The President's Objections to Free Coinage Reviewed.

SPEECH

OF

HON. WILLIAM M. STEWART,

OF NEVADA,

IN THE SENATE OF THE UNITED STATES,

Thursday, December 17, 1891.

Mr. STEWART said:

Mr. PRESIDENT: I desire to submit some remarks at this time upon that part of the President's annual message which relates to silver coinage.

The act of July 14, 1890, to which the President refers in his message, was a compromise measure. The Senate passed a bill providing for free bimetallic coinage. The House amended it by a substitute, providing for the purchase of silver bullion and the issuance of Treasury notes thereon, redeemable in bullion. It was known as the bullion-redemption bill. The Senate refused to concur. A conference committee was appointed, which reported the compromise measure which is now the law.

The law provides for the purchase of four and a half million ounces of silver per month and the issuance of legal-tender Treasury notes thereon at the market value of the bullion.

THESE NOTES ARE REDEEMABLE IN COIN,

either gold or silver, at the discretion of the Secretary of the Treasury, and the Secretary is required to coin sufficient of the silver bullion so purchased to provide for the redemption of the notes.

The law has increased the circulation by the difference between the coinage value of $24,000,000 worth of silver bullion and 54,000,000 ounces of silver bullion per annum. It has also increased the price of silver bullion. During the fiscal year ending June 30, 1889, before the silver agitation commenced, the average price of silver was a little over 93½ (0.93537) cents per ounce. During the last fiscal year the average price has been a little more than $1.05 ($1.052935) per ounce.

THE WAR ON SILVER AND THE FALLING OFF

of the Asiatic demand have now reduced the price of that metal to about 95 cents an ounce. The tendency of the act of 1890 is to enhance the price of silver by creating an additional demand for it. But it is demonstrated that nothing short of free coinage will advance silver to par with gold at the ratio of 16 to 1 and keep it there.

THE PRESIDENT HAS BEEN MISINFORMED

with regard to the predictions of those who voted for free coinage in the last Congress. He says:

> The ablest advocates of free coinage in the last Congress were most confident in their predictions that the purchases by the Government required by law (the law of 1890) would at once bring the price of silver to $1.2929 per ounce, which would make the bullion value of a dollar 100 cents and hold it there.

I know nothing of private opinions expressed to the President, but no member of either House who voted for free coinage in the last Congress, so far as my information goes, ever expressed such an opinion in the debate. On the contrary, every Democrat who expressed any opinion with regard to the bill as it finally passed declared that it was a step backward; that its tendency would be further

TO DEGRADE SILVER TO A COMMODITY,

and be detrimental to the cause of free coinage. The free-coinage Republicans, however, believed that a larger use of silver by the United States, for which the act provided, would furnish more currency and tend to enhance the price of silver. They stated that in their opinion it was a step in the right direction; that it was all they could get; and that they preferred it to no legislation.

I have examined with care the debates in both Houses, and fail to find any expression on the part of any free-coinage advocate to sustain

THE STATEMENT IN THE PRESIDENT'S MESSAGE.

I must, therefore, conclude that he has been misinformed as to the views of the advocates of free coinage so far as publicly expressed.

I do not believe that the force and effect of the present law was then or is now understood. The opponents of free coinage, who offered the law as an alternative to no legislation, may find further legislation necessary

TO RELIEVE THEMSELVES FROM AN UNCOMFORTABLE POSITION.

If the present law should destroy gold monometallism and fail to give the country the bimetallic system, dissatisfaction may arise in many quarters, and all parties may consent to resort to free coinage as the only possible solution.

The act of July 14, 1890, recognizes that it is—

> The established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

MARK THE LANGUAGE:

"It being the established policy of the United States to maintain the *two metals* on a parity upon the present legal ratio."

No reference is made to the coined dollars. They can be made equal to each other by the stamp of the Government and a promise to redeem the silver dollar with the gold dollar. But the act goes further, and declares it to be the policy of the United States to maintain 412½ grains of standard silver at the same value as 25.8 grains of standard gold. This can not be done by redeeming silver dollars in gold dollars. Both metals must be used as money

BY THE FREE AND UNLIMITED COINAGE OF EACH.

The fluctuations in the price of silver since it was excluded from the mint demonstrate that the equality in value of 412½ grains of standard silver and 25.8 grains of standard gold can not be maintained while the one can be exchanged at the mint for a dollar and the other can not. Twenty-five and eight-tenths grains of standard gold are always worth a dollar, because they can be exchanged at the mint for a dollar.

