SILVER COIN AND PAPER MONEY.

SPEECH

OF

HON. JOHN T. MORGAN,

OF ALABAMA,

DELIVERED IN THE

SENATE OF THE UNITED STATES,

Wednesday, April 13, 1892.

WASHINGTON.
1892.

SPEECH

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HON. JOHN T. MORGAN.

The VICE-PRESIDENT. The Chair lays before the Senate a resolution submitted by the Senator from Nevada [Mr. STEWART], coming over by unanimous consent from yesterday, which will be read:

The Chief Clerk read the resolution submitted by Mr. STEWART, April 11, 1892, as follows:

Resolved, That the Secretary of the Treasury be, and he is hereby, directed to inform the Senate what is the aggregate cost of the silver bullion and standard dollars coined therefrom purchased under the act of July 14, 1890, and now held in the Treasury, and a detailed statement of the amount purchased each day, and the date thereof; and what amount of Treasury notes issued for such purchase is now outstanding, and whether any of such notes have been received by the Treasury in exchange for gold coin or redeemed in gold coin, and what amount of silver coin there is now in the Treasury applicable to the redemption of such notes, and also whether, when such notes are received into the Treasury for customs, taxes, and other public dues, they are reissued or retained in the Treasury; and if any of such notes have been retained in the Treasury what amount has been so retained. Are persons selling bullion to the United States under the act of July 14, 1890, required to make immediate delivery and take the bullion so sold out of the market, or are they given time to make such deliveries after having made a contract to supply the United States and deprive others of that opportunity? Does the public have notice of the times, places, and amounts of silver bullion which will be purchased by the United States, or are such purchases made of brokers and bankers without such public notice? Is the business of purchasing silver bullion under the act of July 14, 1890, conducted with a view of depressing the price of bullion and obtaining it as cheap as possible, or with a view of carrying out the "established policy of the United States to maintain the two metals (gold and silver) on a parity with each other upon the present legal ratio?" And what amount of gold coin and gold bars is there in the Treasury, exclusive of outstanding gold certificates?

Mr. MORGAN. Mr. President, in the remarks I had the honor to submit to the Senate on the 4th of April, on the subject of silver and its coinage, I endeavored to present the situation of our financial system as it is, and to state the leading facts of the history of our legislation in respect of the precious metals by which our present condition has been reached.

Owing to the wide field of discussion that must be covered by any attempt to examine this subject intelligently, I would not then trespass so far upon the time of the Senate as to present my conclusions as to the measures that are needed to perfect that part of our system of finance that relates to paper money and to gold and silver coin. I will now present them, with the kind indulgence of the Senate.

First. As to the standard coins of gold and silver, we need a provision of positive law that fixes the ratio between them by prescribing the pure metal and the alloy that they shall respectively contain.

This we have.

Second. That standard gold and silver coins shall have equal legal-tender power according to their face value.

This we also have.

Third, we need a means or instrumentality by which we can prevent the occurrence of a depreciation of the value of one coin below the other, as fixed by law, as a result of the depreciation in the commercial markets of the value of the bullion, or pure metal, in either coin.

This we also have in the coin certificate that is provided in the act of July 14, 1890, attended with the option, on the part of the Government, to redeem the certificate in either coin.

Fourth. As the coin certificate represents, equally, gold and silver, standard, legal-tender coin, and is itself a legal tender, it has all the value of both coins, and can not fall below the value of either coin, until the Government fails to redeem it, on demand.

I will not consider an event so remote, so impossible as that, as having any value in the argument of this subject.

Fifth. The issue of coin certificates necessarily includes in the basis for their redemption gold and silver coins in the Treasury of the United States. These coin certificates and the promise of redemption they carry on their face represent the exact relation that the United States hold to all the paper money issued under its authority, in its final analysis, except that in the case of gold certificates the holder may lawfully demand redemption in gold coin. In all other cases, the right of the holder to demand redemption of any form of paper money in coin is qualified by the right of the Government to pay in any legal-tender standard coin.

We have never repudiated our obligation, and never will repudiate it, to redeem our paper money in coin. So there is and must be a specie basis of standard dollars for the redemption of every promise of the United States that is issued to circulate as money.

Paper dollars can only be redeemed with coined dollars. They can not be redeemed with any mere commodity, whatever may be its intrinsic value or its relative value, computed in dollars; or whatever may be its durability, such as iron, steel, copper, or gold or silver bullion.

