

AGAINST FREE COINAGE OF SILVER.

SPEECH

OF

JOHN SHERMAN,

SENATOR FROM OHIO,

IN THE

SENATE OF THE UNITED STATES,

MAY 31 AND JUNE 1, 1892.



WASHINGTON.

1892.

Free Coinage of Gold and Silver Bullion.

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On the bill (S. 51) to provide for the free coinage of gold and silver bullion, and for other purposes.

Mr. SHERMAN said:

Mr. PRESIDENT: I do not regard the bill for the free coinage of silver as a party measure or a political measure upon which parties are likely to divide. It is in many respects a local measure, not exactly in the sense in which Gen. Hancock said in regard to the tariff that that was a local question, but it is largely a local question; yet at the same time it is a question of vast importance. No question before the Senate of the United States at this session is at all to be compared with it in the importance of its effects upon the business interests of the country. It affects every man, woman, and child in our broad land, the rich with his investments, the poor with his labor. Everybody is deeply interested in the standard of value by which we measure all the productions of the labor and all the wealth of mankind.

Five States largely interested in the production of silver are very ably and zealously represented on this floor. They are united by their delegations, ten Senators, in favor of the free coinage of silver. The South seems also to have caught something of the spirit which actuates the mining States, because they desire, not exactly the free coinage of silver, but they desire an expansion of the currency, cheaper money, and broader credit, and they also are largely represented on this floor in support of the proposition in favor of the free coinage of silver. So in other parts of the country, those who have been taught to believe that great good can come to our country by an unlimited expansion of paper credit, with money more abundant than it is now, also believe in the free coinage of silver.

I, representing a State nearly central in population, have tested the sense of the people of Ohio, and they, I believe, are by a great majority, not only of the party to which I belong but of the Democratic party, opposed to the free coinage of silver. They believe that that will degrade the money of our country, reduce its pur-

chasing power fully one-third, destroy the bimetallic system which we have maintained for a long period of time, and reduce us to a single monometallic standard of silver measured by the value of 371½ grains to the dollar.

In support of this demand for free coinage these various interests allege that under the existing condition of things we have hard times. They complain of great distress in the country; and the Senator from Alabama [Mr. MORGAN] the other day endeavored to show that the United States of America is suffering with all the financial ills of life.

Now, I do not so regard the condition of things. There is no country in the world comparable with ours in its condition of prosperity and general health and growth in our financial and political relations.

Mr. MORGAN. If the Senator from Ohio will excuse me a moment, I did not make that as a general statement. I made it about the industrial communities of the South and West. Those are the people I referred to. The Senator's end of the world is very well off. They have the power over money, and they are holding it to our destruction.

Mr. SHERMAN. I am perfectly willing that that should be inserted in what I say here, but the Senator is very much mistaken as to what is the cause of the distress in the South. It is overproduction; an excess of riches. Their cotton crop was so great that it could not be consumed by all the artisans and the people of the world.

Mr. MORGAN. If the Senator will allow me one moment, as he asks me a question—

The PRESIDING OFFICER (Mr. SANDERS in the chair). Does the Senator from Ohio yield to the Senator from Alabama?

Mr. SHERMAN. I desire in this argument that I am making to pursue a particular line.

Mr. MORGAN. But the Senator has asked me a question.

Mr. SHERMAN. You have had your say, and I did not interrupt you.

Mr. MORGAN. I beg the Senator's pardon, but my point as to the cause of depression in my State was—

The PRESIDING OFFICER. The Senator from Ohio is entitled to the floor. Does he yield to the Senator from Alabama?

Mr. SHERMAN. I did not ask the Senator a question, and I am giving him my opinion about this subject. I am perfectly willing to be interrupted, but it would take me two days to get through if I should be interrupted here as I was a year or two ago.

Mr. MORGAN. I merely desire to enter a protest against your assertion that the cause of difficulty and trouble in the South is overproduction.

Mr. SHERMAN. You did that—

The PRESIDING OFFICER. Senators will address the Chair.

Mr. SHERMAN. The Senator did that several days ago, and I am now replying to his argument.

Mr. MORGAN. All right.

Mr. SHERMAN. The Senator knows well enough by experience that I can not be turned from the line of my argument by an interruption.

The Senator alleged distress in his portion of the country. I say that the large crops of cotton (and Senators on the other side of the Chamber are better able to answer than I am) oversupplied the market and necessarily reduced the price. It is an axiom that an overcrop is not worth as much in the aggregate as a moderate crop—that it is not worth much more than a very small crop. Wherever there is a failure to produce, then the demand for the production rises, and wherever there is an overproduction the price falls as inevitably as fate.

As to the statement that the South is not prosperous, while I take the opinion of the Senator from Alabama as having all the weight that one man can give to any opinion, I believe from what I read in regard to the South and from what I hear from others that although here and there a particular industry may be somewhat impaired or in distress, yet as a whole, especially in its mineral resources and its new developments, the South is the most prosperous part of the United States of America. The Senator's own State, where vast resources of wealth have been developed within a few years, I would select as the State which promises more for the future than almost any State in the Union with probably the exception of Montana, represented by you, sir [Mr. SANDERS in the chair].

The Senator from Alabama made a very pathetic appeal to us on behalf of a widow lady, an estimable and excellent lady who has 1,000 acres of rich land in Alabama and who was not able to borrow \$4,000 upon it.

Mr. MORGAN. The best land in the country.

Mr. SHERMAN. The best land in the country, and she can not borrow \$4,000?

Mr. MORGAN. No, sir.

Mr. SHERMAN. Now, there may be some depression of agricultural industry, but I will ask the Senator from Alabama whether there is another cause entering into this problem—whether this excellent widow would not be able to borrow that money if there was a certainty that she would pay it back in money of the same value that was loaned to her. It is conceded on all hands that all our standards of value are upon the basis of gold; but if the money should be loaned to this lady, and this bill for the free coinage of silver were to pass, as I shall show in the course of my argument, the creditor would be repaid by a depreciated coin, a coin less valuable than that which had been loaned. This has created a profound distrust in all the markets of the United States and in every part of our country.

I do not know how far that may mitigate the ability of this lady to borrow the money, which I hope she will get, for my sympathies were greatly aroused by the description of the Senator from Alabama. But I do think that the distrust which arises from the fear that part of the contracts now existing in gold may be paid with silver money, with a certainty, as the people think generally, that that means a single silver standard about equivalent to 66 cents on the dollar, may have a very great effect upon the mind of any person to whom this good widow may apply for the loan. There never was a time in the history of the United States when the rate of interest was so low for money promptly paid on demand or repaid upon the basis of gold coin.

Mr. MORGAN. Will the Senator allow me to ask him, would not in a case of that kind—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. SHERMAN. Certainly.

Mr. MORGAN. In a case of that kind the payment in coin certificates under the Senator's act of July, 1890, ought to be a good one.

Mr. SHERMAN. I will come after a while to the effect upon the coin certificates of the free coinage of silver, if the Senator will only be patient.

Mr. MORGAN. The Senator does not answer the question.

Mr. SHERMAN. I will answer it in due time. The Senator knows very well that I can not answer all his questions at once. If he will give me a list of his questions, I shall be very glad to answer every one of them categorically.

Mr. MORGAN. It is just one question, and no list is necessary.

Mr. SHERMAN. I want to say to the honorable Senator from Alabama also, that I am not to be disturbed by the frequent personal references made by himself and others to my action on financial questions for more than thirty years. I wish, as an introduction to what I have to say on the coinage question, to review these measures, and see whether I or any man who lived through those times is ashamed of them and of their effects. My share in them has been overestimated. I was but one of many here who participated in passing the laws to which I refer; but I stand here to defend them. Every one of them has been justified by time, and I believe it is the opinion now of those who study the history of the last thirty years, that while mistakes may have been made in our financial measures, on the whole the legislation has been the most successful financial legislation in the history of mankind. That is the recorded opinion not only of the leading British authorities, but of the French and other statesmen who have given their attention to it, and I might quote them here if I had time.

Now, what were those measures? Before the war broke out, in Mr. Buchanan's Administration, this country of ours was on the verge of financial as well as local and national dissolution. Sir, in the winter before the war broke out we borrowed money at various rates running up to 12 per cent interest to pay the expenses of the Congress then in session. We sold our bonds at 90 cents on the dollar, bearing 6 per cent interest in coin. We had come to a condition of absolute financial collapse. Here is a letter from Mr. Dix, then Secretary of the Treasury under Mr. Buchanan, to me as chairman of the Committee of Ways and Means of the House of Representatives, urging that provision should be made for pressing liabilities then due and unpaid, and demanding that some measure should be taken to borrow money if necessary for that purpose, and he closed this emphatic letter with a striking and remarkable statement, which shows the condition of our finances more than any other, that the Government of the United States was advised by him to pledge the money that had been deposited with the States as a security for our bonds, and if that was not sufficient to call upon the States to

guarantee the payment of those bonds that he was about to negotiate. That was the condition of the credit of our country, and I will take leave to quote the last paragraph in his letter upon this subject:

It is not doubted that the greater portion of the amount so deposited would be promptly and cheerfully repaid should an exigency arise involving the public honor or safety. If, instead of calling for these deposits, it should be deemed advisable to pledge them for the repayment of any money the Government might find it necessary to borrow, a loan contracted on such a basis of security, superadding to the plighted faith of the Federal Government that of the individual States, could hardly fail to be acceptable to capitalists.

Mr. President, that was the condition of things then, without credit, without money, without banks, because our banks were local banks and the subtreasury law forbade the receipt of paper money of those banks for any purpose whatever. Of gold and silver there was scarcely any. There we were, without money, without credit, borrowing money at 6 per cent and selling our bonds at 90 cents on the dollar. That was the condition in which we found ourselves.

Six months afterwards, when Congress met and the war was actually flagrant and was then going on and arms were marshaled all over our broad land, North and South, our brethren being called together to fight in deadly conflict upon the issues then involved, where were we? In that special session, convened here on the 4th of July, 1861, we had to issue our demand notes. We had no time for consideration about the raising of taxes or the security of bonds. We issued \$50,000,000 of demand notes, payable on demand. We did like every revolutionary government has always done, like our fathers in the Revolutionary war did when they issued their scrip, which was finally worth nothing and was redeemed at 1 cent on the dollar. We did as the French did when they issued their *assignats*, which were swept away without being paid at all. We did as the Confederate States did when they issued their Confederate scrip, which is not now worth 1 cent for \$10,000.

But while we did make this provision for immediate uses, at the next session of Congress we felt that the condition of affairs was such that we must build our financial structure upon a stronger foundation than demand notes, because the time would soon come when the demand notes could not be paid, and then as irredeemable money would go down, down, more and more, until it was lost in the fog or bog of repudiation.

Therefore it was that, in February, 1862, we adopted a new system of finance. We provided for the issue of the legal-tender United States notes that are still in existence. We did not agree to pay them at any fixed time. They were issued by us, but then we supported them by receiving them for all purposes except customs dues. We knew that the issue of paper money beyond a certain amount would destroy our credit; that we must finally depend upon borrowing money of the people of the United States and perhaps of the civilized world to aid us in putting down the rebellion. We therefore provided that our duties on customs, not then amounting to a very large sum, should be collected in coin, and that that coin should be set apart to pay the interest on the bonded debt of the United States. That simple provision was the most important financial measure adopted during the

civil war, because that gave us the means of paying the interest on our bonds, and when we came to sell the bonds after this provision was made we were able to sell them at 6 per cent, and finally the ten-forties at 5 per cent, receiving United States notes in payment and paying the interest of the bonds in gold or silver coin, which were then equivalent.

Mr. President, that was the fulcrum upon which the whole of our financial system rested, and yet that is the very point which is now attacked by wild visionaries, who think we could have issued greenbacks without limit to have carried on the operations of the war. It was only by this means that we were enabled to carry it on.

What next? We borrowed large sums of money. We sold the 5-20 bonds to the people in every hamlet in the broad land of the North. They were favorite securities, but we were careful when we issued these bonds to reserve the right to pay them in a brief period. We issued the 5-20 bonds with the right to redeem them after five years. Why? Because we knew that in the midst of war there was no time to talk about interest, or the rates of interest, or anything else, but we knew that when the war was over, as it would be in five years, either by the separation of this country into two hostile nations, or by the union of this country, by that time the end must be consummated one way or the other, and then the Government, whether only composed of the North or the whole Union, would be able to deal with the bonds on more favorable terms.

That was the condition. The ten-forties were sold in the same way, bearing 5 per cent interest. Those measures are now condemned by a great many people who do not think them so wise as they hoped, yet by them we were able to carry on the operations of the war. After it was over, what came then? The question arose very soon, how shall the 5-20 bonds, which began to fall due in 1868, be paid? There was a stipulation in those bonds that the interest should be paid in coin, but there was no stipulation that the principal of the bonds should be paid in coin--none whatever. When that question arose, I contended, as I do to-day and always have done, that the interest having been provided for to be paid in coin, and no provision being made about the principal, by a fair legal construction of those bonds we had the right to pay them in the greenbacks or United States notes then issued, and from that position I have never wavered from that day to this.

But here was the difficulty: The notes that we had issued we did promise to pay by every implied obligation that could rest upon a nation or a man. The United States promised to pay to the bearer \$5. When? When we were able. That is what was the meaning of the note, when the war was over; prosperity was revived; the Union was united; all our great country from ocean to ocean and from the Gulf of Mexico to Canada was quietly pursuing the even tenor of its way, all acting as citizens of a common country. The question then arose whether we ought not fairly and honestly raise the standard of value of those greenbacks up to the par of coin, or whether we should continue to refuse to make provision for their redemption and thus keep them below par in coin and avail ourselves of our own wrong to

use our dishonored notes in paying the bonds in a money less valuable than coin.

There was the rub. It was not as to the strict legal terms of the bonds, but whether we in honor as a nation could refuse still further to delay the payment of the notes about which there could be no doubt as to the meaning of their ultimate payment in coin in order to avail ourselves of an opportunity to cheat the bondholder out of a portion of the debt.

Sir, we decided that question by the first act of Gen. Grant's Administration in 1869 by the bill to strengthen the public credit. We declared by that act that we would not attempt to pay these bonds in any way until our greenbacks had risen to par in coin, and that was the position in which we stood. That position has been often misrepresented, but it was the position taken by the great party to which I belong—that we would not avail ourselves of any technicality, but that we would pay these bonds in coin by first making good our United States notes in coin.

The Senator from Alabama [Mr. MORGAN] flattered me the other day by reading or quoting what I said about the hard and toilsome journey of getting back from a depreciated currency to a coin standard. What I said then was true. All nations that have passed through such an emergency know how hard it was. But does the Senator from Alabama find in that speech, or any other that I have uttered, that we were not bound to take that weary journey?

No, sir. The time when and the circumstances under which we should resume specie payments were to be determined by the Congress of the United States. But from the time those notes were issued until they were redeemed there was never a moment when it was not contemplated that every dollar of them should finally be redeemed in coin or paid in coin. What I said then was not against resumption, but only pointing out the difficulties in the path and the importance of selecting the time when and the manner.

In the midst of this controversy the question about State banks came up. Those banks were then issuing about \$250,000,000 of circulation, I think. The United States would not use it. Then Congress undertook to drive out of existence that circulation by inducing in a double way the State banks to resolve themselves into national banks. In the first place, we told them if they did not do it we would tax them 10 per cent on their circulation. That was a pretty strong motive power. If they did it we would give them the right to issue their own currency to the extent of 90 per cent on the security of United States bonds that they might deposit. It is not necessary for me here and now to prolong the argument about these banks. No doubt they have had their day and will pass away, not because they are not good banks—they are the best in the world—but because the bonds of the United States upon which they rest will be paid off.

Then, Mr. President, the absorption of the State banks became absolute, and within eighteen months after the passage of that banking law there was not a State bank in the United States issuing currency. Some few lingered awhile to wind up their business. They were converted into national banks. And it can be said, Mr. President, that no man living has ever lost a

single dollar on any note issued by a national bank. Their depositors may have lost, and even that has been very little, on account of the strictness of the system; but nobody living has lost a dollar of the issue of any national bank. The system therefore has justified itself.

Then came the coinage act of 1873. I will briefly state the reasons for that act.

The Secretary of the Treasury, Mr. Boutwell, informed us in the first session, when he was Secretary, that a codification of the coinage and mint laws of the United States was absolutely necessary; that those laws were scattered through books during all the period of our Government; that some of the provisions were inconsistent with each other; and, therefore, he sent to us a bill to codify these coinage and mint laws. It was a large bill, unpleasant to handle. I was then chairman of the Committee on Finance of this body, and the bill came into my hands. I had no interest in it, and took none.