PREVIOUS TO THE DEMONETIZATION OF SILVER

412½ grains of standard silver would always sell for a dollar in the market, because they could be exchanged for a dollar at the mint. No power on earth can maintain the parity of the two metals while one is excluded from the mint and subject to fluctuations in the market and the other is not. The parity of the two metals can be maintained at the ratio established by law only by the free and unlimited coinage of both. Consequently, free bimetallic coinage is

"THE ESTABLISHED POLICY OF THE UNITED STATES,"

as declared in the act of 1890. Whatever may have been the views of the advocates of free coinage in the last Congress as to the effect of the act of 1890 in advancing and maintaining the price of silver, it is manifest that the majority of the two Houses who voted for the bill expected and intended that the law should raise the price of an ounce of fine silver to $1.2929 and keep it there; otherwise they would not have stated in the act that such was "the established policy of the United States."

THE DECLARED INTENT AND PURPOSE OF THE ACT

have not been carried out in practice. It has not maintained the parity of the two metals. Further legislation is necessary for that purpose. Free bimetallic coinage is the only method by which the parity of the two metals has been or can be maintained. Will Congress abandon the established policy of the Government, or will it maintain such policy by free and unlimited bimetallic coinage?

WHEN BIMETALLIC COINAGE WAS ABANDONED

by the demonetization of silver, it is estimated that the gold and silver coin in the world amounted to about $7,500,000,000. This coin was, as expressed by the Royal Commission of England, practically one money for the purpose of commercial exchanges and as reserves for both public and private financial institutions. There has been no material increase in the gold coin of the world since silver was demonetized. The annual product has been mostly absorbed for non-monetary purposes. The gold coin of the world at present does not exceed $3,750,000,000, or about one-half of the aggregate of gold and silver coin in existence eighteen years ago. If $7,500,000,000 of coin were not too much in 1873, can it be shown that one-half of that amount is sufficient now?

THE PARITY OF GOLD AND SILVER COIN

maintained by a promise of redemption in gold does not enlarge the basis of circulation and credit. In such case silver coin is as much credit money as paper. The paper and the silver are both bought in the market and promises to pay printed or stamped thereon.

THE POLICY OF THE TREASURY DEPARTMENT

since silver was demonetized has not been in accordance with the established policy of the United States to maintain the parity of the two metals at the ratio fixed by law. That Department has discriminated against silver in the payment of the public debt, and thereby degraded and depreciated the white metal, contrary to the established policy of the United States. Every obligation of the Government is, and always has been, payable in silver as well as in gold, but the Secretary of the Treasury has uniformly paid the bondholders in gold alone, when it was for the interest of the United States to pay in silver.

THE LAW ON THIS SUBJECT

is concisely and distinctly stated in the following resolution of Congress, passed on January 28, 1878:

Whereas by the act entitled "An act to strengthen the public credit," approved March 18, 1869, it was provided and declared that the faith of the United States was thereby solemnly pledged to the payment in coin, or its equivalent, of all the interest-bearing obligations of the United States, except in cases where the law authorizing the issue of such obligations had expressly provided that the same might be paid in lawful money or other currency than gold and silver; and

Whereas all the bonds of the United States authorized to be issued by the act entitled "An act to authorize the refunding of the national debt," approved July 14, 1870, by the terms of said act, were declared to be redeemable in coin of the then present standard value, bearing interest payable semi-annualy in such coin; and

Whereas all bonds of the United States authorized to be issued under the act entitled "An act to provide for the resumption of specie payments," approved January 14, 1875, are required to be of the description of bonds of the United States described in the said act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the national debt;" and

Whereas at the date of the passage of said act of Congress last aforesaid, to wit, the 14th day of July, 1870, the coin of the United States of standard value of that date included silver dollars of the weight of 412½ grains each, declared by the act approved January 18, 1837, entitled "An act supplementary to the act entitled 'An act establishing a mint and regulating the coins of the United States,'" to be a legal tender of payment, according to their nominal value, for any sums whatever: Therefore,

Resolved by the Senate (the House of Representatives concurring therein), That all the bonds of the United States issued or authorized to be issued under the said acts of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars, of the coinage of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith, nor in derogation of the rights of the public creditor. (CONGRESSIONAL RECORD, Forty-fifth Congress, second session, volume 7, part 1, page 627.)

If the Secretary of the Treasury had exercised the discretion confided in him by the Bland act and bought and coined $4,000,000 worth of silver bullion per month and paid it out to the bondholders according to contract,

SILVER WOULD HAVE BEEN REMONETIZED LONG AGO.

Silver would then have been the money of the bondholders, and they were powerful enough to see to it that their money was not degraded or depreciated.

The Treasury notes issued in the purchase of four and a half million ounces of silver bullion per month under the act of 1890 are made redeemable in gold or silver coin, at the discretion of the Secretary of the Treasury. The language of the act is that—

Upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe. redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio. * * * That he shall coin of the silver bullion purchased under the provisions of this act as much as may be necessary to provide for the redemption of the Treasury notes herein provided for.

