# Unlimited Silver Coinage an Unlimited Disaster.

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REMARKS

OF

# Mr. Morrill, of Vermont,

IN THE

SENATE OF THE UNITED STATES,

January 6, 1892.

WASHINGTON.
1892.

# REMARKS

OF

# HON. JUSTIN S. MORRILL.

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The Senate as in committee of the whole having under consideration the bill (S. 51) to provide for the free coinage of gold and silver bullion, and for other purposes—

Mr. MORRILL said:

Mr. PRESIDENT: Certainly I should not have attempted to make a speech at a day so early, perhaps not any time, if a silver debate had not been opened, as it has been, by the distinguished junior Senator from Nevada [Mr. STEWART] in an elaborate speech, and also by a bill for the free and unlimited coinage of silver. I fear my remarks may be as much of a drug to Senators as silver itself, but the great question should have some attention; and what I esteem to be a duty, however onerous, I can not afford to shirk.

The financial instrumentalities and monetary affairs of our country are of such transcendent importance, touching not only the pocket of every citizen, but the honor and general welfare of the whole people, that it must be conceded they deserve to be discussed as questions of national gravity, and not merely as partisan or campaign topics of local or ephemeral interest. At my time of life I can have no other impulse than a desire to be right and to speak the truth as I have learned it, but this may compel me, in plainest words, to criticise what seem to me erroneous and mischievous theories, and to present such facts and arguments as appear to be conclusive in support of the public credit and that sound standard of money which will abide forever and in harmony with the money of the most enlightened Christian nations.

Permit me to say that I am now and ever have been in favor of maintaining both gold and silver in circulation, and of silver to the extremist boundary that can be maintained on a parity with gold. It would be a real joy to me to have silver greatly increase in actual value.

I did not vote for the silver act of 1890 for the reason that silver bullion was neither to be paid for nor paid out in accordance with the safer proposal of Secretary Windom, and that the silver to be purchased was fixed, as it appeared to me, at a too magnificent amount; and also that a full price would be paid for a commodity which we could neither sell nor part from, to any considerable extent, without a financial revolution and serious loss. I was not unwilling to strain a point in order to satisfy our silver friends, but they appeared to demand too much, and some seemed unlikely to be long restrained from demanding more or the whole earth. For the first time in my life I dodged the question, and did not vote against the bill, not only because my vote would not have changed the result or secured anything better, but because my distinguished friend, the senior Senator from Nevada [Mr. JONES], begged me not to, and all Senators know how irresistible the Senator from Nevada can be when he chooses. I hope now—and I much regret his absence to-day—he will be ready to reciprocate, if the occasion arises, when I entreat him not to vote for free coinage.

However ingenious the legal argument of the Senator from Nevada [Mr. STEWART] may be on the silver statutes, I think he will be apt to find very few able lawyers who will agree with him. The Senator denies any authority of the Government to sell bonds to obtain gold with which to redeem legal-tender United States notes, unless they were issued prior to January 1, 1879. The words of the law of 1875 are very general, directing what may be done after January 1, 1879, and apply to the unlimited redemption of outstanding legal-tender notes at any future time; and whether dated before or after, but still outstanding, would not seem to be of the slightest importance. Such technical criticism only touches the bark and does not reach the heart of the law. The Senator surely wants to be understood as in favor of the law for keeping silver on a parity with gold, but, like Ensign Stebbins, whose memory is perennial, on the liquor law, he is everlastingly against its enforcement.

The Senator also declares that the Treasury Department discriminates against silver in the payment of the public debt, but the Senator surely has been misinformed. The usage of the Department has ever been and is now to pay all creditors alike in checks, and the holders get them cashed and receive whatever they demand, whether it be paper, silver, or gold. Silver bullion, of course, is paid for in the same manner. If there is any discrimination it is not by any Government Department, and gold is as likely to be demanded and received by silver bullionists as by any other parties.

I regret that I am unable to assent to the conclusions of the leading silver Senator either on silver laws or silver policy. The path he points out for the Secretary of the Treasury to pursue—to force silver upon all Government creditors—would lead in a single day to a silver standard, and practically accomplish about the same result as would unlimited silver coinage. Believing that such a result would be an almost incurable calamity, as do the people in the North, West, and East, Republican and Democratic alike, I shall offer some reasons why the pending measure should here find no favor.

Any reference which may be made by me to the silver act of 1890 will be made for the purpose of showing that Congress then went to the *ultima thule* of silver legislation, and that silver adventures in seas beyond are extra hazardous. Even that legislation, as it now stands, will require modification, and can not be accepted as the settled policy of the country for coming generations. Time will show; but before going further the Amercan people will want a reckoning to find out just where they stand, and whether silver is on top or the people. The policy of an international compact relative to silver, as slender as the outlook may appear to some of our friends, perhaps may be our safest refuge, and I hope is not to be wholly abandoned, and I can not believe it will be by the present administration.

National-bank notes are rapidly being made to step down and out to give room to silver paper. Like Naboth, they had a vineyard which Ahab wanted, and therefore were stoned and killed. The original United States notes, or greenbacks, are likely to be the next sacrifice demanded and stoned, in order to give the whole field to silver paper.

For many years we have been industriously attempting to do something to increase the market value of silver and to make it more truly, at home and abroad, one of the precious metals. To this end the force of statute laws and the coefficiency of international diplomacy resorted to again and again have thus far all ended in significant failure, and the market price of silver to-day stands at a lower figure instead of a higher than in 1878 or 1890; and as money in Europe its domain is diminishing and nowhere commands aggressive and influential supporters. This, it would seem, ought to beget some distrust about the success and omnipotence of Congress in attempting further silver experiments and dull the edge of appetite for free coinage.

