Repeal of the Silver-Purchasing Clause of the Sherman Act.

SPEECH

OF

HON. DONELSON CAFFERY,

OF LOUISIANA,

IN THE SENATE OF THE UNITED STATES,

Thursday, August 31, 1893.

The Senate having under consideration the bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes"—

Mr. CAFFERY said:

Mr. PRESIDENT: The wit of the Senator from Colorado, who has just addressed the Senate, has sparkled and scintillated all along the line of his eloquent discourse. There was once a great wit who used it as his powerful weapon to drive out romanticism, and the name of Cervantes is forever linked with the overthrow of chivalry in Spain. But, sir, he drove out romance with wit. The Senator from Colorado has a harder task to perform than the great Cervantes. He must remove the mighty evil of a depreciated currency by sparkling sally and laughter-provoking humor. He is doomed to signal failure. The serious money trouble of the country can not be smiled away as did Cervantes the chivalry of Spain.

Mr. President, the whole country is face to face with a financial situation unprecedented in any age or in any country. With $63,000,000,000 of wealth, with factory and farm overflowing the country with fabric and with food, with banks entirely solvent and firms entirely prosperous, with a people blessed by Providence beyond the measure of blessings bestowed on other lands and other peoples, we are suddenly arrested in our pursuit of wealth and paralyzed in the midst of our activity.

With abundant currency there is a dearth of the amount necessary to carry on the ordinary business of life, while the securities heretofore held and eagerly sought by foreign holders are returned to our shores for liquidation or parted with at heavy discount. Deposits are drawn from the banks; investors abstain from new enterprises and discontinue old ones; banks are closed with safes full of assets, and business men suspend with stores full of goods. The time for the moving of crops is near at

hand, and the farmer finds a congested money market. The laborer is paid with promises to pay; and the employer, with a sufficient bank account, can not pay his baker or his butcher.

There is a feeling of uneasiness and insecurity everywhere and in every branch of business; distrust exists where there was confidence, and confusion where there was system. Men are thrown out of employment by the thousands: and already is heard the distant tramp of the army of the unemployed turning toward the Capitol animated by a vague hope of relief.

The picture is neither overdrawn, nor too highly colored. Men ask themselves:

> Can these things be, and overcome us as a summer's cloud,
> Without our special wonderment?

WHAT IS THE CAUSE OF THIS STATE OF AFFAIRS.

The answer comes in the President's message convening this Congress in extraordinary session. He says:

> I believe these things are principally chargeable to Congressional legislation touching the purchase and coinage of silver by the General Government. This legislation is embodied in a statute passed on the 14th day of July, 1890, which was the culmination of much agitation on the subject involved, and which may be considered a truce, after a long struggle, between the advocates of free-silver coinage and those intending to be more conservative.

I am aware that the President has been held up as having surrendered to the "gold bugs," and that political vengeance is threatened against Democrats who sustain the message, and who will vote for unconditional repeal of the purchasing clause of the act of July 14, 1890. I know that Democratic faith is measured, in some quarters, by an arbitrary and wholly unwarrantable construction of the Chicago platform. I am aware that some good people are deluded by glittering sophisms, poured out in streams of silvery eloquence, to show that—

> We want more money; we want the dollar of the fathers, the money of the Constitution; we want the fraud of 1873 wiped out, and silver remonetized.

By passionate appeals, supplemented by all the graces of oratory, the poor, the unemployed, the farmer whose toil is not thought remunerative, and the artisan whose wages are deemed insufficient, are attempted to be arrayed on this question against capital and corporation; against the man whose "youth of labor" has brought him "an age of ease;" and against the widow, whose scant investment yields but a frugal living. I know there is a disposition to present this question as a struggle between corporate greed and individual poverty; between the Shylocks of society and their victims.

Mr. President, it is a sad thing to see nearly every question turned into one of antagonism between the different classes of our citizens. It is a commentary on our institutions fraught with the most somber forebodings. I deprecate and deplore this line of argument on a question more academic than political, more scientific than moral. The question concerns the poor and the rich alike, the millionaire and the pauper, the man of pleasure and the toiler—every trade and every condition in life.

Denunciation is not argument. Threats of political vengeance fall as harmless on a member of Congress who, knowing his duty, dare do it, as the heated wind that articulates them.

Mr. President, I will premise my argument by laying down certain axioms of political economy which I assume to be true:

First. That value exists independent of government and can not be created by it.

Second. That after a people advance beyond the barter period they must have a measure of value, which is also a medium of exchange, but not exclusively.

Third. That history shows that the selection of this measure depends on the stage of civilization of the particular people—shells, skins, cattle, copper, etc., preceding the use of gold and silver.

Fourth. That where gold and silver circulate as money under a legal ratio, the cheaper metal supersedes the dearer and drives it out of circulation.

Fifth. That the measure of value must itself have value; hence that an ideal, intellectual measure is impossible.

SKETCH OF FINANCIAL HISTORY OF THE UNITED STATES.

A brief review of the financial history of the United States is in the natural order of my argument at this point.

In 1792 the bimetallic standard was adopted. Mr. Hamilton thought there was a scarcity of gold and insisted on the double standard, although he favored a gold standard if one standard alone was to be adopted.

Mr. Robert Morris, the great American financier, favored a silver standard. The ratio was fixed by law at 15 ounces of silver to 1 of gold, The market ratio, and the legal ratio were equal. In a few years the price of silver declined. The mines of Mexico yielded a large output of silver, and the market ratio fell to about 15½ to 1. The world, at that time, had either the bimetallic, or the silver standard. Contemporary writings and speeches are filled with complaints of the departure of our gold. There was but little gold in the infant Republic, but what little there was either was hoarded or was exported. Gresham's law, the law of common sense, began its work on American currency.