The discretion is manifestly given to enable the Secretary of the Treasury to maintain the parity of the two metals,

NOT TO DEGRADE SILVER BY GIVING A PREFERENCE TO GOLD,

which had been the practice of the Treasury Department.

It has been suggested that silver will not be used as provided by law for the purpose of redemption of Treasury notes, but that gold will be bought by the sale of bonds and the national debt increased to redeem Treasury notes, while the silver provided for that purpose lies idle in the Treasury.

SUCH A SUGGESTION IS IN PLAIN VIOLATION OF THE LAW.

There is no law authorizing the Treasury Department to issue bonds to buy gold to redeem Treasury notes issued under the act of 1890.

Reference has been made to the act of January 14, 1875, providing for the resumption of specie payments. That act provides that—

On and after the 1st day of January, A. D. 1879, the Secretary of the Treasury shall redeem, in coin, the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the assistant treasurer of the United States in the city of New York, in sums of not less than $50. And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or required, he is authorized to use any surplus revenues, from time to time, in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par in coin, either of the descriptions of bonds of the United States described in the act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the national debt," with like qualities, privileges, and exemptions, to the extent necessary to carry this act into full effect, and to use the proceeds thereof, for the purposes aforesaid.

The act authorized the sale of bonds to redeem, in coin, the Treasury notes then (on the 1st of January, 1879) outstanding, and none other.

THERE IS NOT A SHADOW OF AUTHORITY

in the resumption act, or any other act of Congress, to authorize the Secretary of the Treasury to sell bonds and buy gold with which to redeem the Treasury notes issued under the act of 1890. There is no alternative for the Treasury Department but to use silver dollars to redeem Treasury notes, unless there is gold in the Treasury to enable the Secretary to exercise his discretion. With five hundred millions of silver coin and silver bullion awaiting coinage, and 54,000,000 ounces of silver to be accumulated annually, it is hardly possible that the Secretary of the Treasury will be able to avoid the use of silver for the purpose of redemption as contemplated by the act of 1890.

The President informs us that certain powers exist in the Treasury Department, and certain assurances have been given, but

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HE IS NOT VERY EXPLICIT

as to what assurances have been given, or what powers are to be exercised to maintain the parity in the use of coined dollars and their paper representatives. He says:

> Under existing legislation it is in the power of the Treasury Department to maintain that essential condition of national finance as well as of commercial prosperity—the parity in use of the coin dollars and their paper representatives. The assurance that these powers would be freely and unhesitatingly used has done much to produce and sustain favorable business legislation.

IT WOULD BE INTERESTING TO KNOW

what these assurances were and what powers are to be freely and unhesitatingly used. The President is too good a lawyer to contend that a law authorizing the sale of bonds to buy coin to redeem greenbacks outstanding in January, 1879, would furnish authority for the sale of bonds to buy gold to redeem Treasury notes issued under the act of 1890. If he had not expressly declared in his message that free coinage of silver would be disastrous it would be reasonable to suppose that the assurances given would be a return to bimetallic coinage,

THE ONLY METHOD BY WHICH THE PARITY OF THE TWO METALS

has been or can be maintained. There is no danger of a silver basis if gold and silver are coined, as formerly, upon the same terms and conditions without discrimination against either. I submit, however, to the advocates of the gold standard if the purchase of four and a half million ounces of silver per month, which, deducting the silver used in the arts, is more than the American product, may not in time

DESTROY THE GOLD STANDARD IN THIS COUNTRY?

If the gold advocates continue to denounce coined silver dollars as 75-cent dollars, and the holders of Treasury notes are compelled to take such dollars in redemption and can get none other, may it not endanger the parity between coined gold and silver dollars and increase the disparity of the two metals?

There is no middle ground. The money of ultimate redemption, which forms the basis of circulation and credit, must be limited and determined as to amount by gold or by silver, or by the aggregate of both.

THE MONEY FUNCTION PERFORMED BY THE PRECIOUS METALS

is a limitation of quantity. From time immemorial, previous to the demonetization of silver, the basis of the world's money and credit was the aggregate of the two metals combined. The attempt to discard silver and use gold alone has been disastrous. The Secretary of the Treasury never uttered a more obvious truth than when he informed the bankers of New York that

THERE IS NOT GOLD ENOUGH FOR USE AS MONEY.

If he had told them the whole truth, he would have informed them that there is no possibility of increasing the metallic money of the world except by the restoration of silver to the place it occupied as a money metal prior to 1873. Silver can not supplement gold as money of ultimate redemption, so long as the Government speculates in it as a commodity and denies it free coinage at the mint.

