

FREE COINAGE OF SILVER.

SPEECH

OF

HON. W. F. WILLCOX,

OF CONNECTICUT,

In the House of Representatives,

Thursday, March 24, 1892.

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On the bill (H. R. 4426) for the free coinage of gold and silver, for the issue of coin notes, and for other purposes.

Mr. WILLCOX said:

Mr. SPEAKER: The difference of opinion as to the unlimited use of silver for monetary purposes is more of a local than a political question.

On all great financial and economic questions there are honest differences of opinion among the people in the various sections of our great country, living under different conditions and relations to business and industrial pursuits.

I believe at least 90 per cent of the inhabitants of the Eastern States, without respect to party divisions, are opposed to this bill. In certain of the Western and Southern States a large element in all parties favor free silver coinage.

Mr. Speaker, the reason for these divergent sentiments must be apparent to most of us.

In the Eastern States there is an abundant supply of money and the rates of interest are low, while in the West and South money is scarce and the average rates of interest high, while their farm products are selling at prices barely sufficient to pay the cost of production.

The necessities of the farmers, from whom the complaint chiefly comes, West and South, compel them to borrow large sums of money, most of which comes from the Eastern capitalists and lenders of small means, which is usually secured by mortgages on their farms. In many instances their homes have been taken from them by reason of their inability to pay the principal or interest when due.

Mr. Speaker, it is not surprising, when we reflect upon their distress, that discontent prevails among them, and that they are ready to grasp at any measure which they hope may alleviate their condition. They insist that there should be an expansion of the currency, which they believe will bring to them more money at cheaper rates, and relieve them of much of their distress, and that unlimited coinage of silver will produce this result. There is a conflict between them and the best financiers as to the effect of free coinage.

In my judgment, the passage of this bill, under present conditions, will bring to the farmers and laboring men disaster instead of relief.

Bimetallism is favored by all classes and everywhere in our broad land, but this cannot be brought about unless the two metals, gold and silver, can be maintained on a parity. A silver dollar is worth only about 70 cents, and the price of silver bullion is the same as the coin dollar. The value of bullion the world over is determined by the markets in New York and London, in which markets the only actual difference in price is the cost of transportation from one to the other.

Silver is and has been for years demonetized in England and Germany, and its coinage discontinued in France. These great countries refuse to recognize it as money in their dealings with us or other nations.

Our balances on international transactions are always payable in gold, and not a dollar of our silver can be used outside of our country except as bullion.

Our business relations with these great nations are intimate and upon an immense scale. By reason of the telegraph and the use of steam vessels, which have nearly displaced the sail packets in the carrying of freights, they have become our near neighbors, identified with us in nearly every kind of commercial transaction.

The commerce of the world is governed by well-fixed and well-defined rules, which have become the law of nations and which no nation can ignore without disturbing the harmony existing, and estranging itself in its dealings with them. Lying at the foundation of international commerce and success is a monetary standard recognized by all. If one country should adopt an independent monetary standard, in conflict with that used by the commercial world, its use will be limited to that country.

The pound sterling of England is the measure of value the world over. All business transactions among all nations, whether between France and China, are estimated and measured by this standard.

Silver being demonetized by the large commercial countries of Europe, and worth only 90 cents an ounce or 70 cents on the dollar, our silver will be received by them only as bullion at the market price. Therefore, it must be apparent to every thinking man that when we shall give silver full scope by a free-coinage act we must stand alone and bear the burden without the aid of other nations.

We shall by this act build a wall about us with every gate closed against its going out of the country and wide open to receive the silver of the world without the slightest barrier to prevent its coming to us, for which we will have to pay 30 per cent above its present actual value.

Mr. Speaker, there could be no objection to such a policy if, as suggested and desired by our Republican friend from California [Mr. BOWERS], a wall should be built against all commerce with the outside world. Nations never become great and wealthy by any such policy as this. Commercial dealings with each other are to the mutual profit of all. If we are to continue our extended commerce with them we must conform to the laws of trade which govern them.