Gold was the dearer metal, and it ceased to circulate. Surely, *then* there were no gold bugs conspiring to create a panic. There was no unholy combination of capitalists *then*, confederated to dishonor the dollar of the fathers. It so happened, however, that the fathers obtained the most of their dollars from Mexico, which were a legal tender, and the Mexican dollar ruled supreme over its rival, the gold dollar of Hamilton and the Constitution.

Silver having run out gold, the next step was to bring back the gold. This was done in 1834, a statute of that year raising the ratio to 16 to 1, where it has remained ever since. This brought back gold immediately. Gold was overvalued, as silver had been by the act of 1792, and Gresham's law again went into operation. The value of silver as measured by the market price was in excess of 16 to 1. It was 15 and a fraction to 1.

In 1834 the gold dollar was reduced from 24.75 to 23.2 grains, giving a further undervaluation, and Gresham's law continued its work. Gold alone circulated, even the small pieces of silver change, halves, quarters, and dimes, passing out, as the silver in them was worth more than the legal ratio of 16 to 1. There

was no conspiracy then, Mr. President, although gold reigned in the place of dethroned silver.

Again in 1837 the ratio of 16 to 1 was maintained, and the gold eagle was restored to its mintage value under the act of 1792. The grains taken out by the act of 1834 were put back, and the gold eagle stood at 247.5 grains instead of 232 grains. The debasement of the gold dollar under the act of 1834 was 6.26 per cent. Again, under the influence of Gresham's law, silver went out, gold remained; and a nominal bimetallic standard was, in fact, a real gold standard.

Again in 1853, in order to keep small silver change in the country and to maintain gold as the sole standard of value, Mr. Dunham, on behalf of the Committee on Ways and Means, brought in a bill, which was adopted and became a statute, whereby the small coins of silver were debased below the point where they could be profitably melted or exported.

He said in debate:

> Another objection urged against the proposed change is that it gives us a standard of gold only. What advantage is to be gained by a standard of the two metals which is not as well, if not much better, obtained by a gold standard I am unable to perceive, while there are very great disadvantages resulting from it, as the experience of every nation which has attempted it has proved. Indeed, it is utterly impossible that you should maintain a double standard. Gentlemen talk about a double standard of gold and silver as a thing that exists and that we propose to change.
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> We have had but a single standard for the last three or four years. That has been and is now gold. We propose to let it remain so, and to adapt silver to it, and to regulate it by it.

Oh, where then was the Roderick of the Silver clans?

One blast upon his bugle horn were worth a thousand men.

Is it possible that the toil-worn and dust-begrimed hosts who are said to stand to-day confronting the corporate power and gold conspirators had no champion then to cast a lance or wield a sword? Where was Jackson in 1837, the hero raised up by Providence to consummate the work of the immortal Jefferson who sleeps "'neath Monticello's sacred dust"?

Where was Pierce in 1853 when he permitted the precincts of the temple consecrated to the worship of the silver goddess to be profaned by this vandal, this tool of the money power, this hireling of the gold bugs, this Mr. Dunham, Democrat though he was? The spirit of the knights of the white metal ought to have been abroad in those degenerate days, to wade in blood to to their horses' bridles, or see it seated on the money throne, with the scepter of power over all values here below in its mighty grasp.

Mr. President, the demonetization of silver was as complete and effectual by the statutes of 1834, 1837, and 1853 as if those statutes had so declared *totidem verbis*. Gresham's law, the undeviating law whereby no sane man will pay 100 cents where any less number of cents will answer, operated the demonetization.

The first and fourth propositions are abundantly proved by the foregoing review of our financial legislation. The Government of the United States attempted to create an artificial value by making 15 ounces of silver equal to 1 of gold, and it failed. No governmental power assisted gold to demonetize silver, yet gold asserted its sway. Silver fell, and gold did what the great

law of trade and finance compelled it to do—it departed from the country and from circulation. At that time there was no country which especially favored gold. The Shylocks of those days had not fallen down and worshiped it as the supreme deity of money. Everywhere from 1792 to 1816 there was bimetallism or there was silver, and yet the unruly metal parted company with its companion.

A third proposition may be proved as true by our history, viz, that bimetallism, unless the most powerful nations of the earth bind themselves to tie the two metals together by a reasonable ratio, means monometallism. The experience of eighty years, from 1792 to 1873, ought certainly to convince us of this fact. The example of France is in the same direction.

EXAMPLE OF FRANCE.

France, after the adoption of the double standard in 1803, was practically silver monometallic until 1853; after which she was practically gold monometallic.

The advocates of free coinage point exultingly to France for evidence of the beneficent workings of the bimetallic theory. But hear what Mr. Laughlin says:

Since 1803 a legal ratio of 1 to 15½ had been maintained by France without change. Inasmuch as the market ratio had never been as high as 1 to 15½ between 1820 and 1850, but rather nearer to 1 to 16, the French legal ratio gave gold a less value in the form of coin than it possessed in the form of bullion, while silver was given a greater value in coin than it possessed in bullion. As a natural consequence gold disappeared from circulation, and silver took its place; so that by 1850 the main part of the circulation in France consisted of silver.

The discoveries of gold exactly reversed this situation. Gold fell in value. Its relation to silver changed so that the ratio remained 15½ to 1 until 1867. Under these conditions a revolution took place in the French currency between 1853 and 1865. As things then stood the ratio of the mint was still 1 to 15½, while in the market it was lower than that, or somewhere nearer to 1 to 15. As a consequence of this, money-changers quickly saw that an ounce of gold exchanged for 15½ ounces of silver in the shape of coin, but less than 15½ of silver in the shape of bullion. Consequently, as long as this state of affairs existed, and since free coinage existed, there was a stream of gold flowing to the French mint for coinage, while the silver rapidly disappeared from circulation and even left the country.