We have purchased since 1878 silver to the amount of $376,925,827, and have coined over 400,000,000 of silver dollars, but the amount of silver purchased, at its present market value, shows that we have been losing heavily in the silver business, and have relieved the owners of silver bullion from a dead loss, amounting to $36,063,648, by taking this bullion off their hands. But free coinage would have involved a far greater loss, as silver since 1878 has been purchased for $71,952,390 less than its coining value; otherwise with free coinage the total loss to the Government would have been $108,016,038, and this round sum might have been added to the profits of the silver corporations.

No expedients have been untried, and no cost withheld, to push or carry silver dollars into circulation; but it has been demonstrated that no more than about sixty million dollars of over four hundred million coined can be coaxed or kicked outside the Treasury. Even had it been possible to apply hydrostatic pressure, no greater sum could have been forced into the congested channels of circulation or into the reluctant pockets of the people. The weight is objected to as too heavy and the value too light.

We hold in the Treasury to-day in silver dollars and silver bullion over twelve thousand tons which even burglars have almost ceased to covet, and only express companies appreciate its value when they lug it across the continent, but which the Government is required to hold and guard night and day, together with all forthcoming monthly additions. When and where is this silver deluge to end? In ten years more, under existing statutes, the Government may have locked up in its subterranean vaults silver to the aggregate amount of, perhaps, more than one thousand million dollars, for all of which its obligations, payable in coin, will be outstanding. Is this, like the river of the poet, to run on forever? And shall this inundation be further aggravated by unlimited free coinage?

No silver certificates, or Treasury notes issued for silver bullion, have been presented for payment in silver, but they are paid in gold when so demanded.

How long they can be thus kept on a parity with gold is already a matter of public and profound concern, and largely dependent upon an honest and proper interpretation of the law and the courage and skill of the Secretary of the Treasury. Whenever the gold in the Treasury shall vanish, and it may vanish under a cloud of silver as well as under a cloud of adverse exchanges, these certificates and notes can then be paid only in standard silver dollars, and these, as money, are known to be not worth their face value. As security for silver certificates or Treasury notes, which are to circulate at par with gold, they are notoriously inadequate, as 412½ grains of silver, nine-tenths fine, will fetch no more than 74 cents. It would be hardly less safe, and certainly equally honest, to base such certificates and notes, and circulate them as good money, upon iron or copper, or upon wheat or tobacco, purchased and accumulated in like manner, at 33⅓ per cent above the market value, as to base such circulation upon the so-called standard silver dollars under free coinage.

Whatever advantage from unlimited free coinage of silver may accrue to corporate owners of silver mines, when gold advances to a premium, will be brief and not permanent, as then no Secretary of the Treasury would be willing to sell United States bonds in order to obtain gold to keep any paper currency paid out for silver on a parity with gold. These corporations, therefore, at no remote period would have their own drug return to plague the inventors, and find silver certificates or Treasury notes received for silver bullion, when unsupported by gold, of no greater value than that of the silver contained in the free-coined silver dollar. They will not be able then by any shift to fare much better than other classes of our people. It will not mitigate the sufferings of innocent people, however, that the corporate owners of silver mines will sooner have come to grief from their own prescription than would have been possible from any other source.

Of course some of our excellent argentiferous friends sincerely imagine that they can secure forever by free coinage all the difference there may be between the real or commercial value of 371¼ grains of pure silver and the legal-tender or par value of the silver dollar, now amounting to 33⅓ per cent, no matter how wide that difference may be; but they would be more likely to find their last days worse than the first, as silver dollars, when no longer upheld and supported by gold, as they long have been, could not fail to sink to about the level of their commercial value as silver bullion. Real money must stand the test of the world's melting pot. The Mexican dollar, with more of silver than our own, is here worth only its weight as bullion. The coining of silver will add nothing to its real value, and, like any other commodity produced in excess of the demand, its value must be largely regulated and determined by the average cost of its production. The boundless profits of the corporate mine owners might not then be so conspicuous, but even then fat dividends would not become wholly extinct, as the rich mines, bearing no brother near their throne, might kill off the lean, and diminish competition.

The experiment which is now being made to have our Government purchase, on compulsion, a fixed monthly amount of silver has, I fear, complicated and more or less retarded any international compact relative to silver, and perhaps contributed to the degredation of its value by largely restricting the demand to one country alone, and by the practical exclusion of any popular demand from any other. The menace of unlimited coinage, with the swelling accumulations of coined and uncoined silver in the

Treasury, which may, in some financial contingency, be thrust upon any or all other markets, not only tends to perpetuate its present uncertainty of value, but may further tend to sink it to a lower deep. Certainly unlimited coinage would indefinitely postpone all hope of an international compact.

Some very able prosilver men, most absurdly, as it appears to me, claim that the late wider difference between the value of gold and silver has arisen from an advance in the value of gold, and not from the depreciation of silver, but this pathetic fallacy is at once and forever refuted by the infallible standard of labor, which offers its testimony over a large part of the whole world that it now receives from 33⅓ to 50 per cent higher wages in gold or its equivalent than was received thirty years ago, though I shall not deny that the wages of laboring men have not thus advanced in any country where silver is the standard currency. The mint price of gold in London is now the same as it was in 1776, that is to say, £3 17*s.* 10½*d.* per ounce. Nowhere else is it worth any more. This is some proof of its permanent commercial stability, and of its unchanging standard of value. English statisticians assert that gold has depreciated, and that a gold guinea will not now purchase so much of the necessaries of life by 20 per cent as it would a few years ago.