Bimetallism can not be brought about solely by a legislative act. In order to establish and maintain it the intrinsic value of the two metals, according to the ratio adopted, must be substantially on a parity.

How can a law of this Congress raise the value of the world's silver 30 per cent or to the equality of gold? What kind of leverage, without the aid of other nations, are we to use to accomplish this wonderful result? Nothing short of a miracle can do it.

Is it wise, safe, or honest legislation to open our mints for the reception of the world's silver while every other country refuses to do it, paying 30 per cent above its value?

Who is to receive the immense profit caused by this inflation and resulting from the passage of this bill? The answer is easy and certain. The silver mine and bullion owners of all nations, and the people will have it to pay and receive none of the profits.

The mine-owners and their paid attorneys tell us the reason silver has declined in value results from the act of 1873 demonetizing it. I have no doubt but that act had a depressing influence on the price of silver, and that Congress committed a great mistake and wrong in passing it, as it operated to the greater profit of foreigners holding our bonds, which, before this, were payable in gold or silver, than it did to us, by compelling their payment in gold.

However, Mr. Speaker, that act did not discourage the silver mine owner or lessen his product. Never in the history of the world has the silver output been as large in the same period of time as it has been since 1873, though silver has largely depreciated. If statistics are correct, and I have not heard them disputed, they show the average cost of producing silver in this country to be 41 cents an ounce, and the market has ranged from 89 cents to over \$1 an ounce since the act demonetizing it was passed, showing very handsome profits to the producers, and by this bill, if it becomes a law, the price will be inexorably fixed at \$1.29 per ounce.

It is apparent from these figures that the mine-owners need no sympathy or special aid from Congress or the people.

Who is to suffer by this great inflation caused solely by a legislative act? Somebody has to pay for it. There is only one answer, and that is the people, all who receive it in payment of debts, farm products, labor, etc.

The claim is boldly made that the people must submit to this extortion in order to increase the volume of money for which our friends in the West and South say there is a pressing demand.

We are told that the currency has not kept pace with the growth of population and business. This a misapprehension. The volume of money is larger per capita now than at any time before, except the paper inflation period of 1865, being \$24 per capita. We are converting into money under existing law nearly \$20,000,000 in gold and about fifty-five millions of silver currency annually. No one can successfully deny but that the increase in the volume of money exceeds our growth in population and business.

There can be no foundation for the claim made, that a depression or cheapening the price of farm or other products is to be attributed to the scarcity of money.

Mr. Speaker, the important inquiry at this time is as to the effect unlimited coinage will have upon the people, upon business, and industry?

The ratio of gold to silver, established by law in 1834, is 1 ounce of gold to 16 of silver. This ratio was based upon the intrinsic relative value of the two metals at the time this law was enacted.

By reason of the large and increasing production of silver over gold since 1873, the intrinsic value of the two metals are much farther separated, and to-day 1 ounce of gold is worth intrinsically 22 ounces of silver.

This bill does not purpose to place the two metals on a parity at the start, but to force them to that relation by remonetizing silver.

I believe this is impossible without the co-operation of European nations.

This disparity exists in all countries in their business relations with the commercial world.

Congress might as well attempt to appreciate the value of wheat in the markets of the world by fixing the price at \$1.50 per bushel when it is worth only \$1 per bushel.

What, then, will be the necessary and logical result of unlimited silver coinage? Gold being far more valuable of the two metals, and the only currency recognized and accepted in all the marts of the civilized world will be in the greatest demand. It will be impossible to circulate the two currencies together or make them interchangeable under a free-coinage act. Who will accept a 70-cent silver dollar for a gold dollar worth 100 cents? Everybody having the two coins in his pocket would part with the silver first and retain the gold until he could receive greater value for it.