Everyone knows that France had to stop the coinage of silver, and has not coined a franc since 1879. Indeed, the silver coinage was very much limited after 1873.

From 1792 to 1873 we coined $8,031,000 in silver and $137,000,000 in small silver coinage. We coined under the Bland-Allison act $308,199,262, at a loss to the Government, at present prices, of $87,630,248.

Under the Sherman act we have coined $36,087,000, and, further, have coined of the trade dollars $5,000,000. We have bullion in the Treasury (130,465,000 ounces), which, if coined into dollars, would make $168,294,000. This silver was bought at a loss of $33,574,264.

This shows that over seventy times as much silver has been coined since 1873 as in the eighty years from that date back to 1792. It shows, further, that this enormous purchase of silver has not availed to keep it from plunging lower and lower in the market.

All the commercial nations of the world having gone to a gold basis, we are asked to go to a silver basis, or what is the same thing, to undertake bimetallism at some ratio.

CHARGES OF INCONSISTENCY AGAINST THE PRESIDENT.

I will now, Mr. President, consider the charges of treachery to the Democratic party platform by advocating the repeal of the purchasing clause of the Sherman act, and, later on, the charge of abandonment of silver by the President, or want of entire good faith in the President's message as to silver.

The platform says:

We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage; but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value, or adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity of the two metals, and the equal power of every dollar at all times in the markets and in payment of debt; and we demand that all paper currency shall be kept at par with and redeemable in such coin.

The platform must be construed all together. One provision of paramount importance is written all over it, to wit, that we must have real bimetallism. We can not have bimetallism in name, and not in fact. This is not the bimetallism mentioned: "We hold to the use of both gold and silver," and the coinage of both, provided a dollar of silver is equal to a dollar of gold, and this may be effected either by legislation or by international agreement. The platform is careful to provide:

First. For the use of the two metals as standard money.

Second. For their interchangeable equal intrinsic value.

If it can be shown that the coinage spoken of in the platform, carried to the extreme of "free coinage," will destroy one-half of the money of the United States and drive it out of circulation, then the object of coinage is frustrated. "Coinage" in the platform is only a means to an end. The end is the "use of both gold and silver," and "the intrinsic interchangeable value" of every gold and every silver dollar.

It is manifest, Mr. President, that the coinage spoken of is not a substantive purpose, the end of the platform-makers, but merely subsidiary to the great purpose of having the two metals circulate side by side, "with equal intrinsic and interchangeable value."

Now, Mr. President, if anything is clear beyond doubt, and proved both by history and reason, it is that it is now impossible to have free coinage on any ratio that can be proposed, or that is proposed—17, 18, 19, or 20 to 1.

I here make part of my remarks a table showing the prices of silver from 1873-'74 to July, 1893. (Table A, Appendix.)

Silver has fluctuated in ten years from 86 to 56 cents on the dollar. It is idle to tell us of four hundred, or even one hundred years ago, when the legal tie of 15½ to 1 is alleged to have kept the metals at about a parity. We are dealing with facts as they are. The conjectures of silver specialists as to what might have been the case had not silver been demonetized are barren of rational conclusions.

It is clear to an unprejudiced mind that but for the purchases under the Bland and Sherman acts silver would have gone much lower. The United States furnished a compulsory market, and, though silver advanced shortly after the two laws were enacted, the downward tendency again set in, and finally reached the low-

est point ever known. The means to accomplish the end, the free-coinage means, can not be employed.

It is astonishing, Mr. President, to hear arguments from men of standing and ability to the effect that free coinage is the be all and the end all of the Chicago platform.

SILVER MONOMETALLISM UNDER FREE COINAGE.

If free coinage is established at the ratio of 16 to 1, the object of having both metals is defeated, for we surely will have nothing but silver. If at 20 to 1 the same result will occur, as silver is worth only about 28 to 1. If the ratio should be 28 to 1 we would have either a gold or silver basis, according as gold or silver is overvalued. The alternative of a silver standard is not to be thought of. The United Stated are not going backward a hundred years to grope their way along with the South American states and Mexico.

We would be a subject of derision for all civilized countries. International exchanges would be settled with the money of commerce and of the world. Rates of exchange would be predicated on the market value of silver, with a large margin always calculated against us for possible and not unlikely fluctuations. Cotton would be sold abroad for gold prices and paid for in exchange calculated in silver, with large discount for fluctuation. We would sell in a gold market and buy in a silver market. Beside, the embarrassments, and difficulties of domestic exchange would be intolerable. Prices would oscillate up and down in such a way as to make the dollar of the poor man the most uncertain of all measures. Trade would be disordered, the foundation of sound finance shaken, and all the ills of an uncertain and unstable currency precipitated on the country.

No man could foresee or foretell all the disasters which would be likely to flow from the establishment of a silver standard. The advocates of free coinage virtually admit that the country would go to a silver standard if a ratio below the market ratio were to be adopted. If the market ratio is established, either gold or silver would circulate exclusively.

Who, therefore, stands on the Chicago platform, which declares for the use of both gold and silver? Not the opponents of the repeal of the Sherman act, but the supporters of the repeal.

INTERNATIONAL AGREEMENT THE LAST HOPE OF BIMETALLISM.