It is true that prices of many commodities have fallen because they are now produced with less labor by the more universal use of improved machinery and of steam power. Silver, also, has been made cheap, not only by the boundless productiveness of new bonanza mines, but by wonderful American improvements in science and mechanic arts upon the rude and primitive mining methods of Potosi, Peru, and Mexico. The cost of production, like that of copper, nickel, and iron, as well as salt, and sugar, has been very largely reduced. The total product of silver has, therefore, been vastly increased and its commercial value correspondingly diminished.

In 1854, according to the Director of the Mint, the annual silver product of the world amounted to $40,000,000, but in 1890 it had swollen to $166,667,000, or over four times the product of 1854. Will any learned Senator contend that this enormous and unprecedented increase of silver has not had the usual and inexorable effect of diminishing its current value? John Locke in 1690 stated that silver had fallen seven-tenths since Henry VII, in consequence of the amount poured in from America. When the world's stock of silver for twenty-five years had barely increased annually $11,000,000, Adam Smith says, it fell to one-third of its previous value. Neither Locke nor Smith were unfriendly to silver. I leave the tyros of 1891 to adjust any differences with the renowned authorities of 1690 and 1776 as to the effect of a largely increased supply upon the value of silver. The world in earlier times accepted the facts, and we can not escape or dodge the insurmountable facts in the history of the present silver era.

The depreciation of silver has been accelerated not only by its greatly increased abundance, but also by its diminished use as money by leading commercial nations. On a gold standard Great Britain is the center and mistress of the money exchanges of all the world. Germany, changing from silver to gold, has a large unredeemed stock of antiquated coins yet to be disposed of; and France is no longer a buyer of silver, and has not been since 1873. No European nation now opens its mints to the free coinage of silver, but all are fighting shy of it, and only tolerate it as subsidiary coinage. Even in Mexico it is subject to a heavy tax of seigniorage of about 4½ per cent. The drain of silver to India, where formerly nearly one-third of the world's total product was annually absorbed, has not yet ceased, though apparently this year diminishing, and will not wholly cease so long as wheat, cotton, and other products can there be bought with silver; but India, like the United States, is beginning to learn that it is buying an elephant.

The total output of silver, including the large increase in Mexico and Bolivia, Australia and the United States, has more than doubled, even since 1873, while the legitimate demand for it, though intrepidly and ostentatiously promoted by the United States, appears to have fallen off elsewhere more than one-half. The law of demand and supply is as autocratic as that of gravitation, and silver is not exempt from its all-pervading power.

Keeping in step with the great stride of our silver act of 1890, the discoveries of new silver mines in 1891 are reported to be as phenomenal in their extent and fertility as were the discoveries of our gold mines in 1847, and some of the ledges are reported to yield from one thousand to four thousand dollars per ton. A California magazine declares, "It would seem that the old expensive silver mines will be closed up by these new, rich, and easily worked mines." The opening of the rich Lake Superior copper mines, it will not have been forgotten, at once immensely reduced the commercial value of copper. When there is a large overproduction of corn on the prairies the price goes down, and so low that it is used even for fuel. The several million bales of cotton we have raised this year probably will be sold for less than would have been a crop of only five or six million of bales. Is it any wonder that the value of silver has depreciated? On the contrary, the wonder will be if there should not be a further depreciation. If by chance the output of silver should be diminished by one third, most likely the total value to the silver producers would suffer no diminution.

Silver is a large product of our thrifty silver States, happily not dominant in all, but is doubtless more remunerative, and likely so to continue, than any other mining product, or any product of agriculture or of manufactures. The Granite Mountain Company in Montana, one of the largest, obtains silver, as has been authoritatively reported, at a cost of 14 cents per ounce. But the same authority states the average mining cost of silver from American mines at 51 cents per ounce, while it brings now, even in the season of its great depression, nearly one dollar, or 94 cents per ounce. That is to say, it fetches in all markets almost double the first cost. No other industry offers such dazzling money-making attractions.

The great silver corporations, however, are eager for more. By existing law the United States Government has been buying and is bound to buy silver at its going market price to an amount about equal to the total production of the American mines, leaving consumption for the arts almost wholly dependent upon a foreign snpply. No other industry claims such rotund and gigantic protection. Considered as an industrial American product, I should not haggle about nor begrudge it full and ample protection to the capital and labor employed; but silver miners have no promise of an increase of wages in case of the free coinage of silver, and silver as a standard of money must, for all the world, stand or fall upon its intrinsic merits, and not upon the merits of the place whence it comes.

The silver propagandists, of whom the president of the Montana Granite Mountain Company, Mr. Rumsey, appears to be an honored and distinguished member, from their abounding resources, maintain here year after year an expensive literary and oratorical bureau to propagate and disseminate their silver theories and financial dogmas.

They innocently declare, with one eyebrow drawn up and the other drawn down, that they only seek to have silver placed on an equality with gold, knowing, as they do, that their inequality has been displayed from age to age, and is as wide as that between the sun and moon, and that silver for many years appears to have been aping our unstable satellite by its restless monthly changes. If they did not suppose that free coinage of silver would give it supremacy and banish gold from circulation it would be safe to believe their love for the silver dollar would disappear as swiftly as the light from a falling star. No anarchist has oftener denounced gold and gold bugs, or with a deadlier hate, than the ultra partisans of silver. Their devotion to silver is shown by swearing at gold. The transparent design appears to be to bring silver in America to the front as a lower and cheaper standard of money, with which to buy and sell, as the sole measure of debts, and as a more tempting and sinister inducement to the debtor class to follow a treacherous lead.