I looked it over carefully, scrutinized it, and found it to be a good bill, a substantial codification of the laws then in force. It was reported to the Senate, and finally the bill was passed; but, upon a question of whether or not the mintage charge should be repealed, and the repeal being carried, myself and nearly all the members of the Committee on Finance, including my honored friend, the Senator from Vermont [Mr. MORRILL], now chairman of that committee, voted against the passage of the bill. We took no interest in passing the bill except for the public good. In that bill the dollar was dropped in the coinage. Why was that? There was substituted for it a dollar called the trade dollar, upon the representations and upon the petitions of the Legislature of California, for the reason that I will now state. What was that dollar around which the tender affections of many good and honest people clung as if it were something deeply cherished by our brethren?

Mr. STEWART. Mr. President, if it will not interrupt the Senator, I should like to ask a question.

The PRESIDING OFFICER. Does the Senator from Ohio yield?

Mr. SHERMAN. I would rather not now; I will at some other time.

Now, Mr. President, let us see about that dollar upon which there is so much affection wasted. We all know the history of that dollar—that Mr. Jefferson and Mr. Hamilton, the Secretary of State and the Secretary of the Treasury, were endeavoring to establish the bimetallic system. In order to do that they recognized the duty of putting the two metals at a parity with each other at their exact ratio in the markets of the world. They took coins of gold and silver and melted them, and finally came to the conclusion that the ratio of 14 to 1 was the proper ratio to represent the equivalent value in the markets of the world. It turned out, however, that on account of the fact that the silver coins that were melted having been more or less worn by use, they had underestimated—

Mr. COCKRELL. Does the Senator mean to say the ratio was 14 to 1 or 15 to 1?

Mr. SHERMAN. Fifteen to 1. I beg pardon, and thank the

Senator from Missouri for the correction. It was 15 to 1. It turned out that the silver coins had been abraded, and therefore were less valuable; that they had made somewhat of a mistake, therefore. However, that ratio of 15 to 1 stood.

How many dollars were coined upon that ratio? I have here the tables contained in all our Mint reports, and I find that there was \$1,530,000 coined, and thereupon the coinage was stopped by Thomas Jefferson in 1805.

Why? The reason given by the Director of the Mint was, that these new coins were circulating in competition with old Mexican coins that had been filling the channels of circulation, thus causing our dollar to be exported from the country, and therefore its coinage was a useless expense and waste of time and labor. Therefore he stopped the coinage.

Then for a long period of years not one of the "dollars of the daddies," as it is recently commonly called, was issued, although anybody had a right under the law, as it then stood, to demand those dollars. But nobody wanted them.

Mr. TELLER. Will the Senator from Ohio yield to me a moment?

Mr. SHERMAN. Yes, sir.

Mr. TELLER. I want to ask the Senator if he will state to us now what took the place of the coinage of silver dollars during that period?

Mr. SHERMAN. The same kind of coin precisely that we have now, that is, the fractional coin, of which there was a great deal.

Mr. TELLER. Not at the same ratio.

Mr. STEWART. It was full legal tender.

Mr. SHERMAN. It was not a full legal-tender coin; and if Senators are not too impatient I will show them presently why the coinage of silver was reduced.

Now, sir, not until 1836, in the last year of Gen. Jackson's Administration, for some reason, I do not know what, one thousand silver dollars were demanded and issued. Then, again, it commenced in 1839, in Mr. Van Buren's Administration, and three hundred silver dollars were issued. So it continued, with sums varying from the small sums I have named, year by year, running up to \$1,100 and \$1,300, until 1872. I suppose that was the fiscal year ending June 30 of 1872; I do not know exactly how that was; at any rate, up to that time the dollars were issued in very small amounts, and the whole sum issued up to the time when this new coinage act was adopted was a little over \$8,000,000 from the beginning of the Government. I have not taken the trouble to make the additions, but that can very easily be done by anybody who chooses.

Now, Mr. President, it is said that we who have brought about the passage of this coinage law were unfriendly to silver, that we have been conspiring against silver. Why, Senators, I state to you that the bill was passed in its final stages without a single objection from the representatives of California, Nevada, the West, and all the country. Not one vote was cast against the passage of that bill.

It is sometimes said that they did not know the silver dollar was dropped. Whose fault was that? Anybody who would read

the bill would see it. There was put in the place of the dollar that was dropped, the trade dollar, in order to favor our Western friends in transporting their silver to China. I will speak of that again in a moment.

I have always felt that it was unfair, that it was unmanly, to arraign the gentlemen in charge of that bill, about which they cared nothing, because there was something omitted which it was thought to have been in it. Why did those who complain not put it there? The Secretary of the Treasury, the Comptroller of the Currency, and every man connected with that bill called attention over and over again to the fact that the dollar was omitted. Why was it omitted? Because it had been practically obsolete for a long period of years.

Then there was another reason. It had been practically demonetized in 1854 by the act of a Democratic Congress, under the rule and guide of Mr. Hunter, of this body. They disregarded and ignored it, and provided for the coinage of fractional silver coins containing $8\frac{1}{2}$ per cent less of silver than the former dollar, and they coined the half dollars and quarter dollars, or what was called fractional currency, containing 8 per cent less silver than the silver in the "dollars of the daddies." Why did they do that? They were good men and wise men. It was because silver, since the discovery of gold in California, was worth more than the ratio of 16 to 1, because by the discovery of gold the price of silver rose, just as upon the subsequent discovery of silver in the mines of Nevada and Colorado silver has fallen in value and gold may be said to have risen in value. Therefore, it was that in order to have any change at all we had to debase the silver coinage and make the coinage that we now have.

Mr. TELLER. May I ask the Senator from Ohio—

The PRESIDING OFFICER. Does the Senator from Ohio yield?

Mr. SHERMAN. Yes, sir.

Mr. TELLER. When the Senator from Ohio says that silver was demonetized, does he mean to say that anybody who chose could not go to the Mint with his silver and get silver dollars?

Mr. SHERMAN. Oh, no; I have already said that anybody could do that.

For thirty years only a solitary individual went probably, and got \$1,000. It was a privilege not cherished. The whole coinage of silver was only a little over \$8,000,000.

Mr. TELLER. Will the Senator tell us when it was demonetized how it was demonetized, as long as it would make payments and as long as the mints were open?

Mr. SHERMAN. Mr. President, I think I have already answered that. I said it was dropped from our coinage.

Mr. TELLER. It was not dropped until 1873.

Mr. SHERMAN. Nobody wanted it. It was obsolete, dead, dead.

It might be further added that the fact shown by the public records, that the reason why the \$1,000,000 was issued in the two last years before this change was made was because California was very anxious to get the Chinese laborers then to come over and build a railroad, and this coin, a little less valuable than Mexican coin, was made for the purpose of paying these

Chinamen, because they were accustomed to silver in their own country and wanted silver here.

Mr. MORGAN. Will it interrupt the Senator from Ohio if I ask a question at that point? The Senator says that nobody wanted silver coined, and that is the reason it was not coined. Does he assert that while it was at a premium of 2 per cent over gold nobody wanted it?

Mr. SHERMAN. Nobody wanted it coined. It could be sold to better advantage in the French market. As a matter of course according to our law they had to deposit 16 ounces of silver to get 1 ounce of gold money or its equivalent, but they could send it to France and sell it for 6 per cent more.

Mr. MORGAN. Silver was then so valuable that people did not want to coin it, I understand the Senator to say.

Mr. SHERMAN. They could not afford to do so very well.

Mr. MORGAN. That is not the reason why the amount of pure silver was taken out of subsidiary coin.

Mr. SHERMAN. Seven or 8 per cent.

Mr. MORGAN. Does the Senator say that?

Mr. SHERMAN. I said it was a Democratic measure, in order to get silver coins in circulation.

Mr. MCPHERSON. I do not wish to interrupt the Senator from Ohio, but I should like to have him clear up one point which perhaps he will do. I should like to inquire whether this fractional currency that he speaks of being 8 per cent less in value than the gold dollar was coined on Government account or whether it was coined for the bullion only.

Mr. SHERMAN. It was coined on Government account; the bullion owners had nothing to do with it. Then we bought the silver at its market value, and we coined it for Government account.

Mr. MORRILL. Mr. President, I must object to these constant interruptions. It is a practice that has grown up since my entrance into the Senate, and I think it is against the dignity of this body to turn every man's speech into a colloquy.

Mr. SHERMAN. Mr. President, I shall be very glad indeed if the Senate will follow our Nestor's advice, for then I shall get through this harangue much sooner than otherwise.

Mr. PUGH. Will the Senator from Ohio allow me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. PUGH. I desire to ask the Senator a question.

Mr. SHERMAN. Yes, sir.

Mr. PUGH. My question is, at the time the Senator is speaking of and during that whole period what was silver worth and selling for in the bullion market—not what it was worth in money, but what was silver selling for in the American bullion markets as bullion?

Mr. SHERMAN. I think I can answer the Senator very clearly on that point. Not until the discovery of gold in California was there any marked difference. Then the price of silver rose. I think about 1850 or 1851 it rose to the French ratio of 15½ to 1, and then it rose about 3 per cent in addition to that, until the French were very much disturbed. It rose to \$1.35 an ounce, while the legal ratio was but \$1.29½ per ounce.

Mr. PUGH. It was worth as bullion more than money, and hence the owners did not coin it.

Mr. SHERMAN. That is true.

Mr. President, when that law of 1873 was passed the only trouble about it was that we were not as wise as the Almighty Ruler of the universe. We could not see ahead. I have no doubt, however, that if it had been known that silver was going to fall as much as it did after that it might have made a change. But I know myself—and I speak for myself only—that while I did not know it, did not dream of the fall in the price of silver following that law, yet I do now say, in the light of all the circumstances that surrounded us, that if I had known it I would have kept the silver dollar there and put it on the same footing as the fractional silver dollar and no better.

Now, Mr. President, let us go a little further. A rapid change occurred in the coinage of Germany from a silver basis to a gold basis. The change in Germany necessarily suspended the coinage under the agreement of the Latin Union, which was an agreement by which each nation entering into it provided for the issue of so much silver coin of a certain character, agreeing among themselves that the balances that should be due to any nation or to the people of any nation at the end of the term should be paid in gold coin. Just about that time also the discovery of silver in the West and other discoveries in Australia and elsewhere, together with the increased production of silver—and I will hereafter furnish a table giving the exact figures—combined with other causes led to the gradual fall of silver.

It was said, therefore, that we who had the law passed were unfriendly to silver. Let me answer and state the exact facts as a denial of that.

Why, sir, under the resumption act—and I suppose I may fairly be held responsible for that—under the resumption act we bought more of silver and issued more silver coin, fourfold, than we issued of the old silver dollars. Under the Allison act, as it was called, of 1878, together with the act of 1890, there were issued 388,000,000 silver dollars, forty-five times as much as was issued of the old silver dollars; and of the trade dollars, which superseded the old silver dollars, we issued, 36,000,000, being more than four times the amount of all the "dollars of the daddies" that were coined prior to 1873.

Mr. TELLER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. TELLER. I should like to know of the Senator, if he will answer the question, whether he was in favor of what he called the Bland-Allison act?

Mr. SHERMAN. I think I have answered that once or twice, Mr. President. I was opposed to the Bland bill, though not then a member of Congress, but Secretary of the Treasury, and so stated in a public speech. Does the Senator wish me to repeat it? I stated in a public speech in the Senate and on the stump that I was opposed to the Bland bill, but I was in favor of the Allison bill: that I did not concur in the view taken by President Hayes as to the Allison bill, because I drew a clear line of distinction between the Allison bill and the Bland bill. One

was for the free coinage of silver and the other was for the purpose of establishing a bimetallic standard of gold and silver tied to each other.

Mr. TELLER. The Senator does not answer my question. I did not ask him if he was in favor of the Bland bill; I asked him if he was in favor of the Bland-Allison bill.

Mr. SHERMAN. There is no Bland-Allison bill. They took all the Bland out of it when they put the Allison in it. [Laughter.]

Mr. TELLER. I wish very much the Senator from Ohio would answer the question whether he was in favor of the bill of February 28, 1878.

Mr. SHERMAN. I was in favor of what I call the Allison bill. The Senator from Colorado can not compel me to give a bad name to a good measure. [Laughter.]

Now, Mr. President, there was one more act to complete the series of measures to which I have referred. I have wasted a good deal of time upon the one I have been talking about, and yet this question in regard to the old coinage act of 1873 has been brought up so often that I thought it due to the subject-matter and to myself that I should state what I have in regard to it.

In respect to the resumption of specie payments, it again became an important and vital measure at that time. Gold was then the legal standard, in 1875. The law was passed in 1875. That resumption act, which was looked upon as a bugaboo, and was at the time thought by many honest people to be the surest road to the devil, provided for resumption first, of the silver coin provided by our Democratic brethren in 1854. We got rid of the shinplasters, as they were called, the fractional notes, and we made more than \$6,000,000 out of the people of the United States by their destruction, because that amount of them was lost and we never had to redeem them. That is a profit fund, I suppose, that we can draw upon some time in an emergency.

Now, Mr. President, the resumption act absorbed a large amount of silver. I have here a telegram from the Director of the Mint stating the exact amount, and it was \$41,064,000. So it was the resumption act, supposed to be a bad act, that gave use for this large amount of silver bullion.

Mr. TELLER. Can the Senator tell us how long it continued?

Mr. SHERMAN. Four or five years. You will find it in the book. I have counted from 1875. I have references here to the amount each year, but I have here the formal telegram to me stating \$41,064,000 in fractional silver coin coined under the resumption act. No doubt some was coined after resumption had been brought about.

I will hand to the Reporter a carefully prepared statement of the standard silver dollars coined, in circulation, and in the Treasury; and of silver certificates in the Treasury and in circulation, from the latest returns received.

Statement of standard silver dollars coined, in circulation, and in Treasury; and of silver certificates in the Treasury and in circulation, from the latest returns received.

Standard silver dollars coined, act July 14, 1890.....	\$25,350,065
Bullion purchased, act July 14, 1890.....	71,417,813
Total coin and bullion, act July 14, 1890.....	<u>96,767,908</u>

Statement of standard silver dollars coined, etc.—Continued.

Standard silver dollars coined against which silver certificates are issued.	Act 1878.....	378,166,793
	Profits on coinage act 1890.....	4,860,000
	Coined from trade-dollar billion..	5,078,472
Total		388,105,265
Standard silver dollars in the Treasury.....		330,926,381
Silver certificates in circulation.....		326,785,703
Silver certificates in the Treasury, cash.....		3,960,299
Net standard silver dollars in the Treasury after deducting silver certificates in circulation.....		4,140,678
Standard silver dollars in circulation.....		57,178,884
<i>May 25, 1892.</i>		

Also a statement showing the prices of this silver at different periods in 1892, and the lowest price March 28, 1892:

Average price of an ounce of silver in month of—	
January, 1892.....	\$0.9441
February, 1892.....	.9107
March, 1892.....	.897
April, 1892.....	.874

Lowest price, March 28, 1892, 85 cents an ounce. Equal to \$0.6612 for the 371 grains in silver dollar.

Silver coined or purchased since 1873: Under resumption act (subsidiary coin), \$44,064,000; under Allison act (1878), \$388,166,793; under act of July 14, 1890, \$96,767,908; under trade-dollar act, \$35,965,924.—*Mint Report of 1890*, page 212.

In respect to the recent decline of silver I have been kindly furnished by the Director of the Mint with the proof sheets of his forthcoming report, in which he states the fluctuations in the price of silver during the last eighteen months:

THE COURSE OF SILVER.

At the commencement of the calendar year 1891 the price of silver in London was 48½ pence, equivalent at the par of exchange to \$1.0580 per fine ounce. The price in New York at the same date was \$1.0525 per fine ounce. On the 5th of January the price had receded to 47½ pence, equal to \$1.048. From this date the price slightly but steadily advanced until it reached 48½ pence, equal to \$1.0672, on the 13th of January. It then declined until at the close of January it had reached 46½ pence, equal to \$1.0275 per fine ounce. The New York price at the same date was \$1.03.

The price continued to decline in February, closing on the 23th at 44½ pence in London, equivalent to \$0.9750 per fine ounce, the New York price at the same time being \$0.98.

In March the price gradually rose until the 13th, when it had reached 45½ pence, equal to \$0.9832. From this point it declined, and closed on the 31st at the opening rate, namely, 44½ pence, or \$0.9782.

On April 1 the price was 45 pence, and closed on the 30th at 44½, equal to \$0.9727.

In May the opening price was 44½, slightly fluctuating during the month, and closing at 44½ pence, or 97 cents. The New York and London prices were about the same during the month.

The opening price in June was 44½ pence, equal to 97 cents. On the 23d of that month the price had advanced to 46 pence, equal to \$1.008, caused by special demands for the Continent. From this date it declined, closing on June 30 at 43½, equal to \$1.003 per fine ounce; the New York price on the same date being \$1.01.