Mr. President, the last hope of bimetallism lies in an international agreement among the strong commercial nations of the world. That hope will be destroyed either by continuing the purchase of silver under the Sherman law or by free coinage. Our gold would inevitably disappear from either cause. We would be left in the position of the little boy who found it unprofitable to swap knives with himself, with but one knife to trade on. We would have no gold to go into an international agreement. We would have nothing to trade on; we would offer the dollar of the fathers in vain for the dollar of the crowned conspirators of Europe. Even republican France would rather keep her gold than let her elder republican ally have it.

Now, Mr. President, I would respectfully inquire why the President's message is construed into an attack on silver? The battle of the standards has raged for years. Heated partisans

are ranged on one side or the other. The President could not, without incurring needless antagonism, have announced in terms his adhesion to either side. He has plainly intimated that the policy we were pursuing would destroy bimetallism. Can that be construed into hostility which is in fact a friendly warning of danger? He says:

> If, as many of its friends claim, silver ought to occupy a larger place in our currency and the currency of the world through international coöperation and agreement, it is obvious that the United States will not be in a position to gain a hearing in favor of such an arrangement as long as we are willing to continue our attempt to accomplish the result single-handed.

We have failed, single-handed, to maintain a double standard in the past. We are fast approaching a point when our ability to maintain the parity of the two metals is seriously questioned. Our money is gold and silver. The faith of the Republic is pledged to keep the two metals at a parity. The Democratic party will keep that pledge inviolate. The honor of the Republic is involved, and come what may the freemen of this land will hypothecate their labor and their property to make this pledge good.

THE QUESTION A NATIONAL ONE.

Sir, this question is above the plane of party politics. It reaches up to the heights where patriotism stands glowing and sublime. It calls for the exercise of broad statesmanship and high purpose. If the distinguished Senator from Ohio, whose name the harmful act bears, had no other claim to honor and fame than procuring the insertion into that act of the clause declaring it to be the established policy of the country to keep the two metals at a parity, he would deserve well of his fellow-countrymen.

Mr. President, the Senators on the other side of this Chamber whose votes will be cast to repeal the purchasing clause of the act, will show they can rise above politics and bask for a season in the light of patriotism and duty—not Democratic duty and patriotism, nor Republican duty and patriotism, but American duty and patriotism.

ERROR OF FRANCE'S POSITION ON SILVER.

Sir, we are told that France is bimetallic. France carries eight hundred millions of gold and seven hundred millions of silver at par. "We are stronger than France, and can carry twice as much, many times as much silver at par as France does; if she carries so many millions, we can coin unlimitedly all the silver in existence."

This, Mr. President, is a grave error, and misleads the people. It is not a fact that France carries the metals at par by reason of the bimetallic tie of 15½ to 1. France coins no silver, nor has she coined any since 1879. She maintains the parity as we do, by honoring a silver dollar as a gold dollar, by impliedly pledging her faith through her conduct, to make every dollar of "equal intrinsic and exchangeable value." It is the confidence of Frenchmen in the good faith and ability of the Government to make good its implied pledge. Our people know our Government stands pledged to the same effect in terms through solemn legislative expression. We carry $615,000,000 of silver on a par with $604,000,000 of gold, with which we also carry the greenback and

national bank issues, amounting to $112,000,000. France has only about $81,000,000 of uncovered paper to carry.

Our burden is quite sufficient. If the purchasing clause of the Sherman act is not repealed, and free coinage adopted, we would first sustain a loss of one hundred and twelve millions for recoinage of the silver, according to the statement of the Secretary of the Treasury, and the loss from the depreciation of silver nearly one-half. This would entail a loss on our people of at least one hundred and thirty-nine millions.

Fiat money, and money secured by governmental faith and ability and reasonable reserve are quite different.

The fanciful ratio between two metals is a figment of the brain, and is as unsubstantial as the stuff that dreams are made of.

When Government establishes a ratio between gold and silver and makes them a legal-tender, it turns them loose in the community to work out their own destiny. But in comes the law of values, the inexorable law of exchanges. If gold is above the legal ratio in value it will go where its value is not underrated. If silver is more valuable than the legal ratio it will go in a similar way. If both metals can be tied together it is only by the combined action of all commercial nations, whereby a money market will be denied to the dearer metal. Whether the commodity price of the dearer metal will not assert itself is a question of some doubt; but we know that, all other experiments having failed, international combination is the dernier resort.

I make part of my remarks a table prepared by the Treasury Department, showing that in all countries using the bimetallic standard, like Mexico, whatever the ratio, silver is the only circulating medium. I especially direct attention to Mexico and the South American countries. (Table B, Appendix.)

The fact that gold leaves the country as silver is bought and certificates given for it, is "proof as strong as confirmations of holy writ;" that we will be driven to a silver standard by continuing the purchase of silver bullion. One hundred and forty-nine millions of gold have been paid out since May, 1892, to July 15, 1893, in exchange for silver certificates given for the purchase of silver bullion, amounting to $54,000,000.

THE FINANCIAL OPERA.

This is the keynote of the opera of financial discord now being played on the stage of the world.

Notwithstanding that we are being depleted of our gold, not by natural, but unnatural forces; notwithstanding the fact that the President of the United States, as a sagacious, faithful, and vigilant pilot, points out the rocks toward which our financial craft is fast approaching, we see the players in the great opera engaged in enacting parts that would be amusing if not fraught with such dire results. One set of actors solemnly parade before an astonished audience the ghost of the McKinley bill, and with melancholy dirge chant the woes of Columbia springing from the deep damnation of its anticipated "taking off."