The Government must make the metal into coin and fix its value by an act of Congress before it can be counted or considered as forming a part of a redemption fund in the Treasury for the redemption of its paper promises.

If this is not true the Government can accept any valuable commodity and hold it in the Treasury as mere security for the redemption of its money obligations. For a better reason the Government could accept the mere personal obligations of individuals as the basis of the redemption of its promises issued to circulate as money.

Actual coin in the Treasury, whether acquired by the coinage of silver and gold, or by borrowing money, or through taxation, is the only fund that Congress can employ in the redemption of its paper-money promises.

If this fund is to be measured by the gold coin in the Treasury, or the sum in gold that the Government can cause to be placed there, the issue of paper money by the Government on that basis would be quite insufficient for the needs of the people.

On the 1st of April, 1892, there was of gold coin in the Treasury, $198,949,892; of gold bullion, $81,194,377; total, $280,144,269. At the rate of three dollars in paper for one in coin, this would give a currency of $840,432,807.

On the same day the paper money for the redemption of which the Government is responsible was as follows:

Gold certificates:	
In the Treasury	$23,673,770
In circulation	154,329,229
Silver certificates:	
In the Treasury	3,589,703
In circulation	325,683,149
Coin certificates:	
In the Treasury	11,996,788
In circulation	77,605,410
United States notes:	
In the Treasury	22,776,054
In circulation	232,904,962
Currency certificates:	
In the Treasury	21,380,000
In circulation	9,840,000
National-bank notes:	
In the Treasury	3,884,496
In circulation	168,644,955
Total	1,046,559,518

So that we are now doing a banking business of issue and redemption on the basis of $5 in paper for $1 of gold. If we are to be confined to this basis of issue and redemption it is very clear that the holders of gold certificates can, at this time, and at their pleasure, withdraw $178,000,000 of gold coin from the Treasury and reduce the basis of redemption to $1 in gold for $7 in paper.

This one statement of facts demonstrates that, on a single gold basis of redemption, which must be the case when silver coinage is abandoned, our paper money would rest on a dangerous foundation, at the mercy of the holders of gold in time of peace, and in time of war our paper money would compare with gold as it did in 1864, when $100 in gold was worth $260 in greenbacks.

If we had then had as much silver coin and bullion in the Treasury as we have now, or if we had been able from our own mines, as we are now, to supply to the Treasury $100,000,000 annually, we would have accumulated during the period of the war at least $400,000,000 in coin. On this we could have issued $1,600,000,000 of good money that would not have depreciated, and our people would thus have provided the Government, without interest, with half the amount of money that the civil war cost the Government.

I say this, because we could have as easily maintained a paper circulation of four dollars of paper for one of coin during the war as we can now.

We have now a coin and bullion basis, including gold and silver, of $648,954,803, for the redemption of $1,046,559,581, a little more than one dollar of coin for two of paper; of this sum of coin the silver amounts to $368,810,534.

If in the next ten years we should increase our paper isssues to $2,000,000,000, every dollar based on a dollar of coin in the Treasury, and if our average of population should be only 70,000,000 for that decade, we would have a per capita circulation of $28.57, to which, on the present ratio of about one-fourth in addition of coin per capita in free circulation, the people would have for use in their business a per capita supply of money of $35, every dollar as good as gold and as good as silver. They would then have nearly as full a supply of good money as prosperous France has now.

So there is every good reason for, and there is no danger in, the expansion of the basis of redemption for our paper promises by uniting gold and silver on equal terms and on the present ratio to create that redemption fund in the Treasury.

Nothing but coins of gold and silver should go into that fund, and no discredited coin should enter it. We can not constitutionally discredit our gold or silver coins by any legislative discrimination between them. Our powers are only to coin money and to regulate the value thereof.

If we destroy the value of either coin, in whole or in part, we violate our plain duty. If we refuse to coin either, we destroy that coin and reduce it from its function as money to a mere commodity.

If we confine our basis of redemption to gold alone, we expose all our people who handle our paper money and their industries to the power of a gold monopoly, with the ability to control the price of money, almost without restraint.

Curtailing the volume of money raises the price, just as it raises the price of wheat, cotton, or provisions to curtail the production.

All the real money in the civilized world consists in gold and silver coin.