The President has a proper regard for the producers and laborers, and expresses his concern for them in unmistakable terms. He says:

> The producers of the country, its farmers and laborers, have the highest interest that every dollar, paper or coin, issued by the Government, shall be as good as any other. If there is one less valuable than another, its sure and constant errand will be to pay them for their toil and for their crops. The money-lender will protect himself by stipulating for payment in gold, but the laborer has never been able to do that.

It is true that the laborers and producers are overmatched by the cunning and avarice of money-lenders, and are compelled to submit to usurious contracts. But when the Government combines with the exploiters in money, the situation of the farmers and laborers is deplorable. It was the Government that reduced the volume of real money of ultimate redemption about one-half by demonetizing silver, and by that means

DEPRECIATED THE PRICE OF PROPERTY AND LABOR

in a corresponding ratio. Congress, however, never changed the contract with the bondholders from a contract payable in either gold or silver to a contract payable in gold alone. The executive department, without the authority of Congress, has done this.

Every obligation of the Government is and always has been payable in silver coin, but the Treasury Department has refused to pay in such coin. That Department ever since the close of the war has maintained that silver was not good enough for the bondholder, although greenbacks

WERE CONSIDERED GOOD ENOUGH FOR THE SOLDIER

who fought the battles of the Union. If the Treasury Department would make no discrimination in the use of gold and silver in the payment of national obligations, who would be the first to receive the despised silver coin, the bondholder or the laborer? It is the fault of the Government, and particularly the administration of the Treasury Department, if the cheap greenbacks were paid to the soldier, while the dear gold dollars were paid to the rich money-lender; it is the fault of the Treasury Department if the best money is paid to the bondholder and a depreciated currency paid to the laborer.

The producers, laborers, and farmers of this country are willing to accept silver, provided the Government will treat it as money equally with gold. They knew no difference between gold and silver coin until

THE GOVERNMENT MADE WAR ON SILVER

and deprived it of its money functions.

I am glad that the President is in favor of a larger use of silver, but I can not concur in the means proposed by him to accomplish that end. He says:

> There is, however, I am sure, a growing sentiment in Europe in favor of a larger use of silver, and I know of no more effectual way of promoting this sentiment than by accumulating gold here. A scarcity of gold in the European reserves will be the most persuasive argument for the use of silver.

In other words, the President proposes to take the gold away from Europe until her reserves will be so scarce as to compel her to use silver or suffer bankruptcy. It would have been interesting

IF THE PRESIDENT HAD SUGGESTED

how we are to accumulate gold. Since silver was demonetized, and the producers of this country compelled to buy gold with which to pay obligations contracted to be paid in either silver, gold, or paper, the people have been burdened almost beyond endurance. They have been compelled to sell their wheat, cotton, and other farm products at from 30 to 40 per cent discount to buy gold, because the Government would not allow them to pay their debts in any other kind of money, no matter what the contract stipulated for.

THE PRESIDENT NOW RECOMMENDS THE CONTINUANCE

of this sacrifice on the part of the producers until the moneyed institutions of Europe are deprived of their gold reserves and required to use silver. He must know that if we buy gold until we deprive Europe of her reserve we must give more for gold than anybody else will give or we can not get it. We must sell wheat, cotton, and other farm products cheaper than they can be procured in Europe, Asia, Africa, or any other part of the world to buy gold enough to ruin the Rothschilds and the other money kings of Europe.

Is the President aware that European money-lenders have a call on this country for several thousand millions, and that if gold is the only money to be paid bondholders the money kings of Europe

CAN CALL ON US AT ANY TIME

for a vast amount of gold? Does he not remember that last spring, in consequence of the failure of the Barings, the reserves of gold in Europe became short, and that our European creditors drew on us for about $75,000,000 of gold to increase their reserves? Does he not know that they have the power to continue that process almost indefinitely, certainly until they have collected the thousands of millions which we owe them?

The President ought to consider that the rejection of silver as real money eighteen years ago contracted the basis of circulation and credit nearly one-half and reduced the price of property and services enormously:

THAT FARMS IN ENGLAND AND AMERICA,

unaffected by emigration, have depreciated in value from 40 to 50 per cent; and that the failure of the Barings disclosed the fact that the reserves of the moneyed institutions of the world were altogether insufficient to sustain the present fabric of business and credit. Every moneyed institution in the world since that failure has been struggling to buy gold to increase its reserves and avoid bankruptcy. If no other means could be devised to stop contraction, furnish more money, revive business, and produce prosperity, it might be necessary to test the question whether Europe or the United States would first be forced into bankruptcy in a contest to accumulate gold.

Why should we want gold scarce in Europe? If it is scarce there it will be dear. Europe is the market where we sell our farm products and buy gold.