The opening rate for July was 46½, equal to \$1.0165. During July the price remained comparatively steady, but with a downward tendency.

In August the opening price was 46½ pence, equal to \$1.0083, and the closing price 45½ pence, equal to \$0.9875, a loss of over 2 cents per fine ounce.

In September the price opened at 45 pence, equal to \$0.986, with slight variations, closing on the 30th at 44½ pence, equal to \$0.9837.

In October the opening price was 45 pence, and the closing 44½ pence, equal to \$0.966.

In November the price gradually declined during the month, closing at 43½ pence, equal to \$0.955.

In December the fluctuations were slight, closing at 43½ pence, equivalent to \$0.959 per fine ounce, the New York price being \$0.955.

The average price of silver for the calendar year 1891 was, in London, 45½ pence, equivalent to \$0.983 per fine ounce, and in New York 99 cents per fine ounce.

The following table exhibits the highest, lowest, and average price of silver during the calendar year:

I also insert a table giving the highest and lowest average price of silver bullion and the price per fine ounce for each month during the calendar year 1891:

Highest, lowest, and average price of silver bullion, and value of a fine ounce, each month during the calendar year 1891.

Months.	Highest, pence.	Lowest, pence.	Average price per ounce, British standard, .925.	Equivalent value of a fine ounce with exchange at par, \$1.8665.	Average monthly price at New York of exchange on London.	Equivalent value of a fine ounce based on average monthly price and average rate of exchange.	Average monthly New York price of fine bar silver.
January	48½	46½	47.939	\$1.05085	\$4.8637	\$1.05034	\$1.05560
February	46½	44½	45.547	.99844	4.8772	1.00202	1.00521
March	45½	44½	44.928	.98487	4.8836	.98854	.99074
April	45	43½	44.528	.97610	4.8849	.99453	.98015
May	45½	44½	44.481	.97507	4.8840	.97805	.98355
June	46	44½	44.973	.98586	4.8861	.98924	.99557
July	46½	45½	46.002	1.00841	4.8688	1.00825	1.01586
August	46½	45½	45.412	.99548	4.8737	.99390	.99610
September	45½	44½	45.016	.98680	4.8405	.97767	.98240
October	45	44½	44.555	.97669	4.8353	.97046	.96972
November	44½	43½	43.690	.95773	4.8372	.95257	.95277
December	44½	43½	43.775	.95959	4.8432	.95517	.95639
Average			45.070+	.98799+	4.8648+	.98840+	.99033+

This is all I have to say in regard to that matter.

There is one other policy which, in my judgment, ought not to be passed over, although it has no direct relation to our coinage and mintage system, and that is the policy of protection for our industries. I believe that the protective policy, as it is called, has, united with our financial policy, contributed more to the development and growth of our country than any other; that without reasonable protection for American labor it would have been impossible to develop our vast industries. I know these are questions that involve political considerations, and I do not wish to discuss them at length at this time, particularly as I see the Senator from Texas [Mr. MILLS] before me.

I will let the question of protection pass until we can discuss it more at length upon some more appropriate bill.

Now, what is the question before us? It is the free coinage of silver. Here is the proposition:

That from and after the date and passage of this act the unit of value in the United States shall be the dollar, and the same may be coined of 412½ grains

of standard silver or 25.8 grains of standard gold, and the said coins shall be legal tender for all debts, public and private; that hereafter any owner of silver or gold bullion may deposit the same at any mint of the United States to be formed into standard dollars for his benefit and without charge; but it shall be lawful to refuse any deposit of less value than \$100 or any bullion so base as to be unsuitable for the operations of the mints.

This provides for the free coinage of silver at the legal ratio of 16 to 1. If that were also the relative market value between silver and gold, there would be no question about the propriety of free coinage of silver and gold. But the trouble is that 1 ounce of gold is worth more than 16 ounces of silver. It requires in the markets of the world to-day, by the lowest quotations I have, between 23 and 24 ounces of silver to buy an ounce of gold. We have, as I have shown you, ourselves bought within the last two years the enormous sum I have already stated, and the average price has been, taking it altogether, about \$1 an ounce, but it went down at one time to 85½ cents, making the silver dollar worth in the market only 65½ cents. I have a telegram here giving the market to-day. It is slightly stiffened above what it was a few days ago, in the latter part of March:

TREASURY DEPARTMENT, *May 31, 1892.*

Hon. JOHN SHERMAN:

Parity, to-day's London, 88.37 cents; New York price, 88 cents.

E. O. LEECH.

Now you can go into any market in the world and buy with 1 ounce of gold 23 ounces of silver. Yet we are required and requested to pass a law that any silver bullion in any form, whether in a teapot or imported from China, with all their characters upon it, or from the mines of Nevada and Colorado and other States, when presented by the holder, may be coined into silver dollars at the ratio of 16 ounces of silver to 1 ounce of gold and made a legal tender for all purposes, debts, public and private. If we can not coin fast enough to satisfy the demand, it is further provided that we must issue our notes for it, our Treasury notes, promises to pay money at \$1 for 371 grains of silver. In other words, like a bankrupt, we are called upon to give our note for \$100 in order to get \$66.

That is the position—I am sorry to say it—in which this question is presented to my mind. I may be all wrong. I do not wish to do anybody injustice. But it strikes me that it is wrong in principle, wrong in detail, wrong in every respect, a fraud upon the creditor, a deception to the debtor.

By the demonetization of gold the English standard or pound sterling, instead of being \$4.846, which it is to-day, would be worth something over \$7, and the French franc in our money would be worth about 30 cents. And all these disturbances are for what purpose? To give a market to a domestic product.

Let us look into this matter a little more closely. It must be remembered that this offer of ours extends to all the silver-producing world, and we are at once confronted with the idea that the silver may come to us from any of the countries abroad. That is a point I want to try to make clear, if I can, to the Senator from Colorado. What is the mass of silver in sight in the world? Here is a table which I will insert, and which shows that the

stock of silver on hand in sight is \$3,866,762,000. That is the fund to be drawn from.

Table exhibiting, approximately, the stock of money in the aggregate and per capita in the principal countries of the world.

Countries.	Popula- tion.	Stock of gold.	Stock of silver.	Per capita.			
				Gold.	Sil- ver.	Pa- per.	To- tal.
United States	65,000,000	\$687,000,000	\$556,000,000	\$10.57	\$8.55	\$3.51	\$25.63
United Kingdom	38,000,000	550,000,000	100,000,000	14.47	2.63	.80	17.90
France	39,000,000	900,000,000	700,000,000	23.07	17.95	2.09	43.11
Germany	49,500,000	500,000,000	205,000,000	10.10	4.14	2.16	16.40
Belgium	6,100,000	65,000,000	55,000,000	10.66	9.02	8.85	28.53
Italy	31,000,000	93,605,000	50,200,000	3.02	1.62	5.27	9.91
Switzerland	2,000,000	15,000,000	15,000,000	5.00	5.00	4.67	14.67
Greece	2,200,000	2,000,000	4,000,000	.91	1.82	6.36	9.09
Spain	18,000,000	100,000,000	128,000,000	5.56	6.94	6.22	17.72
Portugal	5,000,000	40,000,000	10,000,000	8.00	2.00	1.20	11.20
Austria-Hungary	40,000,000	31,330,000	90,000,000	.77	2.25	6.50	9.52
Netherlands	4,500,000	25,000,000	65,000,000	5.55	14.44	18.89	28.88
Scandinavian Union.	8,600,000	32,000,000	10,000,000	3.72	1.16	3.14	8.02
Russia	113,000,000	190,000,000	60,000,000	1.68	.53	4.42	6.63
Turkey	33,000,000	50,000,000	45,000,000	1.52	1.36	-----	2.88
Australia	4,000,000	100,000,000	7,000,000	25.00	1.75	-----	26.75
Egypt	7,000,000	100,000,000	15,000,000	14.29	2.14	-----	16.43
Mexico	11,600,000	5,000,000	50,000,000	.43	4.31	.17	4.91
Central America	3,000,000	-----	500,000	-----	.17	.67	.84
South America	35,000,000	45,000,000	25,000,000	1.29	.71	8.57	10.57
Japan	40,000,000	90,000,000	50,000,000	2.25	1.25	1.40	4.90
India	255,000,000	-----	900,000,000	-----	3.53	.11	3.64
China	400,000,000	-----	700,000,000	-----	1.75	-----	1.75
The Straits	-----	-----	100,000,000	-----	-----	-----	-----
Canada	4,500,000	16,000,000	5,000,000	3.53	1.11	8.89	13.53
Cuba, Haiti, etc.	2,000,000	20,000,000	2,000,000	10.00	1.00	20.00	31.00
Total	-----	3,658,935,000	3,944,700,000	-----	-----	-----	-----

E. O. LEECH, *Director of the Mint.*

BUREAU OF THE MINT,
Treasury Department, May 24, 1892.

Mr. COCKRELL. What report is the Senator quoting from?

Mr. SHERMAN. This is your table, the one you brought out.

Mr. COCKRELL. I desire to call the attention of the Senator from Ohio to the fact that that table was afterwards corrected by the Director of the Mint and brought down to the very latest date, showing that the total amount of silver is \$3,944,700,000.

Mr. SHERMAN. That makes \$100,000,000 more than I have stated, which puts me on the safe side. So I receive the Senator's correction with pleasure, and will insert his table in the place of the one I have.

Mr. COCKRELL. I had it corrected and a new issue of the document made.

Mr. SHERMAN. So, Mr. President, we have the alarming fact that we are buying and taking a commodity of which there is in sight nearly \$4,000,000,000.

But that is not all. It is well known that the production of silver, not only in our own country, but in all the countries of the world, is enormously increased and greatly increasing.

Without going into the slightest exaggeration about that, I give simply the official figures, and here they are:

TREASURY DEPARTMENT.

Hon. JOHN SHERMAN:

The product of silver for the calendar year 1891 in the United States was 58,330,000 ounces; in the world, 143,550,000 ounces; an increase in the United States over the prior calendar year of nearly 4,000,000 ounces and in the world of about 10,000,000 ounces.

E. O. LEECH, *Director of Mint.**Product of silver from the mines in the United States, 1873 to 1891.*

Calendar year.	Fine ounces.	Commercial value.	Coining value.
1873.....	27,650,000	\$35,750,000	\$35,750,000
1874.....	28,849,000	36,869,000	37,300,000
1875.....	24,518,000	30,540,000	31,700,000
1876.....	30,003,000	34,690,000	38,800,000
1877.....	30,783,000	36,970,000	39,800,000
1878.....	31,960,000	40,270,000	45,200,000
1879.....	31,550,000	35,430,000	40,800,000
1880.....	30,320,000	34,720,000	39,200,000
1881.....	33,260,000	37,850,000	43,000,000
1882.....	35,230,000	41,120,000	46,800,000
1883.....	35,730,000	39,660,000	46,200,000
1884.....	37,800,000	42,070,000	48,800,000
1885.....	39,910,000	42,500,000	51,600,000
1886.....	39,440,000	39,230,000	51,000,000
1887.....	41,260,000	40,410,000	53,350,000
1888.....	45,780,000	43,020,000	59,195,000
1889.....	50,000,000	46,750,000	64,646,464
1890.....	54,500,000	57,225,000	70,464,645
1891*.....	58,000,000	57,304,000	74,989,898

*Estimated.

This table shows the annual product of silver from the mines of the United States from 1873 to 1891, and shows that in 1873 the number of ounces was 27,000,000; coinage value, \$35,750,000. In 1891 the number of ounces was 58,000,000 and the coinage value \$74,989,000. So that it has more than doubled in the period of seventeen years, while our population has been growing during that same period perhaps 50 per cent. Here, therefore, is an increase in our own country, and I will in a moment give an explanation of it.

Here is also a table showing the production of silver of the world, and I find the same relative increase extends into other countries; that in 1873 the number of fine ounces (troy) was 63,267,000, and in 1891 it was 143,550,000—showing that it more than doubled in the period of seventeen years:

Production of silver in the world for the calendar years 1873-1891.

Calendar years.	Fine ounces (troy).	Commercial value.	Coining value.
1873.....	63,267,000	\$82,120,000	\$81,800,000
1874.....	55,300,000	70,673,000	71,500,000
1875.....	62,262,000	77,578,000	80,500,000
1876.....	67,753,000	78,322,000	87,600,000
1877.....	62,648,000	75,240,000	81,000,000
1878.....	73,476,000	84,644,000	95,000,000
1879.....	74,250,000	83,383,000	96,000,000

Production of silver in the world for the calendar years 1873-1891—Continued.

Calendar years.	Fine ounces (troy).	Commercial value.	Coining value.
1880.....	74,791,000	\$85,636,000	\$96,700,000
1881.....	78,890,000	89,777,000	102,000,000
1882.....	86,470,000	95,230,000	111,800,000
1883.....	89,177,000	98,988,000	115,300,000
1884.....	81,597,000	90,817,000	105,500,000
1885.....	91,652,000	97,564,000	118,500,000
1886.....	93,276,000	92,772,000	120,600,000
1887.....	96,124,000	94,031,000	124,281,000
1888.....	108,827,000	102,283,000	140,706,000
1889.....	125,420,000	117,268,000	162,159,000
1890.....	134,380,000	141,100,000	173,743,000
1891.....	143,550,000	141,827,000	185,600,000

Now, what is the cause of that? It is very difficult to ascertain the cause. The same remarkable fact occurs in regard to the other metals of the world. The new processes of reducing metals by heat has brought a revolution in the whole metallic production and industry of the world. Iron a few years ago was worth \$100 a ton in almost any market. Now ordinary building materials are sold at \$25 to \$30 per ton. In the different forms it is capable of being bought generally at about one-fourth of what it was fifteen to twenty-five years ago.

Then there is the production of nickel, one of the most remarkable metals in the world. Nickel, during the war, or when we commenced resuming specie payments with nickel coins as against our fractional paper, I think cost about \$1.50 a pound—fully that, or a little over. Now nickel can be bought in the markets of the world at 30 cents a pound.

Copper has gone down more than half. So it has been with silver and with all the metals.

It has been said that we have reached the limit of production. My friend from Colorado was very critical indeed because I quoted some gentleman about an exaggerated statement of the increase of silver. While I have given the cold facts and figures, I will read now an extract from the San Francisco Chronicle as to the probability of a further increase of both gold and silver, and I believe that is pretty good authority. Let us see what that paper says in a recent article, May 24, 1892:

That the deposits, instead of approaching exhaustion, have, in fact, only been exploited to an inconsiderable degree, is firmly believed by every miner who has made the subject a study. The surface has been skimmed over, hundreds of millions have been extracted. It is true, but there remain in the bowels of the earth treasures awaiting the turning of the key in the hands of science, which will throw into the shade all the results yet produced. What has been accomplished so far has been simply the clearing away of the debris of ages from the massive doors of the storehouse of nature, preparatory to a combined assault thereon. When that attack shall have been successfully made, as it is destined to be, there will be such an outpouring of treasure from the mountains of the western half of this continent as will surpass anything yet seen in the history of the precious metals.

That has reference to both gold and silver. I will also read this from the report of the Director of the Mint for 1892:

PRODUCT OF SILVER IN THE UNITED STATES.

While the silver product of our mines is not susceptible of as close approximation as the gold product, for reasons set forth at length in the last report

of this series, it is certain that the silver output of our mines increased largely during the last calendar year. This was owing partly to the increased value of silver during the early part of the year, rendering it profitable to work mines which had closed down when the price of silver had reached a very low point, but principally to new and valuable finds of silver, notably at Creede in Colorado, and to cheapening the processes of smelting lead and copper ores bearing silver.

So there were three causes for that.

Mr. President, I have said what I desire to say as to the quantity of silver that may be thrown into our markets, as to the increased production of silver, and as to the new methods adopted in regard to its coinage.

There was another point to this cause that I had intended to dwell upon, but I will not on account of the fact that I have already consumed more time upon other parts of my argument than I had intended to. I refer to the cost of production. From all reports we have from the mines themselves as to the cost of production of silver, even at its present value in the market, they must yield an enormous profit, but I will take occasion sometime when I have sufficient time before me to go into that subject, and then I will gladly receive from my friend from Nevada [Mr. JONES] any information he has upon the subject. I do not wish in the least to throw any obstacles in the way of the production of silver in this country, but I do not want to pay for it more than the market calls for or the cost of its production.

The free coinage of silver will result in one of two things, either it will bring the whole mass of silver in the world up to the standard of gold at the ratio of 16 to 1, or it will demonetize gold and establish in our country the single standard of silver, worth to-day in the market 67 cents on the dollar. Is there a doubt about it? Can there be any halfway measure in regard to this matter? Is there any way by which we can prevent this inevitable logical result? Is it possible, is there a Senator here who believes, that the mass of silver and the value put upon silver in all of the countries of the world can be changed by our action and by our offer to buy that silver?