Paper money, to have any steadfast par value, must be redeemable in coin and its redemption must be secured by law, whenever it is presented for redemption.

It is the faith of the people that paper money will be redeemed in coin, on demand, that alone gives it a value equal to coin. When that faith fails or wavers, paper money depreciates.

Faith in the redemption of paper money depends so entirely upon positive law enacted by supreme authority that it is made a crime to issue private promises to circulate as money.

So strong is this principle and so imperative is the necessity for a supreme law that can protect the people as to the redemption of paper money that the States, which can not be coerced into compliance with their civil duties and their contracts with the people by the Federal Government, are prohibited by the Constitution from emitting bills of credit.

The States may charter banks and authorize them to issue paper money, because they have the power to compel its redemption, and to protect the people against false or fraudulent dealing in such issues, by civil and criminal statutes.

But the power of Congress over all money is so entirely supreme, according to the decisions of our courts, that it can and does prohibit the issue and circulation of paper money by private persons without the authority of positive law, and it can tax the paper circulation of State banks to the extent of positive prohibition.

Mr. STEWART. Which it does.

Mr. MORGAN. Which it does.

No State can coin money, and no State can issue paper money to be redeemed by it out of its treasury, in virtue of its sovereign powers. No State can authorize the issue of paper money free from the taxing power of Congress, and, as that power is unlimited, it may as well be said that, as a practical result, no State can authorize the issue of paper money against the consent of Congress.

This proposition is severely disputed, I know, but I am considering the facts of the present situation, without regard to disputed theories or the problems they may suggest or involve.

The power to coin money and to regulate the value thereof, and the power to prescribe what money shall be a legal tender in payment of debts, public and private, and the power to issue Treasury obligations to circulate as money, and the power to charter banks to emit paper money, and to provide for and secure its redemption, are no longer disputed or doubtful powers; the legislative and executive departments of the United States and the Supreme Court, and the same departments in every State, having coincided in the final decree.

The powers of the Government of the United States over the subject of the coinage of money, and the issue and redemption of paper money, are as plenary as the powers of any other government in the world, with only a single restraint on that power, which is, that the power to create money can only be exercised by coining it. The Government may issue paper promises to circulate as money, but the promise can only be redeemed in coin. This is an implied restriction, enforced by the silent law of public opinion, upon every civilized government.

But in our Constitution it is as much a positive restriction on the power of Congress as if it were expressed in terms of positive prohibition.

All the power that Congress has over money is delegated. It was power that the States had exercised from their first days of colonial existence. When the foundations of the Constitution were laid, the States had such supreme power over money that they made a legal tender of various commodities, such as tobacco and the skins of animals.

As the supply of copper and silver and gold increased, they were able to draw away from these crude measurements of values, fixed upon them by a law of necessity, and to adopt gold and silver as the true tokens of value,

In the Articles of Confederation, the first grant of power was made to Federal authority over the subject of money, and that grant related to coinage, as follows:

> The United States, in Congress assembled, shall also have the sole and exclusive right and power of regulating the alloy and value of coin struck by their own authority, or by that of the respective States.

The power of regulating the alloy of coin struck by the respective States was afterwards expressed in the Constitution in the power to regulate the value of coin. The necessity of delegating this power to Congress was indispensable to the creation of an equal and harmonious union of States, and no less important to that end was the delegation to Congress of the power to coin money and regulate the value thereof.

It is not the power to regulate the value of paper money but of coined money that was thus delegated to Congress. It was not given to Congress the power to declare that paper or skins or tobacco should constitute money, or legal tender.

Neither was that power reserved to the States. On the contrary, the States were prohibited from coining money, or from emitting bills of credit, or "to make anything but gold and silver coin a tender in payment of debts." Thus in constructing the fabric of the new Republic, which was also a new step in the advance to the highest civilization, the tobacco and coonskin and fiat money era was left behind, and this Government fixed its financial foundations where God had decreed that all true tokens of commercial values should be forever found in the precious metals of gold and silver.

In the beginning of the federation of States, however, it was seen that paper credits, of which Treasury notes and bank notes are merely varieties, would be necessary to any sovereign government as a means of using the credit of the people to anticipate any deficiency of the revenues. And so Article XII of the Articles of Confederation was agreed to by the States, as follows:

ARTICLE XII.

