

REPEAL OF SILVER PURCHASING CLAUSE OF ACT OF
1890 AND THE REMONETIZATION OF SILVER.

Above all things good policy is to be used that the treasure and monies in a state be not gathered into few hands. For otherwise a state may have a great stock and yet starve.

And money is like muck, not good except it be spread.

This is done chiefly by suppressing or at the least keeping a strait hand upon the devouring trades of usury, ingrossing great pasturages, and the like.—*Francis Bacon, Vol. XII, page 123.*

S P E E C H

OF

HON. WILKINSON CALL,
OF FLORIDA,

IN THE

SENATE OF THE UNITED STATES,

Wednesday and Friday, October 4 and 6, 1893.

WASHINGTON.

1893.

SPEECH
OF
HON. WILKINSON CALL.

Wednesday, October 4, 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. CALL. Mr. President, the eloquent and beautiful address of the Senator from Kentucky [Mr. BLACKBURN] furnishes a very inconclusive argument for the termination of this debate. If the repeal of this bill shall be attended with widespread destruction to the people of this country; if, as he depicted, it shall bring sorrow and suffering and want into every home in this country, then it ought not to pass.

If it is true that the Rothschilds and other foreign bankers here in the city of Washington last April demanded of the Secretary of the Treasury the issue of \$150,000,000 of gold bonds, or the repeal of the silver-purchasing clause of the act of 1890, and threatened if it should not be done to ship gold to Europe, produce distress and ruin, throw men out of employment, and compel Congress to submit to their will, we should not submit, but we should defy them, and represent the people of the United States, and make them independent of European bankers and of all banks and bankers.

We are the great representative body of the American people. What is to hinder us from such legislation as will take care of the two millions of laborers who have been made tramps, as the Senator said, and been thrown out of employment? What hinders the American Congress here assembled from such legislation as will sweep the banks out of existence and establish new depositories for the public credit of this great and powerful people? The proper conclusion of the Senator's argument is that we should resort to legislation which will prevent this starvation and this suffering and this want of employment of the people of this country. If there is not wisdom to do that in this age of advanced thought, then civilization has failed, and the institutions of republican America are a failure.

The question, Mr. President, is, are the propositions which the Senator from Kentucky has so eloquently portrayed true as economic propositions? Is it true that the complete cessation of the further coinage of silver money will produce the evils which he has asserted here to-day? I am of those who are opposed to the passage of the bill reported by the Committee on Finance without the substitution of the free coinage of silver at the ratio of 16 to 1; and I think there are controlling reasons

why that should be the policy of the Government and the action of the Senate.

We are here before the American people, and they are not impatient in the determination of this great question in the light of argument and reason and the experience of mankind.

I protest against the introduction into the discussion of this question of personal detraction, of unfavorable criticism of persons and their motives. It has nothing to do with the subject; it has nothing to do with the effect of this policy upon the American people.

The President of the United States and his Cabinet officers have been assailed, the general policy of the Administration has been assailed. Republican Senators and Democratic Senators have been assailed. I regard the President of the United States and his Secretary of the Treasury as amongst the most able and intellectual men to be found in any country. I do not think that there is in the world a greater financial minister than the present Secretary of the Treasury. I do not believe that there are any two men who sympathize more entirely with the great mass of the people of the United States than these two great men. I believe that the President has surrounded himself with able advisers, with patriotic men. His Comptroller in charge of the national banks and the circulation of the country is a man of distinguished ability, and I believe of genuine patriotism and true to the convictions which he entertains.

The President, his Attorney-General, his Secretary of State, his Secretaries of War, Navy, and Interior, his Postmaster-General, the Secretary of Agriculture, and all his officers are men of eminent ability, and have definite ideas of their own upon public questions. They are men too great to hesitate to enter into the championship of their public action in intellectual discussion. They challenge investigation of their recommendations; they have a right to recommend in their respective Departments their best judgment and best opinions, and they submit themselves to the judgment of the people of our country.

But shall we accept the opinions of others? Are we not here charged, as they are, with a great public duty, to investigate the propositions which are presented as measures for public relief? That is our function and our duty. To say that in three months this great question which is agitating the whole civilized world, which threatens to overthrow governments, which threatens to produce, according to the best opinions of the most learned men in the world, the most widespread suffering and disaster—to say that we in three months shall be compelled to exhaust discussion, to arrive at a conclusion upon that which has attracted the attention and the profound thought of the ablest minds of this generation for more than thirty years, is, I think, unreasonable.

If the people of the United States are suffering, as they are represented to be, let us find out how to relieve them, not by continuing the same system of oppression and wrongful legislation which has produced that suffering. Are we bound to any set of bankers or banks or bound to any depositaries of credit, to any one system? Can we not devise some measures to prevent the people of our country from being without money to supply the means of carrying on their business of agriculture, manufactures, and commerce? Are we bound to any one single set of men and any one set of agencies?

Mr. President, in twenty-four hours this Congress can provide by legislation new agencies which will start every factory and every ship and every farm and every occupation in the United States without the unconditional repeal of the act of 1890. The credit of the Government should be used not for the benefit of bankers, not be exchanged for the bonds of the old governments of Europe, tottering to their foundations, but to gather up the energies of this great American people and to afford to them the incentives to exertion, which we propose to give to foreigners and to those who manipulate the credit of foreign governments.

What is proposed to us in this legislation? It is proposed that we shall prevent any increase in the further coinage and use of silver as money. To what end? Because evidently for some reason or other silver is not to be regarded by the law as a suitable metal money, a suitable method of exchange. By our laws, as now construed, silver is token money, redeemable in gold. At the same time that this legislation is proposed, another bill is reported by the Committee on Finance to extend the national credit to citizens who are engaged in national banking under the chartered national banks as exclusive depositaries.

At the same time that it is proposed to prohibit the further use or to prevent by this legislation an increase in the silver circulation of this country, it is proposed to extend the national credit in the shape of notes, the privilege to issue bank notes to such citizens as are members of the national banking corporations, to increase the circulation of national banks upon the credit of the bonds of the Government of the United States. The one measure proposes to prevent the further increase of silver money. Why? For the reason, and the only reason, that silver can no longer be regarded as a safe medium of exchange and a money metal for the people of this country. At the same time paper money is to be provided. The security of the Government for the redemption of the silver token is the same as for the paper token. It rests entirely upon the legislation of the Government, upon its public credit. There is no difference between the two; either is redeemable in gold under the policy of the Government as now established.

We are therefore to consider how this system of paper money, of gold coinage, of a single gold standard is related to the present conditions and necessities of mankind, how it stands in its relation to commerce, how it stands in relation to the wants and necessities of the people of the world. Is it safer or better that the supply of money should be confined to the Rothschilds and the kindred bankers of Europe and America? Is it better that a limited class of citizens shall have by law and by the consequences of legislation, its inevitable consequence, the sole privilege of supplying the money which is to keep alive the enterprise and the activity of the country?

What is the condition of the world in that respect? I venture to say that in no period of the history of the world has there been more suffering, more poverty of the great mass of the people in every country in proportion to population than to-day. There have been tyrants, there have been desolating armies, there have been scourges of disease, but at no period in the history of the world have a larger proportion of the great mass of the people been placed, even in the midst of the splendid inventions and

progress of civilization, in conditions of greater suffering and poverty than at present.

Suppose we look at the system which has been brought into our country and imposed upon us, making due allowance for those who entertain contrary opinions. Some of the foremost men of the world, some of its leading financiers and economists, the prevailing opinion of commercial people is in favor of a system which will be established by the repeal of the silver-purchasing clause of the law of 1890, with the view and having the effect of preventing the further coinage of silver as money, and establishing as law the theory of a single money metal, a gold standard. The repeal of the Sherman act, having that effect, would establish precisely the policies prevailing throughout Europe which have brought about the condition of things that has been so clearly depicted.

Mr. President, I read from that most approved book on finance, the Dictionary of Statistics, by Mulhall, published in 1891. I find here that the public debt of the world, stated in pounds sterling, leaving out some of the oriental countries, amounts to 6,001,000,000 pounds sterling; that this debt was multiplied tenfold in ninety-six years; that the annual increase since 1870 has averaged £118,000,000; that the increase since the treaty of Utrecht, in 1817, as shown in these successive stages, were:

| Period. | Public debt. | Annual increase. |
|--|---------------|------------------|
| 1713-1763..... | £164,000,000 | £3,300,000 |
| 1764-1793..... | 327,000,000 | 10,900,000 |
| 1794-1816..... | 1,039,000,000 | 45,200,000 |
| 1817-18.8..... | 87,000,300 | 2,700,000 |
| 1849-1870..... | 2,140,000,000 | 97,300,000 |
| 1871-1889..... | 2,244,000,000 | 118,100,000 |
| One hundred and seventy-six years..... | 6,001,000,000 | 34,100,000 |

That is the increase of the national debt of the world, of the great commercial countries of the world, leaving out China and Japan and those regions that are now coming to increase the aggregated national debts of the world. This national debt, as will be seen in the further progress of my argument, by reference to the most minute and critical essay to be found upon this subject, that of Chevalier, of France, will be found to weigh with crushing force upon every ill-paid laborer and every family in the countries upon which they are imposed, running up from \$12 to \$36 per head.

What do we propose by the establishment of this policy? The Senator from Illinois [Mr. PALMER] only yesterday said that this bill proposed nothing but the repeal of the silver-purchasing clauses of the act of 1890. I take issue with him. It does a great deal more. It declares upon the part of the people of the United States their adhesion to the policy of establishing a gold standard in this country and throughout the world.

I am aware that the President of the United States does not entertain that opinion; that he believes that there are other methods by which this end shall be defeated, and by which silver may be established as one of the metals of the world. I have the greatest respect for the President—for his eminent ability,

his sincere patriotism—and his disinterested administration of his great office. But I differ with him. This same money power which prevents from being established in every nation in the world, free and unlimited coinage, either with or without ratio, but with legal-tender properties—the same power which has prevented that and which has made gold with uncovered paper money, issued and owned by a few individuals, the controlling money power of the world, will prevent its being done in this country. If any advantage or foothold is obtained, that money power which controls the public mind, which finds its way into the sacred ministries of the church and everywhere asserts itself; that power, by the destruction of public men who dare to oppose its policies and its purposes, will make itself felt here with added force of victory in this the preliminary contest between it and the people.

We heard the Senator from Kentucky [Mr. BLACKBURN] to-day describe in frightful terms the effect of a conspiracy to do —what?—to increase the burden of this debt of \$40,000,000,000, to increase the burden of it twice—to \$80,000,000,000; and yet he told us at the conclusion of his remarks that there was no other remedy but to submit quietly to its imposition in the interest of a few individuals; to make five or six thousand million pounds of additional indebtedness upon the people of the world. Is that true, or is it not? Is it true that this policy of making one single substance the money of the world will have that effect? Can we spend too much time in the investigation of that subject and that question? And if true, can we not devise some remedy by which this evil can be prevented?

There are great differences of opinion. Learned men entertain different opinions. Patriotic men have different judgments in regard to it. Surely it is within the limits of human reason to arrive at some just conclusion. Certainly the human mind is capable, after its great progress, of ascertaining where the truth lies; whether it has this effect; whether it will create or permit a monopoly and control of the money of the world in the hands of a limited number of people, or whether the creation of money is a function of government to be exercised by government and government alone. Surely we are capable of ascertaining the truth in that regard.

It will be observed that there has been a period in the history of the world, and not very far removed from us, which has attracted the thoughtful consideration of the ablest minds, and that a period where one of the two metals, because of the greater supply of the one over the other, was rapidly losing its use as a money metal in some of the countries of largest commerce and most diversified industries, where the value of the two metals had greatly separated, as now, and the situation was in all respects the same as now, except in this case the metal sought to be deprived of its use as money is silver, while in the other it was gold. The causes, however, which affected it, the consequences which proceed from it, can not be discriminated between. They are the same. The course of reasoning must affect the one as the other.

