

THE LEGAL-TENDER LAWS.

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SPEECH

OF

HON. JOHN T. MORGAN,  
OF ALABAMA,

IN THE

SENATE OF THE UNITED STATES,

Saturday, July 9, 1892.



WASHINGTON.

1892.



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The Senate, as in Committee of the Whole, having under consideration the bill (H. R. 7520) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1893, and for other purposes—

Mr. MORGAN said:

Mr. PRESIDENT: The high source from which this Sabbath-day amendment comes will silence me from any observations at all, because I know that the Senator from Pennsylvania [Mr. QUAY] is the highest possible authority upon all questions of that kind, and if I follow him I shall follow him in silence. If I do not follow him he will have to excuse me, because I am not conscientiously convinced that the State of Illinois is not able to take care of the Sabbath question within her own jurisdiction.

This Exposition is not a Government establishment; it is not a Government work; it has nothing but the aid and assistance of the Government of the United States to the extent of certain appropriations which have been made and certain appropriations now claimed. We have no jurisdiction in Chicago in virtue of this appropriation, so far as I know, no exclusive right to legislate there, no right to prescribe laws to the people of Illinois upon the Sabbath question, nor upon any other question connected with their civil polity or administration.

So I expect that the Senator from Pennsylvania, after having fully justified himself by the quotations he made from the Ten Commandments here to-day, and which were entirely new to this assemblage, will be able to furnish some law or precedent which will authorize the Government of the United States to go into

the State of Illinois and regulate the Sabbath. When he shall have done that, I shall listen to what he has to say. In the meanwhile I will remind the Senator of another quotation, and that is that the "Sabbath was made for man, and not man for the Sabbath." Perhaps he may use that also in support of his argument in favor of the proposed amendment.

Mr. President, passing by, therefore, that question, I come to another very peculiar phase of this case, which I wish to discuss very briefly. We are informed by the Committee on Appropriations, and that information seems to be correct, that there is lying in the Treasury of the United States more than \$5,000,000 of abraded coin, coin which has been abraded below the standard of circulation, and which therefore no officer of the Government has the right to put into circulation.

The first question which is presented is, whether or not it is useful to the people of the United States to take that dead coin and recoin it and put it out amongst them as money. The Senator from Ohio [Mr. SHERMAN] says it will cost \$100,000 to coin this \$10,000,000 of half-dollars or quarter-dollars, or whatever they may be, which are in the Treasury, and are thus paralyzed in their usefulness by a law which prevents the officers of the Government from putting them into circulation. Well, sometime or other it will cost \$100,000 to recoin that metal, unless we shall reach that happy period in the estimation of the Senator from Ohio, when he can have the opportunity of putting it under the hammer and selling it at auction. We have either to recoin it or we have to sell it. I do not know which idea is the most prominent in the mind of the Senator from Ohio, but I assume from his argument to-day that he had rather see that coin put up and sold under the hammer than to have it coined into half-dollars for the use of the people.

The Committee on Appropriations and the two Senators from Illinois, both of whom voted recently against the recoinage of silver, the remonetization and full legal-tender value of the silver dollar, are in favor of the scheme of taking this dead money and recoining it and putting upon it some additional token besides the eagle and "E pluribus Unum," and "In God we trust,"

and the like of that, in the hope that by putting these declarations upon it and using it as a souvenir of the great Columbian Exposition we shall be able to circulate it as money amongst the people of Chicago, who work in building up this magnificent and very-much-to-be-admired Columbian Exposition. They think by decorating the silver half-dollar with a memento in respect of its being coined for the uses and purposes of the Columbian Exposition that that will give it circulation. I have not any doubt that it will; but, after all, there is nothing connected with the circulation of gold or the circulation of silver as money, or the circulation of greenbacks and national bank notes except a sentiment, and if you can connect with 10,000,000 half-dollars a sentiment that will cause them to circulate it is very easy to connect with three or four hundred million dollars a sentiment which will cause them to circulate.

What is that sentiment? The faith of the Government and of the people of the United States that it is good money, equal to gold, or equal to any other money. Why do these Senators desire to put this decoration on this half-dollar? It can not be for any other purpose than to give it currency.