All bills of credit emitted * * * by or under authority of Congress, before the assembling of the United States, in pursuance of the present Confederation, shall be issued and considered as a charge against the United States for the payment whereof the said United States and the public faith are hereby solemnly pledged.

When the Constitution supplanted the Articles of Confederation it contained this provision:

ARTICLE VI.

All debts contracted and engagements entered into, before the adoption of this Constitution, shall be as valid against the United States under this Constitution, as under this Confederation.

A bill of credit emitted by proper authority thereby became a constitutional obligation of the United States.

The power to emit bills of credit was a recognized attribute of supreme authority which the Constitution prohibited the States from exercising. It could, therefore, only be exercised by the United States when bills of credit were to be used as money.

Under Article VI of the Constitution, Congress could not have redeemed the Continental money by simply declaring that it was United States money. Article XII of the Articles of Confederation made these bills of credit "a charge against the United States, for the payment whereof the said United States and the public faith are hereby solemnly pledged." The payment was to be in money. It was a promise of redemption, and being the first contract obligation entered into by the present Government, and being a part of the Constitution and coupled with power to borrow money on the credit of the United States, the recognition of the power of Congress to make promises to be redeemed in money can scarely be questioned.

Legal-tender coin is the only redeemer of promises issued by the United States to circulate as money. Whatever the United States may do under the war powers or other powers, or in any case of great emergency, to compel the people to accept its paper promises as legal tender in payment of debts, this Government has no power to coin paper money, nor to decree fiat paper money, nor to refuse to pay in coined dollars the amount of dollars stated in any of its promises to pay money. The duty of such redemption may be distinct from its power to prescribe what shall be legal tender, but it is a duty, the refusal of which is a national fraud.

Our true money is coin, which is coined under supreme authority, and has connected with it no promise of redemption.

Our currency is also Treasury notes (greenbacks) redeemable in coin, gold certificates redeemable in gold coin, silver certificates redeemable in silver coin, national-bank notes redeemable in greenbacks, and coin certificates redeemable in gold or silver coin, at the option of the Government. All this paper money carries a promise of redemption, on demand, by the United States.

In every case the ultimate redemption is to be made in coin by the express terms of the statute.

Whether these issues and promises makes the United States a bank of issue and redemption, or a Government of issue and redemption, is a matter of little importance either to the Government or the people.

The safe management of these powers of issue and redemption is the proper concern and honest duty of the Government. The safe exercise of the power to issue and redeem paper promises must relate alone to the certainty with which the Government can, at all times, redeem in coin these promises, when that is demanded.

Gold and silver exist, and are produced, about in the ratio of \$2 in silver to \$1 of gold, as fixed by our laws, the world over.

If the quantity of paper promises we issue, redeemable in coin, is fixed with reference alone to redemption in gold, we must, in honesty and good faith to our own people, make the volume of our paper promises one-third the sum that we could issue if both gold and silver were adopted as the basis of redemption.

As the value, command, dominion, and purchasing power of coin is increased in direct proportion to its decrease in quantity, and as there can not be too much good money for the people who need it in their industries, I can see no objection to a double specie basis for the redemption of our paper promises.

An abundance of good money would trouble those classes and corporations who use money only for the speculations of usury and discount, and to purchase property, productions, and labor when they are below their intrinsic value; but as such speculators are only honey-eating drones in the hives of industry, I am not so much concerned for their welfare.

If gold were at 3 per cent discount, computed with reference to silver at the ratio of 16 for 1, we would think it horribly cruel to the people, especially to those who are in debt very heavily and have mortgaged everything but their souls to their creditors, that we should dismiss silver from the basis for the redemption of our paper promises, and so reduce the currency by two-thirds. Yet, that is exactly what was done to us in 1873.

And, having thus driven silver below par, that cruel act is now advanced as the reason why we should again drive out silver and adopt gold as the only basis for the redemption of our paper promises.

After they have exhausted every power of depression that ingenuity, falsehood, false prophecy, the discipline of party, official patronage, and the terrorism of threatened party expulsion and disgrace could muster to lessen the value of silver and to defame its advocates, they point to their victimized friend and saviour, and say "If thou art king, show us a miracle, rise and unshackle thyself."

But the worst part of this long campaign of persecution lays in the fact, the horrible fact, that money, large money, is needed to buy votes in doubtful States next November. The people can not and will not furnish it, and the capitalists refuse a dollar for campaign purposes unless their money will secure them in the dominion over property, industry, and labor which they now hold in the scarcity of gold as compared with other values.

