

FREE COINAGE OF SILVER.

S P E E C H

OF

HON. JUSTIN R. WHITING,
OF MICHIGAN,

IN THE

HOUSE OF REPRESENTATIVES,

Wednesday, March 23, 1892.



WASHINGTON.
1892.

SPEECH
OF
HON. JUSTIN R. WHITING.

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. WHITING said:

Mr. SPEAKER: I believe that the great controlling power which demonetized silver in 1873 and which is now straining every nerve to defeat its remonetization comes from wealth wrought unjustly from the toil and sweat of labor.

All the threatened evils which it was claimed would follow the limited use of silver have not only proven false, but it is now certain beyond the shadow of a doubt that if the country had not been supplied with the silver money which the Bland act of 1878 secured that we should have had a repetition of panics until now, and it is also equally apparent that the policy of the Government since 1878 in coining the minimum amount of silver permitted under that law has resulted in robbing agriculture of its just earnings, and has practically confiscated over one-third of all agricultural investments.

No class of men know this better than do the farmers themselves, and no class of men are better qualified to judge of their loss or the cause of it than they. What better evidence do the members of this House want of the extremity to which agriculture is reduced than their vigorous organizing all over the land—North, South, and West—for the purpose of devising some plan of immediate relief. Many of them do not believe that free coinage of silver will furnish sufficient relief to avert disaster, and many plans are being seriously and vigorously discussed as of immediate and vital importance.

Mr. Speaker, I am well convinced that the failure to grant to American silver bullion its full coined value has resulted in far greater injury to this country than if silver had never been discovered or mined here at all, for since 1873 down to 1890 we have sent more than one-half of our entire product to foreign countries and sold it at less prices than they would have been able to buy at had we not been in the market as sellers, and they have coined it into silver money having equal purchasing power with ours, while the corresponding pieces to our dollar in European countries contain 11.3 grains less, and in Asiatic countries 22.6 grains less, than do ours. Does not this account for the wonderful growth and activity in India during the last ten years? We have supplied India with an increasing medium of exchange more bountifully than we have our own people. England prefers to buy

her wheat and cotton in India rather than here, for India pays her in interest and rents over \$50,000,000 a year.

The Rev. D. Downie, D. D., of Nellore, India, in the Boston Baptist Magazine for November, 1890, says "that the planters, merchants, and bankers of India 'devoutly hope' that the United States will not adopt free bimetallic coinage, and thus discourage exportation of wheat and cotton from India into Europe."

Mr. Speaker, the bankers there seem interested in agriculture in India. The bankers here would be willing to loan to farmers, if they had a larger supply of money; but the present limited supply, limited compared with our great resources, finds its way into the cities, where speculation in all kinds of stocks pays the higher rate of interest.

In yesterday's New York Daily Tribune appears an article headed "Better than banks," which I will not take the time to read, but will print in my remarks, not for the purpose of advertising the business, but as a striking illustration of why farm lands are not considered good enough collateral upon which to loan money:

BETTER THAN BANKS—THE LEADING AMERICAN INDUSTRIAL DECLARES ANOTHER DIVIDEND—AN UNUSUAL OPPORTUNITY FOR WIDE-AWAKE INVESTORS TO SECURE SHARES IN A COMPANY WHOSE STABILITY AND EARNING POWER ARE UNEQUALED.

H. H. Warner & Co., Limited, having declared an *interim* dividend of 4 per cent on the preferred and 5 per cent on the common stock, dividend checks will be mailed to the American shareholders on April 5, by the Central Trust Company, of 54 Wall street.

In November last this company declared a dividend of 4 per cent on the preferred and 10 per cent on the common stock. The end of their fiscal year will be July 31. In order to secure for our readers some idea of the amount of dividend that will then be declared, our reporter called upon Mr. Warner, at 50 Broadway, as also to ascertain anything further in regard to the recent report that H. H. Warner & Co. were about to double their common stock. In reply to the scribe's question Mr. Warner said:

"The dividend which the company has just declared is merely an *interim* one. Such a dividend is liable to be declared at any time. The company has a very large reserve, and I suppose the board of directors are desirous of getting rid of some of the company's accumulations. They therefore declared this dividend regardless of the one to be declared at the expiration of our fiscal year."

"Well, Mr. Warner, what do you estimate will be the amount of dividend the company will pay at the close of the present fiscal year?"