But the Senator from Ohio sees two supreme difficulties in his way in voting for this bill in the shape in which it now is. The first is that it takes idle, dead money out of the Treasury and puts it into circulation amongst the people and relieves their distresses; and the second is that the Senator very justly fears that these half-dollars will go to a premium over other half-dollars, and that they will go to a premium over gold dollars all on account of a sentiment. This Exposition expects to sell these souvenirs when it gets hold of them from 25 to 35 cents profit on every half-dollar, and I have not a doubt they will do it. When they do it they will not sell the half-dollar for the number of grains of silver in it or the fact that it is a legal tender in the amount of \$10, but they will sell it on a sentiment; they will sell it because the people want it; they will make that amount of money out of it; and then all of the theory of the Senator from Ohio, this newly discovered and wonderful bimetalist, will be turned down and utterly overthrown, because he will find that

silver, when it has any chance at all, even a forced market such as you are making for it in this bill, will go to par, and sometimes to even a premium over gold.

There is a lesson in this legislation here this afternoon which the people of the United States will read. It will not be concealed from their close inspection, because the people are getting to understand this matter now. That lesson is that by furnishing a market for silver, for \$5,000,000 worth of half-dollars, making ten million pieces, you can put it into circulation and you may keep it there if you choose to do it, for it is expected, notwithstanding there are ten million of these souvenirs that every one of them will be in demand, every one of them will be kept in consequence simply, as I repeat, of a sentiment that is connected with them.

Mr. President, I should cheerfully go with the Senator from Ohio in putting out five million silver dollars in the hands of this corporation for the purposes of the bill if I expected to vote or intended to vote for the appropriation at all, but the Senator from Ohio would never go with me for that. The Senator from Ohio prefers the French scheme of bond making; he prefers to run this Government in debt at any time, and issue bonds bearing interest, rather than coin the silver which is in the Treasury.

The Senator from Ohio knows that there is not to-day a legal-tender piece of money in the United States except gold. He knows that under the law, if it is the law—it is so written in the statute books—that when you may make a contract with another man payable in gold that supplants and destroys utterly his right to pay in anything else. That is the Senator's position; that is what he is fighting for; that is the ground he wants to bring us to. He has brought us to that ground and he wants to hold us there. He wants to make every promise in the United States, public and private, redeemable at last and only in gold coin; and with not exceeding \$137,000,000 in the Treasury of the United States, he expects to redeem the entire mass of our public debt, including the bonds and also the circulating paper, for we are obliged to redeem it when we do redeem it in that way, there

being no other legal-tender money in the United States but gold coin.

Now, I take occasion here to state—and I do it deliberately, and I do it after full and mature reflection, and I do it because I know it can not be answered—that a legal-tender law which permits a man to get rid of its effects by a contract is no legal-tender law at all; it is not a legal-tender law within the contemplation of the Constitution, and it is not that which every civilized government in the world has guaranteed to its debtor classes. Contracts are being made in the United States in myriads payable in gold. There is scarcely a corporation in the United States to-day which will receive an engagement of any other kind, unless it may be a check upon a bank; but every promissory note, every bond, every obligation which is being issued to-day by the great corporations of this country, by the great bankers, and by the small ones, is worded so as to read that the contract shall be payable in gold.

England provides legal-tender laws for her people; so do Germany, and France, and Austria, and Denmark, and the Netherlands, and in fact all civilized mankind. Even China provides a legal-tender by weight, through which her people can discharge the obligations of their contracts. Why is the world so wide awake upon this subject? Why is it that all mankind provide legal-tender laws? Why not do what Mr. Atkinson, the great headlight of finance in the Northeast, recommends, abolish all legal-tender laws and leave everything to contract?

Why not do that? Because the sentiment and experience of mankind is against it; because the sentiment and experience of mankind has taught every government in this world that it is necessary to have an absolute, unequivocal legal-tender law for the protection of personal liberty and property rights. Strike the legal-tender feature out of any law or out of all laws, and the man who happens to have the property to sell or the money to loan or the credit to bestow upon his friend has him entirely in his power. He may say, "I demand of you that you shall make your contract payable in gold." The law comes in and says, "Yes, we sustain that demand. If you make that contract payable in

gold you shall pay it in gold." With \$137,000,000 in the Treasury of the United States, you have got billions upon billions of debt to discharge.

Mr. GEORGE. Gold of the present weight and fineness?