Their plea is that it is impossible for us to maintain the legal parity between silver and gold at 16 to 1 when the commercial disparity is as 23 to 1.

They believe that it is an impossibility to overcome the damage they have inflicted upon silver bullion and all other products of this country in their campaign of twenty years in favor of the high-purchasing power, and low debt-paying power of gold, which has cost the labor of this country a sum that is even greater than the national debt. And yet they have seen that in all that campaign of industrial famine they have not been able to shake the faith of our people in the solid value of silver money, so as to make the least discrepancy between silver coin and gold coin.

They have stood in perfect parity since 1873, in spite of the efforts of Congresses, Presidents, banks, foreign powers, great corporations, gold contracts, the metropolitan journals, false prophets of coming evils, political conventions and their spawn—the buyers of votes and corruptors of the ballot. The sublime faith of the people in silver money has prevented a margin between silver dollars and gold dollars, while all the financial powers of the greatest intellects combined with the greed of the most intense avarice have endeavored in vain to rive them asunder.

The same power—the faith of the people in the honor of our Government—that has kept gold and silver coin in parity, has also kept our five descriptions of paper money in perfect parity. The national-bank notes, which are not a legal tender for debts and are not expressly redeemable in coin, are just as good as gold coin because of the faith of our people who think our Government will redeem them in gold coin ultimately.

If the faith of our people should for one moment falter as to our ability to redeem, in coin, the entire mass of our paper currency, our whole financial system would fall into doubt and the result would be universal bankruptcy.

We have to-day $5 of paper money outstanding for $1 of gold in the Treasury. That is a desperate margin, and if the faith of our people depended upon the ability of the Government to redeem our paper money in gold alone, we would instantly find all our paper issues below par.

But the people, and the financiers as well, add to the gold coin the redemption power of nearly $370,000,000 of silver coin in the Treasury, and that of another factor of national credit—the taxing power, through which another heavy and dangerous burden is yoked upon their necks. The $500,000,000 of annual taxation and expenditure is relied upon to maintain the power of the Government in redeeming its paper promises. That vast current of money circulation bears upon its tide, as it rushes through the Treasury, $1,000,000,000 each year of our paper money that is employed alone in paying Government taxes and Government debts.

That currency is kept too busy to loiter in eddies and demand redemption in coin. The gold men find that it makes money scarce for other purposes, and that suits them. They keep an eye upon the small amount of gold that is required to be in the Treasury for redemption purposes, and that suits them. It enables them to hoard gold and to lay by for the increase of its purchasing power and to gather salvage from the wrecks in times of depression and panic.

It is no wonder that those who advocate and practice high taxation and liberal expenditures should wish to increase this current through the Treasury, which dispenses with many demands on the Treasury for the redemption of our paper money. When we find the gold men, and the high protectionists, and the great trusts and combines all gathered around one political center, we are not surprised at their close fellowship. They are all alike, indifferent to the sufferings of the people, and pile upon them all the burdens they can. They tighten the cinch of monopoly and reduce the consumption of food and raiment by the burden-bearers—their helpless slaves. In that course they find increase of riches.

Believing, against all experience and the light of the truth, that they can at last force a margin between gold and silver coin, and thus secure the monopoly of money to themselves, they refuse to coin silver for the redemption of the coin certificates they issue upon it.

They are afraid to let the people have silver coin, for they know that every laboring man will vote to protect the silver dollars in his pocket against depreciation, whatever he might do in reference to a great mass of silver bullion piled up in the Treasury.

The time for the coinage and issue of silver must come, or else the time must come for its slaughter under the hammer of the auctioneer, or a more insidious death in the junkshop of the bullion dealer. Its coinage is refused, and will be refused, for the purpose of divorcing the people from any direct personal interest in its ownership. A voter with five silver dollars in his pocket, the fruit of a week of hard toil, is a dangerous sovereign elector in the path of the man who wishes to degrade silver money and increase the purchasing power of gold.

So, we are not to have any such voters if the gold men can prevent it. Silver will not be coined so that the voters can get hold of it. The Secretary of the Treasury has that matter confided to his discretion, they say, under the act of 1890, and he can be trusted to obey his masters. Silver coinage is at an end, until Congress shall take further action.