With the responsibilities resting upon each one of us to the great mass of the American people, for their happiness, their comfort and prosperity, or their suffering and degradation, let us, as Senators charged with this duty, test this reasoning and see whether it is true or whether it is false. Let us hear what

Mr. Chevalier says and consider his reasoning upon the facts as stated in the history of that time:

Whilst in France the coinage of gold takes this unexampled development, the like process with regard to silver is diminishing, and bids fair to cease altogether. In the period of forty-eight years, from the 18th Brumaire, year 8, to 1848, there had been coined 3,891,000 francs in silver (£153,640,000), or a yearly average of 81,065,000 francs (£3,342,800). During the eight years terminating the 31st of December, 1837, the coinage has only amounted to 323,600,000 francs, or a yearly average of 40,457,000 francs (£1,618,280). It should moreover, be observed that the coinage of silver during the latter years has only taken place in consequence of the great influence exerted in that respect by the government upon the directors of the mints. Left to themselves, they would not, perhaps, have struck a single five-franc piece since 1833. [Page 60.]

We see, therefore, that the conditions are the same. We perceive at once that if left to private interest, to commercial opinion, to the dealers in money, if left to the demonetizing effects of the act of 1873, without aid or assistance from the Government, silver would have disappeared. Why? Not as in France, because the increase of gold in the world had taken its place and become the metal of common use, and silver had become of great value as compared with gold for commercial needs as distinguished from monetary uses, because of the greater abundance of gold and the lesser quantity of silver. But with us we find reversed, not the conditions of the problem, not the just reasoning upon the subject, but the specific acts upon which it operates; we find silver the abundant metal and gold the scarcer one. Let us see then how this subject is treated. Mr. Chevalier further says:

The merchant possessing ingots of gold has only to carry them to the mint to obtain the same amount in pieces of 10 francs or 20 francs, weight for weight, and fineness for fineness, save only the small charge to cover the expense of coining. In this way every kilogram of gold introduced into France enters into the circulation on the footing just described, of an equality with 15½ kilograms of silver. The creditor is obliged to take it in discharge of his claim on that basis.

From the very fact of the parallel circulation of gold and silver, on the footing of 1 of the former to 15½ of the latter, it is easy to withdraw the silver coins from circulation and export them, giving gold in exchange.

Bear in mind now that the market value of gold and silver was not 15½, but that 15½ of silver would buy more than that quantity of gold.

From the moment that numbers of persons devote their time and capital to the carrying out of this substitution, we must conclude that it is a profitable trade, for, if the relation of 1 to 15½ were not advantageous for the holders of gold, they would take good care not to carry on the operation upon the large scale on which they have proceeded.

We perceive, then, that at that period of time gold had depreciated and silver had appreciated; that silver had become more valuable than gold at the rates then prevalent; and then it was that Belgium and the nations of Europe demonetized gold, and it is upon that state of facts that discussion arises here. In France gold entered into the circulation; and, being cheaper than silver, or silver being dearer than gold, the ratio of 15½ to 1 was greater than was warranted by the market value of the two. Silver and gold then had the advantage of recognition by government, and it was claimed that gold should not have the advantage of recognition by government, because this difference existed.

Now, we have the discrimination by law against silver. We have it upon that disadvantage, but we have, as then, its daily

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use and the favorable traditional opinion of the people for it, and we take the argument as it was presented at that time. Now the question arises as to the remedy to be provided for that state of things. The author says:

In states, like France, where the law acknowledges only a silver standard, and where of right gold fills in the monetary system but a subordinate rank—

Just as here, gold being our standard, silver is a subordinate use. Although the actual use of it is greater than that of gold, this is the peculiarity the world over, that silver, subordinated by the terms of the law, is in practical daily use far greater in the volume of its daily use than the metal that has the privilege of the law. With all the discrimination against silver, it retains its use; although, as we shall see in the course of this argument, by making gold the standard that metal is appreciated in the same degree and to the same extent as silver, limited and prescribed in its use by being made redeemable in gold at a fixed valuation to silver is now depreciated.

Another and more simple expedient might be adopted provisionally until the new coinage was determined upon and which would change the state of things instantly and without expense.

A law might be passed declaring that henceforth the piece of 20 francs shall only be 19 francs.

This is what was done in Russia, where the edict of 1810 offers a great analogy to the French law of Germinal, year 11.

I do not see why the same process should not be resorted to in France and in the countries where the monetary legislation is the same.

Whenever a reciprocal change between the two metals should be manifested the gold currency should undergo a modification. (Page 165.)

This able and astute reasoner goes on to point out why that is the remedy. Another remedy worthy of much consideration would be the abolition of a ratio and the unlimited coinage as legal-tender money of both metals without any fixed ratio, leaving it to the option of the debtor, or by a multiple standard, to provide by some public authority for discharging the debts and obligations in both of the metals according to value, as compared with articles in use and of necessity, thus giving to each metal its commercial value and superadding to it the uses of money by law.

Let us consider, then, the conditions which now exist of the relative abundance of silver in proportion to gold and the relative greater use of gold created by the laws of the great commercial nations of the world. Great Britain alone has £800,000,000 of paper money nominally redeemable in gold. If it be true that the great mass of the money of the world is token money, impossible of redemption, and is left to be created or destroyed at the will and pleasure of a few great bankers who manipulate the national securities of the world, is there not enough manhood and thought in America to devise a better system? If the money of the world is not in its great mass fictitious and only the credit of a few great bankers and the corporations which they own as their private property, let us have it proved here.

If it be not true that the \$40,000,000,000 of national indebtedness is in the hands of a few great bankers and brokers in Europe and America, and has been and is used for the purchase and control of a large part of the gold in the world, and its storage in the vaults of the banks of which they are the owners, and in the military chests of the great military powers of Europe, and if this is not the money power of the world which closes our banks

and starves our people; if it be untrue that there are two millions of American citizens who are tramps upon the highways of the country—if that be untrue, let us have it disproved here, and if true, let us consider some measure looking to unlimited coinage and use of both metals as a means of relief.

In Doubleday's Financial History of England, page 277, I find a statement of the fluctuations of the ounce of pure gold in that country from 1810 to 1820 as compared with the present standard price by the Peel act of 1845. It ranged from £5 8s. in 1812 to £3 17s. 10½*d.* in 1820; and yet upon this metal as the sole standard for the expression of value or price, and the sole representative of value, this variable metal, always ascending in value because of its control by bankers and despotic governments for military purposes, this great mass of paper or token money rests.

In a pamphlet, by Henry Carey Baird, on "The Silver Dollar," date 1883, he shows that the same bank credit is the kind of currency which our national banks furnish to our people for the greater part of the large operations of business. May 1, 1883, their capital, surplus, and undivided profits—their net possessions—were \$692,477,951, and they had loaned \$1,257,448,487; from which resulted private deposits of \$1,067,962,238. These deposits, which are the offspring of the loans of the banks, serve as a chief source of currency for monetary transactions on a large scale throughout the country, and had behind them of fractional currency, specie (including gold and silver certificates), legal-tender notes, certificates of deposit for legal-tender notes, and funds with the United States Treasurer, but \$198,227,747, or less than 20 per cent of the deposits.

You perceive then, Mr. President, that by this system of loans of a credit in the banks and the use of the credit loans as deposits in the banks by the system of banking throughout the world, if this system of leaving out of use the actual money of the world shall be continued, if the bonds of the great nations of the world shall constitute the gold basis of the banks, and this system of paper money be issued upon it, it is entirely practicable, by means of credit, without the payment of money, by a system of interchangeable credits in these great institutions, to absorb and monopolize the money supply.

Until after expansion limited only by the acquisition of all the valuable properties, and after contraction limited only by the interest of the money-lenders, there shall be universal revolution imminent.

Is that the condition to which we propose to bring our country? We perceive now that there can be no denial of the statement that there is a great body of intelligent opinion that this will be the condition of Europe and America unless we can change this system. We will also perceive by an examination of the tables that the paper circulation of the great banks established by every government in Europe, the Bank of France, the Bank of Russia, the Bank of Austria, the banks of Germany, is based upon gold reserves necessarily subject to the call and demand of their respective governments for military purposes. Mr. Balfour, in his late address upon the subject of bimetallism, said:

But is it not true that at the present moment those who have command over the great gold reserves of the Continent are, in the last resort, the governments of the Continent?

You propose to establish that basis for us. You propose that gold shall be the only metal, the standard of value, as it is in England, as it is in France, as it is in Russia, as it is in Germany. These statistics show that gold is reserved, that it is not the money in use. What is the money in use? It is the paper money of corporations, created by governments, based upon the public securities of governments, and we are asked to exchange the bonds of this Government, resting upon this free, enterprising, and prosperous people, for the bonds of the old effete governments of Europe about to fall, and to accept their currency based upon gold held for military purposes as the system upon which to model ours.

We are to have the same select, moneyed, aristocratic influences here as there, for the control of the money of the country is the control of its political power and its social rank and position, and it has the unfortunate effect that it finds its profit in the suffering of the great mass of the people. Mr. Balfour, who certainly is a man of whom England may be proud whatever may be his political party, because of his ability and his accomplishments, says:

But am I not right in saying that at the present moment the great military powers of the continent have over their gold reserves a control of which in this country we have no notion?

Speaking of England—

But let us suppose for a moment that this happy state of things between the nations of Europe were to alter, and let us suppose that one or more of these great governments on the continent were to think they could obtain a political or even a military advantage by depriving you of the necessary stock of gold, I confess I can not see that it would be a difficult operation. I may be quite wrong; I am speaking to those who are far better acquainted with the actual working of the financial machine than I can pretend to be; but I can not see that if a foreign government determined to produce a disaster in the city of London, there would be anything to prevent it from doing so—

Upon the gold monometallic standard.

Mr. President, is that true? If it is true, is there any portion of the people of the United States of any political party who propose to subject this country to the domination of a foreign power in its commercial affairs, to create distress and panic, to deprive it of a safe and sound medium of exchange at their will and pleasure?

We are told that there has been a great excess in the production of silver as compared with gold; of silver, that it is parting from the value of gold in all commercial needs and uses as distinguished from money uses; that in the relative value of silver and gold, because of the great abundance of the production of silver, there has occurred a decided variation in the standard, and therefore an injury is being done to all business interests; that it will increase; that it will finally drive out the gold of the country, and that we shall be reduced to the sole use of silver money.

Let us examine this proposition. It is based upon the theory that there is a great difference now between the production of the two metals and an apprehended greater future difference. We will not look at the conditions which existed when gold was produced in far greater proportions than silver is now produced, but let us see in the light of the opinions of learned men who were conversant with this subject, and who examined it at the

time of this disparity of production, what would be the proper remedy for this condition of things. Let us see if it is the remedy proposed by the unconditional repeal of the silver-purchasing clause of the act of 1890, the cessation of silver coinage, and the increase of paper money redeemable in gold. Says Chevalier:

Toward the commencement of the eighteenth century the monetary system of England underwent a perturbation, of which the most apparent phenomenon was the same as has been repeated in France since the discovery of the mines of California and Australia, the silver was either sent abroad in coins or was cast into the crucible to be exported in bars, and gold took its place in the circulation. The British Government, alive to this state of things, asked the advice of the great Newton, who was then director of the mint, and who brought to the performance of the duties of his office the same care, the same acuteness in the observation of facts, and the same earnest spirit of analysis to which he owed, in the progress of science, the admirable discoveries which have immortalized his name. To the question which was submitted to him, the 12th August, 1717, to determine the causes of the exportation of silver, and to indicate a mode of putting an end to it, Newton replied, the 21st September, in terms which I will shortly explain.