"I cannot give any exact figures, but, as near as I can approximate, the company will have about \$400,000 to distribute at the end of this fiscal year, in addition to the amount that will have been previously distributed in the course of the year, and I have every reason to believe that the next dividend will be at the rate of at least 30 per cent on the common shares. In fact, after paying the regular dividend of 4 per cent on the preferred stock, I believe that the company will be able to pay, if they choose, at the rate of 40 per cent on the common stock; but the company may conclude that it is wise to pay but, say, at the rate of 30 per cent dividend on the common stock and use a large amount of their surplus to cancel the remaining debenture bonds, which now amount to less than \$425,000, over \$300,000 of these debentures having been canceled last year, besides paying 17½ per cent on the common stock. You will see by these figures that the company will make even a better showing this year than ever before."

"So, Mr. Warner, the prediction that was made by you a few days ago to the effect that you believed the company would shortly double its common shares is likely to come true sooner than you anticipated?"

"No, I can not say that. I do believe, though, that the capital stock of the common shares will be doubled during the next fiscal year, commencing August 1."

"I can not see what is to become of our surplus, unless we either pay extraordinary large dividends—which I do not think wise—or double the common stock of the company. You see, our business is growing better continually, and our common shares only amount to \$1,700,000. There is a bright possi-

bility of being able to make half as much as that in the future from the baking powder alone, which we are now putting upon the market in addition to our present business, which would permit our paying over 50 per cent dividends on the common stock.

"These facts, figured in connection with the regular profit which has for years been derived from Warner's Safe Cure and Warner's Safe Yeast, almost warrant the belief that we will earn a net profit of over \$1,000,000 per year. If so, this vast sum would all go to the common shareholders, after paying the comparatively small dividend of 8 per cent on the preferred stock and the interest on the remaining debentures if not cancelled. With the business continually improving, and its record since being capitalized into a company of a net profit from Warner's Safe Remedies alone, of over a million dollars in two years, my prophecy becomes almost a reality."

"Are you still selling your shares, Mr. Warner?"

"I shall sell a few more shares to our patrons, at the rate of \$75 apiece for the common and \$50 apiece for the preferred, the par value of the shares being \$10, or about \$50, each."

"Are you willing to continue to sell your shares at this price, the purchasers to have the dividend which has been declared of 5 per cent on the common and 4 per cent on the preferred?"

"Yes, I shall sell a few more shares, up to the time the dividend is actually paid, at the prices I have just given you, the purchasers to have the dividend. After the dividend shall have been paid, I do not expect to sell many more shares, but if I am satisfied that I can benefit the business by using this means of advertising it, I shall sell a few but at an advanced price."

"Is there anything further you wish to say about the business?"

"No; there is nothing further to say, and in fact I do not care to say anything. I am willing that the business should speak for itself. I claim that it has a dividend-paying record for the past twelve years that very few, if any, businesses can excel. When the revenue sure to result from Warner's Safe Baking Powder is added to that already derived from Warner's Safe Cure and Warner's Safe Yeast, I do not see what there is to prevent it from being one of the largest dividend-payers of any legitimate business in this or any other country."

I am not disposed to criticise enterprises in the cities, provided they do an honest business; but when we see the enormous investments of money all over the country in street railways, electric-light plants, and many new and useful conveniences, we should remember that the country needs a much larger per capita circulation than at any time in the past, and unless Congress furnishes the law for this increase the money will continue to flow to the cities and great profits will be realized there and but little money will seek investment upon the farms until a volume greater than the demands of the cities and greater than the demands of the manufacturers, who can pay higher interest because the protective tariff law enables them to get comparatively higher prices than the unprotected farmer can. I repeat that, until a volume greater than these demands is furnished, a farmer, if able to borrow at all, will have to pay a rate of interest greater than the earnings of his business will warrant.

Mr. Speaker, in the last speech made by the late ex-Secretary of the Treasury, Mr. Windom, he recommended in connection with the limited coinage of silver the issue of an interconvertible bond drawing a low rate of interest, the object, as I remember, to give elasticity, as he said, to the currency. In other words, after the money from the great money centers which had gone West to buy wheat, wool, and farm products, and performed its mission found its way back to New York, a portion of it could be converted into these bonds and thereby prevent capital lying idle.

Mr. Speaker, the boldness of asking the people to pay interest upon a Government bond in order to allow the owner of money to exact higher rates of interest for the very money which buys

and moves their crops is astounding, but the interest charge is not as serious a feature of scarce money as the power it furnishes the buyer to hammer down the prices of all farm products. It is practically authorizing the buyer to compel the seller to exchange abundance unequally for scarcity, and it even goes farther than that.