The gold men fully understand that, with the aid of the faith of the people in the financial honesty of the Government and the diversion of $1,000,000,000 annually into the channels of State and Federal taxation and expenditure, the small amount of gold in the Treasury is ample as a redemption fund for even twice the amount of paper money we now have in circulation. And therewith they are content.

If war should come under such conditions, all our paper money would again shrink to less than half its face value, and we would again sell bonds to Europeans at 50 cents on the dollar to keep our armies in the field, and a dollar in gold would purchase three times its present value in property. All that shrinkage and loss would fall upon the people and their property.

But no heed is given to these dangers when the profits of money monopoly daze the eyes of our greedy gold men. They all admit with one accord that if gold and silver bullion can be kept on a level at the ratio of 16 to 1 they will be content. They know that no fixed legal ratio between gold and silver coin has ever been able to control and keep in parity the commercial value of gold and silver bullion.

This feat was nearly accomplished from 1792 to 1834—forty-two years—when the ratio was 15 to 1, but when we changed it to 16 to 1, silver for export went to 3 per cent premium, contrary to all expectation, and was slaughtered in 1873, because it was such an uncontrollable rival of gold. The commercial value of both gold and silver are fluctuating, and depend solely on the laws of supply and demand.

If we wait for a commercial era when they are exactly in balance, on any ratio fixed by laws of coinage, we will wait until doomsday. Silver and gold in the vaults of the banks, in the coffers of the rich and in government treasuries, are universally treated as redemption funds. They only circulate freely as currency, from hand to hand, amongst "the great mass of the common people," as they are touchingly called by the small body of very uncommon people who despise them. The great and vital question is therefore, can gold and silver coin be safely and usefully employed by our Government as a common redemption fund for our paper promises?

No sane man now expects that our currency will ever be exclusively of coin. The state of our civilization prohibits the thought.

We must therefore seek a safe and sufficient basis of redemption for our paper money. If it is gold alone, the paper currency should not, in all honesty, exceed three times the sum of gold at any time in the Treasury. That would give us to-day a paper currency of $840,422,807, at the ratio of $3 in paper to $1 of gold.

Under the operations of the act of 1890 we add to the specie basis of redemption about $70,000,000 of silver annually. Each dollar's worth of that bullion is at once represented in the currency by a certificate that is a legal tender at its face value and is redeemable in coin of gold or silver, at the option of the Government, on demand.

This is the safest paper money for the Government and for the people that has ever been devised, and is the only true instrument of finance that has ever been conceived of that will always keep gold and silver coin at any ratio of relative value that we may choose to fix by law, in perfect and constant equilibrium. The Government will always, in every case of fair dealing, waive its option in favor of the holder of coin certificates, and pay in coin of gold or silver, according to his wish. Any private person would always protect his credit in the same way.

But if corners and combinations are attempted by capitalists to withdraw from the Treasury either gold or silver coin in order to create a margin between them, or for shipment abroad to meet the speculative demands of a foreign market, then the Government can check the raid by exercising its option to redeem in either gold or silver coin. This is a wise and harmless reservation of control over the export of coin, similar to that employed by the Bank of England in raising or lowering the rates of discount and exchange.

Having the coin certificate to keep coins of silver and gold in perfect and perpetual equilibrium, we only need to turn our attention to the question of the option we should give our own people to have their silver coined on the same terms with gold. The first inquiry that meets us face to face is, why do we discriminate in favor of our gold-miners?

Much has been said here in various debates and much is said throughout the United States in respect to the proposition that the action of Congress we have been seeking to take was for the benefit of what are called the silver barons, for the benefit of the gentlemen who made large investments and wasted more money than they have ever made in silver mines. But why should we disparage the silver-miner and drive him out of business when he can not make more than $1 a day by his labor? His hands can not earn more than $1 a day, and why should we drive him out of business and disparage him and give all the advantage to the gold-miner? Now, there is a plain, practical, undeniable discrimination against one class of people of whom it may be said that they have done more to restore the United States to its present financial integrity and high position—a position than which no nation in this world ever held a higher—than any other class of men who can be named in all of our communities.