IF GOLD IS SCARCE AND DEAR WHERE WE BUY,

it will take more products to acquire a given amount of it than it would if it were plentiful and cheap, and we must sell our wheat and cotton cheaper than we otherwise would. Would it be a calamity if some of our gold should go to Europe and make money plentiful there if we had silver in its place? Would we not get more gold for our wheat and cotton than we would if gold were scarce in Europe?

I DIFFER WITH THE PRESIDENT.

I would not attempt to accumulate gold at the enormous sacrifice which our farmers would be compelled to make by being forced to sell their products cheaper than Asiatics or Europeans. The Secretary of the Treasury, Mr. Foster, diagnosed the case correctly and pointed out the root of the evil with which the commercial world must contend, when he stated that there is not gold enough for use as money. It can not be shown that if silver were remonetized by free coinage, and added to gold, there would be too much of both metals for use as money. Previous to the demonetization of silver, when gold and silver were practically one money,

THERE WAS NOT TOO MUCH REAL MONEY IN THE WORLD.

Since that time the aggregate product of gold and silver of the world has been barely sufficient to keep pace with population and business. It was governmental action which reduced the basis of circulation and of credit to the insufficient supply of gold. That governmental action must be reversed and silver restored before the productive forces of the civilized world can be vitalized and put in motion.

WHILE FREE AND UNLIMITED BIMETALLIC COINAGE

is the only remedy for the financial troubles of the commercial world, still the Treasury Department can do much to advance the cause of honest money. Why not adopt the policy of France? Although France has stopped silver coinage, yet she does not seek to degrade the silver coin which is circulating among the people. More than half the silver coin in Europe is circulating in France on a par with gold, a full legal tender at the ratio of 15½ to 1. Every obligation of France is payable in silver or gold coin, at the option of the Government. France pays her creditors in either gold or silver, whichever is most convenient for the Government. Every obligation of the United States is also payable in either gold or silver coin, but the Secretary of the Treasury

PAYS IN GOLD AT ALL HAZARDS,

notwithstanding he has plenty of silver at his disposal. The result is that the people of France believe in silver; their confidence in the white metal is not destroyed. But the people of the United States are told by high officials that our standard silver dollar is a 75-cent dollar.

By the agreement of November, 1885, between the nations forming the Latin Union, namely, France, Italy, Greece, Belgium, and Switzerland, each member thereof was bound to redeem its silver coin which might be held by any other of the contracting powers at the expiration of five years, upon receiving one year's notice.

NONE OF THE CONTRACTING POWERS GAVE THE NOTICE.

The gold-standard contractionists of France insisted that the Government should give the notice and require the other members of the union to take their silver and pay gold for it at the rate of $1.33 per ounce. In 1890, when the time expired, France held of the coin of the other contracting powers over 600,000,000 francs, which she was at liberty to compel Italy, Greece, Belgium, and Switzerland to take at $1.33 an ounce. She did not give the notice or require the other members of the union to redeem their silver. Why did she not dispose of her silver? Simply because

SHE WAS UNWILLING TO DEGRADE SILVER.

Any person holding an obligation against France must take either gold or silver, as the Government may determine. She keeps her reserves of gold and silver about equal. Even Germany, who first followed the United States in demonetizing silver, pays her creditors in either silver or gold, at the option of the Government.

England retains her gold by raising the rate of interest. The Treasury Department of the United States, however, concedes that silver is not good money for bondholders, and even suggests the purchase of gold to redeem Treasury notes issued under the act of 1890.

MY ADVICE TO THE SECRETARY OF THE TREASURY IS

to do the best he can for the Government; to pay the creditors of the Government in any money stipulated in the contract, and to cease discriminating in favor of the bondholders against the people.

It may be asked, who are the parties interested in degrading silver to a commodity? That question is easily answered.

They are two powerful classes who have their principal place of business in London. One class desires cheap silver for the purpose of speculating in Asiatic products. The purchasing power of silver in Asia is about the same that it was before it was demonetized in the western world. Dealers in Asiatic products

BUY CHEAP SILVER IN THE UNITED STATES,

coin it into rupees or other Asiatic money, and sell it at par in exchange for Asiatic products. This powerful class of middlemen have made hundreds of millions by the purchase of cheap silver in the United States for use as money in Asia. They enjoy a similar harvest to that gathered by the merchants of San Francisco during the war. Those merchants purchased goods for greenbacks and sold them on the Pacific coast for gold, and pocketed the difference. The dealers in Asiatic products buy silver at from 30 to 40 per cent discount, sell it in Asia at par, and make the difference.

The other class of persons who are interested in depressing silver are investors in bonds and securities,

WHO DESIRE COLLECTIONS IN DEAR MONEY.