Mr. MORGAN. Yes; gold of the present weight and fineness.

Mr. President, that is a category in which we are placed by the laws of the United States at this very moment, and no Senator can deny it or disprove it, which above all things else threatens to destroy the people of the United States. You may pass your remonetization laws or any other kind of law that you please, you may fill up every cranny of traffic and trade in the United States with superabundant money and currency, and yet it all amounts to nothing if the legal-tender law of the United States is so formed as that gold, and gold alone, may be required out of the debtor by the man who makes the contract.

We are in that shape, and the Senator from Ohio has brought us there. He is responsible for every bit of it. To-day he is following up the same idea and interposing the objection, so that when these Senators think they have a chance to make an impression upon the silver men in this body and in the House of Representatives by offering these little inducements for putting \$5,000,000 of money into circulation, that it will be coined out of the dead coin in the Treasury and put to work amongst the people--when these Senators come forward and we are willing to forego our opposition to the support of this appropriation in order that the people may have even \$5,000,000 worth of relief, the Senator from Ohio comes in and says, "No; issue bonds; put out some other contrivance; do not put the lottery on it like the Frenchman did, but make bonds, bonds with coupons and certificates of indebtedness on behalf of the United States Government, or else pay out the greenbacks straight from the Treasury, or the national-bank notes, or the gold, or anything but silver." He does not intend that one dollar of silver shall go into circulation.

Here is a chance to circulate \$5,000,000, and the very moment the Senator from Ohio discovers that open door of relief to the

people, instantly, with his great powers, he throws himself into the breach and closes it and tries to close it forever; and says he will vote against the World's Fair, to which he has been so deeply wedded and of which he has been such an advocate, rather than that he would see the people of the United States handling a part of the \$5,000,000 of dead money which lies there to-day, of no more use than the iron bars which cage it in and keep the thieves from attacking it.

That is the situation. It is time this country had waked up; it is time that reason had some sway; it is time that the people had some voice in this Government. Men are here willing to support this appropriation when even their States have refused to do it, because they see that after all there is a chance to give some relief to the people, and there is a chance, Mr. President, to lay before the people of the United States an object-lesson in respect of the connection of a sentiment with the recoinage of silver. When you put that little superscription upon that coin, and you find that it circulates because of that fact or in connection with that fact, then the argument is undeniable in its strength and in its weight that when you put the silver dollar of the United States as a full legal tender for all debts, public and private, the people of the United States will eagerly seize upon that opportunity to prevent their creditors from destroying them under execution.

What is to become of us when the whole debt of the people of the United States, public and private, is to be resolved only in gold coin? Who will own the property of this country? The men who own gold coin will own it. The Senator from Ohio a moment ago said that if you make coin scarce you make it valuable, you increase its power of purchase. Who does not know that? And yet in striking out silver from the legal-tender currency of this country, you make legal-tender money scarce when you put it in the power of the creditor to plant his foot upon the neck of the debtor, and you enable him to destroy his debtor without remedy. I maintain that there was never a more unfortunate condition in which any people were found in all his-

tory than that, and that is exactly the condition at this present moment of time.

Greenbacks come nearer to being a legal tender than any other money we have except gold, but they are not a full legal tender. You can not pay customs dues with them to-day. Go to a custom-house, and if the officers do their duty they will refuse to take them. The Senator from Ohio has time and again refused to make them receivable for customs. He has opposed it always. A national-bank note is not a legal tender for anything, not even for \$5. A coin certificate under the act of 1890 is a fraud as a legal tender, because a provision is contained in the body of the act that where the contract otherwise expressly stipulates it shall not be a legal tender.

Then what have we got? Silver certificates are not a full legal tender, and never were.

Mr. COCKRELL. Silver certificates not a legal tender?

Mr. MORGAN. Not a full legal tender.

Mr. COCKRELL. Oh!