Another set, wrapped in the best trappings of popular style, freeze the blood of the spectators with harrowing tales of foul conspiracies and horrid devices of kings, potentates, banks, business men, owners of property, and creditors to prey upon and

devour the substance of the widow and the orphan, the poor and the oppressed. Another detachment of actors wind up the procession with the corpse of a "rag-money baby," and with doleful ditty sings of its untimely end and asks that life be restored to the defunct by the mighty power of the god Fiat.

Meanwhile the people, who, in the language of a member of the other House, expecting relief have received nothing but wind, become tired of the show. The men out of employment want work or bread. The factories desire to resume operations; banks want to reopen; the farmer, the planter, the merchant, long for business to revive.

The sound good sense of the American people is at work on the problem of how a 56-cent dollar can be kept at 100 cents on the dollar.

THE PRESENT, NOT THE PAST, TO BE LOOKED TO.

It will not do to tell us what Aristotle thought about money, or what Mr. Jevons says of two cisterns of water connected by a pipe: or what Mr. Laveleye says of the compensatory action of the bimetallic theory; or what Mr. Laughlin says of the multiple standard. This is no relief. Too much silver is the cause of the trouble. Stop buying it, and restore confidence.

Mr. President, it is known that 95 per cent of our domestic exchanges are effected by credit. Credit is based on confidence, and confidence is the outgrowth of our highly developed civilization. I remember to have seen years ago a statement that the distinguishing badge between the civilized and savage man was honesty. And while our civilization is the joint product of intellectual and moral development, it is none the less true that the fraud, the lying, and treachery of a savage would render credit impossible in any social and political organization of our times.

THE ROLE OF CONFIDENCE IN MODERN EXCHANGES.

Confidence is the psychological aspect of this dry and unpoetic subject. The glittering metal has been, in all ages, a fertile theme for the scorn of the poet and the lash of the satirist. Midas and his hoards, Dives and his feast, have alike been the jest of the pagan, and the parable of the Saviour. But, sir, it was reserved for our civilization and our times to infuse into the gold of the miser and the silver of the Shylock the subtle and mysterious influence of the faith of man in man, Without form or substance, intangible, and unseen, it binds together the vast fabric of modern trade with a power, strength, and steadfastness greater than the strength of all the gold and silver bands which this country could produce. Without confidence commerce languishes and business is paralyzed.

To go back hundreds of years and follow the methods of nations in the earlier stages of development would be to surrender our trade and starve our people. We have confidence in each other, God be praised. The Anglo-Saxon and the Anglo-American are its authors. It is their praise. In the midst of an apparently unfeeling, overreaching rush for wealth they have planted a garden of beauty and joy. In that garden, with perpetual fragrance and bloom, grows this flower of confidence, the pride, the ornament, the wonder of the age.

Sir, I am not to be understood as saying that to this want of confidence is to be attributed all of the feeling of distrust growing out of this situation. The tariff may have something to do with it. The ghost of the McKinley bill may have vigor enough to give a perfunctory kick. Nor do I believe that the panic is entirely the result of a redundant currency, as held by a distinguished member of the other House. We have, according to a table prepared by the Treasury Department, which I make part of my remarks, sixteen hundred millions in round numbers of circulating medium.

We have a per capita circulation of $24.24. The English per capita is $18.24. The French is $40.56. The trade and commerce of France are far behind that of the United States and England. The per capita amount being ascertained by dividing the whole stock of money and circulating medium into the whole population, the result of course gives no idea as to how much money each person possesses.

DISTRIBUTION OF MONEY.

The distribution of money has never yet been found out, nor will it be. The French evidently have the money that suits their financial necessities. Money is a commodity. It flows where it is wanted. People who have anything to exchange for it get as much of it as they require. There is nothing to show we have not enough money to answer the demands of trade. Some sober and deep thinkers say we have too much. The experiment of trying to float money, as you would corks, on the financial waters, has failed. Whatever is not needed sinks to the bottom. The fact that we have exported one hundred and forty-nine millions of gold in four months is proof that we have too much.

We have plenty of currency to answer all the needs of commerce and trade under healthy conditions.

Secretary Carlisle was asked recently if the present stringency was due to lack of money. He replied:

No greater mistake could be committed than to assume that the present financial embarrassment is caused by an actual scarcity of money in the country. The fact is that the amount of currency of all kinds in the country, outside of the United States Treasury, on the 25th day of the present month was $58,452,350 greater than the amount outstanding on the 1st day of the month, and $70,294,783 more than the amount outstanding on the 1st day of September, 1892, when business was active and prosperous. There is money enough to transact all the legitimate business of the people, but the difficulty is that it has been withdrawn from circulation and hoarded. The true remedy is to restore confidence and credit, and thus put the money now in the country in circulation again.

WHERE DEPRECIATED CURRENCY FALLS.

Sir, the weight of depreciated currency falls on the very class who, we are told, are demanding the depreciation of silver and the destruction of gold. The language of Webster and of Macauley, the first the greatest of American statesmen, the second the most brilliant of English historians, is stronger and better than any I could employ. Hear Mr. Webster:

He who tampers with the currency robs labor of its bread. He panders, indeed, to greedy capital, which is keen sighted and may shift for itself: but he beggars labor, which is honest, unsuspecting, and too busy with the present to calculate for the future. The prosperity of the working class lives, moves, and has its being in established credit and a steady medium of payment. All sudden changes destroy it. Honest industry never comes

in for any part of the spoils in that scramble which takes place when the currency of the country is disordered. Did wild schemes or projects ever benefit the industrious? Did irredeemable bank paper ever enrich the laborious? Did violent fluctuations ever do good to him who depends on his daily labor for his daily bread? Certainly never.