It so turns out that since the act of 1873 those men who desired to substitute gold for all other metals, and gold as the only measure of money value, have been able in one way and another, with the assistance of several of the great governments of the world, to depress the commercial value of silver. The depression in the commercial value of silver has been solely their work. More money has been spent, more arguments have been made, more papers printed, more combinations, more lobbies have been organized for the purpose of depressing the commercial value of silver in this country and in other countries than have ever attended any other movement of a political, financial, or legislative character.

Those men who have inherited fortunes, those who by accident have come in possession of large amounts of money and great credit, those who are knitted up with all the ancient capitalized industries of Europe and America, those who have reaped the benefit of laws enacted for the purpose of encouraging the laborer and the ordinary mechanic in his enterprises and in his labor, those who harvest all of these grand results, combine together as naturally as drops of water flow into one body in their efforts to destroy the commercial value of silver and thereby to destroy its monetary value, the purpose simply being that they will get the money power concentrated into a smaller space and into fewer hands and thereby they can rule the world.

The option to have silver bullion coined by our people, or to take in place of it, as upon a purchase, coin certificates, would doubtless result in a very great measure in storing silver coin in the Treasury, and in the corresponding issue of coin certificates to the depositors, for the people prefer paper to coin for use in nearly all of their transactions.

The one financial marvel of this age that has been to my mind heretofore entirely unaccounted for was the fact that when almost all the powers of this Government, and certainly all the powers of the three great leading States of Europe, were concentrated upon the proposition of depressing the value of silver and all of its representatives, when the Secretary of the Treasury, now an honorable member of this body, was empowered by Congress to raise a hundred million dollars in gold and to deposit it in the Treasury of the United States as a redemption fund for greenbacks, that Secretary found no difficulty in purchasing $80,000,000 of gold coin with silver certificates.

Can that be accounted for upon any other principle or hypothesis or conjecture than that the people engaged in the industries of this country and in its commerce preferred to have the paper money to the gold coin? They desired a money that they could send back and forth from hand to hand speedily and with facility. They knew that silver certificates were just as good as gold coin, or else they would not have taken them in the place of gold coin. There is a contribution in favor of the argument I am now making, in the nature of positive testimony, which the Senator from Ohio while Secretary of the Treasury laid before the people of the United States and put upon record, and he has oftentimes stated it here in the presence of the Senate.

If you give to the people of the United States the option to go to the Treasury and to have their silver bullion coined, they will say to the Secretary of the Treasury: "Give me legal-tender coin certificates in place of this bullion. Take it and lay it away, store it up and keep it for a future emergency."

There is no doubt that large masses of silver coin and gold coin can not be handled and are not handled in the exchanges of commerce. They retire to the vaults of the banking houses and are represented by bills of exchange, by clearing-house certificates, or by the Government issue of paper money based upon their power of redemption, and the people desire to have the paper money.

So we would find it under the optional feature which I desire to add to the act of 1890—the right of the people to have their silver bullion coined and to exchange it for coin certificates at the mint value of the bullion. That right would result in the storing up in the Treasury of the United States of immense quantities of silver that may lay there for years and years to come—I do not care how long it stays there—and it would be the foundation and the backbone of the credit of the United States of America in every emergency and under all circumstances.

Coin certificates are issued only to indicate loans of money or the value of money in bullion, by the people to the Government. We pay for the bullion with the certificates, and then redeem them with the coin struck from the bullion. This is, in effect, a loan of the money to the Government, without interest, with which to redeem the certificates issued for the loan.

The people in the mean time are making the interest on the money by putting it into their industries or loaning it to each other for interest, it answering every possible demand of active money with the convenience of easy exchange from hand to hand or from place to place, which does not attend either gold or silver coin. What we have to do, and all we have to do, is to keep the silver bullion, or coin, with sufficient care to enable us to redeem the coin certificates on demand.

Mr. President, looking back over the situation which I have detailed in a former speech and which I have adverted to in this brief argument, and the principles upon which the whole financial system of the United States is rested, and seeing that this is a paper-money country essentially, and that after the subsidiary coin and the small proportion left for use in the hands of men who handle but a small sum of money, the real use of coin money in the United States is to make a basis or a fund for the redemption of paper money—when you come to consider that, then the question arises, which has been answered by the act of 1890. It is this, can you devise a scheme of paper money, an instrumentality, I will call it, of paper money which will have the effect of being just as good in circulation as a dollar of gold or a dollar of silver, and which will maintain always the parity between the coins of the United States without respect to the value of the bullion contained in them, by the option left to the Government of the United States to redeem the certificates in gold or in silver coin? The coin certificate answers these questions in the affirmative.