Mr. MORGAN. The Senator says "Oh!" I ask the Senator from Missouri to define what is a legal tender. I will define it for the Senator and then he will not say "Oh!" any more. A legal tender is a tender which will pay any debt public or private without respect to the contract, and nothing else is a legal tender. When the Government stops its power to enforce a legal-tender law in deference to any contract which parties may make, then there is no legal-tender law, for the courts are not bound to enforce it, and it puts all other classes of the people in the power of the money classes, the laboring classes, the industrial classes, and every kind of men who are trying to build up their fortunes through buying property with a view of its increasing value, it makes no difference what. The lawyer who goes into court to defend a man for his life may say, "I will defend you; you shall have the benefit of my talents and my learning in this case; your life is in peril; give me a gold note." He may save him from the gallows, and yet he would be able, if there were not laws against imprisonment for debt, to incarcerate him for life under his contract.

We ought not to deceive ourselves about matters as plain as this; we ought not to let the Government of the United States go along with these sixty-five million people and these enormous industries, and this vast and unexampled growth, and this demand for power on the part of the debtor classes to be relieved against any unnecessary stringency on the part of the creditor classes, when we can relieve it by the issue of silver coin under the Constitution and in strict conformity therewith, and make it a full legal tender in the hands of the people. It is not so now. There is not a dollar of legal-tender silver coin in the United States to-day except the half-dollars and the quarter-dollars, and they are a legal tender, notwithstanding what the contract may stipulate, for \$10. That is the whole story; that is the situation.

Mr. HAWLEY. May I ask the Senator a question? I have been thinking of what the Senator said about the act of 1890; providing that where it was so agreed between the parties, contracts should be payable in gold, but that otherwise they should be payable in silver, etc.

Mr. MORGAN. Oh, no.

Mr. HAWLEY. It legalizes contracts in silver, does it not?

Mr. MORGAN. It does not say anything about gold and silver in the contract. Silver dollars coined in obedience to the act of 1890 are a full legal tender for all debts public and private, except where it is otherwise stipulated in the contract. That puts it in the power of the man who has the money to say to the man to whom he lends it, or the man who has got something to sell to say to the man to whom he sells it, "Put it expressly in this contract that it is payable in gold." Then you can not pay it with silver or greenbacks or anything but gold, and you thereby simply enable the moneyed classes of the United States to set at defiance the legal-tender laws other than those which require the payment in gold, and you put the whole mass of debts in the country upon a gold basis. Only those men can escape from that who have not got the wit or the cruelty to impose those conditions upon their debtors.

If I do a day's work for a man, he owes me a dollar for it at night, and I am compelled to take any legal-tender money, a

silver dollar or anything else for it; but if I say to him in the morning, "You must pay me in gold at night," then he is bound to pay me in gold or I can withhold my labor from him. If I sell a man a horse for \$50, I can stipulate with him that this \$50 shall be paid in gold. If I do not, if I have not the wit or the cruelty to put in that stipulation, then I am compelled to take fifty silver dollars for it, or any other legal-tender money.

But does not this Senate or does not the country see that the present attitude of our coinage laws and our legal-tender laws puts it in the power of the creditor classes to compel every man in the United States to come to a gold standard in his payments and deprive him of the right to pay in anything else?

I do not believe, Mr. President, that the Supreme Court of the United States would ever hold that to be a constitutional legal-tender law, but they have squinted so nearly to it in the *Trebilcock* case, in *12 Wallace*, that it is very dangerous ground to stand upon. The honorable Senator from Ohio has had that case in his mind all this time, and has been fortifying the *obiter dictum* which was presented in that case by positive provisions of law.

Mr. President, that is cruel legislation; that is legislation against the common mass of the common people, as they are called; that is legislation against personal liberty; it is legislation against property; it is legislation which subordinates absolutely the debtor classes to the creditor classes. If I have money to lend, and my neighbor wants it to pay his taxes, or to pay for a coffin in which to bury his wife, or anything else, any necessary of life, and comes to me and says, "Have you got some money?" "Yes, here is a lot of greenbacks; here is a lot of national-bank notes; here is a lot of silver certificates; here is a lot of coin certificates; have any you please of this paper money." He takes what he wants, but I say to him, "You must pay me in gold." He is obliged to have it; there is no let-up in his necessities; there is no abatement of his wants; the cruelties of life compel that man to yield to his creditor, and the law puts it in his power to compel the blood and flesh, both nearest the heart.