The money kings of Europe have invested in the United States several thousand millions. The great banks of New York are investors and collectors on foreign account. They take orders from their European employers. They give directions to country banks, which are never disobeyed. The business community is required by the banking fraternity, as a condition of accommodation, to adopt the same financial policy which they advocate. The press follows the banks and the merchants. The

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Treasury Department, through the banking fraternity, receives orders from London, which it seldom disobeys. The people of the United States who owe thousands of millions to European investors are the victims. While dear money and cheap property are disastrous to the producers it is a golden harvest for their creditors.

I REGRET THAT THE SECRETARY OF THE TREASURY

feels called upon at any time to visit New York or take orders in any form from the agents of foreign investors. I would like to see him independent, acting in the interest of the people of the United States, as the Bank of France acts for France, the Bank of Berlin for Germany, or the Bank of England for Great Britain.

THE MODE OF MANIPULATION

adopted by these two classes to depress the price of silver is novel. India is required to pay annually, at the Bank of England, $80,000,000 for interest on her public debt. This interest is collected by the issuance of council bills by the Bank of England, which are drafts on India payable in silver rupees. It must be remembered that they are payable in India; nowhere else. These bills are sold on the London market to the highest bidder and bought by persons who wish to make remittances to India for cotton, jute, wheat, or any other commodity. In the ordinary course of business about $2,500,000 of these bills are sold each week. But in case it suits the convenience of speculators in Indian products and of investors in bonds to depress the price of silver, it is only necessary to sell more council bills than the market requires. If a million or two of them beyond the requirements of the market for remittance are sold, their price goes down, and with it the price of silver declines, because these bills are orders for silver.

WHEN SILVER WENT TO $1.21 AN OUNCE

it was the boast of the financial manager for India that he sold council bills several weeks in advance and broke the market for silver. By this method the Bank of England is enabled to sell silver "short" without the necessity of filling its "shorts;" because these bills are payable only in India, and if more of them are sold than are required for remittance to that country they must decline in the market. Why should we be subject to this manipulation? There have been

NO MORE GOLD AND SILVER PRODUCED

since 1850 than were required for monetary purposes. From 1840 to 1850 the annual supply of gold and silver of the world did not exceed $40,000,000. There was a sudden increase after the discovery of gold in California. In 1851 the world's product was $107,000,000. The discovery of gold in Australia increased the annual output to nearly $190,000,000. This wonderful addition to the supply of the precious metals was not a disaster, but a blessing. From that time onward the combined product of the two metals has been constant, with a gradual increase, until now the world's annual output of gold and silver has reached about $250,000,000. The supply of gold and silver, if both metals had been used as money, would have been sufficient to keep pace with the increase of population and business, and would have furnished a basis for circulation and credit that would have continued the prosperity which was inaugurated by the wonderful discoveries in California and Australia in 1848 and 1852. But the rejection of silver has practically cut off the supply of the precious metals for the creation of new money. A money famine has been inaugurated, not by the exhaustion of the mines, but by the exploiters in money to gratify the avarice of speculators and bondholders.

The objector says that free coinage in this country

WOULD FLOOD THE UNITED STATES

with the silver of the world. This assertion is made without the slightest evidence. In the first place, there has been no silver produced to create an oversupply. On the contrary, the production of the two metals has been barely sufficient for monetary purposes. Previous to 1890 the entire product of the silver of the world was annually consumed. The first accumulation of bullion which occurred after the demonetization of silver was the small amount bought in New York on speculation in anticipation of a rise in price on account of Congressional legislation.

THAT AMOUNT HAS NEARLY ALL DISAPPEARED.

Only about three or four millions of it are left. Under the present law we buy twice as much silver as we did under the Bland act. The Asiatic demand has fallen off on account of poor crops in that country and by reason of the manipulation of the middlemen by the use of council bills and other devices to depress the price. No silver can return from Asia. The exports from that country exceed the imports, and there is no occasion for it to part with either silver or gold.

The only cheap silver in the world is the three or four millions in this country in the shape of bullion Every country in the world, except Mexico, puts more silver in its legal-tender silver money than we do; that is, they put more silver in their silver coin in proportion to gold than is contained in the standard dollar.

IT IS ALLEGED THAT EUROPE

would send her silver here in case of free coinage. The entire amount of silver coin in Europe does not exceed $1,100,000,000, and over $700,000,000 of that amount are in France. No other country of Europe could spare any; they are already deficient in their silver. Germany stopped selling silver fifteen years ago on account of the clamor of the people, and has since kept all the silver she then had. France certainly will not sell her silver, because if she desired to do so she already has the privilege of disposing of over 600,000,000 francs of the coin of Italy, Greece, Belgium, and Switzerland, which she has in her possession. She has the right to compel those countries to take these 600,000,000 francs and

PAY IN GOLD AT THE RATE OF $1.33 AN OUNCE.