The result by the passage of this bill will be to drive gold to a premium and out of circulation, as in the days of the greenback currency, and place us on a silver basis. This means cheap and depreciated money, business disturbance, and disaster to all except the rich, or the gold bugs, as our silver orators term them. They will be able to take care of themselves. When the storm comes values depreciate and disaster follows, they will find profitable investment for their hoarded gold, which will pay them larger dividends than loaning on Western farm mortgages. This class are not going to suffer as much by the passage of this bill as our opponents seem to believe, and will not need their sympathy.

It does not necessarily follow that because the business men and financiers are opposed to unlimited silver coinage, that they are actuated by greed and selfishness. Their business training gives them a knowledge of finance that the masses in other occupations do not possess, and they can with a clearer vision, predict the blow that will fall upon the industrial and business classes if we shall be placed on a debased currency.

They tell us that cheaper and more abundant money will elevate the price of commodities, farm products, etc., and make debt paying easier. This is a great mistake which our friends labor under. The dearest money a people can have is cheap money; that which is below the standard fixed by the commercial world.

The merchants would not find any greater profit in shortening their yardsticks one half and calling it a yard, or a farmer in reducing his bushel measure one-half and calling it a bushel, as their customers would discover the device and compel them to reduce prices to conform to measure. We can deceive no one a great while by calling 70 cents a dollar or scaling down our dollar to a 70-cent standard, and if adopted prices will be measured by this short dollar, instead of the gold dollar of 100 cents. Such a radical change will lead to endless confusion and disturbance and compel a readjustment of business upon a different scale than now exists.

There may be one advantage temporarily gained by the debtor class in the passage of this bill. It will enable them, provided they can get hold of the silver currency, to pay existing obligations with the 70-cent dollar; or in other words to scale down their debts 30 per cent. It will help our large railroad corporations, the greatest debtor class in this country, to scale their debts when not payable in gold, a considerable part of which is held by persons of small means. But when existing contracts shall become due, it is not probable that many will be able to liquidate them, even if we have free coinage. They will be obliged to ask for an extension or a renewal of their

loans. The creditor will be apt to reply to such request, "I loaned you money worth 100 cents on the dollar; you propose to repay the loan with 70-cent dollars. I cannot be caught in that way again, the contract of renewal of the loan must stipulate that the principal and interest shall be payable in gold." This stipulation would also be required in nearly every loan.

The borrowing class will be compelled to execute such a contract or lose the property pledged. When these new debt contracts become due where is the debtor to obtain the gold coin from to meet them? The silver dollar will not answer the requirements of the contract. He will then discover that there is no profit in cheap money, and the only use he can make of it in paying his obligations will be to buy gold at a premium, corresponding to the difference of the two metals at their bullion value.

Thus far the silver dollar has been kept on a parity with gold by limiting coinage and giving it full legal tender power. It is estimated that if we open our mints to the silver of the world, and this bill will do that, it will stimulate silver mining to such an extent as to, dump into them at least 100,000,000 ounces ~~monthly~~ yearly.

Mr. Speaker, it is not believed by many of the best financiers that under existing law passed by the last Congress, which places 45,000,000 ounces of silver each month in the Government vaults, that our silver dollar can long be maintained on a parity with the yellow metal. When they do part company the cheaper money will be the prevailing currency and the other will be retired from circulation. This is the natural law of finance; it is the history and experience of the past.

This bill will, in my judgment, bring no boon to the farmers and laboring men or debtor classes. If I believed for a moment that such would be its operation I would do all in my power to have it become a law.

Whenever there is a depreciated currency the laborer will have to accept it for his day's work and the farmer for his products.

A nation's honor and integrity is involved in maintaining sound money, a currency that represents just what the government stamp when placed upon it says it does, making it a legal tender for all public and private debts, an exchange for every kind of commodity. If it represents anything less, then it is a symbol of fraud and a cheat to everyone into whose hands it passes.

No government or people can afford to have placed upon its statute book an act which permits and invites dishonorable dealings among the people, and much less a great and wealthy nation whose honor and business integrity stands as exalted as any on the face of the earth.