If you will add but one single feature to that law, the right of the citizen of the United States, which is a clear constitutional right, to go to the Treasury of the United States and have his bullion of silver minted, then you will have completed and secured now and forever the best financial system that any people in this world have ever yet enjoyed.

The PRESIDING OFFICER (Mr. PADDOCK in the chair). Will the Senator from Alabama suspend? It becomes the duty of the Chair, the hour of 2 o'clock having arrived, to lay before the Senate the unfinished business.

Mr. MORGAN. I have but a very few words to add.

Mr. HAWLEY. I hope the Senator from Alabama will go on.

Mr. MORGAN. I shall take but a few moments.

Mr. STEWART. I ask that the unfinished business be informally laid aside.

The PRESIDING OFFICER. It will be informally laid aside if there be no objection. The Senator from Alabama will proceed.

Mr. MORGAN. I could stop here, perhaps, with decided advantage to myself and to the Senate, but I wish to add one or two very brief reflections.

We shall have, I repeat, when we have made it optional with the citizen of the United States to have his silver bullion coined, the best financial system we can secure in times of peace and in times of trial, famine, distress, or war that any people in this world have ever had. I will again recur to an idea which I have not been able to dismiss from my mind recently, for we have had some bodings of trouble with great powers, with dangerous powers. I have not been able to dismiss from my contemplation what the present situation of this country would be in the event of a war with a great power, when the very first step we should have to take would be to go to a country that buys silver and gold from us to borrow the money to carry on a war with that or a neighboring country. Of course we could not borrow it from the country we were at war with.

Our resources of credit would be very much cramped in the event of a struggle with Great Britain, and we should then be forced to look to our own internal resources for the strength to raise, equip, maintain, and transport armies, and to furnish them with munitions of war, with hospitals, and the like. Then we would turn our attention to this matter, which to my mind is just as palpable as if we were in the midst of a war, of providing out of our own resources for conducting it, and we should then consider this very important point. Our mines furnish to us $100,000,000 of metal a year, one-third gold. The redeeming factor adopted by the banks throughout Christendom for all time since banks were first ordained, is one-third of coin, or 3 to 1.

We have $100,000,000 a year, one-third gold, upon which you can issue with perfect safety $3 for $1. So you have $300,000,000 a year, if you choose to use it in that way—$300,000,000 that can be represented among our own people with coin certificates which they will take gladly and use in all of their business and prosper upon it, and have perfect security. In ten years it is $3,000,000,000, and it is such a fund as enables us not merely to bring every resource and power of this great domain that we occupy here immediately into action for military defense or other purposes, but it will draw to it a commercial and financial power the like of which has not been enjoyed by any other government in this world.

Great Britain during five hundred or eight hundred years of her noble and magnificent history, through her statesmanship, by adopting always the best expedient for the relief and advantage of her people, has been able to accumulate a resource of money and credit that has hitherto been entirely unparalleled. She has done it by scouring the seas, taking the islands, going wherever nature invited the hand of agriculture or of any other industrial pursuit, there gathering the rich harvests of the world, carrying them to Liverpool and London, and distributing them again out among the nations of the earth. In this way Great Britain has grown enormously rich through many years, and will still remain enormously rich.

Providence, however, without any exertion on our part except to employ our labor in our own mines and within our own territory, places within our reach $100,000,000 a year, of specie, one-third gold, which is in the right proportion, and which we may with absolute safety, as has been demonstrated by the experience of mankind through five hundred years, use as a basis of redemption for our paper issues, thereby making it, as I have observed, $300,000,000 a year, thrown into our hands as an assisting fund for the wonderful, marvelous work we are engaged in here, of conducting the best, noblest, truest, the most gentle, the most perfect, and yet the strongest Government that mankind has yet conceived of.

Are we to pass by such an opportunity as this and still hold ourselves in an attitude of humiliating dependence upon Great Britain, or any foreign country, merely because through her thrift and industry and skill she has been able to pile up credit and money; or shall we grasp the outstretched hand of Providence and thankfully proceed with that great encouragement which the Divine Maker of man has extended to us to try to achieve for this country that which it is entitled to in every sense and under every consideration—the supremacy of the civilized world?