Whether or not the measure would be honest or honorable on the part of the Government in relation to all existing contracts, they do not care to discuss, nor even to consider who the debtors really are. When they are found it would be discovered that the great corporations are the largest debtors of the conntry. The bonded and other indebtedness of our railroad corporations is enormous, and amounts to $5,753,541,542, or about six times that of our national debt. The indebtedness of our savings banks, loan and trust companies, and other banks, to a great multitude of depositors, mainly for laboriously accumulated savings, in the aggregate amount to $2,539,256,699. These are the parties to whom is to be offered the cheaper money with which to discharge obligations incurred upon a gold standard, often to those whose sole surplus is the lone deposit in a savings bank. It will be seen that it is very largely the great corporations which would reap where they have not sown.

The fact that all laborers, whether working by the day, month, or year, belong practically to the creditor class, is also stealthily ignored; but American men and women are not easily hypnotized, and would soon learn the difference in the value of their wages when received and expended under a silver standard.

The silver-tongued orators promise to give us silver as cheaper money, and in the next breath promise to bring it up to the par of gold. Somebody is to be cheated. Who is it? One promise or the other must prove false.

The slanderous tales concerning the amount of mortgage indebtedness of farmers turns out to have been a wicked exaggeration or a big lie based on a little truth. The major part of such mortgages has been made with the deliberate foresight of buying and holding land for its increment or for its future increase of value; and the parties, for the most part, will not be disappointed. The old custom of fifty years ago among farmers of barter or of a running account with merchants, payable at the close of the year in truck or by promissory note, is obsolete, and for whatever farmers have to buy or sell payment is now nearly always made with cash on the spot. A careful investigation would show that there are in almost every State more farmers having debts due to them than there are farms encumbered by mortgages; and there is no class of our community more industrious and economical or more obedient to the gospel of St. Paul, "Owe no man anything," than that of the farmer.

Finally, this silver bureau threatens the country desperately as an extract from one of their circulars will show, as follows:

> That if silver can not be remonetized, gold will be demonetized and paper substituted for both gold and silver. The people will not be destroyed for want of money. The gold trust, by rejecting one of the precious metals, has taught how both may be rejected. The radicalism for contraction is in danger of being met by a radicalism for inflation.

The impotence of this rather blustering threat will be apparent when it is remembered that the fiat paper money party, which proposed to pay the public debt in paper, left neither heirs nor estate to perpetuate its brood or its lunatic memory. Its quackery is also made conspicuous by the assumption of supreme power to do whatever of harm or mischief they choose, and by the declared purpose, if they can not have silver they will not have gold, but will jump to nonmetallic money aud inflate the country with a flimsy flood of unredeemable fiat paper money. If the bad is not to be had, then, copying from Milton's Satan, "Evil be thou my good," they propose to have the worst. If they can not have the measles, then they will have the smallpox; and if they can not go to purgatory they will go to Hades.

While the bold pretense is made that there is a lack of money in circulation, unquestionably the foremost effect of unlimited free coinage of silver would be a premium on gold which would prompt its universal withdrawal from circulation, and thereby produce a real and fundamental lack of money in all parts of our country; creating a stringency of greater severity, perhaps, than any hitherto known. The passage of such an act would be the danger signal for everyone to "save himself who can" and thus inoculate the malady it set out to cure. Gold-hoarding would become a national epidemic. The payment of gold certificates would be swiftly demanded at the Treasury by the holders. United States notes would be sent there in flocks for redemption. and the hundred million redemption fund might grow beautifully less and be soon exhausted, leaving two hundred and forty-six millions unredeemed, as well as the whole series of silver certificates and Treasury notes, with nothing in sight for their redemption but the 74-cent silver dollar. Certainly our gold eagles, snubbed at home, would go abroad where more justly appreciated. The withdrawal of our present national stock of six hundred and seventy millions of gold, being larger than our present stock of silver, from the money in circulation, could not fail to create such a stringency and financial distress as no lover of his country would wish to behold. The superior value of gold abroad, attracting a brisk exportation, would produce a large contraction, not only of the money for ordinary home business but the demand for gold contracts could only be supplied by the payment of extraordinary premiums.

With robust audacity and obstinate misinformation some of the silver organs still assume that there is a great want of money in our country, when in truth money here has never been more abundant nor more in circulation per capita than at the present time, and it is also increasing at the rate of sixty millions annually, having increased since 1889 over $120,000,000. The increase in the month of October last was over thirty millions. There is in circulation as money more than twice as much as we had in 1878. We then had $729,132,634, compared with July 1, 1891, when we had $1,500,067,555, not including any part of what was held in the Treasury. The circulation per capita in 1878 was $15.32 against $24.35 December 1, 1891, or greater than in the most prosperous years of our history. Even with our extraordinary crops of the present year of corn and wheat, of cotton and tobacco, there is no visible lack of money in any quarter to move these vast crops to market. These simple but indisputable facts show how easily the hysterical tears for the want of money can be made to dry up.

From the universal American habit among all business men of using their own checks, on banks where they have deposits, as substitutes for money, there is less of legal-tender money used or required per capita in the United States, in proportion to its immense business, than in any other country of the world. Nearly every smart town in the country has its bank. The bank credits subject to check April, 1891, were $2,604,000,000, and savings banks deposits subject to check, with various conditions, were $1,524,000,000. Together these institutions furnish a basis for checks in lieu of money of individuals and firms, greatly exceeding all the coin and paper money in circulation. It has been repeatedly shown that the daily use of such checks actually covers more than 90 per cent of all business transactions.

But with unlimited coinage of silver, who would get the first grip of the increased amount of paper money issued to pay for it? Not the merchant, not the blacksmith, and not the farmer, but only those having silver to present to the mint and demand it.

There is now apparently no scarcity of money among those who have anything to sell or exchange for it, and borrowers are really most troubled, I fear, by a scarcity of collateral.