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After having passed in review the value of gold and silver in the different States, and having shown that in England the legal relation gave too much to gold to the detriment of silver, he argued in the following manner: If silver leaves the shores of England in crowns or in ingots, the produce of coins melted, and gives place to gold, it is because the value which the monetary legislation assigns to it in relation to gold is not correct. The law supposes, in fact, that the relation between gold and silver is that of 1 to a little more than 15, whilst in the general market of Europe it is barely 1 to 15. That, let the legal relation between gold and silver be reestablished upon the true basis, and by that act we shall have destroyed the temptation to export from England silver in preference to gold. To effect this, nothing more need be done than to withdraw 10 or 12 pennyweights from the value assigned to the guinea in silver money.

That was silver, then, which was the more scarce and the more valuable for all purposes except monetary uses in the relations fixed by law.

For greater prudence Newton advised the reduction to be made in two operations, and to commence by an abatement of 6 pennyweights.

The note of Newton is a model of logic and precision. We recognize in it that firmness and justness of mind which laid hold of the foundation of questions, threw aside accessories and extraneous or indifferent objects, and went straight to the end in view. The reasoning of his note applies word for word to the problem which our commission had to solve. Here is in effect what may be said in our day: For several years silver has been leaving the shores of France, in crowns or in ingots, the produce of coins melted, and giving place to gold, because the value which the monetary laws assign to it in relation to gold is not correct.

The law supposes, in fact, that the relation between gold and silver is that of 1 to 15, whilst in the general market of Europe, it is sensibly less. Let the legal relation between gold and silver be reestablished upon the true basis, and by that act we shall have destroyed the temptation to export from France silver in preference to gold. To effect this nothing more need be done than to withdraw from the value attributed to pieces of gold in silver money a given quota, certain to retouch periodically this relation, so that it shall always be in harmony with the real state of things.

Now, we perceive that if it be true according to these propositions that owing to a great abundance of this silver metal when it is remonetized, when the money function is given to it, when the mints are laid open to it, there is a divergence between these metals at a fixed ratio established by Government, with the coins coined upon the system of metrical weight, the decimal system, there is no difficulty whatever in the Government providing by law some authority by which the weight and value of these metals corresponding with each other may be determined.

Newton proposed that the dearer metal should be reduced, if the ratio of value, comparatively permanent, was varying, so

that at different times there were inducements and profit for the exportation of the metals and their melting into bars for use for commercial purposes, a result which can not be regarded as an evil because it became then a commercial product. Being more valuable for commerce than for money it was welcomed in the exchanges of the country in which it was needed; but for the purposes of preserving the money and coinage among the people he suggests an easy, practicable method, and I think one which addresses itself to the judgment of all, by reducing the value of the dearer metal.

He considers the effect upon existing debts. It would have no injurious effect upon immediate transactions. He exhibits the proposition in a clear light, that a debt, like everything else, must have its market value as it has now in the commerce of Europe. A debt expressed in terms of money must always be said to be subject to the sovereign power of the country, not to debase it, not to debase it; but, if in the course of public affairs it becomes necessary to make the currency of the country, gold or silver, for some purposes bear a particular relation, it would be a great deal better to reduce the value of the dearer metal, because the whole present condition of affairs and society demands it. The whole range of present commercial transactions requires it. Justice to the debtor requires it. In the scale of all these considerations the difference in the substance of definite merchandise and commodity in which the debt was to be paid having changed, the creditor had no right to impose upon the debtor severer terms than would have existed if the condition of things had continued as it was when he made his contract.

It has been stated that the Government of Portugal in changing the standard remitted what was supposed to be the definite increase of the burden of debt. Other countries have done the same. Free coinage of the two metals and the adjustment of a ratio being demonstrably susceptible of easy adjustment on a basis entirely equitable to all the relations of debtor and creditor there can be no other objection to a coinage which furnishes money free, which enables it to circulate throughout the country every minor coin? In the old days of Rome every family, every man had a right to coin money according to prescribed standards of fineness, of weight. Why not now? Government has established the seigniorage of the mintage for public purposes. What other purposes are there for which government should say to the man who digs precious metals from the mines, "You shall not have it stamped? You shall not have it tested for fineness."

Why should not the Government say, we will stamp it and we will certify it, and we will deliver it to you, and we will say that because of its qualities and its adaptation to the uses of society it shall be legal tender in proportions fixed by its correspondent value to the necessaries and commodities of life. Is it preferable that we shall give the monopoly of money service to gold in the hands of military governments, in the hands of chartered institutions owned by the brokers appointed by them, and that we shall exchange the credit, public and private, of this country for that of the effete monarchies of old Europe?

I often hear of the coming of capital to this country. I often hear that we may stop the advent of foreign money to this country, of capital, as it is called. What capital? The bonds of Rus-

sia, of France, of Prussia, the credit between the great international banking houses to be exchanged for the bonds, the taxing power of the great railroads through this vast and increasing country, over our industrious and growing people, for that is what it means. It does not mean that either the gold or the silver would come to our country. It means the system of interchangeable credits established in these great institutions based upon public securities. It can not mean the gold, because the gold is not in the world. Gold for free circulation amongst the people is not to be had. Find us the weight of learned and critical opinion which asserts it.

The assertion is that credit in the great commercial centers, amounting to 95 per cent of the entire business, bank deposits made up of bank credits, clearing-house certificates, the draft on the products of wheat, cotton, and corn, the credits of the country, constitute the great basis and means of its exchanges; in other words, perform the functions of money, but still perform it not on the basis of money, with a reasonably certain relation to the value of commodities, but with a constantly appreciating and increasing value increased by a monopoly of money by those whose interest it is to increase its purchasing power. It is very proper that credit transactions shall exist; but what shall we say of the interest of the great masses of the people of this country? Let the story of rates of interest tell of the absence or the presence of money, not now, but in all time, both now and in former times.

I want to show, by the prevailing rate of interest throughout the world, the effect of the presence or the absence in abundance of money amongst the people. I assert here that within the past few years you could not get money in the greater part of this country without the most oppressive rates of interest, and now not at all, the rates charged being 8 to 20 per cent. I think it needs no argument to show that if money was in abundance it would be loaned for lower rates than that. But let us see what it has been in all periods of time.

In 1333 Florence borrowed money to carry on the war against Mastino della Scala, and paid 15 per cent interest for it. Genoa paid from 7 to 10 per cent on its public debts. The Florentines opened money-lending houses in numerous places; their usual rate was 20 per cent, and not infrequently 30 and 40 per cent. At the present day the usual charge of the second-class bill brokers for discounting a tradesman's bill is a shilling in the pound for three months. This is 20 per cent discount, which we have shown is 25 per cent interest.

What do you think of that? This book was written but a few years ago. Twenty-five per cent interest!

Mr. PEPPER. From what book is the Senator reading?

Mr. CALL. I read from MacLeod's *Economical Philosophy*, volume 2, page 96. I repeat what this author says:

At the present day the usual charge of the second-class bill brokers for discounting a tradesman's bill is a shilling in the pound for three months. This is 20 per cent discount, which we have shown is 25 per cent interest.

What sort of a charge is that upon the great mass of the laboring people? That is in England. That is where your system of the gold money standard prevails. The usual charge is 25 per cent interest, for what? For the bank credit, for credit upon the books of the bank. This book is by a very careful writer. It was published in 1875 in London.

So you perceive that this condition is not peculiar. The ex-

amples are taken from many nations. It would appear that about 20 per cent per annum is a fair average profit which must be paid for transactions in money which are perfectly safe. Do you suppose, Senators, that you can preserve government over a people with such oppression—20 per cent of their labor for credit money, the privilege of credits in banks?

That is the system which it is proposed shall be established here. The bill reported by the Committee on Finance is a bill, not in terms, but in effect, to discredit silver money by preventing increase in its coinage and circulation and the use of silver as a money metal. In doing that it becomes a bill to declare the policy of this Government and fix it by law, not only for the use of gold as the only standard, but its compulsory use. The sheriff is to stand and demand gold or the sacrifice of property. In Doubleday's Financial History of England the effect of the compulsory use of gold as a single standard, and its limited supply, is shown in the experiences of that policy in England by the result of the sheriff, the process of law, sacrificing the homes of the people and their transfer to the creditor for a mere trifle, because the money could not be had with which to pay judgments.

This is a statement to the House of Commons in England of individual cases where under this single gold standard the debt had to be paid in gold, and the gold could not be had, and valuable estates were sacrificed upon which a lifetime of labor had been bestowed, after years of economy by the English yeomanry, by that class of people who have accomplished more than all other people in the world save our own American people, who have done so much to make England the light of civilization. I am not of those who propose to decry or censure the civilization of England. It is a great, bright light, and it has been so for centuries. But, Mr. President, it is for us, with this vigorous American mind of ours, to redress the evils of her civilization, whether in her social, her political, her financial policy.

I listened with pleasure to the Senator from Kansas [Mr. PEPPER] the other day, discussing the advancing problems of social and political improvement. We should all strain our minds to give attention to the coming time and to the policies which may make the burdens of life easier and bring happiness and contentment to all the people.

Now, suppose we leave this question for the moment and enter into the consideration of money in its abstract functions. The Constitution of the United States, the organic law of this country, says, "Congress shall have power to coin money and regulate the value thereof, and of foreign coins."

What is money? Money is a definite something. It is a definite merchandise or commodity. It must have some certain uses. What are those uses? They must be to express value and to transfer or represent value. How represent value? Store value. You can not store a house in a gold dollar or a thousand dollars. In what sense, then, is it true in the Constitution that Congress shall have power to coin money?

Congress shall "regulate the value thereof." Regulate the value of that which shall transfer a house, a horse, an estate, an annuity? Congress does not pretend to do that. The Constitution does not suppose it. In what sense shall Congress have the power to regulate that thing which performs the function of rep-

resenting value so that when I sell a house and receive \$1,000 in silver the silver shall be the equivalent of the house? In what sense do we use the word equivalent? If we can measure these ideas, if we can follow them up as these great financial writers have done, we may perhaps do something else beside indulging in mere declamation and description; we may reason upon this subject.

In what sense, then, are the thousand dollars the equivalent of the house? It is because somebody wants it; because it is in demand; because I know that I can dispose of it to some person who has the same use for it that I had in taking it. In selling the house I wished to get something else, and I knew there would be hundreds who would want it, and why should they want it? Because of use or custom or law, and law is not law unless it makes use and custom, it would be a mere barren enactment. It is only valuable as it produces use and custom, because custom or law or use have given to the thousand dollars the demand, the use of being exchanged for what? For taxes, for debts, for property. Use whether by law or otherwise has given to it a function, made it of universal demand, of universal use.

As a mere standard for the expression of value it might be as weight and measures are, a written sign or chart, but so far as it is money it must have the function of transfer and to be transferred it must be a definite merchandise or commodity. It must have certain natural faculties and adaptation to this use. You can not make the air money and transfer it as a value. You can not make the sea money. You can not make the dirt of the earth money. It will be worth only the labor which will compress the one into some tangible form, the earth by removal or the salt water by lifting and transportation. You must have some definite thing which has some kind of adaptation to use, adaptation by reason either of natural or of artificial qualities.

All people have found that in the two precious metals, gold and silver, lies a great power which legislation, or custom, or contrivance may control. After the use has become established and deposited in anything, whether it be wheat, or leather, or corn, that thing by common consent has the value of being in demand. To give it to me is to give me the power of the world; if I have all the gold in the world, and the law says to every person that they shall pay their taxes in gold, they shall pay for their transportation in gold, they shall pay in gold for everything that they have, or that being subjected to debt their property shall be sacrificed for it unless paid in gold, that their credit shall depend upon it. If the law says that, and I have the gold, and you come to me, I am your master. I say, "Yes; I am not obliged to let you have this gold."

You are obliged to have it. You must pay your debts. The judgment is against you on a matured debt and you must meet it, or you must sacrifice your labor and your property. You must buy the necessaries of life with it. I say, "No; I have my gold. I need not part with it. I say give me half, two-thirds of your labor and of your life." Such is the power of the creditor over the debtor; shall we increase the burden unnecessarily, unjustly, by making gold, the money most easily subjected to monopoly, the sole legal tender.