Take, for instance, the present condition of the cotton market. Raw cotton lower in price than ever known before in the history of the country, and yet there is nothing like a corresponding decline in manufactured cottons; in fact, the decline is scarcely appreciable, and in some instances, recently, prices have been marked up. How can this be done, is asked? It is not difficult. Manufacturers limit their production to demand at the prices they fix, and in the very limiting further depress the price of raw cotton. What is the sure remedy for this? It is to build and operate factories in the South. How can you do this? Make money of the white metal which nature has so abundantly supplied us with.

Relegate to the rear the men who would longer uphold the conspiracy which now exists between Wall street and the National Treasury to degrade and disgrace silver, and this money will flow all over the country for investment, and New England will no longer monopolize the country; and if, in an equal struggle for existence, many of the people of the overcrowded districts should find more profitable employment by reason of cheaper rents and cheaper living in the West and the South, they would be cordially welcome. Wealth and culture might lose some of its influence in legislation, but manhood and the permanency of our institutions will be advanced.

Time, Mr. Speaker, will not permit me to apply the great advantage of more and cheaper money to the interests of the vast multitudes in this country who are sorely distressed and to whom the future is a matter of great anxiety. In a rich and new country like ours, present happiness and bright prospects should abound, and in my opinion greater general prosperity would follow the enactment of this law.

I have not the temerity to assert that it will result in injury to the workingmen in the cities. They have organizations, and have carefully studied this question and have declared in favor of free and unlimited coinage of silver and stand shoulder to shoulder with the workman on the farm.

Mr. Speaker, the oft-repeated charge by the opponents of this bill, that no man need be poor in this country except by reason of his own choice, shows an ignorance or disregard of facts and conditions that should ever debar him from active participation in framing the laws of the country.

Mr. Speaker, it is claimed by some Democrats that the passage of this bill at this time will jeopardize Democratic success at the coming election. This is a scarecrow that should not deter us from meeting our obligations.

The coward never succeeds. The methods used and the arguments made against this measure are so full of fallacies that the opponents so far have contradicted themselves in almost every statement of fact or soared so far above fact as to have no bearing upon the question. If they were to talk plainly and consist-

ently they would say, "While we profess a desire for bimetallism we will use every means at our command to preserve the single gold standard, for it is through this means only that sufficient scarcity can be produced to exact high premiums and advance interest on Government bonds."

Mr. Speaker, they can not deny the fact that during the past four years over \$20,000,000 have been taken from the taxes collected from the people and paid in premiums and advance interest to the holders of Government bonds on the plea that it was necessary in order to prevent a money panic. It is this experience that sharpens the opposition to this bill, for there are still outstanding over five hundred millions of Government bonds, quoted now at 16 per cent premium, and on which the holders are anxious to get the premium, but which they know would be impossible of accomplishment as soon as the policy of supplying silver money directly from the Government is once established.

Mr. Speaker, the excuse that at various times in the history of our country the ratio by legal enactment has been changed in order to preserve a parity in the bullion value of the two metals will not suffice as a valid reason for refusing to restore to silver the exact right it had in 1873, when at a ratio of 16 to 1 it was selling at a slight premium over gold. Neither will the bare statement that no silver was produced in this country prior to 1873 answer, for in the table prepared by the Director of the Mint the amount of silver produced in 1862 in the United States is given at \$1,500,000; in 1863, \$8,500,000; in 1864, \$11,000,000, and increasing each year until 1873 to \$35,750,000, only being \$250,000 less than the gold production of that year. And the same table shows that the bullion value of silver during the twelve years from 1862 to 1873, inclusive, did not vary in all that time 5 per cent from the bullion value of gold.

Mr. Speaker, the same table shows that it was not until after 1873, when the coinage of silver was stopped by our Government and its legal-tender quality restricted to sums of \$5, that the bullion value of the two metals parted company; and, Mr. Speaker, the claim that the coined silver dollar is a 70-cent dollar can, in my opinion, only be made by a prejudiced man.

One word in conclusion, in answer to the injury which is claimed that free coinage will entail upon the soldier, the holders of insurance policies, and the small depositors in savings banks. Ninety-nine out of a hundred of the soldiers and small depositors are more largely interested in their more profitable employment which will surely follow a freer circulation of money than they are in the increased purchasing power of their pensions or their small accumulated savings under a restricted volume of money. The soldier who fought to preserve his country is not disloyal enough to desire now to disrupt it by laying unjust burdens upon his fellow man who is not receiving a pension. Nor will they fellowship with those who changed the contract in 1873 in which all debts were payable, and who still insist on retaining the unjust advantage they then gained.