Mr. TELLER. If the Senator will allow me, I should like to suggest to him that every dollar of the \$3,900,000,000 of silver mentioned in the statement he has made is doing money duty at a ratio which overvalues the silver, with our valuation and therefore we have nothing to do with raising its value. Its value has been raised by the laws of the countries in which it is coined.

Mr. SHERMAN. If I do not prove to the Senator from Colorado and to this Senate that these hoards of silver, as he calls them, will come to us and that the holders of silver are now watching our proceedings with the hope that we will relieve them from the surrounding circumstances, then I will give it up. I can not, however, do it all at once. I must go on in an orderly way.

Mr. TELLER. But the Senator asks if any Senator says we can raise that silver in its value. I deny that any proposition is made to raise it. We do not propose to raise it, because it is already raised.

Mr. SHERMAN. Why, Mr. President, in the markets of the world, by the laws of all the gold nations especially, silver is not worth that ratio to gold. How can we make it so, except by buying all that is offered at the ratio of 16 to 1, not only all

which now exists but all which may be produced not only in the mines of the United States but in the mines of the world?

Are we so blinded that we can not see that before we can make a parity between gold and silver to justify the free coinage of silver we must be prepared to buy all that is offered out of these vast hoards? I will show you that we are absolutely unable to buy this great quantity of silver and maintain it at par with gold. We can buy that silver and issue our coin for it, and we may issue our notes for it, but with this \$3,800,000,000 we should have a greater debt than we had during the war. I do not suppose the silver would all come here, because this scheme would fail long before much of it could come; but if there is anything in the law of demand and supply or in the law of logic that is clear, then one of two things must occur—either we must lift the mass of this silver currency up to the standard of gold, 16 to 1, or, failing in that, we fall to the standard of 371 grains of silver as our dollar.

I say I have not yet seen a single man, unless it may be my friend from Colorado [Mr. TELLER]—if he will permit me to call him my friend—who will say that we can do it. We must do it. That is an axiom. We can not fix its ratio, inviting all the nation of the world to sell to us, unless we are prepared to buy. How are we going to pay for it? In our silver dollar and in our note. Suppose the note is presented the next day to the Treasury and gold is demanded? All our securities are now upon the basis of gold. If payment in gold is refused and it is paid in silver, then quick as the flash of the lightning the information will be telegraphed all around the world to every commercial town that the United States refuses to pay gold for these Treasury notes, that it has offered silver, and the value of the Treasury note, the value of the coin will all fall to its intrinsic value as silver bullion in the market of the world. No argument can make that clearer. Gold will be quoted at a premium, as it was during the war. We passed through that once, and perhaps we may have to pass through it again, but I trust not. The result would be that in our foreign commerce we should have to quote the sovereign of England at about \$7.07, and so with other foreign coin.

As for the rich people, whom some of our friends do not seem to like, and as to the poor people, whom they seek by lip-service, at least, very much to praise, this legislation will be in favor of the rich and against the poor. The rich man can provide that his contracts shall be payable in gold. Under the common law of England, as well as the statute law of the United States, in the act of 1890, every man will make a contract for payment in such coin as he insists upon and stipulates for. The result will be that contracts will be made with the rich payable in gold, but how can the poor laboring man make such a contract? How can the bricklayer or the carpenter, the daily toilsman who works his eight hours a day in faithful labor for a daily pittance make such contracts? He can not make them. He may be led by the deception of able Senators and others and by their misleading logic to believe that he will get just as many dollars as he did before, but their purchasing power will be greatly diminished.

When the fall comes, he may have his \$4 a day, but it will only buy two-thirds as much hog and hominy and the good things of life, those things which are necessary to support life, as did the old wages. Can there be a doubt about it? Then there comes trouble as to their wages. I have no doubt the intelligent workmen of our country will see the injustice of this proposition and will demand increased wages, and there the struggle will come.

You may not know, sir (addressing Mr. GEORGE), living in Mississippi, as I do, living in a region where large manufacturing establishments are conducted, how difficult and dangerous this collision between labor and capital may prove to be. As a matter of course, every sentiment of justice and every instinct of humanity would say to the laboring man, if he is paid in a cheaper coin, he ought to have more, but will he get it? There will be the struggle. What will you do about your public debt and your public credit?

Mr. PUGH. Will the Senator allow me.

Mr. SHERMAN. Certainly.

Mr. PUGH. I understood the Senator to say in the beginning of his argument, which is very able and interesting, that there was no better currency than our currency anywhere in the world, that our currency to-day is in a perfectly healthy condition. Now, five hundred millions of that currency are made up of silver, which he says is not worth more than 67 cents in the dollar, and under the law which he aided in passing and for which he says he voted reluctantly, the law of the 14th of July, 1890, the Government is now issuing over \$50,000,000 a year founded on the silver dollar, which he states is not worth more than 67 cents.

Mr. SHERMAN. I will say to my friend from Alabama, for whom I have great respect, that I intend to devote considerable time to that very proposition, to show the difference between the money now and the money that will be made by the free coinage of silver.

Mr. PUGH. It will take a great deal of time to do that; I have no doubt.

Mr. SHERMAN. I have no doubt the Senator from Alabama is a sensible and fair man, and if I do not convince, or try to convince him at least, it will be my fault and not the fault of the logic.

Mr. President, the Senator from Colorado [Mr. TELLER] wants proof here. He says that other people have stated what I state now about the inevitable result, and he wants proof. I do not think any proof is needed, because these things which I have been uttering are axioms known to every man. But I propose to offer proof by human living witnesses.

We offer 1 ounce of gold for 16 ounces of silver, which in the market will buy 24 ounces of silver, with the option to the depositor of silver to take the coin, if he chooses to wait for it, or our promissory notes. I say that this proposition will bring us to the single silver standard as soon as it is put into fair operation. I will give you the evidence of it.

First, every silver miner in the West, so far as I know, the producers of silver and the people among whom they live guard against the possibility of being paid in silver by providing for

payments in gold coin. I have here a recent letter from J. B. Edmonds, dated April 12, in which he states—

Mr. TELLER. Who is he?

Mr. SHERMAN. I do not know.

Mr. TELLER. Where is he from?

Mr. SHERMAN. I presume he lives in this city, but he says this is his opinion:

EDITOR POST: It seems from Senator STEWART's explanation, as published in the Post, of his taking notes and mortgages in California payable in gold coin that it was according to the custom of that State under a statute made to avoid payments in other kinds of money. The statute of that State simply requires the courts to give judgment in the kind of money the contract calls for. (See Code of Civil Procedure of 1876, section 10667).

The statute of Nevada makes a similar provision, and goes even further by providing that all judgments for damages shall be payable in gold coin. (See general statutes of Nevada, section 3224.)

As he refers to the statutes of Nevada, I imagine he is a lawyer from Nevada. The Senator from Nevada may know him.

Mr. ALLISON. He was formerly one of the Commissioners of the District of Columbia.

Mr. SHERMAN. Oh, yes, I remember him now. He was one of the Commissioners of the District, and is an intelligent and able man.

In both States the statutes protect promises of payment in gold coin, which by general custom is inserted in notes and contracts. So the Senator, in taking such promises, did only what is customary in those States, and is sure of payment in gold regardless of legal tender or silver legislation by Congress.

But—

Here is the point—

But do not these local statutes and customs prove conclusively that the people of those States insist upon payment in gold coin in their own transactions while trying to force their silver upon others? While parties may stipulate free silver or other lawful money, it is a privilege not often exercised, not even by the chief apostles of silver.

Those silver-producing States having carefully enforced payment in gold coin at home, seek not only to force their silver upon the rest of the United States, but to make them pay a dollar for what is now worth only 75 cents.

This is the custom. I should like the Senator from Nevada to tell me whether it is not the general custom there to require contracts to be payable in gold, if he will be good enough to do so.

Mr. JONES of Nevada. I will simply say that during the war when gold went to a great premium, the specific-contract law was passed in California, where they were extracting very large quantities of gold. There was a dearth of currency in the country, and the contracts were all made payable in gold. The specific-contract law was passed by the Legislature of California, giving authority to make such contracts, and nearly all the contracts had printed on them "payable in gold." That form has been kept up; but now it is merely a form and nobody pays any attention to it whatever. I should add, that it was against the greenback alone and not the silver that this law was aimed.

Mr. SHERMAN. I am getting light upon the subject. The fact exists there that by the custom of the country during the war and since stipulations are made in contracts that they are to be payable in gold, and when the time comes for payment the stipulations can be enforced.

Here is another letter from a gentleman, who is a very worthy man. I do not choose to give his name, because I do not know

but that he may have business relations which might be injured, but he is from Idaho, and as he does not state anything upon his personal knowledge but only from others, I give what he does state.

Shoshone County embraces all there is of the Cœur d'Alenes. The silver-mining interest here is enormous; the amount of money invested in silver mines is also enormous, and of course everybody who owns a silver mine is a free-coinage man. George B. McAuley, whose proposal is accepted, is one of the largest silver-mine owners in the Cœur d'Alenes—

This was a proposition to sell bonds payable in gold coin.

Is one of the largest silver-mine owners in the Cœur d'Alenes, and yet neither he nor any one else who enters into any contract, where payments of money had to be made unless the stipulations provided for payment "in gold coin of the United States of America." All bonds, leases, contracts, mortgages, etc., are so printed in the forms.

Of course they are for free coinage for the other fellow, but they will have nothing here but "gold coin of the United States of America."

I should like to have our friends here who are going to speak upon this subject tell us whether or not in all these silver States it is not the custom to require payments in gold, while they want to sell their silver product to us upon a different basis. The fact that they do that is evidence of their knowledge that the inevitable effect of the attempt to purchase all this mass of silver will be a failure and that we must inevitably fall to the standard of silver alone.

But I do not intend to stop here. I wish to give you the information—

Mr. SHOUP. I should like to say a word if the Senator from Ohio will yield to me for a moment.

Mr. SHERMAN. Certainly I yield.

Mr. SHOUP. I wish to state that I had business transactions in Idaho for over twenty-five years, and am still engaged in business there, and I have never seen one of the contracts to which the Senator refers, payable in gold coin.

Mr. SHERMAN. Mr. President, I will read you a statement, and I think this evidence ought to be satisfactory, because my impression is that the Senator from Colorado [Mr. TELLER] has drawn from the same source several times in his arguments. Here is an article in the Forum, written by Mr. E. O. Leech, Director of the Mint, in the month of March, 1892. This is what he says:

In the first place, it may be truthfully said that there is not a statesman or financier in Europe—not even the most ardent champion of bimetallicism—who believes that the adoption of the policy of free coinage of silver by the United States would permanently raise the price of that metal and keep it at \$1.2929 per fine ounce in gold. On the contrary, the very general belief in Europe is that it would have that effect only for a very short time, beginning with the passage of the free-coinage measure, after which the price of silver, unless other commercial nations followed the example of the United States and opened their mints to the free coinage of silver (a thing in the highest degree improbable) would steadily decline.

On this subject Mr. G. M. Boissevain, who wrote the splendid essay on bimetallicism which obtained the prize offered by Sir H. M. Meysey-Thompson, Bart., at the Paris Monetary Conference in 1889, says—

I wish now to add my testimony to the very marked ability of one of the strongest papers upon this question of money that is found in any language. It was this prize article, and here is what Mr. Boissevain said:

Lastly, in the third place, I reply—

And this especially is of very great importance—

that nothing but international bimetalism can assure the stability of the ratio of value between the two metals, nor reestablish the unity of the money standard in the commercial world. Indeed, from this point of view, *i. e.*—

That is France, the hope of our friends—

having regard to the unity of the monetary standard, I consider that if the United States should really adopt the silver standard it would be a new cause of embarrassment for Europe, and that its trade would sensibly suffer.

The same distinguished champion of international bimetalism says in the same connection:

And secondly, another thing must be kept in view, namely, that only the triumph of bimetalism can put a definite end to the possibility of fresh demonetization of silver in Europe. The countries which are at present under the régime of the *étalon boueux* will not be able in the long run to abstain from such demonetizations unless the two metals really again take rank in the monetary circulation on a footing of perfect equality. Whatever be the ratio of value between the two metals which results in the end from the monetary policy of the United States, so long as the commercial world is divided into two parts, countries with a gold standard and countries with a silver one, the maintenance of a large proportion of silver coin in countries where free coinage is only granted to gold would always be in theory a heresy and in practice a real danger.

This gentleman is in favor of changing the ratio by international agreement, and the bulk of his article is in that direction. He is a famous bimetalist.

Mr. TELLER. He favors the French ratio.

Mr. SHERMAN. No, he is in favor of a new ratio.

Mr. TELLER. I say to the Senator this gentleman is in favor of the French ratio, and I will produce the book if he has any doubt about it.

Mr. SHERMAN. I am reading here from language quoted by the Director of the Mint, precisely what he says:

Mr. Henri Cernuschi—

who was here at one time, and is known as an eminent man—

Mr. Henri Cernuschi, the eminent and chivalric champion of silver, in answer to the direct question what the effect of free silver coinage here would be, says:

"In my opinion, no country can coin silver alone; and a country that coins only silver will remain alone and will not have the money to pay abroad."

With free coinage all our mints would be occupied with the coinage of silver. Who in the name of reason will bring gold to be coined when it is undervalued 50 per cent? As a matter of course, it would be utterly idle and futile to talk about coining gold after you have coined silver at the ratio of 16 to 1. It would not be deposited for coinage as silver was not when undervalued.

I want to read the testimony of Mr. Knox, who certainly was a man of great ability, familiar with this whole subject, and although he had very decided views, yet his opinions were entitled to great weight. He is no longer living among us. This is an article written by him not long before his death and published in the Forum of February.

Mr. TELLER. Who is that?

Mr. SHERMAN. John Jay Knox. I wish the Senator from Alabama [Mr. PUGH] would listen to this, because it is in the

line of the argument I shall make hereafter upon the very point he makes:

I am happy to agree with the statement that the silver dollar now coined in this country, if held in England, would be worth a gold dollar, less the loss of interest and the cost of transportation across the Atlantic. This statement is true. I hold in my hand the 5-cent nickel coin. If \$100,000 of these 5-cent nickel coins, which are intrinsically worth 1 cent each in the bullion market, were offered for sale in China or in Japan, in England or in France, to a shrewd broker, they would be worth to him exactly \$100,000 in gold, less the loss of interest and the cost of transportation from England or France, or China or Japan, to this country. What amount that broker would give for such a large amount of nickel coin or silver dollars is quite another question.

I hold in my hand our smallest coin; not so small as the centime of France or the pfennig, the smallest copper coin of Germany; but the centime of France, the pfennig of Germany, the 1-cent piece of the United States are all worth anywhere their nominal value in gold, less the loss of interest and the cost of transportation to their respective countries.

Why is this? Not far distant is our neighbor the Republic of Mexico. It issues a silver dollar. A few years ago it was in circulation here. Every bank in the country held these coins during the war and before the resumption of gold payments. Have we any of them now? The silver dollar of Mexico is a full legal-tender in all payments in the Republic of Mexico.

The silver dollar of Mexico is worth more intrinsically than the 41 $\frac{2}{3}$ grain dollar of the United States. Why is it not worth a gold dollar less the cost of transportation to Mexico? Mexico is enjoying the blessings of free and unlimited coinage of silver. Why, then, do we not receive this Mexican dollar at par over our counters? How long after we have had the benefits of the free coinage of silver will our silver dollar of 41 $\frac{2}{3}$ grains be received in the capitals in the Old World at its face value in gold, at 100 cents on the dollar less the cost of transportation? How long will it be received at our bank counters at par in gold after free coinage has been authorized?

I need not reply to that question. All financial men know that when free coinage is authorized our silver dollar here and abroad will be worth only its intrinsic value, as the silver dollar of Mexico is worth only its intrinsic value. They know what a credit this great United States has built up; they know what credit the great Republic of France enjoys; they know what credit the German Empire, the Empire of Great Britain, and the Bank of England has. Back of their 1-cent pieces, back of their centimes, back of their pfennigs, back of their half-crowns, and of their subsidiary silver coinage is the credit of the country, the promise to redeem these coins in gold. That is the answer to the question why the silver dollar to-day is worth more than its intrinsic value in the hands of foreign dealers in bullion.

It is because these coins are redeemable in gold; it is because we are upon the gold and not upon the silver standard. When free coinage of silver comes, the promise of this great country, with its great credit unsurpassed anywhere in the world, is withdrawn and our silver dollar, like the Mexican dollar, becomes worth its intrinsic value only at home and abroad.