I have a speech here, made by Mr. Fairchild, a very distin-

guished man, who has occupied the high position of Secretary of the Treasury. He speaks as follows:

I have often spoken of this question of legal tender, and I venture to say that a great proportion of the people within this community at first sight imagine that the Government has the power of giving a value to something by investing it with a legal-tender quality—the power to pay debts, and yet the history of mankind has shown that governments from the beginning down have failed to do this, however powerful those governments might be.

Why, how is that? Here stands the sheriff; there is the debtor. Here is the money-lender demanding the gold which is the only legal tender. The Government and the law say your property shall go, and it gives to the money-lender the right to say, having the gold, I will not let you have it except upon my own terms. Give me two-thirds, four-fifths of your property, and you can have it.

The proposition that there is no power in the law to create a debt-paying use can have no proper consideration as a logical and reasonable proposition. The Government has a great power. The question is, How will it exercise it in making a legal tender?

I am inclined to the opinion that to make gold and silver legal tender by weight and value corresponding to their relation to the great products of life, the necessaries, ought to be and will be the final solution. Silver has its prerogative by nature in its adaptation to the uses of man, in its greater adaptation to the common use than gold. You can not make a gold coin small enough to answer the daily necessities of ninety-nine out of a hundred of the human race. All the silver in the world will not supply more than enough for the daily uses of mankind. The baker must be paid for his loaf of bread, and all the other minute services of life must be paid for in minute money.

In China they pay it with a token redeemable by the Government. In other countries they pay it with a debased piece of copper, a mere token. In others, with a greasy, dirty piece of paper, as was once the case in this country, carrying disease everywhere, and all this token money, whether copper, base metal, or paper, is the subject of monopoly. Why is not silver, adapted by nature, convenient in size, easily made, the proper and reasonable money for use? Can any man tell why silver shall not supply the universal, daily, momentary recurrent uses of mankind? Let us try the experiment.

Mr. President, I was speaking of a compulsory gold standard. We may say that all these uses are compulsory. It is just as much compulsory upon a man to get a piece of bread for his starving family, and more so, than it would be to save his property, if he had any, from being sold under process of law. What is the reasonable argument for discussing in this body the question of a gold standard for money when we have the proof here to show that Russia, a great and powerful despotism over hundreds of millions of human beings, absolutely appropriates their labor, and is grasping for the gold of the world and shutting it up in her military chests? What of France, a great industrial people, of wonderful thought and invention and of natural sprightliness, economy, and industry, with her Government preparing for a death struggle and gathering the gold of the world? What of Austria and Germany and their kings grasping this gold? Will you talk now about its being subject to the law of supply and demand when this artificial demand is being made,

and the supply for all present purposes of commerce or money cut off by shutting it up in their military coffers?

Mr. President, it seems to me the strangest of ideas that we should seek here now to repeal the act of 1890, stop the further coinage of silver, recognize the primacy of this exclusive gold metal throughout the world, enter into competition with Europe, with Prussia, with despots and kings, and give the labor and the credit of this virgin America to buy gold in competition with nations that are demanding it for their life, for their military preservation. There is no law of commerce there. There is no natural commercial demand. There is no certain increasing supply. It is nothing but violence, force, interfering with and suspending the law of demand and supply. In 1822 and 1823, when this subject of the effect of the single gold standard and its adoption in England was before the people of that country and occupied the attention of all thoughtful men of the country, a presentation was made to the House of Commons by Lord Folkstone and to the Lords by Earl Stanhope. It is termed an extraordinary document, and states that:

The distress, ruin, and bankruptcy which now took place were universal, affecting both the great interests of land and trade; but amongst the landlords, whose estates were burthened by mortgages, jointures, settlements, legacies, etc., the effects were most marked and out of the ordinary course. In hundreds of cases, from the tremendous reduction in the price of land which now took place, the estates barely sold for as much as would pay off the mortgages, and hence the owners were stripped of all and made beggars.

Mr. STEWART. This was after the resumption of specie payments on a gold basis?

Mr. CALL. Oh, yes, England was on a gold basis. You will remember the mortgage debt upon this country. You will remember the billions upon billions of dollars to which it has risen within the last ten years.

I was myself personally acquainted with one of the victims of this terrible measure. * * * The estate was purchased, I believe, about the year 1812 or 1813, for £80,000, one moiety of the purchase money being borrowed on mortgage of the land bought.

In 1822-23 he was compelled to part with the estate in order to pay off his mortgage and some arrears of interest; and when this was done he was left without a shilling, the estate bringing only half of its cost in 1812. Thus, without imprudence or fault of any kind, was this amiable man, together with his family, plunged in irretrievable and inevitable ruin by the act of a Legislature which ought to have protected both. * * * My readers must not suppose that this was either an exaggerated or uncommon case. On the contrary, the country teemed with similar examples; and on the commencement of the session of 1823 the tables of both Houses were loaded with petitions, detailing scenes of hardship and destitution appalling in the extreme. As a sample of the whole, I have selected one, which most fully exhibits the dreadful effects of this infatuated measure upon the welfare and happiness of the community. * * * The substance of this very extraordinary document was as follows. It was presented to the Commons by Lord Folkstone, and to the Lords by Earl Stanhope.

It sets forth—

1. That the petitioner, having contributed both in purse and person to the maintenance of the State, had a right to expect *protection* of persons and property in return; but that, instead of this, he is ruined by an act of the Parliament.

* * * * *

3. That the petitioner's ruin, as well as that of thousands of other persons, arose from Peel's bill for returning to cash payments; but that few cases can exceed his in hardship.

* * * * *

5. That they bought the estate of Northaw, in Herefordshire, for £62,000, and laid out £10,000 more in improvements, investing in all £72,000, and lost it all for a small balance of the debt left unpaid.

That is, according to this statement, the history of England upon the resumption of specie payments upon the gold basis. The debts of the country ruined the people. Property sold for nothing. How can it be otherwise? You propose a system of incorporation, and what is it? A system of bank charters. Private citizens obtain these charters. They are required to have, what? A gold deposit of some kind or other, or a public security, if you choose; and what then? They are allowed to make the money of the country, the token money, which will be in common use, and which they withdraw from circulation and put in circulation at their pleasure, and holding all the gold, which will be the only legal tender when the gold policy prevails, they alone can buy property when sold under judgment, and they alone can furnish the legal-tender money with which to pay debts.

Here under our system of the credit of the United States, attached in the shape of bonds to this monopoly of privileges granted to national banks, we find that the liabilities in the shape of the money of the depositors is 20 for 1, as stated in this pamphlet by Mr. Baird at that period of time. You propose to use that system in place of what? In place of an abundance of money, limited in amount only by the commercial uses, demands, and necessities of the day.

Can there be any other effect of this policy than to build up a monopoly of money in the hands of a few people? Is not that the reason now in large part why all our great avenues of transportation are owned abroad and in the great cities of the country where these banking interests reside? Is not that the reason why the entire agricultural interest of this country, which was formerly one of dignity, of independence, of abundance, and of political power, is now of no significance whatever in the financial world? Producing all the great values and products, the farmer, the landowner, is now no longer a man of great financial, political, or social importance. He has his personal character and his personal worth, which give him weight and consideration, but he derives nothing from his pursuit. He is poor; he is mortgaged; his family, though not without the necessities of life, because they grow them, are without the luxuries, except upon borrowed money, and borrowed at enormous rates of interest.

In Dun's British Statistics, London, 1876, page 125, I find the following:

Credit is the rotary force of our financial system. So long as this force is unimpaired, the system spins merrily on, but when it fails, the insufficiency of the small, metallic basis becomes only too apparent, and the fabric topples to its fall. Metaphor apart, the case stands thus: Bankers hold a certain amount of deposits which I have estimated at about £800,000,000. The Bank of England, whose deposits are thus composed in a great measure of bankers' balances, trades with these balances, maintaining a reserve of notes to meet liabilities; and this is the sole ultimate legal-tender reserve of the entire country.

Mr. President, I have endeavored to show, not only by argument but by reference to a condition of things which formerly existed, in which there had been a great variation between the value of the money metals of the world and by the observation of men of great wisdom and experience in those matters, that wherever there was a departure in the market value as distinguished from the monetary use of the money metals of the world the remedy was not in the cessation of the coinage of the cheaper metal, but in a diminution of the coinage value of the dearer metal. This conclusion seems to be supported by reason. It is further supported by the experience of all commercial countries in the adoption of the single gold standard.

I endeavored to show that the limitation of the money use to the dearer and scarcer metal of necessity creates the use of public and private credit as a substitute for money, and that private credits are without limit, are without control; they are the property of private individuals under charters of incorporation. I endeavored to show that the money use of the world to-day is not in gold but in paper, in public and private credits; and that while the price of money and of commodities and the transactions of business are regulated upon this artificial standard, increasing always by the multiplication of money uses by law, it resulted entirely to the benefit of the individuals who acquire under this system a perfect monopoly of the money use of the world.

Mr. President, this debate, prolonged as it has been, and prolonged as it may well be, is not without great public value. This body, however indifferent we may be to these questions, represents the American people. They are listening to us with energetic and thoughtful mind, with a degree of acumen which surpasses anything that has existed in the history of the world; and the great public thought of the American people in every school-house and every community is considering and discussing these problems, discussing them intelligently, reading these debates with attention. We have here the great function of sitting in judgment upon their thoughts and upon the intelligent consideration of this subject throughout the world. I protest against all the criticisms which have been made upon the Secretary of the Treasury and upon Senators on both sides of the Chamber for their opinions upon this subject. I think the Secretary of the Treasury, Mr. Carlisle, was right, in the midst of the agitation of the public mind and the contrary opinions upon this subject of the continued purchase of silver, in not taking the responsibilities of continuing a condition which in his judgment seemed to threaten disaster.

I justify him in not purchasing and coining this money if, in his judgment, upon its continuance a great public evil impended. When the moneyed powers of the world controlling this monopoly are arrayed and consolidated, threatening and insisting, as they do now, that the legislation of this country and its public policy shall submit to them, it is a serious question, and none but the constitutional power of this body properly exercised is capable of resisting it.

So, Mr. President, I say let us consider whether we are not in that condition of things in which, as Mr. Balfour said, the money power of despotic governments dictates the money policy of our country, the price of money, the price of labor, takes away from each man within the limits of the United States so much of his labor as it chooses, and determines the degree of comfort that shall belong to every family of our great country of 70,000,000 people. I say facts which can not be contradicted demonstrate that the money of this country now, and of the world, is a private monopoly in the hands of a few individuals. Upon that proposition I challenge discussion and intelligent consideration.

Let us consider the most prominent example which, if properly regarded, is conclusive upon this subject. If so, certainly we should pause in urging the passage of the pending bill without some qualifications and conditions. Let us consider the example of France. I read from MacLeod's *Economical Philosophy*, printed in London, page 327:

By the definitive treaty of peace between Germany and France, signed at Frankfort, May 10, 1871, France became bound to pay to Germany the sum of five milliards of francs, equal very nearly to two hundred millions sterling, at the following dates: Five hundred millions thirty days after the restoration of order in Paris; one thousand millions in the course of 1871; five hundred millions on the 1st day of May, 1872; and three thousand millions on the 2d March, 1874, together with 5 per cent interest on the last three milliards.

Besides the indemnity payable by France, the city of Paris had to pay an indemnity of 200,000,000 of francs; fifty millions in specie; fifty millions in notes of the Bank of France; thirty-seven and a half millions in two-month bills on Berlin, at the exchange of 3.75 francs for the thaler; and sixty-three millions in bills upon London, at six and fifteen days' sight, at the exchange of 25.20 francs for the pound sterling.