No loud lamentations for more money were heard until the silver mines began to overstock all silver markets, and then the silver bullionists, assuming the vicarious attitude of sorrowful debtors, began a doleful wailing about the great want of more money, and especially the want of silver money. No other would stop the raging hunger. The "no small stir" of Demetrius, the silversmith, shouting, "Great is Diana of the Ephesians," was made not so much in reverence to the goddess as from fear that the teaching of the Apostle Paul, adverse to gods made with hands, would deprive the craftsmen of a market offering much wealth in the making of silver images; but shouts of "Great is Diana" no longer anywhere create even a small stir. When the ass, according to Æsop, put on the lion's skin, the fox having heard his voice, said, "Well, to be sure! and I should have been frightened too, if I had not heard the bray." The most vociferous shouts for more money come forth from the mouth of silver mines, and with a sonorous metallic ring that frightens nobody.

No age of the world has been exempt from dreamers and demagogues, and at the present time the United States, perhaps, has no more than its legitimate proportion of such pests, which like grasshoppers in the field, as has been said, make more noise there than large oxen. Their highest political importance is generally achieved as a third party, or as a Swiss contingent, ready to enlist as an ally with any existing party that will yield the most to the upbuilding of air castles or to the pulling down of solid temples. The "third party" is ever ambitious to be a make-weight, and wherever it moves it expects the other side of the world to tip up.

The impression prevails among sober-thinking men at home and abroad that the sound financial system of the United States, maintained in harmony with that of great commercial nations through the first century of its existence, is in danger of being supplanted by Utopian schemes, either fraudulent or fantastic, and wholly based on slippery foundations.

The two old political parties are more or less imperiled by the unknown strength of new parties, which promise many votes for a few platform promises. The organized agitation of the sub-treasury loaning scheme of the Farmers' Alliance on land and staple crops, and of unlimited silver coinage of the silver bullionists, creates the chief existing distrust concerning our future political and industrial career. How these reckless schemes may be finally determined by party exigencies and how they will affect public and private credit are unsolved problems that now rest as an oppressive incubus upon the mercantile and industrial interests of the country. This should be our golden age, and it will be unless we stumble and make it only a silver age. Peace with all the world, with abundant crops and ample prices, should have left no cloud over the American continent. Dynamite may not bring rain from the clouds, but the schemes of financial balloonists will not fail to bring portentous monetary storms upon our people.

The Farmers' Alliance scheme for issuing legal-tender paper and loaning it by the Government on land mortgages would be only a stale repetition of the John Law experiment, anciently most expensively tried, and whenever tried ending in ignominious failure and bringing overwhelming disaster upon the government as well as upon the borrowers of the cheap paper money. It is a banking scheme without capital, with the government as guarantor of all borrowers. This old and exploded scheme was recently again conspicuously tried by the Argentine Republic, perhaps the richest country in South America, and there it has bankrupted the Government and fixed an indelible stain upon the good name of the people. Argentine credit is apparently ruined, public and private, and the premium there on gold is 250 per cent, and daily expected to advance. The lesson of cheap money by banking and bond repudiation of Mississippi also still lingers in the public memory. Notwithstanding the high character of some worthy indorsers, any party or faction of a party which proffers aid and hospitality to such wild schemes, at war with the prosperity of our country, will be apt at an early day to disavow and deny the connection, like Peter, with an oath.

Our geographical position, facilities of intercommunication with all parts of the habitable world, and the superior magnitude of our agricultural, mineral, and manufacturing industries have

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often suggested New York as a more appropriate site for the center and settlement of the exchanges of the world than London, the capital of a country where two-thirds of the whole population would starve but for the regular supply of foreign food. Producing here, as we do, more coal, iron, copper, cotton, wheat, corn, silver, and gold than any other country, American ambition for preëminence also in national monetary affairs was natural, and its gratification has appeared unlikely to be long deferred. The number of vessels already entering the port of New York is hardly less than those at the port of London. Why should the trade and commerce of the whole world be compelled to send its bills of exchange for the final adjustment of all accounts through the British Channel, Straits of Dover, and up the North Sea to a port at the fifty-first degree of north latitude, when there is the much finer port and harbor of New York on the western breast of the Atlantic, 11° further south? Laudable as may have been the ambition, any possibility of its fruition will have been forever extinguished unless the American standard of money can be kept not inferior to that of other great commercial nations.

It has been suggested that the free coinage of silver might be limited to the American production, as if that would be enough to remove all objections, when obviously it is the excessive and ever-increasing redundance of the American production which chiefly creates the world's embarrassment, and now seriously confronts and embarrasses the United States. Our home consumption might give some relief to the dread of a silver overflow in foreign nations, but the exclusion of foreign silver here would be hardly a drop in the bucket, and give no relief to the fact that we have a remarkably obtrusive overflow of our own. If 5 grains of opium would kill the victim, what would he care that the dose could not be increased to 6 grains, nor be administered by a foreigner? Practically, however, the limitation would not limit. Illicit silver would win its way "where seraphs might despair."

The proposition in effect would ask Congress to renounce its constitutional power to coin money and regulate its value, and to confer these functions upon the silver mining corporations, leaving them to run the mints at our expense, and compelling the Government to coin and pay for the entire annual silver production of these great corporations, however large the amount and whatever its value, regardless of the wants of commerce or of the people. As our late honored associate, Judge Thurman, would say, "It won't do."