I said this is the testimony of a gentleman who knows what he writes about. He may be mistaken, like all of us who are human, but certainly he was honest in his convictions.

I want to give the testimony of Mr. Leech, which was taken before a committee of the House of Representatives, on this subject. I not only want to prove my case by reason and by logic, but by evidence. Here is the statement of Mr. Leech. He certainly is a gentleman entitled to respect, although you may not agree with him in his statements.

Mr. WILLIAMS of Illinois. Do you think for the free coinage of silver in the United States any foreign coin would come to our mints?

Mr. LEECH. I believe an immense amount of it would.

Mr. WILLIAMS of Illinois. In what way would it be brought here?

Mr. LEECH. I think it would come here in shiploads just as fast as they could bring it.

Mr. WILLIAMS of Illinois. Who would bring it?

Mr. LEECH. I think the Bank of France would sell her silver to start with, which amounts to some \$250,000,000. I think Belgium would immediately sell hers.

Mr. WILLIAMS of Illinois. Would the people of France send it here? Why would it come?

Here is the explanation.

Mr. LEECH. While there is a large amount of silver in France, it cuts no figure in foreign commerce. It is rejected even in domestic circulation and gravitates gradually into the vaults of the large banks, where it is used as a reserve for paper money. It has no actual value to the Government which issued it over and above its commercial value as bullion, and the Bank of France, for instance, could issue a larger amount of paper money safely on \$240,000,000 worth of gold than they could on \$250,000,000 worth of silver. All Europe is practically committed to the gold standard, partly from choice and partly from necessity; and the nations of Europe are inclined to adapt themselves to the prevailing standard. It facilitates their business better and I do not believe any loss of a small percentage would stand in the way of their selling their silver. Besides that, they believe that we could not permanently maintain the price at our coinage rate, that it would be an experiment on the part of this country which must fail, and they would take advantage of our experiment to take our gold in exchange for their silver. That is substantially the view held by the financiers in Europe on this subject.

That is also indorsed by another fact. If France is so much of a bimetallic country as has been thought, why is it since 1875—I think that was the date—they have coined no silver at all? They have, it is said, on hand \$800,000,000 in various forms of silver. They stopped the coinage of it.

Mr. PUGH. They have enough to answer all their purposes, commercial and otherwise.

Mr. SHERMAN. They are very careful not to buy any more.

Mr. PUGH. They have got plenty.

Mr. SHERMAN. I will show you they are getting tired of it. If my good friend from Alabama should offer them \$129 for 100 ounces of silver the Frenchman will promptly take it.

Mr. TELLER. I want to submit a question to the Senator which he is aware of. If France has \$120,000,000 of silver, by the terms of the Latin Union she can exchange it at \$1.33 at any time. Will the Senator tell me why she does not make that exchange?

Mr. SHERMAN. I think I can tell the Senator a little later on better. I will tell you now. Such a movement as that on the part of France, and such a disturbance of the financial condition of Italy would add so much to the burdens of the latter country that it might create a European panic.

Mr. TELLER. It is not all Italy, it is only a small part of Italy.

Mr. SHERMAN. The Senator has asked me a question and I am answering it. I intend to show that before I get through.

The PRESIDING OFFICER. Does the Senator from Ohio yield?

Mr. SHERMAN. I want to give my friend plenty of evidence before I leave this branch of the subject.

I can say with entire confidence that all the banks, that all the leading railroad men of our country, who manage the great affairs and business of our country, whether rightfully or wrongfully, are looking out carefully for the results of the free coinage of silver. There is not a banker in New York who does not, wherever he can, provide for the payment of his contracts in gold coin of the United States, but as to the ordinary current business of deposit and exchange they do not care so much about it. Bonds running three, four, or five years of any county in the West are always required to be paid in gold coin. There is the opinion of the bankers that there is some danger ahead that if this law

should pass their hoarded treasure would be shorn of one-third its value. Is not the instinct of those wise business men worthy to be observed?

Take the presidents of all these great railroads, the men who conduct the business of our country, and they are now carefully protecting themselves and the corporations they represent, and the people who lend the money and buy their bonds will not touch their bonds unless they are guarded from this danger which threatens them, and which I even yet hope may pass by as the idle wind.

Sir, I will not take time to read the strong statements made in the North American Review, extracts from which I have. I desire to introduce one for the benefit of my friend from Colorado to show that Colorado is not badly off, that we are not trying to do her any very great damage. She will survive the misfortune even of the present standard of paper money. I think Colorado is rather well off. I find here in the Financial and Mining Record, of the date of April 2, this glowing description of Colorado:

WHAT COLORADO AND THE COUNTRY OWE TO THE MINING INDUSTRY.

Colorado has easily maintained during 1891 the commanding position as a most prosperous mining community which she has held for many years. On the basis of the selling value of the minerals taken from her soil she ranks first in the West and third among all the States of the Union, being exceeded only by Pennsylvania and Michigan, while a glance over her resources can not fail to strengthen the belief of her citizens that before many years she will overtake both of her great Eastern rivals and perhaps pass them. Her coal fields exceed in area and in mass of workable veins those of the Keystone State and her iron deposits are not far inferior to those of Lake Superior, while her lead production has already a value nearly equal to that of the worth of the copper produced in the Badger State and is increasing rapidly. The following table will be found to give with considerable accuracy the result of her mining operations for 1891:

	Quantity.	Value.
Silver, at \$0.98½ per ounce	23, 102, 355 ounces..	\$22, 755, 920
Gold, at \$20.67 per ounce	217, 652 do	4, 498, 867
Lead, at \$86.70 per ton	63, 128 tons	5, 573, 198
Copper, at \$265 per ton	2, 788 do	733, 520
Iron, at \$20 per ton	20, 300 do	406, 000
Coal, at \$3 per ton	3, 358, 496 do	10, 075, 488
Stone	716, 720 do	2, 111, 000
Petroleum, at \$1 per barrel	711, 346 barrels..	711, 346
Clay, gypsum, mineral paint		780, 000
Total value		47, 545, 839

The effect of this bill, if it has the effect anticipated by the Senator from Colorado, will be to give them \$1.29 an ounce for this silver, instead of 98½ cents an ounce. I think that Colorado can get along without requiring that sacrifice on our part. We pay her what her silver is worth in the market.

Mr. TELLER. I should like to ask the Senator to allow me to make a suggestion. Nobody has heard any complaint from me at any time during this discussion that Colorado was in special need of legislation. We are in better condition than almost any State in the Union. But I only regret that the Senator had

not continued reading the article, which also contains our agricultural production of last year, which amounted to more than twice that of silver, or \$54,000,000 for the agricultural products of last year.

Mr. SHERMAN. If Colorado is so well off it might forgive the United States of America for not wishing to pay \$29,000,000 for silver which we now buy for \$22,000,000.

Mr. TELLER. There are no local interests in Colorado urging this legislation.

Mr. SHERMAN. I hope they will have sufficient regard for the local interests of the people of the United States, in every part of it, not to require us to pay more for silver than it is worth.

Mr. President, I come to the very question, and I will make some reply to the matter which the Senator from Alabama suggested. All our money is at par with gold. How is that maintained? We have a careful series of guards and laws which practically make now in the United States gold coin the standard of value, not the legal standard in the sense that the Senator speaks of as the ratio, because whenever that ratio diverges from the market value the ratio ought to be changed always. It has been so for two thousand years. How, then, is this money that we now have all good in every part of the United States of America and in all the countries of the world? You may take any form of our paper money and travel in Europe, and it is eagerly taken and sometimes chosen in preference to their own money. I will answer the Senator in detail.

How is our silver maintained at par with gold? By carefully limiting the amount purchased and buying it at its market value. In the Allison bill it was limited to four millions, with an option on the part of the Secretary of the Treasury only to buy two millions. That was the limitation, two millions a month. That limitation prevented any undue thrusting of idle silver on the market. Then, by the law of 1890, which the Senator from Nevada [Mr. JONES] and I are responsible for, we did the same. We carefully limited the amount. We take in respect to that money additional precautions, because we buy the silver at its market value, at 86 to 98 cents an ounce instead of \$1.29. We put the whole of that bullion in our Treasury, and we only issue paper money for the actual cost of the bullion and not for legal ratio. So, behind all the money which is issued under the law of 1890, there was at the time it was purchased silver enough at its market value to be equal to gold, and that is maintained all the way through.

Then there are other provisions in the law of 1890 which give additional guaranties. We there expressly declare that it is the public policy of the United States to maintain the parity of these two metals and we know they can only be maintained at this parity by the redemption of one with the other. You can maintain the lower up to the standard of the higher by making it equal to that of the higher and treating it so. So, behind all this money we have not only the promise of the United States, the declared policy of the United States, but we have enough silver behind all this money to be equal to its cost at the time. Even the silver that was bought under the law of 1878, a portion

of which we called profit. That is a piece of folly; it is no profit at all.

If it had been seigniorage levied upon the people, it would have been the most outrageous seigniorage ever inflicted upon a people by any government in the world; but it was not in the nature of seigniorage, but bought at its market value, and we issued money for it at its coinage value. We have behind it all the silver we bought, and we have that very surplus of silver called the profit fund in our Treasury now, which amounts to \$75,000,000. We have treated it as an ordinary income, but that is not the proper way it should be treated. If the time shall come when it will be necessary, the people of the United States can without loss restore this large sum of \$75,000,000 for the redemption of the silver coin or for the maintenance of it at the standard of gold.

We maintain our United States notes at par by our ample reserve in gold and silver of \$100,000,000 of gold and the surplus in the Treasury. We maintain our gold certificates and have behind them dollar for dollar in gold. Our silver certificates have behind them a coin dollar, what is miscalled the profit fund, and our declared policy to maintain the parity of the two metals. Our bank notes are secured by United States bonds; our fractional minor coin are received and redeemed whenever presented. But few silver dollars will circulate, but they are represented by certificates supported by bullion bought at the market price. There is the difference. That is bimetallism, the two metals maintained at parity by the power of the Government and by the credit of the Government even at a ratio far from the market value, and that is the theory and the basis of our whole system of coinage.

But this scheme is quite different. Here the holder of bullion has the option. He brings his bullion and demands either coin or notes, whichever he thinks he can use to the best advantage. He can present those notes the next day and demand gold, and it involves at once the question of the surrender of the bimetallic system. If we refuse to pay in gold we acknowledge that these notes are worth less than gold, and they will soon be worth only the value of the silver in the dollar. There is the difference.

I contend for the present system. They think I am opposed to silver. I am no more opposed to silver than any other commodity. Why should we pay more for silver than the market price? We buy everything else in the open market. We are trying to prevent our servants from paying more than the market value; we make close contracts for every kind of services which are demanded. But they tell us that silver is something sacred, that silver is a money metal. Well, it is not a money metal which the people want to handle much, except for mere change. But even if it was a money metal, is that any reason why it should be favored? It must be tested as we test diamonds, silks, satins, muslins, everything we buy; we must test it by its market value; and if that market value of silver is only two-thirds of its coinage value in gold, how can the parity be maintained?

I will here hand to the reporter a statement showing the dif-

ferent kinds of money now in circulation in the United States, and the per capita to population.

The statement referred to is as follows:

Statement showing the amounts of gold and silver coins and certificates, United States notes, and national-bank notes in circulation May 1, 1892.

	General stock, coined or issued.	In Treasury.	Amount in circulation May 1, 1892.	Amount in circulation May 1, 1891.
Gold coin.....	\$801,527,222	\$193,911,273	\$407,615,949	\$408,862,781
Standard silver dollars.....	413,055,300	335,500,003	57,554,457	61,692,818
Subsidiary silver.....	77,433,950	14,600,427	62,833,523	57,338,507
Gold certificates.....	175,614,879	21,931,180	153,713,699	138,890,799
Silver certificates.....	330,499,002	3,209,106	327,289,896	312,933,440
Treasury notes, act July 14, 1890.....	93,228,690	11,726,920	81,501,770	37,020,254
United States notes.....	346,681,016	21,895,155	324,785,861	346,184,618
Currency certificates, act June 8, 1872.....	30,550,000	340,000	30,210,000	166,363,616
National-bank notes.....	172,476,575	4,400,486	168,076,089	166,363,616
Totals.....	2,241,066,094	627,524,450	1,613,572,244	1,529,316,833

Population of the United States May 1, 1892, estimated at 65,255,000: circulation per capita, \$24.72.

Mr. SHERMAN. The careful measures which I have mentioned, by which we have sustained and maintained the gold standard, are now to be swept away by one fell stroke, the free coinage of silver. All the safeguards which experience has shown, not only to our own country but to other nations, to prevent the depreciation of our coin and our currency, are about to be abandoned, a new standard is about to be proposed, and all our money is to be brought down to that standard. Is it strange that the people of the country are beginning to be alarmed about it? As I shall show presently, they are looking for another thing entirely, a larger volume of currency, and not a cheapening or debasement of any of it. These are two quite different things.

If there was but one standard of money, then, as a matter of course, the silver standard might be made the basis of our transactions; but we have gold for our standard; we have an equal amount of gold in the Treasury and in circulation; the precise quantity is shown by the table and is over \$600,000,000. This is to be demonetized or left for the use of the rich, who stipulate for gold payments.

We are interested also in the commerce of the world to the extent of more than \$2,000,000,000, exports and imports, per annum. We are among the Christian and civilized nations of the world; we are among the great nations of the world. I think as great in power and influence as any other country in the world. In its influence certainly in the future it is not to be compared to any other. All the Christian nations in Europe are upon the gold contract, and I quote from an article by E. O. Leech in the North American Review of March, 1891, showing the tendency of opinion in those countries towards the single gold standard and the difficulty we shall have to persuade them to adopt some

proper measures to prevent the demonetization of silver and to give it additional use and additional value, which I desire as much as any one:

1. If the International Monetary Conference, held in Paris during the French Exposition in 1889, proved anything, it was that, although there are a great many people in Europe who favor bimetallicism, there is scarcely a European nation that would not, if it could, follow the example of England and adopt a gold monometallic system.

Gold monometallicism is, indeed, the goal towards which all European countries are tending, and to obtain the gold they need they are only awaiting a favorable opportunity to exchange their silver for it. The passage of a free-coinage act by the United States would afford that opportunity, since it would raise the price of silver temporarily to \$1.29 per ounce. I say temporarily, for the ultimate effect of such legislation here would be to raise the price of gold the world over, by inducing countries that now have the double standard, or the single silver standard, to adopt the single gold standard, thus creating an increased demand for gold, and consequently causing it to appreciate in value; aggravating, in fact, the very evil complained of—the enhanced dearthness of gold.

At the same time it would eventually lower the price of silver by enabling Europe to throw vast quantities of it on the American market. Europe wants gold; its ambition is to have a monetary system in which silver shall have no full legal-tender power, in which it will serve only as a divisional coin.

Mr. MORGAN. Would it interrupt the Senator to give me some information on one point? While the Senator was Secretary of the Treasury he bought \$100,000,000 of gold.

Mr. SHERMAN. Ninety million dollars.

Mr. MORGAN. One hundred million dollars in gold.

Mr. SHERMAN. Ninety million dollars.

Mr. MORGAN. Ninety million dollars, then, and he paid for \$70,000,000 of that gold with silver certificates. I wish to ask the Senator what was the market value.

Mr. TELLER. It was \$80,000,000.

Mr. MORGAN. I wish to ask the Senator from Ohio what was the market value then of silver at the time he made that wonderful purchase.

Mr. SHERMAN. I will answer with great pleasure. At that time and now the silver certificates were held at the gold standard.

Mr. MORGAN. I speak of silver, not of certificates.

Mr. SHERMAN. No; it was silver certificates that were used as money.

Mr. MORGAN. I understand; but what was the market value of silver at that time?

Mr. SHERMAN. The market value of silver was then less than the coinage value, as it is now.

Mr. MORGAN. How much less?

Mr. SHERMAN. But the silver certificates were maintained and sustained at par. I remember the circumstance, and I was stating—

Mr. MORGAN. Then as now the coin certificates were sustained and maintained at par, but I wish the Senator would answer the question. He was Secretary of the Treasury at the time. What was the market value of silver as compared with gold at the time he bought \$80,000,000 of gold with silver certificates?

Mr. SHERMAN. The market value of silver was considerably below its coinage.

Mr. MORGAN. Now—

Mr. SHERMAN. Let me answer further. Let me get through. The market value of the certificates was gold coin. Let me state the real circumstance that occurred.

Mr. MORGAN. I should like to hear it.

Mr. SHERMAN. That year there was a great cotton crop in the South. I think it was in 1879.

Mr. MORGAN. It was not as large as the one this year.

Mr. TELLER. It was in 1878.

Mr. SHERMAN. I thought it was in 1879.

Mr. TELLER. We resumed in January, 1879.

Mr. SHERMAN. I thought it was afterwards.