Let us see how this vast amount of money was paid. Let us see if it was paid in the gold which is established by law as the money of the world.

The debt was finally liquidated in the following way: By compensation—

That is, by the railroads in Alsace, belonging to France, which had been agreed to be taken at the price here stated—

| | Francs. |
|-------------------------------------|------------------|
| By compensations..... | 325,098,400.00 |
| By bank notes and German money..... | 742,334,079.00 |
| By bills of exchange..... | 4,248,326,374.26 |

To effect this stupendous operation all the great bankers in Europe were invited to assist, and in June, 1871, a London agency was opened to assist and to receive subscriptions and bills. Other agencies were opened at Brussels, Amsterdam, Berlin, Frankfort, and Hamburg. The Treasury gave its correspondents one-fourth to one-half per cent commission on its first loan and on the second 1 per cent at first, which was reduced to one-half and one-fourth.

Now, let us see.

M. Leon Say then gives some details of the commercial operations undertaken to support these gigantic payments.

"There were all sorts of bills, from less than a thousand francs to more than five millions; some mentioned the purchase of merchandise; others appeared only to be fabricated for the purpose, and destined themselves to be covered at maturity by bills which were to be created to pay real transactions.

"Bank credits, the paper circulating between head offices and branches, circular exchanges, payments for invoices, the remission of funds for the ultimate purchase of merchandise, the settlement of debts abroad to France under the form of coupons, shares, and commercial obligations, were all in these effects, making up the most gigantic portfolio which was ever brought together.

"Fifty years ago there were no other international operations than merchandise and money; merchandise, gold, and silver were the only subjects

of export and import; the balance of commerce was settled in gold and silver. Everything which was bought from the foreigner was paid for in gold and silver, if not in merchandise.

"There has appeared, especially within the last twenty-five years, in international commerce, what may be called a new article of export, an article which in every country has acquired a greater importance than any other, and which has had the result of completely distorting the meaning of custom-house returns. This new article is securities; it is transmitting across the frontiers of different states the property of capital, by representation, which is easy to transport, viz. these capitals of the form of bills of exchange, public funds, shares and obligations of railways and other companies.

"To understand the real course of international business, it is necessary to know not only the imports and exports of merchandise, the imports and exports of specie, but also the imports and exports of securities; and this last class, which is the most important, and which is the key to the two others, escapes all kinds of returns."

We will give, however, the final result of the operations, showing the pieces in which the debt was liquidated.

I will not read the table; but he goes on:

Now, we observe that the whole of the above sum that was paid in French specie was two hundred and seventy-three millions in gold and two hundred and thirty-nine millions in silver, being somewhat over twenty millions sterling, whereas four and one-quarter milliards or one hundred and sixty millions sterling were paid by bills of exchange.

M. Leon Say notices, as one of the results of the war, the liquidation of the famous Bank of Hamburg, founded in 1619 in imitation of those of Venice and Amsterdam, for the purpose of securing a uniform standard of mercantile payments, by means of credit in its books, which was called the *marc banco*.

Mr. President, what does that mean? It means that gold is not the actual money metal used in that transaction, it means the use as money of a system of credits which are private property, credits which are unlimited by law, credits which may be expanded to suit the interest of the individual possessing them, and contracted to suit his interest as a money-dealer or money-lender.

It seems to me that is a dangerous condition of our moneyed affairs and those of the world and should settle all theories which are based upon the idea that a departure and a variation in the value of the two metals creates an evil that can be remedied only by the cessation of the coinage of the cheaper metal, and increasing the supply of paper credits, irresponsible, uncontrolled, unknown as to its value and its amount, and subject to fluctuation and to panic and disaster of every kind.

Mr. Balfour may very well observe in his address that it is within the power of citizens of European governments, the men controlling the financial methods and European policies, to produce at any time a panic which would be ruinous to even the great commercial nation of England.

I wish to pursue that discussion a little further. I have here before me an observation made in a very valuable pamphlet which I shall present to the consideration of the Senate in a short time. It is a statement of our banking system and a discussion of the question whether we have the legal-tender money of the Constitution, whether our transactions and our whole system of prices are in possession of the European bankers and our own bankers connected with them.

I have no question of fault-finding with these men. They are pursuing legitimately their own occupation. They are, many of them, men of bright minds, of earnest patriotism, and they are pursuing the methods which are legitimate to their occupation; but it is not for us to submit the destinies of the American peo-

ple to the interest of any class of men whether foreign or domestic.

Let us see what the condition of our country is in that respect. I find here in this pamphlet a statement showing the total amount of deposits held by our national and other banking institutions in 1891-'92, compiled from the annual report of the Comptroller of the Currency, December 5, 1892. I read from a very valuable pamphlet called "The Silver Question Settled," by Roderick H. Smith, of New York, from page 40:

| Banking institutions. | Number. | Character of deposits. | Amount. |
|-------------------------------|---------|---|-----------------|
| National banks | 3,773 | Individual deposits..... | \$1,765,422,984 |
| | | United States deposits..... | 9,828,144 |
| | | Deposits of United States dispensing officers..... | 4,044,734 |
| State banks | 3,191 | Individual deposits..... | 648,513,800 |
| Loan and trust companies..... | 168 | do..... | 411,850,000 |
| Savings banks | 1,059 | do..... | 45,560,592 |
| | | Savings deposits..... | 1,712,769,026 |
| Private banks..... | 1,161 | Individual deposits..... | 93,091,148 |
| Total | 9,352 | Total deposits..... | 4,690,890,433 |

Now, let us see where the money was which constitutes the nearly \$5,000,000,000 of deposits entered as money upon the books of these institutions. Let us perceive if it was money, the gold money of the country, and if not, let us ask what function does that single gold standard perform in the transactions which constitute the deposit of this great sum of money.

| Classification. | National banks (3,759). | Other (5,579) banking institutions. | Total. |
|---|-------------------------------|---|---------------|
| Gold coin..... | \$96,723,083 | \$8,889,370 | \$105,612,453 |
| Gold, Treasury certificates..... | 85,530,100 | ----- | 85,530,100 |
| Gold (clearing house) certificates..... | 8,498,000 | ----- | 8,498,000 |
| Silver dollars..... | 7,466,506 | } 1,925,187 | 14,971,085 |
| Silver, fractional..... | 5,579,302 | | |
| Silver, Treasury certificates..... | 25,523,399 | ----- | 25,523,399 |
| National bank notes..... | 21,325,840 | ----- | 21,325,840 |
| Legal-tender notes..... | 113,915,016 | *46,812,692 | 160,727,708 |
| United States certificates of deposit for legal tenders..... | 23,115,000 | ----- | 23,115,000 |
| Fractional currency..... | 939,383 | ----- | 939,383 |
| Specie, not classified..... | ----- | 22,119,226 | 22,119,226 |
| Cash, not classified..... | ----- | 118,042,909 | 118,042,909 |
| Total..... | 388,615,719 | 197,789,384 | 586,405,103 |

*Including national-bank notes and coin certificates.

The relation between the amount of the money of commerce and the amount of Government money held by the banks is as follows:

| | |
|---|-----------------|
| Total deposits of the banks of United States..... | \$4,690,890,433 |
| Total Government money available for payment of deposits..... | 586,405,103 |
| Percentage of Government money to deposits..... | 12½ |

There is the whole banking business of this country—\$4,690,890,433 of deposit money in these banks upon less than \$600,000,000 of actual money. What is the significance of this fact? Has it none? Are we considering here the ratio between gold and silver upon the theory that the cessation of the silver coin as

money of this country is to be a calamity, when we have exhibited the fact here that the money of the country to-day is neither silver nor gold, but the personal credits of the individuals who have the function and power of making the money of the people out of their own credits. How can you explain the fact, be it wise or unwise, that it should be an economy of business?

If so, what do you want with money at all? Why not have the whole exchanges of the country and its transactions conducted by transfer upon the books of some accredited institution? Only, it would be a good thing to be a member of that institution, if you wanted to be rich, because you could take everything everybody had, all the labor of the country, all the products of labor; you could bring want into every family and degradation upon every citizen, and deprive him of the benefits of education and the comforts of life. Says this pamphlet:

That is to say, that if all the Government money held by the banks of this country should be distributed pro rata among the depositors of these banks, each depositor would receive 12½ per cent of his deposit. If this is true that the total amount of Government money of all kinds held by the banks is sufficient to pay only a dividend of 12½ per cent to the depositors of these banks, what is the balance? What does the 87½ per cent of deposits represent? There is, I think, but one rational view to take of this matter; the balance of the deposits consists of the money of commerce, which money is based upon collateral other than gold and other than silver, expressed in terms of the standard.

Upon commerce. You know what that is.

This collateral consists of wheat, corn, oats, pig iron, copper, tin, petroleum, salt, wool, cotton, sugar, lumber, chemicals, cattle, hides, horses, ships, railroads, cars, engines, and a multitude of other valuables, expressed in terms of the standard, and which in trade are exchanged, one for the other, in terms of the standard, that is, at their market price.

That is, the gold appreciating standard carried up higher and higher by every dollar hoarded. We hear much of the hoarding of money by the people, but what of the hoarding of money by Russia and Prussia and Austria and France? What kind of hoarding is that which grasps its \$300,000,000 of gold at a time and locks it up in the military chests of each great nation of Europe. Yet we talk about the hoarding of money by an individual, putting in his stocking a dollar, when the whole taxing power of these great despotisms is taking at the rate of from \$12 to \$36 to the head, men, women, and children, from their labor every year, and putting it in gold and locking the gold up. That is hoarding; for what is the difference between gold being in a stocking and in a military chest? Perhaps that is a difficult thing to explain.

Now, I will consider this matter a little further. There have been some great men in this country who have looked into this condition of things, one in particular, who sympathized most with the great mass of the people; to whom the prosperity of the great laboring poor was dearer than to any other man; an accomplished gentleman, a cultivated scholar, a man of refined tastes, and of an aristocratic lineage, if that counted for anything. If that was of any value it was because it opened his heart and sympathies to the sufferings of the great mass of the people, a man who wanted a system of policy in government that should result in beneficence, that is, in comfort, in joys, in material blessings to every man, woman, and child throughout the world. A man of most accomplished learning and mind and

genius was Thomas Jefferson. None will dispute his wonderful intellect, his great power of analysis, the wide range of his accomplishments. He says in his letter to John Taylor, in the sixth volume of his published works, page 605:

The system of banking we have both equally and ever reprobated. I contemplate it as a blot left in all our constitutions, which, if not covered, will end in their destruction, which is already hit by the gamblers in corruption, and is sweeping away in its progress the fortunes and morals of our citizens. Funding I consider as limited rightfully to a redemption of the debt within the lives of a majority of the generation contracting it, every generation coming equally by the laws of the Creator of the world to the free possession of the earth He made for their subsistence unincumbered by their predecessors, who, like them, were but tenants for life.

Mr. GEORGE. What is the date of the letter?

Mr. CALL. The date of the letter is May 26, 1816. Mr. Jefferson says again:

And I sincerely believe, with you, that banking establishments are more dangerous than standing armies; and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale.

Mr. President, we may make light of these declarations, we may repose in fancied security to the American people, but the people of the world, the young men growing up of masculine vigor of thought ask themselves the question, shall we be destined to a life of poverty, of degradation and want, to pay the great national debt heaped up in past ages for the luxury of kings or for purposes which have no benefit to the present generation? Why shall we suffer, and our lives be lives of want and poverty and degradation because hundreds of years ago there was squandering and dissoluteness and obligations created which standing armies of twenty and thirty million men withdrawn from the uses of industry are to force upon us? If these things are to be done, we must not lend aid to them by giving right to private individuals to make the money of the country out of their personal credit.