But she does not do it. The reason assigned by her financiers for not selling her foreign silver coin is that it would degrade and depreciate silver, which is largely held by the people, destroy confidence, and produce financial disorder. If, then, she would not sell her silver in Europe for $1.33 an ounce, is it probable that she would ship it to the United States, in case of free coinage, and sell it to us at $1.2929?

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Another objection urged against free coinage is the erroneous assumption that it would give the silver miners

MORE THAN THE MARKET VALUE FOR THEIR PRODUCT.

The discovery and development of the gold and silver mines of the West furnished the basis for credit which made it possible to prosecute the war and preserve the Union. Mining for the precious metals laid the foundation for all the States and Territories west of Kansas, furnished employment to hundreds of thousands of industrious citizens, provided a market for the commodities of all the States, contributed largely to the revenues of the Government by the consumption of foreign products paying heavy duties, bound the two oceans by several continental railroads, built numerous towns and cities, and converted the vast region which fifty years ago the geographer marked as the Great American Desert into fertile fields and happy homes.

The discovery and development of silver mines at the critical time when the yield of gold was declining rejoiced the hearts of the American people and held out to them

THE PROMISE OF CONTINUED PROSPERITY.

Silver had been used as money from prehistoric times. It was the money of the Constitution and laws of the United States. Europe was flooded with literature to show that it was a more reliable, safer, and better money metal than gold. A generation of hardy pioneers had expended their energies and exhausted their fortunes in the discovery and development of silver mines which were found in every State and Territory between the Pacific Ocean and the eastern slope of the Rocky Mountains.

Under these circumstances the United States, a debtor nation, and the greatest producer of silver, inaugurated the legislation

WHICH REJECTED SILVER AS A MONEY METAL.

The price of silver immediately thereafter declined, and thousands of silver-mine owners were ruined by the depreciation of their property. The discount on silver produced from the mines that would pay to work, notwithstanding the decline of the price of silver, has amounted to more than $150,000,000. Over $70,000,000 of this discount has been paid into the Treasury of the United States by the difference between the market price at which the Government bought silver and the coined value at which it was issued in standard dollars or their representatives.

FREE COINAGE WOULD RESTORE SILVER

as a money metal for all the people, but it would not give the mine owner more than the market value for his silver. If 412½ grains of standard silver could, as formerly, be exchanged at the Mint for a dollar, the market price of that quantity of silver would, as formerly, be just one dollar. There is no difference between the mint value and the market value of gold. The same was true of silver before it was demonetized, and it would be true again under free coinage.

All that is necessary to establish free coinage is an act of Congress opening the mints of the United States to silver upon the same terms and conditions that apply to gold. We know from the experience of thousands of years that such legislation would restore the parity between the two metals and maintain it. Why should we not do it? Why should this country be governed by orders from European investors and bondholders?

WHY SHOULD WE NOT HAVE AN INDEPENDENT FINANCIAL POLICY?

The manipulators of Asiatic products and the creditors who desire dear money—dearer than the money of the contract—know full well that free coinage in this country would break the corner they hold on the money of the world; enhance the value of farm products equally with silver, and restore prosperity to the United States. Why should our farmers be compelled to produce wheat, cotton, and other farm products on a gold basis and sell in competition with Asiatics who use cheaper money? Why should the middlemen of London be allowed to buy cheap silver in this country, coin it into rupees, and sell it at par in India and make the difference?

THE SILVER QUESTION CAN NOT BE IGNORED.

If we continue to disparage silver while the law compels redemption of Treasury notes in standard dollars, we will produce disaster. The amount of silver that we have and that which we are accumulating under existing law make it a necessity that this Government shall see to it that silver is not a commodity to be depressed at the pleasure of English manipulators.

THE EFFORT TO MAKE ONE DOLLAR AS GOOD AS ANOTHER

by redeeming silver dollars in gold dollars can not succeed. It is gratifying to know that we have a law on the statute-book which makes it unlawful to attempt it. The country must know sooner or later that every Treasury note that is issued is liable to be redeemed in silver. The Treasury Department has had it in its power to refuse to use the white metal as money in the payment of the national debt. It can not refuse to pay out silver in redemption, because it will be impossible under existing statutes to obtain sufficient gold with which to redeem these Treasury notes. In this situation, is it not better to meet the question squarely? Open the mints to free coinage; make silver equal to gold. It is impossible to get too much silver.

THE FINANCE COMMITTEE OF THE SENATE

at the last session reported in favor of an increase of the circulating medium to the extent of over $200,000,000 by the issuance of 2 per cent bonds to be taken up by the banks dollar for dollar. They declared that we needed that much addition to our circulating medium. The law of 1890, requiring the purchase of four and a half million ounces of silver bullion per month, was then in force. This proposed increase of $200,000,000 was in addition to the silver purchases now required by law. Every person acquainted with the circumstances knows that it would take years to obtain two hundred millions of silver in addition to our present purchases.