Mr. TELLER. I will say to the Senator he had accomplished the sale of all his bonds before resumption. We resumed on the 1st day of January, 1879. This accumulation of gold took place before that time.

Mr. SHERMAN. I know all about it. I think the Senator is mistaken. If he will look at it he will find it was in 1879, because in 1878 I could not have done it; but all monies were held at the standard of coin after the 1st of January, 1879. There was a great demand for currency, and it could not be found. Foreign coin came over to this country, and our people would not take it.

In New Orleans they refused to receive any but gold coin or United States currency in some form. As a matter of course, they would not take the foreign coins, and they are not now a legal tender in this country, as they used to be. I thought that was a good chance to get a large block of gold in exchange for silver certificates. We had bought large quantities of silver with current funds. We could have given silver certificates for it, but instead I paid silver certificates and got gold in the Treasury, and strengthened the gold reserve. That is all there was about it. It was a good transaction for the people of the United States, and that example has been imitated several times since, and now silver certificates and gold certificates and all forms of certificates operate as money. That was the first time, I believe, when the effort was made on a large scale to float silver certificates in the markets of the world, but it was successful.

Mr. President, the policy of bimetallism as understood by me has always been the policy since the Government was founded. We never had in the true sense of the word the free coinage of silver, strange to say, because, as I stated early in my remarks, Jefferson and Hamilton made a slight mistake in the ratio. Jefferson within twelve years afterwards stopped the coinage of silver, and only a little of it had been used. So we never had in actual practice the free coinage of silver, but we had what is called by scientists the alternative standard, the cheaper standard—that is, whenever one of the two metals fell below the ratio that metal alone became the standard of value, and when the scale changed back again and the other metal became lower, that again became the standard of value, and it so happened that that occurred three or four times in our brief financial history.

When Mr. Jefferson stopped the coinage of silver dollars because they were exported, American silver coin disappeared entirely and our people depended upon abraded Mexican or Span-

fish coin for change. In 1831, in the time of Gen. Jackson, the Secretary of the Treasury of that day first proposed a change of the ratio. He said that under the existing ratio silver went abroad, and sometimes all the gold went abroad. Two years after that, after full deliberation, Congress did change the ratio. It became 16 to 1, and the result was that silver was undervalued, because 1 ounce of gold was not equal in value to 16 ounces of silver.

Mr. VOORHEES. May I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Indiana?

Mr. SHERMAN. Certainly.

Mr. VOORHEES. I wish to call the Senator's attention to the fact that Congress never changed the ratio except so far as the alloy was concerned. The amount of silver in the silver dollar has never been changed.

Mr. SHERMAN. But the amount of gold in the gold dollar was reduced.

Mr. VOORHEES. The amount of alloy in the silver dollar has been changed very slightly, but never the amount of silver; it has been the same, 371½ grains.

Mr. SHERMAN. The amount of gold in the gold dollar was reduced.

Mr. VOORHEES. I thought the Senator was speaking of the silver dollar.

Mr. SHERMAN. The result was that silver was undervalued, because 16 ounces of silver were worth more than an ounce of gold, and the result was that silver disappeared. Then ten years afterwards, again under Democratic administration, Congress passed a law in order to avoid this difficulty, and my memory goes back a little to that time. There was no change here to be had, and in the West we had what were called shimplasters, issued by banks and sometimes by private persons. Senators may have seen some of them. We had no change, because silver had gone away. It was demonetized; not legally in the sense of demonetization, but it had gone out of the country; and therefore in order to provide for a currency that would not run away at every change in value, in good Democratic times, in 1854, Congress passed a law reducing the amount of silver in minor coins, 50 cents and quarters and all minor coins, 8 per cent, and then made them only a legal tender for \$5, so that they would answer the purposes of change but could not be made the instrument of injustice, as a depreciated coin.

Now, that is the law and that has always been the law. The Government of the United States has always adhered to that, and maintained its money always at the same standard. Most of this, it so happened, was in Democratic times. That very silver coin provided for by Mr. Hunter and his associates was adopted in the act for resumption of specie payment. We provided for this minor coinage, the subsidiary coinage, as it is called in the law, to take the place of the fractional currency. It is the policy we are now acting upon, and the policy I advocate is the policy of our fathers from the beginning of the Government to this time.

Mr. McPHERSON. Would it trouble the Senator for me to

ask him a question in this connection? I want to understand the Senator. As I understand his remarks, he claims that the principle or the policy under which we are now acting is bimetallism. I should like to know, if I can learn from the Senator, in what respect it possesses any of the essential elements of bimetallism?

Mr. SHERMAN. It includes all the essential elements. It is the union of two metals by provision of law to be exchanged at a parity with each other.

Mr. MCPHERSON. Very well; let us follow it out to its necessary conclusion. Bimetallism, as I understand it, means open mints to coin any amount of silver that may be brought to the mints. It means a ratio between gold and silver that either of them will be a legal tender for the payment of debts. Now, we take the Sherman law—and you have made provision for the redemption of the notes under the Sherman law for the coinage of silver. You have made no other provision for it whatever. The declared policy of which the Senator speaks amounts to this; if we have gold enough in the Treasury to redeem in gold, the certificates may be so redeemed. If we have not gold in the Treasury, they must be redeemed under the law in silver.

Mr. SHERMAN. I have forgotten the question in the midst of the Senator's speech. He turned my mind away from the question he put to me. I do not know what the question was.

Mr. MCPHERSON. I raise the question again then.

Mr. SHERMAN. Then I ask the Senator to state the question and not make a speech.

Mr. MCPHERSON. If you can not redeem, and you can not, the certificates you issue under the Sherman law in anything but silver, and that silver in 41 $\frac{1}{2}$ grains to a silver dollar, worth 66 cents, how can the Senator claim that the operation of the Government under the Sherman law is bimetallism?

Mr. SHERMAN. For two years what is called the Sherman law, and misnamed the Sherman law, has done just precisely what the Senator says. We have maintained these Treasury notes at par with gold, and behind every dollar of those notes is silver at its market value at the time it was purchased equal to gold. Do you say that we can not redeem those in greenbacks and pay them out again? It is expressly provided by the law itself that if they are redeemed they are to be paid out again, and they are treated as money. There is no difference made between this kind of money and any other, and the people do not make any difference. Therefore, it is paper money, and silver money, and gold money maintained by law at a parity with each other upon the declaration that that is the established policy of the United States. What more do you want?

Mr. MCPHERSON. I can readily conceive that the Treasury of the United States might take care perhaps of one year's product of silver purchased at the rate of four and a half million ounces per month, but when you come to multiply it year after year for a series of years and pile up an amount of silver bullion in the Treasury immovable and unsalable, it seems to me as though the ultimate consequence must be the very same thing as silver coinage itself.

Mr. SHERMAN. I can say myself that there are possibilities in the future in respect to that law which would make me as anxious to repeal it as I was reluctant to vote for it. The provision pointed out by the Senator from New Jersey has been constantly in my mind, that we made no provision in that law for the sale of the silver bullion in case it became necessary; that we have gone partly on trust that the law would operate as we hoped it would, to prevent the further decline of silver, but if that decline should go on and we are called upon year by year to buy 54,000,000 ounces of silver at a depreciating price, I should feel bound, in consideration of my duty to my constituents, to arrest the purchase, if I could, by my vote.

Mr. MORGAN. Would the Senator in that case, if he will allow me, vote to coin it, or would he sell it under the hammer?

Mr. SHERMAN. I do not know what I would do with it at the time. I would make up my mind first that the occasion had arisen before I would determine how it ought to be utilized.

Mr. MORGAN. That is what this bill is trying to find out, what to do with it.

Mr. SHERMAN. It must be said in regard to that bill that every Senator from the Pacific States, including Colorado, voted for it.

Mr. TELLER. I should like to say that I voted for it with as much reluctance as the Senator did, and I think with a good deal more show of reluctance.

Mr. SHERMAN. I do not generally show my reluctance. I come up squarely and do the thing, and that is the end of it.

Mr. TELLER. I should like to say that I came up squarely and voted for it, and I said I thought it was a bad bill, but there were some good things in it, and I would take it on the whole.

Mr. SHERMAN. In the first place, it has disappointed our expectations in one particular—the purchase of large sums of silver, including the whole American product, did not stop the decline of silver. That shows, therefore, that the decline does not occur from causes here, but that it occurs from causes abroad. When we commenced to purchase silver under the law silver came (according to the statement of the Director of the Mint, who must have known it) from the different countries of Europe. I have here a statement, which I will put in the RECORD, showing that in Roumania, Austria-Hungary, France, and Italy movements are going on now, day by day, looking to the conversion of their silver into gold; and that is one of the most important reasons why we should, if possible, bring about some kind of international agreement between these nations.

Let us glance at what silver Europe might throw upon the market if a sufficient inducement were offered by free coinage here.

The stock of full legal-tender silver coins—aside from all silver-change coins—in the ten principal countries of Europe, is approximately, \$1,103,200,000. Of this the large and visible sum of \$466,000,000 is stored in the vaults of nine banking houses.

Germany has still outstanding some \$100,000,000 in old thalers, which she would be only too glad, we may assume, to sell, in order to perfect her monetary reform of 1871-'73. It is only a question of time when Germany will sell her thalers, so as to make her monetary system as completely gold monometallic as England's, which she is imitating.

Austria-Hungary, which has by law the silver standard, but actually an irredeemable paper currency, is actively agitating the resumption of specie payments on the gold standard. She can not return on the silver standard for the reason that her silver coins are, even now, less valuable than the paper currency. There are about 166,000,000 silver florins in the bank of Austria-Hungary, and according to public prints, the intention is to sell 60,000,000 (about \$25,000,000) of these in order to procure gold.

The Italian Government has some 44,000,000 lire (or francs) in Bourbon piasters, about \$3,500,000, which are looking for a market.

Roumania only a few months since sold some 25,000,000 lei (or francs)—about \$5,000,000—of full legal-tender silver coins at a ridiculously low price—about \$1.06 an ounce—and has 22,000,000 or about \$4,400,000 more, which it is anxious to dispose of.

It has been publicly stated that only recently agents of the Netherlands were trying to dispose of its stock of silver through New York bankers.

Again, the Belgian press has recently been urging the Government of that country to sell the Belgian francs, about \$20,000,000, in the vaults of the Bank of France, which would have to be redeemed in gold if the Latin Union were terminated.

I shall show the Senate in a moment that the people of France and of England especially are deeply interested in the success of that negotiation.

It has sometimes been said that as we have maintained this large mass of silver and \$1,200,000,000 or \$1,300,000,000 of paper money at par with coin, much of it based upon silver, we could therefore maintain the whole mass of silver of the world in coin. It does not follow. Every measure that has led to the success of our financial system heretofore has been tentative, and it has been proven before it was adopted. If there is any doubt about any of them it is only in that law miscalled the Sherman law, which has yet to be tested by the judgment and experience of more time than has yet transpired.

I have here a paper showing the assets and liabilities of the United States of America:

Statement of the assets and liabilities of the Treasury of the United States.

ASSETS.		
Gold:		
Coin	\$193, 125, 562. 28	
Bars	78, 227, 630. 86	
		\$271, 354, 193. 84
Silver:		
Dollars	356, 276, 476. 00	
Subsidiary coin	14, 457, 304. 51	
Bars	71, 947, 002. 52	
		442, 680, 783. 03
Paper:		
Legal-tender notes (old issue)	25, 722, 458. 84	
Legal-tender notes (act July 14, 1890)	13, 532, 348. 62	
Gold certificates	17, 073, 540. 00	
Silver certificates	3, 580, 299. 00	
Currency certificates	3, 730, 000. 00	
National-bank notes	5, 187, 250. 82	
		70, 175, 895. 28
Other:		
Bonds, interest and coupons paid	4, 002, 036. 69	
Minor coin and fractional currency	474, 406. 10	
Deposits in national-bank depositaries		
General account	13, 097, 581. 63	
Disbursing officers' balances	3, 739, 158. 89	
		21, 313, 183. 31
Aggregate		<u>\$85, 524, 055. 46</u>

LIABILITIES.

Gold certificates	175,356,729.00	
Silver certificates	330,766,002.00	
Currency certificates	37,680,000.00	
Legal-tender notes of 1890	96,728,000.00	640,530,731.00
Five per cent fund for redemption of national- bank notes	6,116,235.76	
Outstanding checks and drafts	3,938,433.07	
Disbursing officers' balances	23,346,081.96	
Agency accounts, etc.	3,865,391.90	37,266,142.69
Gold reserve	100,000,000.00	
Net balance	27,727,181.77	127,727,181.77
Aggregate		805,524,055.48

TREASURY OF THE UNITED STATES,
Washington, D. C., May 25, 1892.

It shows a great variety of assets and a great variety of liabilities, and a surplus consisting of \$127,727,181.77, all told. Of that \$100,000,000 is in gold specially set aside for a specific purpose. There is in addition to that \$27,727,000 in the nature of surplus revenue. Does any man believe that upon that basis of \$127,000,000 we can maintain the parity between silver and gold, taking all the silver of the world in view? Does any man dream of such a thing? If so, how idle is that dream. Better build upon the airy phantoms that float above us. Finance is the hard logic of facts. If you create a doubt, if you arouse a suspicion that we can not maintain our present system, you may bring serious disaster upon us.

This very threat of the free coinage of silver, in my judgment, is doing more now to disturb the business of our country than anything else. It is caused by the very possibility that we shall undertake this more than herculean task. It is a task that only the Almighty God could execute. The idea of basing our financial operations upon this basis of \$127,000,000, \$100,000,000 already pledged, is the wildest scheme of the imagination. The only ultimate outcome of it can be a single standard of silver based upon the market value of 371½ grains of silver. I feel that in every fiber of my body, feeling as I do a deep interest in the maintenance of our financial system, and knowing, so far as a man can know about anything that is in the future, that it is utterly impossible to maintain our system upon such a basis.

How can we meet it? Shall we sell bonds for gold? The very effort of our doing so would probably impair our credit and deprive us of all our hopes on account of our high position among the nations of the world. Shall we sell the silver on hand? We have \$400,000,000 in the Treasury. Our people will not readily take it as money. With all the efforts that have been made by Congress there are only fifty or sixty million dollars of silver in circulation. The balance is there in vaults, in cellars, as the security for the payment of the various forms of paper money. Dare you sell that silver? I wanted to provide in the law of 1890 for the disposition of that silver in certain cases, but the conferees would not agree to it, and now to attempt to sell that silver in a falling market would only be adding misery to ruin. I do

not like to talk about these things, but it is my duty to state my own opinions. They may be all wrong.

Mr. TELLER. I wish to ask the Senator a question. He says we have \$400,000,000 of silver. That statement would go out as if the Government owns \$400,000,000 of silver. Does the Senator mean to make that statement?

Mr. SHERMAN. It is in our Treasury, the property of the Government, and our Treasury notes are outstanding against it.

Mr. TELLER. Will the Senator tell me who owns that silver, whether it is the Treasury of the United States or the people of the United States who hold the certificates?

Mr. SHERMAN. We hold in the Treasury of the United States \$413,000,000 of coined silver. We hold of subsidiary silver \$77,000,000. So I was nearly \$100,000,000 within the mark. I do not want to say anything about this. We have got this vast mass, and we can't sell it; we dare not sell it?

Mr. TELLER. Will the Senator assert here that the Government has any right to sell the silver dollars; that if there was a law authorizing it the Government would sell the silver dollars, when it is a trustee and holds the money in trust?

Mr. SHERMAN. There is no doubt the Government will hold that coined money for the payment of these notes outstanding, but it has bullion in its keeping that it dare not sell; and it owes for it. That is affecting the money market.

Mr. TELLER. Has it a right to sell a dollar?

Mr. SHERMAN. It has a right to sell the bullion to pay the notes, but there is no law providing for its sale.

Mr. TELLER. Then it has not any right to sell it.

Mr. SHERMAN. Suppose, for instance, that these Treasury notes outstanding should come to the Treasury for payment, would you take the gold in the Treasury to pay them?

Mr. JONES of Nevada. The Government of the United States has no right to sell bullion.

Mr. SHERMAN. The very moment you attempted to force the silver dollar into the hands of the people you would find at once the gap, the dangerous gap, between silver and gold.

[At this point the honorable Senator yielded to a motion to adjourn.]

Wednesday, June 1, 1892.

Mr. SHERMAN. Mr. President, I owe the Senate an apology for consuming so much time on this question, not because the question itself is not an important one, but because it seems to me that any man ought to be able to state in one or two hours the objections to the pending bill. The only excuse I can give for trespassing upon the Senate is the continued interruptions that were made here yesterday in my remarks, and my hope now, which I express rather for the benefit of the Senate than for myself, for I am indifferent to interruptions, that no one will interfere with my orderly progress so that I may close as soon as possible. It would be better for the Senate, and I think better for the subject matter. If I say anything wrong, there will be ample time to correct it before a vote is taken upon the bill.