Now, Mr. President, let us see how this matter stands related to the questions we are now considering in another respect. We are now considering the question of the coinage of the country. We are told that you must repeal the act of 1890, because the act of 1890 is putting upon the country a silver coinage which is less in value than the gold coinage of the country; and that under the law which is dignified by the term of Gresham's law, but which is a very natural thing and only means that where there is a use for a thing in one place and not in another, or a greater use for a thing in one place than there is in another, the opportunity in the sagacity of men will induce them to carry that thing, whether it is gold or potatoes or corn or whatever it may be, from the place where there is no use for it to the place where there is; and that, therefore, if in this country silver can be made to bear all the purposes and uses of life then gold will go abroad. Suppose it did, what harm will that do to the \$4,690,000,000 of deposits which there is no gold to pay or no silver to pay?

What practical relation has that proposition to the present condition of our country? Are we reasoning men; are we here to reason? No one can explain how less than \$600,000,000, partially of silver certificates, partially of gold, partially of silver, all being taken into account, can pay nearly \$5,000,000,000 of de-

posits? Unquestionably not, but we sit here with indifference. We do not attempt to explain that which is the natural and just relation of commerce, which demands actual money in the hands of the people, obtainable by all persons on fair terms.

Mr. President, I have shown that—admitting the proposition that the departure in the value of the two metals will make a difference in the coin use—I have shown that the remedy was not to cease the coinage of the cheaper metal; that it was not to deprive the country of money of some kind of value and take for it paper at no value whatever but the personal credit of the individual who gave it; that this would be to take away money, which, although cheaper than some other money, or some other metal, still had a value and was capable of limitation in quantity, and substituting for it a credit which was incapable of limitation; that in the very necessity of these ideas, which are logical, true, and undisputable, you could not find this remedy by the cessation of the coinage of the cheaper metal.

Admitting what is said to be true, if you wish to preserve the equivalence of ratio as stated by Chevalier and Newton, where is the ground on which disputants can stand who are proposing to impose upon this country the European system of banks, sustained by public securities and a small amount of gold, the greater amount being hoarded for military purposes and an unlimited credit money, paper money? Who can meet the proposition? If the equivalence of ratio is necessary and it is departed from notwithstanding the artificial use created by Government, what is the remedy? Diminish the legal value or ratio of the dearer metal. Is it not wise to keep the two in circulation? You have token money, you have debased money, for the use of the people at home. You wish to pay your baker for his loaf of bread, your merchant for the small uses and necessities of life, for your street-car fare, for the millions and billions expressed in terms of value of the daily necessities of life.

How unreasonable, if we may reason about these things, to say no, we must accept the status as it is; we must lie down blindly; we are not here to perform the function imposed upon us by our duty of reasoning, of representing the best thought of the world, of considering it, of meeting it, but we are here to rest in calm indifference; we must rush through a bill repealing the only method by which there can be an increase in the currency of the country, without condition, qualification, or amendment. The country is suffering, the people want money. The banks will not allow business to continue unless we allow them to use their own credit as money, and themselves make all the money and use it as they please. We must rush through a bill repealing the only method by which there can be an increase of the metal currency of the country. Let us see. There is one remedy. Here are two others.

If this debate had no other purpose, if every member of this Senate slept in his bed at home and few came here to study and consider these problems, if these seats were always empty, and this duty too irksome to be performed, still the great American people are everywhere considering and discussing these problems.

But I have here a pamphlet, which I wish to bring to the notice of the Senate, accompanying which is this letter, which I

suppose has been sent to every other member of the Senate. It is as follows:

WELCKER'S HOTEL, Washington, D. C., October 3, 1893.

HONORABLE SIR: This silver question can be solved; so think usch authorities on finance as Mr. George S. Coe, president of the American Exchange Bank, New York; Mr. Washington Connor, New York; Mr. Dan F. Bells, president of the Commercial National Bank, Cleveland, Ohio. J. Edward Simmons, president of the Fourth National Bank, New York, when asked, "Is there any other way out?" replied, "I don't know of any; your project is very, very good." J. Pierpont Morgan assures me that he will help me forward with this matter. Mr. Garland, of the First National Bank; Mr. John W. Mackay, Mr. H. O. Wolcott, and many others favor the project set forth in the accompanying pamphlet. I believe that this is the thing to do here and now.

Unconditional repeal is a blunder. Says Mr. George Williams, president of the Chemical National Bank, New York, speaking of the demonetization of silver: "The calamities, commercial and social, that would follow such a step would be beyond calculation, even beyond imagination." Unconditional repeal leaves the question unsolved and violates the pledges of the platforms.

Unconditional repeal means starvation and ruin to thousands of Americans, and even if it should bring temporary relief how can we escape from a crisis later on?

Congress and the Executive have it in their power to give to the people of these United States a national currency, based upon gold and silver, every dollar of which shall be always and everywhere equal.

The interests of the plain people of this country in this question are far greater than are the interests of the gold or silver party. As Mr. J. Edward Simmons said to me the other day, "The thing to do is that which is best for all the people."

The objects accomplished in the accompanying bill are as follows:

First. Provision is made for an increase in the currency, but only by depositing an equivalent of gold or silver therefor. The gold currency is redeemable in gold coin or bullion. The silver currency is redeemable in silver bullion at its gold value or in silver coins (see coinage bill, page 17). The gold and silver currency is at all times of the same commercial value at home and abroad.

Second. By reorganizing the notes of 1890 (see section 17, page 16), the Government is instantly relieved of the gold liability now practically existing on them (over \$150,000,000). The necessity for a bond issue is thus obviated. The silver which has been purchased with these notes and which now lies idle, useless, unpaid for, and unconsumed, is rendered available for their redemption, removed from the fear of sale in the market and consumed, for, after reorganization, this silver belongs to the note-holders and not to the Government. The other classes of the currency can be reorganized later on. The chapter on Present Situation (page 46) will show the present condition of the currency.

The plan presented is comprehensive, simple, safe, and honorable, in accord with constitutional provisions, the platforms of the Democratic and Republican parties, the rules of business practice, and the dictates of common sense. It should be made a law.

Respectfully yours,

RODERICK H. SMITH.

These are propositions that commend themselves to my judgment. No one has answered them. No one has shown or pretended to show why this is not a safe and proper solution of this question.

The Senator from Kentucky [Mr. BLACKBURN] introduced an amendment here to-day which comprehends some of the provisions in this pamphlet, but not so accurate, not so thorough in my judgment, not so well adapted to the situation. It is proposed to have a fund, not based upon public credit but upon the value of gold and silver. It is proposed to create a fund of the cheaper metal, whichever that may be, either now or hereafter, for the purpose of preserving the equivalency of values. It is proposed to redeem in all parts of the world with either coin. These notes are to become the property of the depositor of gold or silver bullion, and to have by law money uses in this country.

I should like very much to hear some discussion of that question. I should like to hear from some of the Senators who are such enthusiastic believers in the gold standard, who believe in token money, for all money is token money which has to be redeemed in something else. It depends for its value upon redemption alone. I should like to have this question considered.

But, Mr. President, there is another plan that has been proposed by the American people, by these intelligent and thoughtful people, and we may be sure if we do not represent them they will send people here who will.

This debate has been valuable. The time has not been thrown away, because the debate has provoked not only study and thought here, but it has provoked study and thought on the part of the people throughout this country and throughout the world. In our country particularly, where we have not yet become subordinated entirely to great corporations, where although greatly reduced in our fortunes and the mass of the people are reduced in their comforts at home, although upon the road that Rome followed to destruction and ruin, we have not yet progressed very far in that direction.

We have yielded the power of taxation in every form and shape to municipalities, to county organizations, in the shape of issues of bonds to aid great railroad corporations, having the power to impose taxation without representation by the increase of their capitalization until they have now a capitalization of \$60,000 to the mile which did not cost \$20,000; and when we get up to a population of 100,000,000 we shall probably have it at the rate of \$200,000 to the mile.

Although we have allowed them often by fraud to acquire the ownership of over 200,000,000 acres of the public domain consecrated to the only policy that is possible for a free country, free homes to the American people; although we have allowed every species of brazen fraud and intolerable outrage to be carried into effect through our public officials in respect of this public domain, still we have not arrived at the absolute degradation of the great masculine, intellectual, vigorous thought of this American people.

I have another pamphlet here called the Alpha of Money, being a reply to Mr. Carnegie's A, B, C of Money, by Mr. George Reed.

It is a very powerful, very learned, and a very able presentation of this whole question, and one which is well worthy of the study and the consideration of this body and of every American citizen. He says:

Mr. Carnegie says in the *North American Review* of June, 1891, page 748: "I would rather give up the 'McKinley bill' and pass the 'Mills bill' if for the exchange I could have the present silver bill repealed and silver treated like other metals." That is quite a significant statement.

I think so, too. I think the power of monopoly, the power of extorting from the labor of every man in this country so much of his labor as will barely leave him the means to procure the necessities of life, is contained in the power to make money out of credit without limit. That is the result of treating silver as a discarded and degraded metal, of relieving it of its money function, while you give to gold by law the compulsory use of the payment of debts, of taxes, of recognition in every transaction; for it is not that you leave the two metals together,

each to find its own use, but you give to the one a power of compelling its use.

Mr. Reed proposes in his pamphlet to do what? He proposes to take away the compulsory usage from gold, and to have the mints of the country thrown open to the coinage of the two metals in such forms and such proportions and denominations as may suit the public convenience, and to allow every man to contract for so many ounces of gold or so many ounces of silver as merchandise, leaving it to the natural demand and uses of the two metals to find the place they are to fill in the monetary system of the world.

Why shall that not be done? Why shall men having silver not be allowed to contract for the sale of it, as is the case with those who have gold? Why shall we compel the use of gold that belongs to one, instead of the use of silver that belongs to another? Why not allow each one its own privilege, and allow every man to contract to sell his house for so much gold or so much silver, by weight, refined and stamped? The reasons which are given for that amount to a demonstration. They are that the legal-tender character may thus be preserved to both of the metals without a fixed ratio established by law. I think the legal tender should be preserved in gold and silver at the ratio of 16 to 1, which has existed for years, and will be permanent if allowed to depend on natural causes, but I can very well see that that might be dispensed with, and the legal-tender power be preserved to the two metals at the option of the debtor, by weight, or according to the multiple standard of Jevons, of which we have heard nothing here. This is a standard of value fixed, according to the value of a number of standard articles of commerce or necessities of life at the time when the contract is to be performed, or at the time fixed by the contract, either the present date or some future time; just exactly as the University of Oxford or Cambridge, in England, has, under its original charter, had its rents payable in grain, which has proved more stable and valuable than any money. That provision has been in the grants to that university for hundreds of years. But let us look at Mr. Reed's able presentation of this question:

* * * * *

We will now define what we mean by money, or will try to give a definite meaning to the word as used in this discussion; however, we may use the word in different senses at times, but this is the sense in which we are arguing: *Money is that definite thing commonly used as a standard of price.*

Thus the gold dollar is the money of the United States; that is, the unit of value according to law and therefore arbitrarily established; the pound sterling is the money of England; the Mexican dollar is the money of Mexico. The word "definite" will apply to the money of every advanced people. Where metal is used it will be a well-known weight of the same. If it be oil it will be an exact measure. If it be tobacco or wheat it will be a definite amount, for trade will not deal in doubt as to quantity.

If it be a piece of cotton cloth, as has been in Africa in places, there will be a standard length, breadth, and quality, and so with wampum, etc. In fact it will amount to measured merchandise. Therefore we may have Chinese money, English money, German money, etc. The word commonly applies to a community, small or large, and it may embrace part of a country or more than one country. Some one will say that the above is a good definition of what some writers call "money of account," and so it is, but the phrase "money of account" is often used as if to intimate that any other money would be of no account. Our single standard gold writers often use this phrase it would almost seem with such implication, but the truth simply is, that it is not of account or computation when any definite quantity of gold is the standard by which all other things are priced.