Hear Mr. Macaulay:

It may well be doubted whether all the misery which has been inflicted on the English nation in a quarter of a century by bad kings, bad ministers, bad Parliaments, and bad judges was equal to the misery caused in a single year by bad crowns and bad shillings. Those events which furnish the best themes for pathetic or indignant eloquence are not always those which most affect the happiness of the great body of the people.

Will our people listen to these words of wisdom, or be lulled by the seductive songs of the siren of free silver?

THE QUESTION OF GOLD MONOMETALLISM FOREIGN TO THE ISSUE.

It is entirely useless to discuss the question of gold monometallism. Whether there is plenty of gold to answer the world's use for money? Whether the price of gold is to be gauged by its money use, or its money and commodity use combined? Whether the appreciation of gold affects prices? Or prices of commodities affect gold?

All these questions are irrelevant to the issue before us. Around them has raged a battle between the partisans of the single gold standard and the bimetallic standard. The issue before us is, how best we can use both the gold and silver we have, and, subsequently, how best we can supply the currency needed as the growth and population of the country may require. "Sufficient unto the day is the evil thereof."

We are in the position of France. She is occupying an expectant attitude. She holds her seven hundred millions of silver as we hold our six hundred millions.

Germany has about three hundred millions which she has demonetized. The states of the Latin Union have also a large quantity. India has nine hundred millions. We hope to be able to bring all nations to agree upon terms of an international agreement, banding these metals together by a tie that will hold them forever in its firm grasp. It is manifestly impossible for us alone to do so. They are the enemies of silver who urge upon this nation the accomplishment of an impossibility. The effort will ruin us and strike bimetallism its death-blow.

Sir, the money demand, according to a conspicuous advocate of gold monometallism, is an imperious demand and must be satisfied. If this be so, and the world's supply of gold is insufficient for the world's business, silver becomes a necessity. But if we part with our gold the day of deliverance will be delayed, for the nations of the earth will hold fast to the gold, foolishly surrendered by us under the operation of the Sherman act. They will thereby be aided longer to maintain the exclusive gold standard.

FASCINATION OF THE CRY FOR MORE MONEY.

It is, Mr. President, a fascinating statement to make to the ordinary man, that "we want more money." He immediately thinks he wants more, but the question is, not what his cupidity suggests, but what trade and business need. I have no doubt, sir, should a depreciated currency ruin the country, depress its trade, and destroy its commerce: should paupers and beggars

swarm through our thoroughfares, with dollars as plentiful as blackberries, the multitude would shout in chorus: "More money, more money, more money!"

Sir, in the exuberance of zeal, the silver partisans attribute all the glories of this wondrous age to money, plenty of money. The genius of Galileo or Columbus pales before the beneficent rays emanating from the silver mines of Potosi. And when the descendant of the illustrious Columbus recently visited our shores and saw the mighty works of the great race ruled by the laws made at the Capitol he might have pondered whether it was the result of the genius, the pluck, the brain and brawn of the Anglo-American, or of the gold that lured his great ancestor to find a way to the Indies. By the same glowing imagination, the destruction of the empire of the Cæsars by the Goth and Hun is attributed to a lack of money.

MONEY NOT WEALTH.

Sir, if you would, by some sudden operation of nature, strike all our gold and silver to dust, we would still have our houses and farms, our factories and machinery, our granaries, our warehouses of merchandise, our ships and our railroads, telegraph and telephone lines, and all the appliances of civilization. We would still have our wealth. Money is not wealth. We could easily find a substitute in the shape of substances now unknown to answer the purposes of a measure of value and a medium of exchange. It would be but a cross current in the mighty onward flow of human progress—a moment seen, then gone forever. Our American civilization is founded on the Bible and our Constitution; our wealth on the skill, courage, frugality, and industry of 65,000,000 of freemen.

After we have reached safe ground we can inaugurate a wise system of banking, which will allow the currency to expand to proper limits. I favor a repeal of the tax on State-bank issues, accompanied by such salutary provisions as will guarantee the certainty of their redemption.

LOUISIANA BANK SYSTEM.

In this connection I will read an extract from an editorial in the Baltimore Sun of the 26th of August relative to State-bank notes. The part of the article to which I desire to draw attention is that portion complimentary of the system of banking which was established in Louisiana *ante bellum*, to show the Senate the sound ideas of finance that always obtained in the State which I have the honor in part to represent on this floor. The Baltimore Sun says:

Would the note issues of State banks be well secured? This resolves itself into the question whether State-bank notes can be made safe—whether American experience shows the thing to be practicable. The answer is found in the record of the State banks of Louisiana, Indiana, and Massachusetts before the civil war. These States had banking laws which secured absolutely the safety of note issues. All authorities agree upon this. The Louisiana law is pronounced by experts "eminently scientific" and "a model for other States and countries."

None of the Louisiana banks suspended in the panic of 1857, although most of the banks of the country were temporarily closed by that catastrophe. The notes of the Louisiana banks were not secured by bonds, State or national. Their principal security was a requirement that each bank should have a specie reserve equal to one-third of all its liabilities to the public.

There were other wise regulations that contributed to the unquestionable success of the Louisiana system, but the requirement that the specie reserve

should be equal to one-third of the liabilities, whether deposits or notes, was found to be ample. Bonds, as security for notes, were shown not to be necessary.

The Indiana and Massachusetts laws were similarly successful, and their success may be pitted against the argument drawn from the failure of the banking laws and notes of other States. Our forty-four States have only to copy the Louisiana law, say the friends of State banks, to make their State bank-note issues as good as gold.

Mr. Horace White, in an address before the American Academy of Political and Social Science at Philadelphia, the 12th January last, says:

The State of Louisiana had her full share of bank misery in 1837 and later. Her banks suspended specie payments, and so remained until 1842. In that year the State passed a banking law which was, in nearly all respects, a model for other States and countries.

