce, or minerals, the owners of such a proportion of the whole wealth of the country as is represented by the current money held by them; that is, though there has been added not an acre of land, a bushel of wheat, an ounce of silver, or a yard of cloth to the wealth of the country, though that remains precisely the same as regards every form in which it contributes to human comfort or pleasure, yet that those who, except for fiat currency, would have been the rightful owners of the whole of it are now entitled to only ten-sevenths of it, and that, by process of giving valid circulation to the fiat currency proposed, each has been mulcted one-tenth of his wealth thus put at the disposal of the holders of the fiat currency in question.

In short, sir, it would be an insult to the intelligence of this House further to dwell upon the point. Every path of logic and experience leads to this at last, that in so far as a currency of intrinsic value is increased in quantity it neither adds to the wealth of the country nor distributes that wealth otherwise than it had been before held; that so far as a fiat currency is held by those who possess the wealth, the same result follows, and that so far as a fiat currency is so given circulation as to add to the effective wealth of those who otherwise would not have possessed it, the

inevitable consequence is to lessen, in the hands of those who hold it, the effective value of the real property of the country.

#### BANKING FACILITIES NEEDED.

And right here, sir, may I ask of the promoters of this bill why, if, as some of them say, they wish to provide more currency for our friends in the South and West, they do not go at it directly and effectively instead of in this indirect and suicidal way? I am not an admirer of our national banking system. I know perfectly well that if a town in Tennessee feels the lack of currency about the worst thing it can do is to attempt to use the national banking system, the practical effect of which is to compel that town to take out of its circulation some \$56,000 in order to obtain the poor privilege of having \$45,000 of currency in return. And, though I do not charge that such was its object, I am perfectly well aware that the effect of the national banking act is not merely to prohibit the exercise by the several States of that function which perhaps is the very last one that, with any semblance of the preservation of States' rights, should be surrendered to the National Government, but also to make more dependent upon the capitalists in our principal cities the possibilities of local development in all parts of our country.

Now, sir, I have no defense to offer for the continuance of such a scheme. Whatever may have been justifiable as a war measure, that excuse can no longer be offered for it. But, sir, if it stands in the way, as I believe it does, of proper banking facilities in all parts of our country, of the proper supply of currency in the several States under conditions which will adjust that supply to the legitimate demand therefor, why do our friends, instead of asking directly for the abrogation of the Federal prohibition against State banking, offer such inadequate schemes as does the bill now under consideration? I have no sympathy, sir, with wild-cat banking. I have still less with the Federal plan of throttling out of existence all banking whatever except what the central Government controls: and I have no doubt, sir, that, guided by the successful experience of other nations, we shall be able, if we once face the problem, to permit the reestablishment of State banking under such safe conditions as shall insure the obvious benefits that would arise from a more even distribution among our citizens of the banking facilities to which, so far as legislation can bring it about, they are equally entitled.

#### CONCLUSION.

It is now nearly sixty years since our business men ceased to use and regard silver as the counter for their money transactions. The change of the law in 1873 did not affect their custom, but simply recognized the then actual status, and gave notice to every citizen that when he used the word "dollar" he must be understood to mean a certain weight of gold, as by the common assent had already become the universal presumption.

As a consequence, every contract which has been made within the past fifty-seven years was understood by the parties to it to be payable in gold of the legal standard and fineness, and since 1873 such has been the definite provision of law.

The advocates of free coinage of silver are the first to admit that these statutes have not been changed by the addition to our circulating medium of token currency certificates (the issue of

which is increased at the rate of \$54,000,000 a year) under Government guaranty to keep them on a par with gold. Indeed it is just because silver is not remonetized that its free coinage is still demanded.

What we want is not more Government interference, but more industry, if possible, in producing wealth, and more facility, as is possible, in exchanging wealth, and fewer taxes to absorb wealth. We want tariff reform first of all, then we want Government to keep its finger out of our business in every other direction. In This Sign shall we conquer.

Aware, sir, of the frailty of human judgment, and of the fact that each sees in more correct perspective the faults of others than those of himself, I have hesitated to offer my opinions as the normal by which genuine Democracy is to be judged. On the other hand, sir, it would be depreciating such of the power of discernment as Providence has seen fit to bless me withal, should I not confidently express, as I do, my conviction that the Democracy of the sentiments to which I have given utterance will bear comparison with that of the gentlemen who are able to favor such an undemocratic extension of the powers of Government as that now proposed.

It was Hamilton, the founder of the Republican party—the man whose own biographer, now seated upon the opposite side of this House, characterized as one who attempted to secure to the property of the United States the control of its Government—who attempted to yoke together in a fixed ratio the values of the metals, gold and silver, and to centralize the control of our currency in a Government institution. It was Thomas Jefferson, the founder of the Democratic party, who never failed to deprecate the policy of Hamilton in general, and in particular the attempt to centralize the control of our finances in the Federal Government. And when the working out of Hamilton's plan had nationalized our finances in the United States Bank, had driven gold out of circulation and reduced our currency to a silver basis, it was Andrew Jackson who repudiated the right of that bank to Government patronage and brought back gold as the basis of our circulation.

I do not believe, sir, that I am wrong in following the man who turned an aristocratic Republic into a free democracy, or him whose administration confirmed it in Democratic principles, or in the steps of Tilden and Cleveland, the last two of our leaders whom we have elected to the Presidency. But, sir, if I shall find myself to have been mistaken; if in that day when all our eyes shall be opened so that we shall see, not through a glass darkly, but face to face with Truth, I shall find my friends who now differ from me to have been in the right, I shall nevertheless have this consolation that in my error I shall have been in the most congenial company that a loyal Democrat can hope to meet. [Applause.]