The debtor classes of the United States to-day and all who are

to become such, are in absolute bondage to the power of gold—not silver, not paper legal-tender money, but to the power of gold; and the Senator from Ohio is determined to keep them there, and never will he relax his efforts. You can not start a bill in this body which looks to the dispensation of silver amongst the people in any form of money, that the Senator from Ohio does not bring his great talents and his great reputation to bear for its destruction; and even so desperate is he in that matter, that he refuses to vote for the World's Fair-bill because these other gentlemen desire to have token coins of half dollars issued out of silver dead in the Treasury, and which can never be of any service on this earth until the Senator puts it under the hammer and sells it to the jewelers.

Mr. President, the people of the United States earned that money which is in the Treasury. It was half dollars and quarter dollars when they earned it, and they paid it in in the way of taxes. They did not pay it in to be destroyed; they did not pay it in there to have it locked up, and to oxidize and to canker and to remain there forever until an auction should be held and that \$5,000,000 or \$10,000,000, or whatever it is, of money, should be sold under the hammer of the auctioneer. They put it there for the purposes of the Government, and if it had been abraded below the ordinary legal standard of circulation, it was their right to demand that Congress should recoin it and reissue it to them to enable them to pay their taxes out of the earnings of their labor. They have a right to it.

It is the money of the people, and not the money of Congress, and they have a right to have it issued. Whether they can get it done to-day or not, they will do it. Though they have to overturn political parties and political candidates, no matter what they have to do, they will strike for their rights under the Constitution, and they will have full legal-tender money of silver. They and their posterity will not be subordinated absolutely to the gold power of this country, and placed where there is no hope for the nonmoneyed classes. They will not allow these kings of money to rule them with scepters, which their fathers never placed in their hands. They have a right to be

free from this odious tyranny, and they will break the bonds of any party in order to get free. Sooner or later this must come. The Senator from Ohio sees it. He is fighting now the fragments of the battle. He met the great hosts in the Senate the other day and was overthrown, not by a political party, or a political combination, but by Senators who turned their eyes away from partisanship and political conventions to the wants of the people and their constitutional rights, and they simply voted for them.

Much was done to defer, much was done to disparage, much was done to obstruct, but the Senate of the United States, it appears, standing nearest to the people after all, voted they should have full legal-tender money made of silver dollars, and that they should use them in all of their transactions; that when they made a contract to pay money it should be a contract that they could discharge in silver as well as in gold, and that out of \$100,000,000 of annual production they could have sixty millions of silver with which to pay their debts and \$30,000,000 if needed to redeem the silver.

Mr. President, I could not permit this opportunity to pass without bringing these subjects to the attention of the Senate. My Legislature in Alabama voted against taxing its people one dollar for the World's Fair. Following their example, I should vote the same way, but I can go home and I can justify myself to those people by saying to them in their poverty and in their distress, "I voted for that bill because it brought \$5,000,000 of silver money into circulation, and because on the word of the Senator from Iowa [Mr. ALLISON] it was a full legal-tender coin." I will justify myself in contravening what I know to be their wishes in respect of the voting of money out of the United States Treasury or the treasury of the State, because I could bring in my hands some comfort and some relief to them, and I could tell them that in this bill there was a harbinger of a future which promises to be extremely bright; I could tell them that the Senator from Ohio would see in this object lesson within less than four months' time the utter overthrow of his entire view in respect of silver reclaiming its par value with gold in the markets of our country.

The fact is that it is at par now, and has been all the time. There is not a man in the United States to-day who can make a cent of money or the hundredth part of a cent of money out of the exchange of silver for gold or gold for silver.

The Senator from Ohio himself, while he was Secretary of the Treasury, wanted to borrow \$100,000,000 of gold to put it back of the greenbacks and to keep it there, I suppose, to look at, for it has never done any good since that time—not a stiver. It has never done any good. When he wanted to borrow this hundred millions of gold he issued \$80,000,000 of silver certificates—certificates payable only in silver. He went into the market with them and he found no difficulty in exchanging the \$80,000,000 of silver certificates for \$80,000,000 of gold.

Here will be two object lessons; one wrought by the hands of the Senator from Ohio himself, the other wrought in this bill; and perhaps the purblind in this country who refuse to see the truth, after we have passed this bill and they have discovered that these silver half-dollars command even a premium in the market, will be willing to come around to their senses and to forget the leadership of the Senator from Ohio, which commenced in Paris by advising the world to demonetize silver, and then he came home and enforced it, and has inflicted more damage upon this country than the civil war.