The principal features of this law were the requirement (1) of a specie reserve equal to one-third of all its liabilities to the public; (2) the other two-thirds of its liabilities to be represented by commercial paper, having not more than ninety days to run; (3) all commercial paper to be paid at maturity; and if not paid, or if an extension were asked for, the account of the party to be closed and his name to be sent to the other banks as a delinquent; (4) all banks to be examined by a board of State officers, quarterly or oftener; (5) bank directors to be individually liable for all loans or investments made in violation of the law, unless they could show that they had voted against the same, if present; (6) no bank to have less than fifty share-holders, having at least thirty shares each; (7) any director going out of the State for more than thirty days, or absenting himself from five successive meetings of the board, to be deemed to have resigned, and his vacancy to be filled at once; (8) no bank to pay out any notes but its own; (9) all banks to pay their balances to each other in specie every Saturday, under penalty of being immediately put in liquidation; (10) no bank to purchase its own shares or lend on its own shares more than 30 per cent of the market value thereof.

This law had one feature which can not be approved. It allowed some loans to be made on mortgage security, but it restricted such loans to the bank's capital. No part of the deposits could be lent except on commercial paper maturing within ninety days. I judge that not many mortgage loans were made by the Louisiana banks, since none of them suspended in the panic of 1857, although most of the banks of the country were temporarily closed by that catastrophe. Mortgage loans are all right in themselves, but they are no part of the banking business.

I think that the Louisiana bank act of 1842 was eminently scientific. It was the first law passed by any State requiring a definite amount of specie to be kept as a reserve. The Louisiana law required no pledged security for the circulating notes of banks, nor did it put any limit on the amount of their issues. All this was covered, and amply covered, by requiring 33 per cent of specie against all liabilities, whether deposits or notes, the balance of the assets to be in mercantile paper having not more than ninety days to run. Under this law Louisiana became, in 1860, the fourth State in the Union in point of banking capital and the second in point of specie holdings. I think, however, that the requirement of a 33 per cent reserve of coin (or, as we say now, of "lawful money") was excessive, and that the 25 per cent in larger cities and 15 per cent in other places required of national banks is ample. It is a matter of history that the Louisiana bank act of 1842 was strictly and intelligently enforced until the city of New Orleans was captured during the civil war.

LOUISIANA ALWAYS SOUND ON FINANCE.

I am proud of the position of my native State on the money question. She has always been sound, and, Mr. President, if my feeble efforts will avail, she always will be. Sorely tempted, she refused, in 1879, to repudiate the principal of her bonded debt. Now the seductive offer is made to debase the national currency, but her Senators on this floor, true to their convictions and the traditions of their State, put aside the insiduous proposition.

For a season, a part of her people, overwhelmed with debt, battling against flood and failure of crops, with a long past of disaster behind them and an uncertain future before them, may

weary of well doing, may forsake the faith of their fathers, and turn to the worship of the false Mammon that would transform the stones of Hades itself into money, but, sir, it will be only for a season. The scales will fall from their eyes, and instead of breathing threats against those who strive to maintain the ancient prestige of the State, they will, like Saul of Tarsus, be converted to the true doctrine of finance and of wealth.

It may be my fate to feel the temporary weight of the forces of inflation. It may be that the star of my political life, just rising above the horizon, will be eclipsed in darkness by reason of my vote; but, sir, come what may, I shall stand fast to a deep conviction that I would be recreant to my duty and my oath should I add one pang to poverty or one tear to want; should I give the people a currency that would refuse to toil its recompense or to capital its reward.

APPENDIX.

TABLE A.—*Highest, lowest, and average price of silver bullion, and value of a fine ounce, bullion value of a United States silver dollar, and commercial ratio of silver to gold by fiscal years, 1874 to 1893.*

Fiscal years.	Highest.	Lowest.	Average London price per ounce standard, .925.	Equivalent value of a fine ounce with exchange at par, $4.8665.	Equivalent value of a fine ounce based on average price.	Bullion value of United States silver dollar at average price of silver, exchange at par.	Commercial ratio of silver to gold.
	Pence.	*Pence.*	*Pence.*				
1873-'74	59⅜	57⅞	58.312	$1.27826	$1.28247	$0.98865	16.17
1874-'75	58½	55½	56.875	1.25127	1.25022	.96777	16.52
1875-'76	57⅛	50	52.750	1.15184	1.15954	.89087	17.94
1876-'77	58⅛	50¼	54.812	1.20154	1.20191	.92931	17.20
1877-'78	55½	52½	52.562	1.15222	1.15257	.89116	17.94
1878-'79	52 13/16	48⅞	50.812	1.11386	1.11616	.86152	18.55
1879-'80	53¼	51⅛	52.218	1.14436	1.14397	.88509	18.06
1880-'81	52⅜	51	51.937	1.13852	1.13508	.88057	18.15
1881-'82	52 5/16	50⅞	51.812	1.13623	1.13817	.87880	18.19
1882-'83	52 1/16	50	51.023	1.11826	1.11912	.86490	18.48
1883-'84	51⅝	50 5/16	50.791	1.11339	1.11529	.86115	18.56
1884-'85	50 13/16	48¾	49.843	1.09262	1.09226	.84507	18.92
1885-'86	49 7/16	42	47.038	1.03112	1.03295	.79750	20.04
1886-'87	47⅛	42	44.843	.98301	.98148	.76029	21.02
1887-'88	45 3/16	41¾	43.675	.95741	.95617	.74008	21.59
1888-'89	44¼	41 15/16	42.499	.93163	.93510	.72055	22.18
1889-'90	49	42	44.196	.96883	.96839	.74932	21.33
1890-'91	54⅛	43⅞	47.714	1.04195	1.04780	.80588	19.83
1891-'92	46⅜	39	42.737	.93648	.93723	.72430	22.07
1892-'93	40 7/16	30¼	38.375	.84123	.84263	.65063	24.57
July	34¼	32⅛	33.060	.72471	.72037	.56052	28.52