For the monthly purchase of 4,500,000 ounces of silver, or 54,000,000 ounces yearly, the Treasury Department issues legal-tender Treasury notes, inflating the currency in circulation at the high pressure of fifty or sixty million dollars per annum, greatly in excess of the annual increase of population; and this paper dollar has, in fact, less than three-fourths of the silver bullion purchased behind it as security for its redemption, although the Government is pledged to redeem it in coin, either gold or silver, but entirely at the discretion of the Secretary of the Treasury. It is, of course, receivable at par for public lands, internal revenue, and for all duties on imports. We have hitherto been able to float all of the diverse and multitudinous varieties of our legal-tender paper now in circulation at par with gold because our stock of gold has been large, and also because exchanges arising from foreign trade have generally been in our favor. We have, therefore, kept at home not merely the American product of gold, but have made the gold of other nations tributary to our resources. Unlimited coinage of silver would give us only 371¼ grains of pure silver in the dollar, while at its present price of 94 cents per ounce we buy 510 grains for a dollar, and yet the redemption of all legal-tender paper, when paid in silver, will be paid, as it can be now, with a dollar containing only 371¼ grains of pure silver, equal to 412½ grains of silver nine-tenths fine, at present valued at 74 cents.

Free coinage is a naked proposition by which to throw the loss by the existing and palpable depreciation of silver from the silver corporations, first upon the Government and then upon the whole public. The Government is to issue its promissory notes of a dollar for every 371¼ grains of pure silver brought to its mints. Ultimately these notes, being legal tender, will circulate and get into the hands of the people, whom the Government will be powerless to shield from bearing the final and main brunt of silver depreciation.

The United States product of silver in 1890 was 54,500,000 ounces, and its coinage value was $70,464,645. The deposits and purchases of silver last year aggregated 71,840,663 standard ounces, of the coinage value of $83,630,154. Beyond the American product therefore, it will be seen that there has been and will be a serious influx of foreign silver to be reckoned in any unlimited free coinage account. The idea that we could maintain such an annual increase of silver dollars on a parity with gold would seem to be only worthy of those who have faith in looking for a silver spoon at the end of every rainbow.

No advocate of unlimited coinage of silver will be likely to claim that our standard silver dollar would have in any other country a value exceeding that of its weight as silver bullion, and America would thus have opened her mints, as the greatest goose of the age, to be plucked at will. Our action on silver would have equal potency in India to that of the Pope's bull on the comet, and no more. The idea that the United States alone can by any legislative necromancy lift the value of $3,810,000,000 of silver throughout the world to a parity with gold would be a miracle too great to find acceptance until after the exit of the nineteenth century. While nearly all business men to be met with, having a real daily use for money, and no matter to what political party attached, understand and protest against unlimited silver coinage, how long would the great mass of our people, with whom business men are in constant touch, be likely to be contented with or humbugged by it? With free and unlimited coinage of both gold and silver, what owner of gold bullion would take it to a mint of the United States, when gold coin is worth no more than gold bullion, and receive back coins for circulation in the same truckle-bed with silver of 25 to 30 per cent less value? If any one went, he would go like the schoolboy, "whistling aloud to keep his courage up," and such visits would be few and far between.

Our European rivals in wealth and power are eager to clutch the large possessions of gold we have so long firmly held, and which they fondly hope we are by some queer suicidal blunder about to part from forever. The astute governments of Europe, with sound financial discretion, tolerate silver, and a good deal of silver, but only as subsidiary coinage; and while they may admit that American enterprise has accomplished many Herculean tasks they have no faith in our annual output of sixty or eighty millions of paper money on a basis of silver, and still less faith that America alone can by unlimited free coinage increase either the value or the stability of silver, but, if attempted, they are persuaded that Brother Jonathan will have put on the poisoned shirt of Nessus, and they look upon the impending closure of our career in Herculean enterprises with sublime complacency.

It appears to me that unlimited coinage of silver by the United States alone is pregnant with the exile of gold and dire financial calamities. As the experience of all the leading nations has demonstrated, gold is the most potential monetary instrumentality yet discovered by man. In a memorable speech of the senior Senator from Nevada [Mr. JONES] in 1874, its merits were eloquently set forth as follows:

So exact a measure is it of human effort that when it is exclusively used as money it teaches the very habit of honesty. It neither deals in nor tolerates false pretenses. It can not lie. It keeps its promises to rich and poor alike.

Let me add that without gold to uphold such money as we now have in circulation, American industries, commerce, and character would all be sure to suffer a sad decadence, and the Republic itself would drop from the elevated rank it now holds among nations.

The silver measure of the last Congress, as it appears to me, was a very broad and possibly a very extravagant concession to the great corporations owning American silver mines, and too nearly approaching the dangerous line of doing too much. Experience may show some conservative modifications to be imperative. And yet some of the silver advocates are not satisfied, and insist upon something even more extravagant than the original act. The silver corporations, decorated and to be decorated with numerous foreign stockholders, hunger for still larger gains. One-half sheer profit in the production of silver only whets the appetite for more. They want the Government to give them free coinage, which will be about 33⅓ per cent above the market value of silver bullion, and also to bear the cost of coinage and the responsibility of all further depreciation of silver, by hoarding it until at the last syllable of recorded time it shall "melt with fervent heat."

But if their supreme demand of free and unlimited coinage were to be granted, they would not be persuaded to accept silver certificates or silver dollars in payment for silver, even after the Government shall have been subjected to the expense of its coinage. The dollar, as they think, will be good enough for other people but not good enough to pay for silver bullion. They, like some doctors who have a panacea for all the ills of humanity, will not take their own medicine, but will refuse the dollar with which they urge the Government to flood the country. They insist upon having something better. The Government will be required to hold forever not only the dead weight now stored in the overladen vaults of the Treasury, but also the future daily additions thereto from all sources, foreign and domestic. We are to take it not because the Government wants it, but because nobody wants it.

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The Gresham law that the cheaper will drive out the dearer wherever there is any attempt to make one standard out of two metals is one the "eternal verities," and illustrates the homely truth of the old adage that "if two ride a horse one must ride behind." This has been often illustrated in our own history of gold and silver.