The argument upon this subject you will easily see is that coin, although it has monetary uses prescribed by law, stamped, divided, certified, the ratio fixed, and made a legal tender (which is an arbitrary, artificial use) is yet a merchandise. When wheat is scarce the price rises; when abundant it falls. So with every other commodity. It has its commodity value, although stamped with extraordinary and artificial uses. That is true, unquestionably. What is the result?

The same could be said of gold where silver money is the price standard or unit of value. A money, therefore, under any true and logical idea of trade is merchandise, and moneys, therefore, are merchandise. A money is none the less merchandise because it happens to be a price standard, notwithstanding certain governments have taken it upon themselves to arbitrarily designate certain metals and command that they only shall be used as the raw material out of which money or units of value or standards of value or price units shall be made.

Some of them have commanded that certain amounts of a certain metal shall be used as money and have even prohibited or prevented the use of certain valuable or high-priced metals as money in the true sense at all, allowing them only to be minted as token coins. Paper money, under the above conception, is not money at all, but is the representative of money, and is used in place of money under the belief that money could be gotten for it if wanted, or that it is as "good" as money. It stands in place of money like an "a" or an "x" stands in place of a quantity in algebra.

Trade, custom, and use make money, and should be allowed to operate unimpeded by arbitrary intervention or direction.

In the case of the silver dollar the silver in the token itself may be worth, say, 70 cents in gold, while the coin goes in trade for \$1 in gold, because the Government has promised to make it good to that amount. It is the representative of a gold dollar; it is a share in a stock of gold somewhere, and its great office is to facilitate the circulation of gold, increasing thereby its use, enhancing its price, and placing it, at its own expense, at an artificial altitude unwarranted by justice and true commercial welfare.

I refer to the attempt at the complete and universal demonetization of silver, or the adoption of the universal gold standard, or the despotic recognition of gold only as the metal out of which the various standards of value or money units shall be made; leaving commerce thus at the mercy of the owners of the metal gold, driving the metal silver, as money, out of the markets of the world, in spite of the fact that it is sorely needed, and would be a respectable rival to gold, so much so that were there not an ounce of gold in the world its money business could be done upon silver. Is there, therefore, any good reason why they might not each be used upon their own merit as money? If the ideas here advocated were carried out, silver money could be borrowed and lent, labor could be paid in it, and it would become thereby a storer of force, of wealth, of energy, as is gold.

The demonetization of silver has been successful in England by virtue of despotic commercial legislation by which the single gold standard is forced upon her commerce and people, and silver prohibited from use as money in the true sense at all, being only coined as the tradesman's token of the British Government in representation of gold, and made legal tender at its nominal value for a limited amount thereof.

Nearly the same thing has been done in this country. The only difference is that we have made the silver tokens of our country legal tender for a larger amount of gold money, except where otherwise expressed in the contract. Therefore, we have need for a greater proportionate amount of silver tokens. That is, our legal tender is possibly a little less tough.

It is only sustained by the fact that a large part of the world to-day still use silver out of which to make money, or their "definite thing commonly used as a price standard."

Now, Mr. President, here is a man who is able, an American of thoughtful mind, intelligent, patiently studious, who has carefully investigated this question: he is in favor of abandoning the compulsory legal tender for both metals. He is in favor of

opening the mints of our own country, in defiance of the world, to the unlimited coinage of gold and silver, to meet the demands of commerce, to be the property of those who take the bullion there to be stamped, minted, divided into coins to be fixed and regulated by law. It has its commercial value as a money use, and this can not be taken away except by law.

Rome had 140,000,000 of people. That was her custom for hundreds of years. She governed the world. Rome had her policies. No one who will read the letters of the younger Pliny to-day will say that our civilization has far advanced beyond theirs, except in the wonderful progress of invention. In dealing in money, in questions of commerce, in questions of law, in the elegancies of society, in the beauties of architecture, in the refinements of life, no one who reads the letters of Pliny will doubt that their civilization was in some respects near to ours.

Yet that great empire, with all its learning, with all its elegant scholarship, with all its refinement of culture, with its great history of past transactions, with its rates of interest upon gold and silver, for many years and centuries it was allowed to every Roman citizen to mint his own coin according to the regulations of law. It may be said that in our day of greater enterprise and adventure we should be likely to have coin adulterated. Then our public mints will answer this purpose. But there is no need of tying the destinies and happiness of this great American people to the men who are so fortunate as to acquire the gold. That is the proposition.

What else? Here is the report of your Comptroller of the Currency that shows that to-day you have not 12 per cent to redeem your promises, without taking into account the tens of billions—yes, I may say the \$30,000,000,000 of indebtedness that is resting upon the people of this country to be paid in coin, largely to be paid in gold. You have not even 12 per cent to pay \$5,000,000,000 of obligations in the shape of deposits entered upon the books of the banks which control all your productions, your cotton, your corn, your wheat; which furnish the money for your internal transactions between man and man.

Now, we are told here that there is a panic, that money has been hoarded, and that is the reason why we should not have any more silver. Mr. President, I can very well perceive why the President and his Secretary of the Treasury, who are men of unquestioned integrity, men of extraordinary ability, men as entirely in sympathy with the people as we are, administering this their great public trust, should have hesitated to do more than they have done. Why? Because this money power is capable of bringing disaster upon the people of this country. Every country merchant deals in credit, and he is here to-day obeying the interest that commands him to say: "Continue our power over the productions of the country or you will not have credit; your business will be ruined."

Mr. Jefferson was right. Banks are useful, but they must be controlled by the intelligence of the people's Representatives. Corporations are useful in their place, but they must not be allowed to exercise their power of taxation without limit; they must not be allowed to acquire the ownership of all the real estate of this country, and in the shape of rents and rates of transportation take from the people an undue share of the products of their labor.

Here we are to-day in this situation, with the fact exhibited that the money power of the country, in the control of a few hundreds of men, to-day is capable of ruining this 70,000,000 of American people. Why, Mr. President, I say repeal here and now every charter of every national bank unless it opens its vaults and continues its business. Coin money, issue certificates, use the public credit, make new depositories, continue all our public works, if it is necessary to increase the money supply, rather than that the people should be out of employment. The able Comptroller of the Currency has the will, the vigor, and the independence to execute our laws. It is not for the President and his Secretary of the Treasury to make the laws, and no fault should be found with them. It is for them to administer their public trust with conservatism, for the money power, without our action, is strong enough to overwhelm the country with ruin. It is their policy to deal with it tenderly.

I find in this letter of Roderick H. Smith the name of Washington Conner, one of the great New York bankers. Mr. Conner is interested in my own State. I know of him by reputation. I am glad to see his great business sagacity, his great integrity, in sympathy with the people of the country, which, I am informed, is accompanied with large wealth. He is here to testify—if this letter be correct, of which I have no other evidence than the publication in this pamphlet—what unconditional repeal will bring upon us unless something is attached to it to increase the money, to create a solid metal currency (gold and silver), and to furnish a practicable plan to do it.

What is the trouble? The Senator from Kentucky [Mr. BLACKBURN] has introduced an amendment which is similar to a part of this plan, which is fully developed in this pamphlet: Treasury notes issued upon deposits of gold or silver bullion to be the property of the depositor in the Treasury, the market value of either metal to be the basis; the difference between the market value and the notes to be held by the Government as the depositor's property, for a common fund, to be sold at its value when suitable values can be obtained by the Government; to redeem, in whatever form the money may be coined in any country of the world, the note which is given to the depositor.

Suppose we were to try that system. Is it not better than to allow a national bank to take another form of the credit of the Government and pay that bank interest upon it, and at the same time give it a note which the Treasury is bound to redeem in gold? Is it not better than that? It is the man's labor; it is his gold or his silver; it is deposited in the public vaults. The note which the Government gives it is obligated to see paid in its coin denomination or value, and not out of the taxes, not out of the sweat of labor, not out of the poverty and degradation of the great mass of American people, who, under a proper system and a happier policy, under a system of transportation adjusted upon the basis of reasonable profits to the owners, which would be useful throughout the length and breadth of this broad land, and would enable poor men with their wives and children to travel in comfort, instead of having to pay in rates of transportation for watered stock three, four, five times the value, or perhaps upon that which never cost a cent to anybody.

This American country should have cheap transportation, with abundant money, with its national debt taken away, with

no more of foreign credit imported here and called capital—800,000,000 British sterling, the paper circulation of Great Britain, imported here to be exchanged for a power of taxation upon the labor of our people.

Why, Mr. President, it is a strange idea. It has no proper place here. We have no need of such capital. How can the oppressed, the poorly rewarded labor of Europe compare with our people upon our virgin soil with its vast productions, if it were not that we gave the power of taxation to any persons who would get up a railroad corporation and tell them you can issue bonds payable in taxes upon the people for \$5 for every dollar of value? We should not have this system of credit imported into this country if we did not have a system of national banks and a limited coinage of the money metals.

National banks are very good things. There is nothing to object to about a national bank except the giving to it of the function of issuing paper money on the nontaxable interest-bearing bonds. I know nothing to object to with reference to a State bank but the power of issuing unlimited money. The systems may, perhaps, be well harmonized, but in some way the public supervision should be extended over it.

But, Mr. President, here are all these alternatives, and we talk as if there were some magic power to be given by law compelling the use of one single metal and to compel everybody to use that particular metal.

Now, Mr. President, I have here, which I propose to notice very briefly, the argument of a man who is one of the most distinguished monometallists to be found in the country, Mr. David A. Wells, a man of clear and discriminating mind, a clear reasoner, a student of public and private economy, and certainly a man of patriotism and disinterestedness. How strange is the fact of the influence this gold power has to cloud the intellectual vision of people, surrounding them somehow or other with an atmosphere and tendencies like those affecting the aristocracy of the Old World, the old patricians of Rome.

This power seems to be kindred only to the exclusive wealth-creating social class distinctions, which separates them not only from sympathy with republican institutions, but also creates for them opinions in regard to public economies.

Mr. Wells says:

In 1881 investigations instituted by the United States Comptroller of the Currency showed that of all the receipts of 1,966 national banks in one and the same day, 95 per cent were made up of forms of credit, exclusive of circulating notes, and at all the banks the proportion of gold coin to the whole receipts was only .65 of 1 per cent. An analysis of the international trade of the United States—exports and imports—which is conducted on a gold basis exclusively, furnish the following instructive results. During the years from 1864 to 1873 \$1 in gold was sufficient for the transaction of \$13.91 worth of foreign trade; but from 1883 to 1892 \$1 represented \$31.83 worth.

In short, as civilization has increased, and as new and quicker and cheaper means for the interchange of thought and commodities have been invented and adopted, the function of gold as a medium of exchange—the one that necessitates a large and increasing supply and entails the greatest wear and loss—is rapidly diminishing in importance; while on the other hand the function of gold as a measure, or verifier of values, by reason of its exemption from value fluctuations to a greater extent than any other product of labor, is becoming of greater and greater importance, and more especially since silver has become uncertain and fluctuating in value.

What is it that Mr. Wells proposes? He proposes that the entire product of the labor of every man in this country shall be

placed in the keeping of the few hundred citizens who own and control the national banks of this country. If the entire money of this country in all its transactions is to be controlled, if prices are to be fixed and regulated, and we are to have abundance or scarcity at their will and pleasure, how long will republican institutions stand? If such a thing is to be allowed the Senate ought to be abolished and the owners of the national banks should be here constituting the two Houses of Congress.

If this system is to be continued we have no function, for we give the control of all the wealth of the country and all the labor, which is the only wealth, all the production and the fixing of prices to those who own railroads, and other great corporations, because these few persons own all the railroads, and the people own none. The few great bankers and corporations own to-day all the transportation and the taxing power, which says to the American citizen what he shall pay of his labor and his production for the transportation of it and for its exchange. But this remarkable proposition in a free government is presented to the American citizen as the consideration for which we are to abolish the traditional use of the cheaper metal which serves the purposes of the great American people.

