

COINAGE OF SILVER BULLION.

We are proud of our country, and proud of its credit. What has been the basis of its credit? That this country has not permitted its currency to depreciate and that it has paid all its obligations in the best kind of money. The policy has been to keep each kind of a dollar in its debt paying power equal to each other kind.

I do not believe in discrediting the Government by resorting to legislation of doubtful propriety. It is to the highest interest of the entire country, and especially of the new States, that a high credit should be maintained. We are a new country. We have to borrow money to develop the resources of the young States. We want the confidence of the people who have the money to loan. We do not want to drive the invested capital out of the States of the West.

SPEECH

OF

HON. JOSEPH M. CAREY,

OF WYOMING,

IN THE

SENATE OF THE UNITED STATES,

Wednesday and Thursday, March 14 and 15, 1894.

WASHINGTON.

1894.

SPEECH
OF
HON. JOSEPH M. CAREY.

Wednesday, March 14, 1894.

The Senate having under consideration the bill (H. R. 4956) directing the coinage of the silver bullion held in the Treasury, and for other purposes—

Mr. CAREY said:

Mr. PRESIDENT: I shall vote against the pending bill. My vote will be consistent with the votes that I have given heretofore on the silver question.

At the commencement of this session of Congress the Secretary of the Treasury made certain recommendations as to the financial legislation which he deemed necessary. Fortunately there was no excuse in his case to say that he was under the influence of Wall street. A charge that is common when the recommendations of a Secretary are not in accord with the convictions of some of us. He comes from a great central State. He had been elected to the House of Representatives seven times. He had been honored by an election as Speaker of that body three times. At the time he was selected as Secretary of the Treasury he was a member of the Senate. Unlike many of the Secretaries of the Treasury who had preceded him, he had devoted most of his life to public duties. He had made a great reputation as a representative from his State, especially in matters pertaining to financial and revenue matters. No one of any political party doubts his integrity or great ability. His views are entitled to great consideration, yet I doubt whether the recommendations of any Secretary has been so little heeded.

In his first annual report he stated the condition of the public Treasury, and what he considered would be its condition as to receipts, deficits, etc. He appealed to Congress for assistance to maintain the gold reserve and to procure sufficient money to pay the ordinary expenses of the Government. He stated in the clearest language possible that the remedy was in the hands of Congress, when he said:

Congress alone has the power to adopt such measures as will relieve the present situation and enable the Treasury to continue the punctual payment of all legitimate demands upon it, and I respectfully but earnestly urge that immediate attention be given to the subject.

The Secretary of the Treasury went further and said that nothing except a great financial emergency would justify him in issuing bonds under the resumption act.

I believe it to be the first and the highest duty of a Secretary of the Treasury to maintain the credit of this country. I believe if the Senator from Oregon [Mr. MITCHELL] was made Secretary of the Treasury, or if the Senator from Mississippi

[Mr. GEORGE] was called to the office, each would feel it to be his duty to use every means in his power to protect and maintain the credit of the United States.

Mr. GEORGE. The Senator from Mississippi would feel it his first duty, if he were Secretary of the Treasury or Secretary of anything else, to obey the law of the land.

Mr. CAREY. Let us see what the Secretary said. I will read from his annual report:

In the present condition of the public credit nothing less than the existence of a great and pressing financial emergency would, in my opinion, justify the issue and sale of any of these classes of bonds. On the first class the interest would amount, at the maturity of the bonds, to one-half the principal; on the second class it would amount to more than two-thirds of the principal, and on the third class it would exceed the principal by 20 per cent. If any one of these methods of raising money were now presented as an original measure for consideration in Congress, I am satisfied it would not receive the approval of that body or of the people.

Whatever may have been their merits nearly a quarter of a century ago, when the credit of the Government was to a certain extent impaired by the existence of a large interest-bearing public debt and the general use of a depreciated paper currency, not then redeemable in any kind of coin, our financial standing is now so high that our public obligations, bearing any of the rates of interest authorized by the law referred to, would have to be sold at a premium so great as to prevent large classes of our people, who might otherwise invest in them, from becoming purchasers. The United States 4 per cent bonds, payable in 1907, are now selling at a rate which yields investors less than 3 per cent upon their cost, and I am confident that a bond, bearing interest at the rate of 3 per cent, payable quarterly, and redeemable at the option of the Government after five years, could be readily sold at par in our own country.

If the authority now existing should be so modified as to empower the Secretary of the Treasury to issue the bonds in denominations or sums of \$25 and its multiples, they could be readily disposed of through the sub-treasuries and post-offices without the agency or intervention of banks or other financial institutions, and without the payment of commissions. Such bonds would afford to the people at large an opportunity to convert their surplus earnings into a form of security which, while it would be perfectly safe, would not only increase in value by reason of accumulating interest, but be at all times available as a means of procuring money when needed; and the experience of this and other countries justifies the confident belief that such a plan would be popular and successful.