Not one of the mints of Europe is now open to the free coinage of silver, but silver is kept as subsidiary circulation in large amounts, as we have kept it, at par with gold, although the ratio of value has fallen from 15½ to 22 of silver to 1 of gold.

India. with its 250,000,000 of population, so woefully imposed upon and bled by the depreciation and instability of silver, has begun already to threaten through its learned Hindoo newspapers to wholly demonetize it. Some of these British subjects do not feel happy in being indirectly plundered by the silver standard, even by their imperial mother-in-law. India is more likely in the coming century to seek for more gold than is Great Britain to seek for much more silver. The continuance of a measureless demand for silver in India can no longer be confidently relied upon.

The fluctuations of the value of silver, inherent and characteristic, come down to us by continuous report from ancient ages. It has always been unstable. By the law of Menes, king of Egypt, the value of gold was fixed at 2½ times that of silver. In the time of Solomon silver was so abundant as to be accounted as nothing, and in Ecbatana the tiles on the roofs of temples were said to be of solid silver. In the fifth century the ratio of gold was 6 to 8 times that of silver. In Greece it was, according to Plato, 10 to 1. During the middle ages and down to the sixteenth century the ratio was from 10 to 13 to 1, but was most often 10 to 1. The discovery of the silver mines in the new world brought down silver to the ratio of 16 to 1. Since 1873 the product of silver has doubled, and the actual ratio of silver is now only 22 to 1 of gold.

During and after our silver legislation of 1890 the price of silver went up from 43¾*d*. per ounce in March to 54½*d*. per ounce in August. On a silver standard it would have cost 23 per cent more to have paid a debt in August than in March. A few alert speculators who purchased silver bullion prior to this legislation and sold early thereafter may have made it a paying business. The price is now down again to 43¾*d*. per ounce. For the immense increase of the product the world finds little use at the former valuation. Only at a lower rate can it be utilized.

While all of its revenues are raised in silver, India is annually required to pay or spend in England $75,000,000 in gold, a sum which costs India, in its silver revenue, $112,500,000.

We are often told how England buys wheat and cotton in India and pays for it with silver rupees at 48 cents which cost in England only 33 cents, being an advantage of 15 cents on each rupee over the wheat and cotton growers of India, resulting from their standard of silver. Is it not clear that with the primacy of a silver currency America would be as much handicapped as India, and that American wheat, tobacco, cotton, or anything else here might then be bought with the same advantage of cheap silver that Great Britain now finds so prosperous in India? No farmers will want to receive for their cotton or tobacco, wheat or corn, cattle or horses, payment in dollars not as good as any other dollar. If there is one class more interested in a sound currency than any other it is that of the farmer, whose prosperity depends upon what he gets for his annual crops; and good farmers always have more to sell than to buy. Even the class that works the shortest hours for a day's work will not want to be paid in a short dollar.

The brazen-faced political untruth, limping with decrepitude, is still put forth, though refuted for the hundredth time, that somebody was grievously wronged in 1873, when the silver dollar was discontinued from our coinage, but it will not be forgotten that no debt-payer could then have been wronged, as all debts might then have been paid in gold at 3 per cent less than in silver, and for six years after 1873 all debts were payable in legal-tender United States notes, though at a large discount below the standard of gold, and after resumption in 1879 they might have been paid in silver, paper, or gold, the latter only being required by law until 1878 for customs. It is true that no one, even among silver producers, anticipated in 1873 that within ten years silver would become so abundant as to radically change its relative value. Since that date we have often coined more silver dollars in six months than were coined in the whole previous existence of the Government mints, and they are a legal tender, but nobody seems willing to take them unless the Government stands ready to gloss or exchange them for something more desirable. They are flatly uncurrent on the Rialto.

When silver separates from and ceases to be supported by gold, as it long has been supported, and drops to its intrinsic value only, all of our American productions which need protection will suddenly find the tariff out of joint and its efficiency undermined by the privilege offered to importers of foreign merchandise to pay duties in cheap silver. They could buy bullion, have it coined free, and tender it for all customs dues. This would be tantamount to a horizontal reduction of all rates of duty, and whatever the difference may be between the standards of gold and silver, to the extent of that difference, whether 25 or 50 per cent, there will arise an absolute and wholly illegitimate reduction of the tariff on foreign imports. With the present wages of labor it would close up every mine (silver excepted) and factory in our country.

The condition of the United States Government, however, would be the reverse of that of the importers, and call for more money instead of less in nearly every branch of its expenditures. New resources of revenue would have to be exploited, and, if cheap money should be found to annually expand Government expenditures to the extent of one hundred millions, Poor Richard might say we had paid too dear for the silver whistle.

Inflation with a depreciating currency is no remedy for any lack of money, as it requires a progressive increase for a like amount of business, or a new perpetual inflation to cure the old.

Our whole superstructure of credits would be dislocated. No parties would loan money at lawful rates of interest if threatened with a large loss in the principal by an ultimate payment in a lower standard of money. Special conditions would be required in all loans, as well as in all sales of real estate or of merchandise, specifying whether payments were to be made in the standard of gold or of silver. Foreign trade would buy with gold and sell for silver, and be subject to the charge and unceasing vacillation of exchange, and all exchange would be tributary to London. Home enterprises, especially of our new States, yet only in the gristle, would be stricken with paralysis. There would be an era of suspended animation in all business before the new régime of silver would be understood, computed, and adjusted Railroads, to cover running expenses, would be compelled to increase freight and passenger rates. Rentals would be promptly advanced. Salaries of judges, civil officers, and legislators, State and national, would often be found inadequate and demand immediate relief. Workingmen could not fail to discover the cheapness of the silver dollar, and strikes for better wages or better pay would become contagious. Farmers would calculate not only the value of wheat, but also the value of the money offered for it.