THERE IS NOT THE SLIGHTEST DANGER OF A FLOOD OF SILVER;

there is no place from whence it could come; there is no possibility of getting more of it than the country needs for its growing population. Why should we not treat silver as real money and thus become the clearing house of the world, not the dumping ground for cheap silver? In that event there would be no cheap silver.

I APPEAL TO EVERY PATRIOTIC AMERICAN CITIZEN

to aid in the establishment of an independent financial policy for this country; to disregard London speculators in Asiatic farm products and European investors in American securities. We require more money; we need to enlarge the basis of circulation and credit, which can only be done by supplementing gold with silver; it can be brought about only by returning to the money of the Constitution—gold and silver coin. Free coinage of both metals has been tried for thousands of years; it is no experiment. The demonetization of silver has proved disastrous. After thousands of years of experience with the use of both of the precious metals as money, the possessors of fixed capital had no right to meddle with the standards.

When the mines were unproductive the people had to submit to the evils which always resulted from a scanty supply of money. The history of the world shows that the automatic theory of money, which is the regulation of the volume by the supply of the precious metals, has always worked well when the mines were productive. Every civilization which has appeared from the dawn of history until now

HAS GROWN AND DEVELOPED WITH PRODUCTIVE MINES,

and declined when they were exhausted. When the mines of Nubia were productive, Egypt prospered; when the Ural and other mountains of Asia poured forth their treasure the Israelites, the Babylonians, the Persians, and the Phœnecians maintained civilization; when the mountains of Thrace were large producers of gold and silver Greece was the university of the learning, the art, and the science of the world; when the mountains of Spain were overturned in mining for gold and silver the legions of Rome conquered the world.

BUT WHEN THE MINES WERE EXHAUSTED

then came the Dark Ages. At the time of Augustus, according to Jacob and Gibbon, there were in circulation in ancient Rome from eighteen hundred to two thousand million dollars of gold and silver coin, besides a vast accumulation of plate and ornament. In fourteen hundred years of gloom and despair, caused by the want of money,

THE STOCK OF PRECIOUS METALS WAS REDUCED

to less than one hundred millions. The revival of civilization waited for the discovery of gold and silver in Mexico and South America, which reanimated mining throughout the world and created modern civilization. For three hundred years the supply was constant and uninterrupted, and civilization progressed.

The Spanish-American wars reduced the supply of the precious metals for a time. Between 1810 and 1840 a money famine paralyzed the energies of the civilized world. The entire annual product of gold and silver of the world during that period did not exceed $30,000,000. A slight increase from the mines of Russia from 1840 to 1850 raised the annual supply to about $40,000,000. Then came the marvelous discoveries in California and Australia. New life was infused into commerce and enterprise, and wealth and prosperity followed. Since that time the quantity of the two metals has been sufficient to furnish a basis for continued prosperity.

But the dealers in bonds, possessors of fixed incomes, and speculators in Asiatic products

HAVE CONSPIRED TO DEPRIVE THE WORLD OF THIS HERITAGE.

This time it was not the failure of the mines but the legislation and administration of the most enlightened nations on earth which deprived one of the precious metals of its money quality and produced stagnation, hard times, and bankruptcy. The United States, a debtor nation, and the largest producer of silver, led in this legislation, doubled her indebtedness by the enhanced value of money, and deprived herself of the means of payment stipulated in the contract.

THE QUESTION NOW IS,

shall this money famine inaugurated by legislation be continued? Shall the corner which the money kings of the world hold on the circulating medium be maintained? Shall prices continue to decline and money advance in value, or shall we retrace our steps, rehabilitate silver, endow it with all the attributes which it possessed before it was demonetized, place it alongside of gold, double the basis of circulation and credit, and relieve this generation of the evil effects of a money famine?

Let no politician be deceived. The question of the restoration of silver can not rest until it is settled. "Unsettled questions have no pity for the repose of mankind." Political parties and private gain count for nothing when weighed in the balance against the prosperity of the people.

I appeal to the advocates of gold: Change your policy; do right; allow the country to prosper; it will not injure you. You have gathered your harvest by the enhanced value of money. Further contraction is dangerous. You will lose more by the bankruptcy and failure of your debtors than you can extort from them by further increasing the value of money. I appeal to Congress

TO MAKE EVERY DOLLAR EQUAL TO EVERY OTHER DOLLAR

by the only method possible—free and unlimited coinage of both of the precious metals. Treat gold and silver alike, and the value of all your coined dollars will be equal; the uncoined metals, gold and silver, will be equal to each other at the ratio of 16 to 1. Give back the money of the Constitution; restore to the people the rich heritage reserved for them in the mines of gold and silver which they have discovered and developed.

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