When I closed yesterday I was speaking of the effect of the free coinage of silver to bring us to the single silver standard.

I quoted the opinions of quite a number of persons who were of that view, who believed that the free coinage of silver would necessarily bring us to the single silver standard based upon the market value of 371½ grains of silver. I wish now in addition to the testimony of individuals as to their opinion of what the effect would be to call attention to the actual condition of things in every country in the world where the free coinage of silver now exists. In every one of them, so far as I know without exception, the free coinage of silver excludes the monetization of gold on the ground that a marked difference between the value of silver and gold according to its coinage standard and its market value will prevent any person from bringing the better metal to the mint to have it coined; it will necessarily exclude the coining of the better metal and necessarily prevent the payment of the better metal.

No man governed by the ordinary selfish notions of individuals will ever pay in gold when it is worth more than silver. They did not pay in silver when silver was worth more than gold according to the legal ratio, and the converse of that proposition is equally true. There is a law of finance as universal as the laws of the Ten Commandments, and that is, that when there are two standards of value, or two means of payment, the cheaper one will be used and the dearer metal will be either exported to where it is more valuable or it will be hoarded or kept in the control of the owner. We plain people distinguish between a ragged bill and a good, fresh, crisp bill, because we would rather carry the crisp bill than the ragged bill. It is the natural instinct of human nature among all people to select the poorer metal for payment to others and keep the best himself.

I believe that is the law of selfishness, which is a universal law. It is sometimes called the Gresham law, because a famous man in England, in the time of Queen Elizabeth, who was not only a high financial authority, but held high offices in Great Britain, proclaimed the simple principle that the cheaper money will always displace in circulation the better money. Subsequently, when a contest grew up as to the recoinage of the gold and silver coins of England, in the early part of the eighteenth century, nearly two hundred years ago, the question of recoinage entered into the politics of Great Britain, and was finally carried by the great weight and power of Sir Isaac Newton, who decided in favor of the recoinage of the coins of the realm.

Mr. President, that is the universal law, and therefore when I quote the actual result among nations it is only to show that among nations as well as among individuals the same rule prevails. In Mexico they have the free coinage of silver. They have no coinage of gold, not because they can not coin it, but simply because nobody would carry the gold to the mints to be coined when it is more valuable than the silver. If a man had a debt of \$100 to pay he would pay it in silver, the coinage of which was free, and not in gold, which would be worth \$150 at the present market ratio all over the world. I find here a very excellent article in the North American Review by the present Director of the Mint, in which he shows that this rule prevails in Mexico, which I will read:

The mints of Europe are closed to it.

That is, to silver.

The mints of Mexico are open to it, but the stamp of that Republic adds no value to the twenty-odd millions of pesos which are annually coined, and they go fresh from the presses of the mints into the melting pots of India and the United States. With the exception of the annual absorption of silver by India (the great silver sink of the world) to the extent of \$40,000,000, where the surplus silver product has heretofore gone, there is no actual demand for silver for coinage purposes by civilized nations, and the artificial price created by our legislation would naturally and certainly attract the product here in exchange for our gold as long as that artificial price was maintained.

Then, again, in the same article he says:

We have an object lesson in our near neighbor, Mexico. Mexico is on a silver basis, and the consequence is that the Mexican silver dollar, although it contains more silver than our dollar, has a purchasing power in foreign exchanges equal only to its value as silver bullion.

Strange it would be to an ordinary man to understand why the Mexican dollar, containing 420 grains of silver, would be quoted in London at about 70 cents on the dollar, while the American dollar, containing 412½ grains of silver, is worth 100 cents in gold. It is simply because in Mexico coinage is free. In America coinage is not free. It is a Government monopoly here, and we say that we will maintain our silver dollar up to the standard of gold. It is that sanction, sometimes called fiat, that gives to our dollar the additional value. Every Englishman knows when he receives an American dollar that he can send it back by the next steamer, or the silver dollars will be accumulated in the hands of brokers and sent back here and be redeemed or received as the equivalent of gold coin. That is the difference.

In all the South American nations I believe there is the free coinage of silver. If I am in error about this I shall be glad to be corrected some other time, but I think I am not. Now, what is the condition of affairs in those South American countries? In the first place, having the free coinage of silver, they had more or less of silver in Brazil and the Argentine Confederation, but they soon drifted into practically an irredeemable paper money. Their bonds were sold far below what our bonds were sold at in the darkest period of the war. The result was finally not only the bankruptcy of the Argentine Confederacy and the practical bankruptcy of the great Empire of Brazil—it was then an empire; it is now a republic—not only that, but it drew down in the vortex of their failure some of the great European houses; among them one which was more than a century old, the Barings, considered to be a favorite house in this country of ours.

Everyone who has read in the newspapers the history of the condition of finances in those countries will know that there is something wrong there. They have separated themselves by their coinage system from the great commercial nations of Europe, and now in every great mart of the world their coins are not measured by what they are called, by their names, but they are measured by the intrinsic value of the silver contained in those coins. This element of uncertainty in all their transactions, because most of their surplus products are sold in gold countries, has brought or has been one of the means of bringing all these nations now practically to a financial paralysis.

But we sometimes hear, and my friend from Nevada [Mr. STEWART] has often quoted India, as if India now had all the blessings of the system of free coinage practically. It is said

that India absorbs all the silver that is afloat—a nation of two or three hundred millions of people, who are about a thousand years behind the times—and they have made money by it. I have taken great pains to study the Indian question, and I am prepared to show that the results of practically the free coinage of silver and the exclusive coinage of silver in India are precisely the same that have occurred in every other country. I have here one or two quotations from the London Times to which I beg to ask the respectful attention of the members of the Senate who believe that there is something in India that justifies dealing upon a single silver standard alone. This is a recent article from the London Times, not written for our benefit, but written for their own people, on the 4th of April, 1892:

The unprecedented fall in the rupee is causing grave concern to all connected with India. On Friday our correspondent telegraphed that the feeling in Calcutta was one of "universal consternation." The effect threatens, he says, "to paralyze all trade," and "much indignation is expressed at the apparent apathy of the home Government." That the position is very serious, and in some aspects disastrous, is beyond dispute; but how the Government can come to the rescue is by no means so clear. The Government of India finds itself saddled with a currency that is the sport of circumstances over which it has no control. From the demonetization of silver by Germany in 1873 to the American Bland bill in 1892—

They call it the Bland bill there instead of the Sherman bill. I am glad of it—

the Government of India has had to stand by helpless and see its currency the plaything of foreign legislation and of the shifting policy of distant governments, whose financial interests are always independent of, and sometimes antagonistic to, its own. The effect has been to increase the burden of its public debt in sterling by 50 per cent during the past twenty-five years, quite apart from new borrowings; to reduce large numbers of its servants to precariously distress; to diminish by one-third the sterling value of all Indian savings or accumulated capital, and to affect grain prices in a way which seems to some observers to intensify every local failure of the crops, and to threaten the poorer classes in India with a chronic artificial scarcity of food.

The writer of this article is writing upon the very subject about which we are talking. Now let me read a little further:

Meanwhile the fact that exchange has gone down to a fraction over 1s. 3d. per rupee—

The par value being two shillings—

means poverty to many who have given, or are still giving, their best years to India. It is not merely a question of home remittances for the support of a family or the education of children. It is an intimation that at no distant date every person, bank, corporation, or trading firm or company with money invested in India may have to write off its sterling value at one-half of what it represented twenty-five years ago. So far as can be foreseen, the rupee has not yet reached its lowest value; it can scarcely reach that value so long as the enforced purchases have to be made by the American Treasury. The withdrawal of the Bland bill last week and the drop in the rupee which followed suffice to indicate this. No one can at present predict that the rupee, which stood at 1s. 11d., or say two shillings, in 1862, will not have to be written off at the rate of one shilling before the close of the century.

Then, further, in the same article:

With the rupee worth only a shilling in sterling calculations, the whole financial arrangements of the Indian Government will have to be reorganized and its civil and military salaries placed on a new basis. Even at present the supposed increased pay of the British soldier and officer on Indian service has become almost illusory.

This reminds me of California times when gold was discovered, when the servant got \$10 a day and the officer \$2.

The efforts now being made to attract a large number of able men from the universities into the Indian civil service will prove futile as soon as it is

generally understood that in expressing Indian salaries in English pounds the rupees have to be divided not by ten, but by a number much nearer twenty.

This description was not written for our benefit, but I have no doubt it is a graphic and truthful description of the condition of affairs brought about by what they called the depreciation of the rupee, which is so much silver.

Mr. JONES of Nevada rose.

Mr. SHERMAN. I said I would not yield to anybody. I would as soon yield to my friend from Nevada as to anyone, but if I yield to him I shall have to yield to all.

The PRESIDING OFFICER (Mr. FAULKNER in the chair). The Chair understands the Senator from Ohio to decline to yield.

Mr. JONES of Nevada. I want to know —

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. SHERMAN. I will yield in this one case. I can not refuse my friend from Nevada.

Mr. JONES of Nevada. I wish to ask the Senator if in so graphically depicting the amount of depreciation of silver in India he has heard of any rise of price of anything produced in India consequent upon that depreciation?

Mr. SHERMAN. I am now dealing with a totally different question, and this character of questions shows the nature of it. I am not dealing with the subject the Senator is talking about. I am dealing with the actual condition of the laboring people and the people who receive salaries and employment in India, and the effect that the system of free coinage of silver and exclusive coinage of silver has upon them. I am not dealing with prices so much now, although I may allude to it hereafter.

I have here another article from the same journal of a different date, over a month earlier, February 26, 1892, which being a financial article is, as a matter of course, supposed to be never influenced at all by political considerations, and it says:

INDIA.

CALCUTTA, February 25.

The Bengal Chamber of Commerce addressing the Government on the subject of the exchange, say that it is impossible for men of business to feel any confidence in the future value of the rupee, and that such a state of things restricts the investment of capital in this country and seriously hampers legitimate enterprise. They believe that there is no complete remedy for these great and rapid fluctuations of the exchange, except either the establishment by international agreement of a system of free coinage of both metals at a fixed ratio or the adoption of a gold standard by India. Failing these remedies they see nothing in the future except a gradual demonetization of silver by one country after another, violent and endless fluctuations of the relative value of gold and silver, and a fall in the value of the rupee to an extent which it is impossible to predict. They think that the former remedy would be attended with less risk, but in case success can not be assured that way they urge the Government to take steps to have the question of introducing a gold standard carefully and seriously considered by competent authorities.

Here is a country that for untold ages with a teeming population has been dealing with silver, and yet are threatened by the same circumstances of its decline to consider even the resort to the standard of gold which is now the standard practically of all Europe as well as of our own country.

Mr. President, much has been said in the course of this debate

in a kind of mysterious way—I could not exactly understand it myself until I looked into it—about the use of council bills. It was stated that the use of council bills regulated the markets of the world in silver; that a council bill was practically a certificate of so much silver on hand. That that was a disturbing element in the finances of India is testified to by many authorities that I alluded to awhile ago, that is, council bills or bills drawn in England by the Indian Government, purporting to certify to the deposit of so much silver in London, were used for the purpose of paying various taxes or for the payment of wheat in India.

As it was shown by these papers that in this way the council who issued them controlled the India market in silver and wheat and regulated it to a greater or less extent. It was said that this caused the depreciation of the rupee, that silver was sold very much as our Chicago people some times sell wheat, short. They gave certificates for silver that did not exist, and with these they toss up and down the market value of silver. These council bills were used to transfer the surplus produce of India and the taxes collected there to England, and this could be done by these certificates called council bills in a more convenient way. But the result was that it placed in the power of the council in England to control to a greater or less extent the value of all the property of India, the power to regulate their prices.

The same system would have to be organized in this country under the free coinage of silver, because silver is so bulky that it can not be used in the great transactions of commercial life. All the silver would be represented by some form of certificates. What is the weight of a thousand dollars in silver? It is 60 or 70 pounds. What is it? I do not remember precisely.

Mr. HAWLEY. That is near enough.

Mr. SHERMAN. It would take about 60 pounds weight to pay a \$1,000 debt. You would have to take a good strong messenger or a dray horse to pay a large debt. The result is that if silver as in India is adopted, and the sole standard of value, it will be represented not by the silver but by some form of certificates which bankers and merchants and dealers will enable them to pay. How much would it take of silver in actual weight to pay the daily balances of the exchanges in New York? It would employ about all the drays they have on Wall street.

I merely allude to this because it has been alluded to by others. The system of controlling the value of silver by what are called council bills is one of the most dangerous forms of disordered and depreciated paper money, whether it be by the silver dollar falling less than the gold standard or by irredeemable paper money.

Mr. President, there is another view to be taken of this question, if I am correct. If I am wrong in my basis that the effect of the free coinage of silver is to bring us down to the standard of 371½ grains of silver market value then I am mistaken, but if I am not mistaken, as I know I am not, so far as I can know anything of the kind, what will then be the effect of this derangement of our currency upon the people of our country? We do not want to compare ourselves in point of financial strength or ability to cope in great questions with such nations as I have mentioned. The Senate itself would take offense were I to compare the United

States with China or with Mexico, although it is a rapidly growing and excellent power, a good neighbor, and India or the countries that I have referred to.

But what effect will this proceeding have upon great classes of our industrial interests? Let me take first of all the soldier who is pensioned. It is a heavy burden, but we all feel that that burden is one that ought to be borne kindly, faithfully, and truly: that we owe a debt to the wounded and to the dead, widows, and to orphans, that we must pay to the uttermost dollar. The general instinct of the American people in every part of our country, whether North or South, is that this obligation is the most binding obligation that can be imposed. Many of the soldiers have claimed that they ought to have gold payments with the present standard instead of the money they received during the war, which was then depreciated.

I do not think so. They received that money as pay, and the rate was advanced from time to time. But whether that be so or not, now to depreciate the money in which the pensions are paid certainly would not be a creditable movement in the people of the United States. I have here a very good statement made by a Democratic colleague in the House of Representatives, Mr. HARTER, that was sent all over the country and quoted. I will read what he says, and I hope my Democratic friends will give more faith to it than they would probably to anything that I could say. Speaking of the free coinage of silver, he says:

This simply means that if a free-silver bill becomes a law a veteran who now gets a pension worth to him \$4 per month would receive actually but \$2.80, with the chance of it going down to an actual value of \$2.40.

He would have to lower his figures now, because the price has gone down.

Take the case of the soldier who is a total physical wreck and utterly unable to do for himself. Such a man gets \$72 per month. If a free-silver bill passes, while he would nominally get the same, he would really get but \$50.40, with the strong probability that in the early future his \$72 of monthly pension would be worth not over \$43.20.

Again, he says in addressing the Grand Army Posts:

I can not urge upon you too strongly instant action. This coinage question should not be one of party politics. It rises above partisanship. The honor of the country is at stake. Its business interests from ocean to ocean and from lake to gulf are jeopardized. Its good faith, not only to its living soldiers, is brought in question, but if a so-called free-coinage bill becomes a law, the widows and orphans of the nation's dead will be robbed by the laws of the land that they died to save. The law would work a monstrous wrong, for from the moment it goes on the statute book, it represents over \$45,000,000 per year taken from the ex-soldiers, their widows and their orphans.

That states the point, I think, so clearly that I need not pursue it.

There is another class of people to which I wish to call your attention, and that is the people who have been hoarding their small savings in the savings banks of our country. What will be the effect upon them? The same effect precisely as that I have already depicted in regard to the soldiers. How much are these? Here is a statement giving the deposits in the savings banks and in the other various banks of the country. This effect upon the value of those deposits extends to every one, whether engaged in business or in the poor savings of the laboring man, or the widow or the orphan. Now, what are they? They amount

to the enormous sum altogether of \$3,448,000,000. More than one-half of that, however, are business deposits, but the amount of deposits in the savings banks alone is here stated to be \$1,623,079,740. Over \$1,600,000,000 are now on deposit under the savings banks laws of the different States which encourage such deposits.

What would be the effect upon those depositors if they should attempt to draw out their money in gold or on the basis of gold? It would bankrupt the country. We have only \$1,500,000,000 all told in money of the country. There are \$1,600,000,000 deposited by savings banks, the same money deposited over and over again as a matter of course, because when the bank receives the money it loans it out, and the money goes flying off in various ways. But the total aggregate is \$1,600,000,000, and you propose to lower the standard upon this and to take away from it about one-third or \$500,000,000. They would try to avoid this difficulty by drawing out their money and seeking to invest it elsewhere, but that itself would precipitate a panic by making a demand for money that could not be met for, as a matter of course, if this \$3,000,000,000, or one-third of it, of deposits in the banks were drawn out suddenly, in a month there would be a suspension of payments all over the country.