The exportation of over seventy millions of gold in the six months ending with July last is admonitory of what may happen in larger measure whenever the conviction becomes rooted that gold is to be superseded and that silver is to have the primacy in the money standard of the United States.

Formerly a considerable amount of silver was annually exported, the excess of exports over imports being for the last fifteen years over $144,000,000, but now, with a largely increased product, exports have greatly diminished, and the Government under free coinage would be in a worse plight than it is in now when only bound to run in debt annually for, and to hoard and keep out of all markets, 54,000,000 ounces of silver. The result of free coinage must be an annual decrease of the aggregate amount of our exports, and any deficiency of exports must be supplied by gold.

There are also more or less millions of American stocks and securities generally held abroad, though far less at this time than formerly, and any war panic or monetary pressure abroad or any distrust of the American standard of money and credit can not fail to send such stocks and securities home to our markets by the swiftest "greyhounds of the ocean" to be sold for whatever they may fetch.

The sixty to seventy-five thousand of our American travelers abroad probably require annually about seventy-five millions of gold for traveling expenses, and other disbursements, especially those for the usual bric-a-brac to be brought home. This is a large and sorry drain which finds some, but rather diluted, compensation in the reciprocity of foreign travelers in the United States, and it may be added that of the half million immigrants annually arriving not all are paupers, lepers, or anarchists, but some portion of them doubtless bring with them funds amounting in the aggregate to several millions of gold. The balance against our country may be moderately estimated, however, at not less than fifty millions.

About two-thirds of our foreign carrying trade is done under foreign flags, and the cost of the freight to be paid out of American funds is supposed to exceed $100,000,000. This, too, is a serious drain upon our resources, but it may not cease until some other industries on land shall be comparatively less remunerative, and certainly not until ocean mail service shall be treated with equal favor to that on land.

The nations formerly belonging to the Latin Union, together with Germany and Great Britain, after the advent of free coinage, could no longer be asked by us to unite in an international compact to resist the further decline in the value of silver, but would find their interests perhaps better subserved by the gold standard. Free silver coinage by the United States means not only the absorption of the world's surplus of silver, but the relinquishment of our stock of six hundred and seventy millions of gold, as well as our annual product, which would at once find a European welcome and relieve several nations there of a financial dilemma.

With free coinage of silver once established there can be no hope of future escape from it. There will be no road left open for retreat. Whatever the degradation of our condition may be we shall have no allies volunteering to lift us out of the Serbonian bog. The Government could not afford to reform its millions of silver currency by redemption or by its replacement with anything better. Nor would it be just to our people, after all debts were based upon a depreciated standard, to compel payment in a higher standard. The descent is easy, but to return, that is work.

Should we at any time find the silver standard disastrous, and an insupportable impediment to the prosperity of the great American Republic, what could be done with our vast stock on hand of silver? If we did not want it, who would take it? Not having been able to bull the market, we might doubtless succeed better as the great bear in the market, and by unloading, even some modest part of our ponderous burden, make a big break in all silver markets. Were any great exigency to arise in our national affairs that should compel us to throw even a tenth part of our millions of dollars of silver upon the cloyed markets of the world, the price would go down "from morn till noon and from noon till dewy eve," when, instead of the ratio of 16 to 1 of gold, it might drop to no more than its mining cost, or show a relative value of only 35 to 1 of gold.

Legislators may draw wisdom from the past and show some prescience of the future, but must not be unmindful of the existing condition of affairs. Measures that once might have been helpful, by changed conditions may now be very harmful. Years ago we had a large preponderance in the product of gold and little or no silver. To-day there is a large preponderance of silver, and beyond our annual product of about thirty-three millions of gold we have no available resources to compete with our unlimited production of silver. Until 1878 our law provided that all duties on foreign imports must be paid in gold, and that source annually yielded a most useful and important supply; but all that ceased as a legal requirement with the legislation of 1878, and silver became as much a legal tender as gold. Whenever silver obtains the supremacy any balance of foreign trade against us would go out in gold; but when in our favor it would come in silver. No one but a chronic dreamer can believe that it would be possible, with resources so slender and crippled, to maintain our silver coinage on a parity with gold. On the lower standard of silver all the exportable surplus of our staple crops would of course be paid for in silver, and therefore the balance of foreign trade would not often be in our favor.

I have attempted to demonstrate, first: That the depreciation of silver is both so great and universal that unlimited coinage could not be maintained on the present standard with gold, but would suddenly wreck the country by a silver revolution.

Second. That unlimited coinage would interdict all international silver compacts.

Third. That there is no scarcity of money in circulation, but instead the amount is twice as great as it was in 1878, and is increasing on a canter.

Fourth. That a silver standard would be equivalent to a horizontal reduction of the tariff of 25 per cent, if not more, and an equal reduction of all pensions.

Fifth. That the enormous increase of silver to the extent of four times the product of 1854, coincident with a greatly lessened demand for it, has so depreciated its value that unlimited coinage by the United States must prove a disastrous national blunder.

Sixth. That there is no magic in any law of Congress which can make the world accept an ounce of silver as worth any more in coin than in bullion.

Seventh. That the parties to first profit by free coinage would be the corporate owners of silver mines only, and the parties to finally suffer the largest losses by it would be the great mass of our people, into whose hands the depreciated coin and Treasury notes would finally pass.

The public credit of our great Republic is at stake. Shall we have the best money standard of the foremost nations of mankind, or shall we descend to the flickering and narrow gauge of silver only for the conduct of a greater home and foreign trade than that of any other people, ancient or modern? We have paid off more than three-fourths of our great war debt in gold when our resources were far less than now, and I am unwilling to forfeit our well-earned reputation and lose public confidence and all the ancestral prestige of our history by paying the sorry remnant of this debt in a legal tender of much less value.

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