TREASURY DEPARTMENT, *Bureau of the Mint, August 1, 1893.*

TABLE B.—*Monetary systems and approximate stocks of money in the aggregate and per capita in the principal countries of the world.*

Countries.	Monetary system.	Ratio between gold and full legal-tender silver.	Ratio between gold and limited tender silver.	Population.	Stock of gold.	Stock of silver.			Uncovered paper.	Per capita.			
						Full tender.	Limited tender.	Total.		Gold.	Silver.	Paper.	Total.
United States	Gold and silver.	1 to 15.98	1 to 14.95	67,000,000	$604,000,000	$538,000,000	$77,000,000	$615,000,000	$412,000,000	$9.01	$9.18	$6.15	$24.34
United Kingdom	Gold	.....	1 to 14.28	38,000,000	550,000,000	.....	100,000,000	100,000,000	50,000,000	14.47	2.63	1.32	18.42
France	Gold and silver.	1 to 15½	1 to 14.38	39,000,000	800,000,000	650,000,000	50,000,000	700,000,000	81,402,000	20.52	17.95	2.09	40.56
Germany	Gold	.....	1 to 13.957	49,500,000	600,000,000	103,000,000	108,000,000	211,000,000	107,000,000	12.12	4.26	2.16	18.54
Belgium	Gold and silver.	1 to 15½	1 to 14.38	6,100,000	65,000,000	48,400,000	6,600,000	55,000,000	54,000,000	10.66	9.02	8.85	25.53
Italy	....do	1 to 15½	1 to 14.38	31,000,000	93,605,000	16,000,000	34,200,000	50,200,000	163,471,000	3.01	1.62	5.27	9.91
Switzerland	....do	1 to 15½	1 to 14.38	3,000,000	15,000,000	11,400,000	3,600,000	15,000,000	14,000,000	5.00	5.00	4.67	14.67
Greece	....do	1 to 15½	1 to 14.38	2,200,000	2,000,000	1,800,000	2,200,000	4,000,000	14,000,000	.91	1.82	6.36	9.09
Spain	....do	1 to 15½	1 to 14.38	18,000,000	40,000,000	120,000,000	38,000,000	158,000,000	100,000,000	2.22	8.78	5.56	16.56
Portugal	Gold	.....	1 to 14.08	5,000,000	40,000,000	.....	10,000,000	10,000,000	45,000,000	8.00	2.00	9.00	19.00
Austria-Hungary	....do	.....	1 to 13.69	40,000,000	40,000,000	90,000,000	.....	90,000,000	260,000,000	1.00	2.25	6.50	9.75
Netherlands	Gold and silver.	1 to 15½	1 to 15	4,500,000	25,000,000	61,800,000	3,200,000	65,000,000	40,000,000	5.55	14.42	8.89	28.88
Scandinavian Union	Gold	.....	1 to 14.88	8,600,000	32,000,000	.....	10,000,000	10,000,000	27,000,000	3.72	1.16	3.14	8.02
Russia	Silver	1 to 15½	1 to 15	113,000,000	250,000,000	22,000,000	38,000,000	60,000,000	500,000,000	2.21	.53	4.42	7.16
Turkey	Gold and silver.	.....	1 to 15.1	33,000,000	50,000,000	.....	45,000,000	45,000,000	.....	1.52	1.36	.....	2.88
Australia	Gold	.....	1 to 14.28	4,000,000	100,000,000	.....	7,000,000	7,000,000	.....	25.00	1.75	.....	26.75
Egypt	....do	.....	1 to 15.68	7,000,000	100,000,000	.....	15,000,000	15,000,000	.....	14.29	2.14	.....	16.43
Mexico	Silver	1 to 16½	.....	11,600,000	5,000,000	50,000,000	.....	50,000,000	2,000,000	.43	4.31	.17	4.91
Central America	....do	1 to 15½	.....	3,000,000	.....	500,000	.....	500,000	2,000,000	.....	.17	.67	.84
South America	....do	1 to 15½	.....	35,000,000	45,000,000	25,000,000	.....	25,000,000	600,000,000	1.29	.71	17.14	19.14
Japan	Gold and silver.	1 to 16.18	.....	40,000,000	90,000,000	50,000,000	.....	50,000,000	56,000,000	2.25	1.25	1.40	4.90
India	Silver	1 to 15	.....	255,000,000	.....	900,000,000	.....	900,000,000	28,000,000	.....	3.53	.11	3.64
China	....do	.....	.....	400,000,000	.....	700,000,000	.....	700,000,000	.....	.....	1.75	.....	1.75
The Straits		.....	.....	.....	.....	100,000,000	.....	100,000,000	.....	.....	.....	.....	.....
Canada	Gold	.....	1 to 14.95	4,500,000	16,000,000	.....	5,000,000	5,000,000	40,000,000	3.56	1.11	8.89	13.56
Cuba, Haiti, etc.	....do	1 to 15½	.....	2,000,000	20,000,000	1,200,000	800,000	2,000,000	40,000,000	10.00	1.00	20.00	31.00
Total					3,582,605,000	3,489,100,000	553,600,000	4,042,700,000	2,635,873,000	.....	.....	.....	.....

TREASURY DEPARTMENT, BUREAU OF THE MINT, *August 16, 1893.*