Look also at another class of most excellent and worthy individuals who are increasing in this country in numbers marvelously, and that is the purchasers of homesteads under the various laws of the different States that encourage the purchase of homesteads, by which they deposit as they can their earnings, buying on credit a home and paying by their surplus earnings until they have a house and shelter. The number of these is enormous. Now, if you interfere at once with this whole problem, if you degrade, depreciate the standard of our value, they would be last to recover from it. In the mean time the owners of real estate, who would be more sagacious, would advance the price of their holdings precisely as your money declines.

There is not a man who understands the importance of holding real estate but who would appreciate its price at once to keep pace by his advance with the decline in the purchasing power of money; and so far as this gap would be made, it would add an almost insurmountable obstacle to homestead buildings that have grown up in our country. It has been stated that in the city of Philadelphia, certainly in the city of Cleveland and many other cities of the country, a large proportion, far beyond what was ever known before, own their own homesteads. In England, in old mother England that is wise in some things and unwise in others, they are encouraging this not only by law, but in various forms of assistance rendered by benevolent agencies in building up homes. It is this class of people, the people who labor for their living, the people who depend upon the bounty of their government that has been promised to them, the people who are seeking to make themselves self-respecting by building over wife and children a home—these are the people who will be injured.

God knows who will be benefited. I do not know, for even the miner of silver will not be benefited in time, because the effect of this movement and measure is finally to reduce his bul-

lion to the present value at which he sells it, the market value; so that he gains nothing.

The effect on our currency would be enormous, too. If I am correct in my premise gold would be demonetized. We have \$600,000,000 of gold in sight, according to the tables that I presented yesterday. What would become of that? Senators say, why we would have free coinage of gold and silver; we would take it to the Mint and get it coined. But what fool or wise man would take an ounce of gold to the Mint and have it coined when it is worth here for coinage only sixteen times an ounce of silver and he could go and sell it in all the markets of the world for 23 ounces of silver? It would stop and arrest at the moment the coinage of gold, if I am correct in my premise. If I am not, that argument falls. But can I be mistaken?

Sometimes it is said by very clever gentlemen we have shown our ability to maintain all these kinds of money of divers values at par with each other. I think I explained that pretty well yesterday. We may do it by carefully limiting the coinage, by carefully purchasing the silver at market value, by all the restraints that we have thrown around the various laws, for no man desires more than I do to make use of as money all the silver in the country and all that can be produced. All I want is that when it still further declines the loss will not fall upon the people, that the money which measures all their property and all their labor will still stand at zero. If there is any loss in purchasing silver bullion by the further decline of silver, I would let that loss rest upon the broad shoulders of Uncle Sam rather than upon the people themselves as individuals. I would rather let it rest upon the Government.

There has been a good deal of controversy and argument about what free coinage is. Here we have in this bill the plain, unadulterated free coinage of silver. That is not what the people want. They do not want cheaper money; they want more money, plenty of it; all as good as gold. These two ideas have been blended together in the popular mind as if the only way to get more money was by the free coinage of silver. Free coinage of silver would reduce the volume of money because it would demonetize the whole of the gold we have on hand. How long it would take to supply the vacuum by the hoards of silver that may come from all the countries of the world I can not answer, but the immediate effect would be the lessening of the quantity of money in our country. Then, besides, this idea has many forms of expression.

The Senator from Nevada makes his measure plain and simple; the boy who can read can understand it; but here I want to call your attention to some of the party platforms that have been made upon this subject either to dodge the issue or in some form or other to "hide the cat." I have here a singular conjunction in a Democratic resolution which was passed, I believe, recently, in the Democratic convention of California. Let me read it, together with the amendment that was proposed as a substitute, and which, I believe, was voted down. The majority recommended as follows:

Resolved, That we denounce the acts of the Republican party against silver.

If they mean by that the act of 1873, it was the people of Cali-

for~~me~~ and the Legislature of California that induced that action, and there is no party Republican agency in it at all, because it was voted for by every member of the Senate and by every Representative from the Pacific coast. But I suppose that was merely thrown in to give color in a Democratic convention. Then it says:

And we believe that there should be kept in constant circulation a full and sufficient volume of money consisting of gold, silver, and legal-tender paper currency at par with each other.

I subscribe to that. I am in favor of the use of gold and silver and paper money to be maintained and kept at par with each other. That is what I mean by bimetallism. I mean that the different forms of money of different temporary values must be combined together by the law in some way to make them circulate as equal with each other. But that is not what free coinage means.

Some shrewd man in the convention, or men, because there must have been many of them, saw that that was not the square thing, a device to deceive, so they proposed the following:

Resolved, That this convention denounces the act of a Republican Congress demonetizing silver.

They agree on that.

We are in favor of the double standard and of the enactment of such laws as will result in the free coinage of silver.

There was the plain proposition. There was the difference between the Senator from Nevada and myself. The Democrats of California took up my ideas, but abused the Republican party for a sin nineteen years ago in which all the Democrats of the time participated.

That is a pretty fair illustration of what platforms are; and if the Democrats of California will stand upon that platform, which was adopted, as I understand—the majority platform—then they are sound on the dollar and they are not in favor of the free coinage of silver.

I have recently seen in the papers a suggestion made in one of the letters from the President of the United States in reference to the international conference, in which he stated, I think, in as full, explicit, and well-chosen words as could possibly be done, what is desired by the American people to promote to the fullest possible extent the use of silver that could be maintained on a parity with gold, and inviting a conference to secure such measures as would tend to establish a commercial ratio between the different nations. That is all right, and to that extent I would be willing to go, and perhaps a little further.

Mr. President, I do not like to stand in the light of one who is coming here before the Senate and complaining and scolding about a bill. Any man, in the present condition of our country, with its disturbed state of private credit, not of public credit, ought to be willing not merely to oppose something that is proposed; he ought to be willing to propose something that he would support in order to accomplish the ideas that all desire, because I assume that the Senators of the United States are not governed in this matter by local interest. They should be governed by the broadest consideration of the greatest good for the greatest number.

Now, sir, I do think that there ought to be important changes in our financial laws, and among them, and first of all, and the exact opposite of what is proposed in this bill, we ought to do what our ancestors have done. We ought to do what every nation has done. We ought to establish a new ratio between silver and gold, not to make them exactly equal, because that is impossible on account of the ebbs and flows of the constantly changing tide of ratio. They ought to be so equal that according to the judgment of the reasonable men who prescribe the ratio, as Jefferson and Hamilton did in the early period of our country, such ratio would fairly represent the market value of the two metals.

Why, Mr. President, sometimes it has been said that silver and gold are constitutional money. So they are. Silver and gold are placed in the Constitution as the natural money of mankind, and it always will be so. But is there any constitutional ratio? Who makes the ratio? Not the framers of the Constitution. They did not say "silver and gold according to their present market value," because they left that to be decided by the men who were to administer this Government. Therefore, in my judgment, the time has come when there can be no longer a doubt of a wide disparagement between these two metals and where a new ratio ought to be made.

Mr. MORGAN. Will the Senator allow me—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. SHERMAN. I have promised not to yield, and I hope the Senator will not urge it. With great respect for him, I must decline.

Mr. MORGAN. I beg pardon of the Senator, but I understood him to make some assertion about statesmanship, and I wanted to know what it meant, that was all.

The PRESIDING OFFICER. The Senator from Ohio declines.

Mr. SHERMAN. This ratio of 16 to 1 is not any more sacred than the ratio of 15 to 1. It was changed in Gen. Jackson's time. It is not more inconsistent or illogical, not more sacred than a ratio of 23 to 1 would be, which would about measure the two metals valued at this time.

Mr. MORGAN. Does the Senator from Ohio adopt that ratio of 23 to 1?

Mr. SHERMAN. I do not adopt it. I am proposing something. I say there can be nothing in that relation. I would adopt that ratio which the judgment of the Congress of the United States or of an international conference might decide would be the ratio that could be maintained without embarrassment between those two metals. That I would do first of all as a necessary prelude to the other arrangements that ought to follow.

Now, there is another thing I would do, and that has already been set on foot by the President of the United States. All the nations of Europe are more or less interested in this question of a ratio between gold and silver and the strong disparagement between them. Great Britain, which took the first step towards separating gold from silver in 1815, no doubt was impressed with the very ideas that I have read to you from the London Times.

They begin to feel and show in their papers that come to us that they are prepared to make important concessions upon that subject.

I have here another recent article upon that very important question, giving an account of a meeting between a large deputation of leading financiers, bankers, and business men of the city of London with Lord Salisbury and other leading men of that country. One of their leading members, in stating the object of the meeting, said:

In the first place, they came to assure the Government that they would have the support of all the industrial and commercial classes of the country if they went into the proposed conference and tried to settle this vexed question. [Cheers.] The second object of the deputation was to urge the Government, if they did accept the invitation to join in the conference, to do so with a full determination to make a settlement of the question, and so relieve them of the enormous difficulties which for eighteen years had pressed upon them.

Then, again, the chairman of the Bank of India, Australia, and China, spoke, as well as others, among them Col. Adam, of the Leith Chamber of Commerce, who testified—

That the evil of the present system was seriously felt by the shipping and agricultural interests. Mr. G. H. Dick, of Glasgow, who had been carrying on business in India for a quarter of a century, said the state of affairs was so bad that if he was sure Her Majesty's Government intended to prolong the policy of *laissez faire* and to allow the silver question to drift he would set about withdrawing himself from Bombay business in order to escape with such capital as he could save.

These speeches indicated the object of the meeting, and they were replied to briefly by the prime minister, and then by Mr. Goschen, who said:

Two days ago a note was handed by the United States minister to the prime minister, in which Her Majesty's Government are invited to a conference by the United States—a conference the object of which would be to examine what measures, if any, could be taken to increase the use of silver in the currency systems of the nations.

Then he goes on:

You will see how much that covers, and, on the other hand, you will see that no country will, by accepting that invitation, be committing itself to any set system or to any actual principle which may have to be discussed. I think the United States have been anxious, by the form of their invitation, to make it easy for as many nations as possible to assemble in conference upon this important question. I need not say that Her Majesty's Government, in deciding to accept this invitation [cheers] (for that is the course on which they have resolved), have been guided to a great extent by the conviction of the deep interest which is taken in this question by such large industries as those which are represented before us to-day, but at the same time we have not been able to exclude from our consideration the views and wishes of our great dependency of India, which is so deeply interested in this question. It is thus that we have come to the conclusion that it would be right to accept the invitation which has been made to us, and you will see that the fact of that acceptance practically imposes upon us much discretion with regard to anything that we might otherwise be disposed to say upon the general question.

While no doubt this did not commit him to any particular position, yet it did show that even the great Empire of Great Britain is willing to consider this question in a conference.

And so with France; that Republic is now burdened not only with the very large amount of silver which they have on hand, which, as shown by what I have read, is mainly in the Bank of France and is represented by the circulation of bank notes, yet they also want to be relieved on account of Italy and other Latin nations. As a matter of course France, the largest nation of the

Latin Union, and the nation of the greatest strength of those interested in this matter, must protect to a greater or less extent Italy, Switzerland, Belgium, and Holland, which, with France, are the five nations of the Latin Union.

This matter is pressing upon them. If I were to prolong my argument I could show that.

Mr. President, I am willing to say another thing. I am willing to stand by the President, to aid him all we can in an international conference. I am glad that my friend from Nevada [Mr. JONES] is going there to represent the interests that he upholds so well here. I hope that the commission will be made strong, and that it will have a successful result in bringing about something that will at least lessen the evils that are now pressing upon the financial condition of all the nations of the world.

But, sir, that is not all. Other things have to be done, but probably it is not the time to discuss them. There is an unquestioned feeling that in this country of ours the currency, as it now stands, is diverse. While we here, familiar with legislation, may be able to explain the various kinds of money we have, there is a feeling among the people that there are too many different kinds of money. They all want it to be good, though, so far as I know; they want more of it. I am convinced that the desire for more money lies at the basis of this dangerous proposition that we are debating.

But more money merely, without the other element of goodness, is not what the people want, if I know their instincts and can read their wishes from the signs of the times. They want an increased volume of money, but good money. That may be somewhat difficult to get. We certainly have gone almost to the last limit in having silver money, and silver certificates payable in silver dollars, depending largely now upon the confidence in the power and strength of the Government to maintain them at par with gold. We also have varied forms of paper money. We have \$600,000,000 of gold in sight in this country, \$500,000,000 of silver, and we have large quantities of paper in varied forms, amounting now to about \$2,500,000,000. It is true that this paper money represents gold and silver in the Treasury, and therefore the amount in actual circulation is only the difference between what has been coined or issued and the amount now held in the Treasury, for the most of it is held there merely as security.

Now, Mr. President, another thing is plain: that the people of this country—whether rightly or wrongly is not for me to say—are not in favor of the longer continuance of the national banking system beyond that period which will enable them to wind up as banks of circulation when the payment of the public interest-bearing bonds is made. These have now been reduced to so low a sum that we care but little whether they are paid or not. The larger part of our debt now is the debt that we owe for our circulating notes, the greenbacks and the certificates of various forms, for which we have money in the Treasury to meet and pay. The bonded debt has ceased to be a phantom, although when the war closed every patriot in our land who knew anything about our burden of debt brooded and brooded over the \$2,900,000,000 which rested upon their shoulders.

That has disappeared. In addition to that sum there were

other liabilities, in the form of pensions, unliquidated claims, etc., that had to be paid, amounting to \$1,000,000,000 more. So that we owed at that time about \$4,000,000,000 altogether, of which at least \$3,000,000,000 was an ascertained debt.

Mr. President, I am therefore in favor of regarding the popular will as being practically expressed that we shall not continue this banking system longer than the existence of the bonds that are outstanding. The people are not willing to take as security for the notes they hold any less security than the Government of the United States of America, whether that be in the form of bonds or in the declaration of the Government to maintain the notes.

The promise of the Government now in a time of peace, with all the untold wealth that has accumulated since the war, is ample margin enough to maintain all the paper money that is necessary for the circulation of 65,000,000 people. What amount of circulating notes do we need? I can not say. That must be a question for experts. My own opinion would be that the present amount outstanding is sufficient.

It does not happen, because there is an increase of currency, that the poor and the needy will get it. How can they get it except by working or by selling something? That is the only way by which anybody can get anything. We can not distribute it per capita among the people, and give it to the poor and not to the rich. We have no means of doing that. I see that my friend from Texas [Mr. MILLS] agrees with me. As a matter of course we deal with the people as a whole.

I believe that there is intelligence and good sense enough in the Congress of the United States to deal with this question and to establish an issue of paper money based, we will say, upon the population of our country at a ratio that prudent and conservative men will feel to be safe under all the circumstances. We have gold and silver enough as a basis for all the circulation outstanding now, probably one-third of gold and one-third of silver at their market prices, except that if a new ratio were adopted then they would be substantially the equivalents of each other, and then probably the issue of the other one-third should be based upon the credit of the Government. Such a fiscal agency could be established, supported by the gold and silver in the Treasury and the pledge of the Government of the United States contained in the resumption act that its bonds should be sold, if necessary, to maintain resumption. Such a scheme as that, such a system as that, might be easily adopted by prudent men.

But this scheme for the free coinage of silver has in it all the elements of weakness, and, I might say, of repudiation, that the issue of irredeemable money contains. Silver money alone is too heavy to use in actual circulation. Such a standard would carry us in the same road that other nations have passed. The Argentine Confederation and Brazil are now in the throes of bankruptcy. Mexico is in better condition. That Republic has at least the market value of their coin in circulation as the basis of their transactions.

If these things can be accomplished Congress might undertake it. But this is not the time. In the midst of a Presidential canvass, while men and parties are scheming for place and power,

we can not expect any very wise and useful legislation. The tariff act that was passed a short time ago greatly injured our party at the election that came too soon for the measure to be understood, and I have no doubt that the defeat of Mr. Cleveland was in a large measure due to the necessity he felt of taking his position on the tariff question.

These questions of finance ought not to be considered as political. They ought not to be considered with intent to promote the interests of any party or any man. They ought to be guided and guarded by the wisdom, moderation, forbearance, and patient hearing of the wisest men of the United States. Let such men devise such a scheme of banking and currency, and I will be the first to give it my support.

But, sir, closing as I began, let me express my earnest belief that this attempt to bring this great and powerful nation of ours to the standard of silver coin alone is a bad project, wrong in principle, wrong in detail, injurious to our credit, a threat to our financial integrity, a robbery of the men whose wages are diminished by its operations, a gross wrong to the pensioner who depends upon the bounty of his Government, a measure that can do no good, and in every aspect in which it appears to me, a frightful demon to be resisted and opposed.