Mr. Wells goes on to say:

When the silver question is written up in the future as a matter of history, full and complete, it will certainly be characterized as having involved more of persistent and unsubstantial theory, and a greater disregard of substantial facts, than any other controverted topic which in modern times has received a large share of the world's attention.

All the writers and statesmen of the economic schools in modern days say the fact is that to-day silver has a wider use than gold, that it performs ten times the function of gold both in amount and in daily use and in performing the uses of society.

With all these facts before us, we have it gravely contended by this able, economic writer that the entire business of this country shall be performed by a system of finance based upon promises to redeem in gold, when they have not the twelfth part of the gold to perform the obligations they assume, resting entirely upon the confidence of the people that when this demand is made they will be redeemed. If all the gold in the world shall find a superior use in the wars of Europe, will they redeem these paper obligations? What are they worth? They are not worth the paper on which they are written.

We had a bill introduced here by the Senator from Kentucky, the distinguished Mr. Beck, which became a law, in relation to fictitious bank deposits. I voted against it, but it became a law. It provided that no checks should be paid even to a Vanderbilt or Gould or anybody unless there was an actual deposit in the bank to meet it, and no checks to be certified. I said to him the banks would not do any business if that law could be enforced. They will simply transfer upon their books a deposit. That is all. Here are nearly 5,000,000,000 of deposits and less than 600,000,000 of money to pay them. I take it any private individual—and these are only private individuals—would be considered bankrupt.

Mr. Wells says:

The primary cause of the decline in the value and use of silver was undoubtedly a conviction that it is not the money metal suited to the conditions of high civilization.

This condition of "high civilization" consists of banking deposits in the control of persons whose personal integrity may be good or it may be bad, who may want all the property of the country or who may be philanthropists and not want any. That is high civilization!

It is a principle generally overlooked by economists and students of finance, and one which does not seem to have been alluded to in recent discussions about silver, that the kind of money a country will have and use depends upon and will vary with the value of its transactions, the price of its labor, and the rapidity and magnitude of its exchanges; and that when the people of any country have once found out what metal or other instrumentality is best adapted to their wants, that metal or other instrumentality they will employ; and statute law can do little more than recognize and confirm the fact.

If that is so, is it not true that the people everywhere use silver; that you can not make a gold coin which will answer the great mass of the daily necessities of men? Why, then, cease its coinage?

Mr. Wells goes on to say:

Thus in China and its dependencies, including more than a third of the population of the globe, the Government provides only one form of money, namely, a course, heavy disc, composed mainly of copper, and known to foreigners by the name of "cash." It is made with a square hole in the center for convenience of stringing in fens or its decimals, and has a commodity value of about an American cent. The question naturally suggests itself, How can so intelligent people as the Chinese use a coin so heavy and of such trifling value in making their exchanges?

The answer is very simple, and illustrates the wisdom and not the foolishness of the Government of China. The wages of manual labor in China do not, in general, exceed 15 or 20 cents per day; and the wage recipient obviously requires that his daily earnings, when paid in money, shall be capable of ready division into many multiples in order to be exchanged for the many necessities of himself or his family; 2 cash, for example, for rice, 2 for fuel, 3 for fish, 5 for cloth or rent, etc. The equivalent of a day's wages at 20 cents in gold would be too small to be conveniently handled.

* * * * *

Two-thirds of the population of the world have therefore no occasion for the use of gold as money. On the other hand, in countries of the highest civilization, with high prices and wages, rapid financial transactions, and extensive commercial relations, the natural tendencies favor the more extensive use of gold for money, without at the same time displacing from their legitimate monetary spheres either copper or silver.

Suppose that to be so, what has that to do with the question? Here is the great mass of necessities for a metallic money for the millions and hundreds of millions of people whose fate it is in life, under the forms of oppressive government which have prevailed, to have not enough for their daily necessities. It is token money, as the Senator from Mississippi [Mr. GEORGE] suggests to me.

Mr. Wells says further:

On the other hand, not a single commodity that has notably declined in price within that time can be named, in respect to which clear, abundant, and specific evidence can not be adduced in proof that its decline has been due to decreased cost of production or distribution, or to changes in supply and demand occasioned by wholly fortuitous circumstances.

Mr. Wells goes on to show that there is no correspondence between the decreased price of commodities and the decreasing value of silver. He says:

The supply of these four great commodities, iron, wheat, cotton and wool, controls the cost of bread and breadstuffs generally; of all cotton and woolen fabrics, and of nearly all tools, machinery, ships, cars, and buildings; and an over supply of them in excess of current demand (and to a much less extent than has actually occurred) will materially affect the market price of products whose average annual value can not be less than \$2,000,000,000.

But, Mr. President, all that can be seen to be an entirely inconsequential argument, because the prices of commodities differ from various circumstances—from the reduced price of transportation, from the increased area of cultivation, from supply from other quarters, from inventions, which have decreased the amount of labor and cost. Because that is true, it has no connection with the other proposition, that money has become dear in comparison with labor. Money has become dear because rents are high, because in every community the agricultural laborer pays the interest upon municipal bonds and upon United States bonds and railway corporation bonds and many other new uses.

The rent of houses in the city of Washington is fixed largely by the taxation which must first be paid out of the rent, and whatever the demand for houses may be, the necessary elements of cost must first be taken into account. It is so in the whole range of this civilization of ours. Money comes in, and the price of money is an element to be taken into the account which enters into the cost of production and to be taken out of the product, because the uses of money, the demand for it, has infinitely increased instead of decreased.

Without reading it, I shall insert in my remarks here a statement of the total taxation of the United Kingdom and other great nations of the world, taken from the last edition of Mullhall's Dictionary of Statistics, published in 1892:

In 1890, total taxation:

| | | | |
|----------------------|-------------|---------------------|-------------|
| United Kingdom | £88,500,000 | Belgium | £12,000,000 |
| France | 121,800,000 | Switzerland | 2,900,000 |
| Germany | 154,700,000 | Greece | 3,100,000 |
| Russia | 83,880,000 | | |
| Austria | 74,500,000 | Europe | 683,600,000 |
| Italy | 72,000,000 | United States | 80,000,000 |
| Spain | 35,400,000 | Canada | 7,800,000 |
| Portugal | 8,400,000 | Australia | 27,000,000 |
| Sweden | 4,800,000 | India | 69,100,000 |
| Norway | 2,400,000 | Argentina | 5,400,000 |
| Denmark | 3,000,000 | | |
| Holland | 10,100,000 | Total | 874,100,000 |

I think that table includes only the national taxation, not local. It amounts to £874,100,000. The revenue of these countries in 1880 was £237,000,000. From 1881 to 1888 the revenue derived in the way of taxes from these people was £910,000,000, and the public debt was £6,160,000,000. The debt has multiplied tenfold in ninety-six years. The annual increase since 1870 has averaged £118,000,000.

Mr. President, that is the condition of the world, and that is the condition by which a few individuals, under the system of banking controlling these national securities, create not gold money, not silver money, but paper obligations of their own, as was shown in the settlement of the French debt. So the capital we have to-day is neither gold nor silver money, but is the personal obligation and credit of the few individuals of the world owning great banking establishments.

A few words more, Mr. President, and then I am done. The thought of the world is not progressing in the direction of the monopoly of money, nor in the direction of crystallizing the powers of government in any form of aristocracy, be it money or heredity. The great French writer and critic, Renan, in

speaking of the destinies of nations, on page 166 of his "Religious History and Criticism," says:

History demonstrates that there is in human nature a transcendent instinct that urges it towards a nobler aim. The development of man is inexplicable on the hypothesis that man is only a being with an already finished destiny, virtue only a refined egotism, religion but a chimera. Let us work on, then.

* * * * *

Prepare for our country generations ripe for all that makes the glory and the ornament of life. Beware of rash enthusiasms, and remember that liberty is won only by earnestness, respect for ourselves and others, devotion to the common weal, and to the special work that each of us in this world is called upon to establish or to continue.

Human destiny is the most poetic of all, and it mutely appeals to Heaven for relief. The destiny which has heretofore been assigned the great mass of the people has been suffering and sorrow and degradation. That is the prevailing sentiment of these great American people. We want earnestness, we want new policies, we want, as Mr. Jefferson said, a restraint upon the tendencies which crystallize power in moneyed institutions, which control even the organisms of republican government adversely to the interests of the great masses of the people.

The September number of the American Journal of Politics contains an article which is applicable to the present condition of things, from which I read the following:

In commencing, we stated that the social problems of the day increasingly center about the fact of the existence of corporations, public and private; we here modify that statement, by adding that the center is gradually shifting from the fact of the existence of public corporations to the fact of the existence of private corporations. The term "private corporation" needs here no formal definition. Railroad, banking, and insurance corporations are familiar illustrations.

The religion and the philosophy of the day unite in the belief, at any rate the hope, that the sum of human pleasure is continually on the increase, the sum of human pain continually on the decrease. This involves the supposition that the sum of industrial activities is continually on the increase, the sum of militant activities continually on the decrease. But if our previous conclusions are sound, it follows that the functions exercised by public corporations, that is, political governments, are, as a rule steadily on the decline; that the functions exercised by private corporations, that is, private industrial corporations, are steadily on the increase.

The president of the New York Central Railroad Company is, so far as concerns his office, a person of far more prestige and influence than the mayor of the city of New York or the governor of the State of New York; the president of the Pennsylvania Railroad Company than the mayor of Philadelphia or governor of Pennsylvania.

These and many other facts are merely surface indications of the great underlying fact that the functions hitherto exercised by public corporations are silently but gradually coming to be exercised by private corporations. It is in this way, indeed, that the whole problem of civil-service reform, including the problem of municipal reform, is to find solution. Abuses of the functions of political governments will disappear simply by reason of such functions gradually falling into "innocuous desuetude."

Mr. President, what does that mean? That means the restoration of the barbaric government of the Middle Ages, of former times; that means that the functions of government shall be the privilege of classes, of corporations, of citizens having only charters of incorporation to perform the great public uses of society and business—to impose taxes without representation; that means the ten billions of indebtedness that a few citizens have imposed, with the power of taxation, upon the people of this country for transportation and locomotion without representation. They propose now to take payment out of the wheat, the corn, and the other crops of the labor of the people of this country for five bil-

lions of money never expended, and without representation, without voice, and without influence in its control. That means the disappearance of the functions of this body.

Mr. President, against all these influences and instrumentalities I think we all intend to oppose whatever influence we may exert. I believe it is not the sentiment of any true American citizen that this shall be done, and we do not propose, by a single gold standard, or by an expanded paper currency, or by any other means, that the power of the Government shall be transferred to private citizens under the form of corporations.

If this be not true, then we have reached the condition of Roman civilization, when wealth had become the controlling influence of society. Law ceased to be of any value. A suitor must deposit a bribe before a trial could be had. The social fabric was a festering mass of rottenness. The people had become a populace, the aristocracy was denounced, the city was a hell. No crime that the annals of human wickedness can show was left unperpetrated; remorseless murders, the betrayal of parents, husbands, wives, friends; poisoning reduced to a system; dissoluteness degenerating into incests, and crimes that can not be written. Tacitus says:

The holy ceremonies of religion were violated, dissoluteness reigning without control, the adjacent island filled with exiles, rocks and desert places stained with clandestine murders, and Rome itself a theater of horrors where nobility of descent and splendor of fortune marked men for destruction, where the vigor of mind that aimed at civil dignities and the modesty that declined them were offenses without distinction, where virtue was a crime that led to certain ruin, where the guilt of the informers and the wages of their iniquity were alike detestable, where the sacerdotal order, the consular dignity, the government of provinces, and even the cabinet of the prince were seized by that execrable race as their lawful prey. Where nothing was sacred, nothing safe from the hand of rapacity. Where slaves were suborned, or by their own malevolence excited against their masters. Where freedmen betrayed their patrons, and he who had lived without an enemy died by the treachery of a friend. (Page 194 of the Two Republics.)