In case Congress should not consider it advisable to authorize the Secretary to use, for the purpose of supplying deficiencies in the revenues, any part of the proceeds of the bonds herein suggested, I recommend that he be empowered to execute from time to time, as may be necessary, the obligations of the Government, not exceeding in the aggregate \$50,000,000, bearing a rate of interest not greater than 3 per cent and payable after one year from date, and that he be permitted to sell them at not less than par, or use them at not less than par, in the payment of public expenses to such creditors as may be willing to receive them. The condition of the Treasury is such that unless some available means are promptly provided by law for supplying the growing deficiency, the public service will be seriously impaired and pensioners and other creditors subjected to great delay and inconvenience.

Mr. CAREY. I suppose the Secretary of the Treasury could have refused to pay the debts of the Government, but he did not do that. In January he wrote a letter to the chairman of the Committee on Finance in which in appealing language he asked that the resumption law be amended so that he might be authorized to issue bonds and take care of the credit of this country. He even went so far with that letter as to send into the Senate the form of a bill. The chairman of that committee did not introduce the bill. The bill of the Secretary proposed to amend the resumption act by providing that he could use certain funds derived from the sale of bonds in paying the ordinary expenses of the Government. Among other things the Secretary said:

It will appear from this statement that the coin reserve has been reduced to \$71,108,149, and it is evident from the condition of the Treasury that the

Department will have no means to defray the ordinary expenses of the Government unless a large part of the payments are hereafter made out of that fund. If this is done, the coin reserve will be reduced by the 1st of February to about \$86,601,864, a sum wholly inadequate for the purposes for which it was created.

On account of this critical condition of the Treasury, I have considered it my duty, in addition to the earnest recommendations contained in my annual report, to appear twice before your committee and after full explanations of the situation urge prompt legislative action on this subject. With the permission of the committee, I have prepared and presented for its consideration a bill which, if promptly passed, would, in my opinion, meet all the requirements of the situation by providing the necessary means for defraying the public expenses and replenishing the coin reserve to such an extent as to assure the maintenance of the parity of all forms of United States currency.

The United States from its very foundation, unlike most other countries, has been a debt-paying nation. It is true that only once in its history has it been entirely out of debt, but from the formulating of a plan to pay the public debt by Alexander Hamilton up to the present time, we find the policy of this Government has been as rapidly as possible to reduce its debt—a policy which in its three wars has made the nation able to protect its credit. Let us look at the facts from history. The tables published by the Secretary of the Treasury show the public debt soon after the close of the Revolutionary war to have been about \$15,000,000. The debt varied but little from this amount until the year 1807. Then the debt was reduced to \$69,000,000. The reductions were then rapid until the breaking out of the war of 1812. That war led to an increase of the indebtedness. It reached what then appeared to be an enormous sum, \$127,000,000. The reductions then again were rapid until 1823 or 1824, when there was a marked increase, but the tendency of the debt was downward until it was wiped out in 1835 during the Administration of President Jackson. This was accomplished because of the large sales of public land.

Another debt was immediately created, which fluctuated much until the breaking out of the Mexican war, when the debt was materially increased. A marked reduction was shown in the years 1853, 1854, 1855, and 1856. New tariff legislation at that time caused again a marked increase in the public debt, and each year during Mr. Buchanan's Administration there was an increase of the public indebtedness to the amount of about \$20,000,000.

Then came the civil war and the creation of the great debt. The expenditures of the Government for the fiscal years 1863 and 1864 were more than the entire expenditures from the foundation of the Government to that time. The four years of war required \$2,000,000,000 more than the National Treasury had received before during its entire existence, and it was compelled to pay out in interest in one year no less than the sum of \$150,000,000, an amount double the expenses of any year previous to the war time.

The credit of the Government at the commencement of the civil war was at its lowest ebb. The conditions were such that no one wanted to loan money to the Government, and from first bonds sold the Government realized only 89 cents on the dollar. In 1865 we find an interest-bearing debt of \$1,776,000,000. It 1892 it had been reduced to \$41,000,000. The interest, from \$150,000,000 in 1865, had been reduced to \$33,000,000 in 1889. During the Harrison Administration, by the purchase of bonds with surplus revenues and by extending of bonds at 2 per cent interest per

annum, the annual interest charges were reduced to about \$22,000,000. At this point the Government's credit may be said to have reached the highest point in the history of the country.

The policy of the Republican party from its organization has been not only to pay the current expenses of this Government, but as rapidly as possible to reduce the war debt and the interest thereon not forgetting, however, to repeal as quickly as possible internal-revenue laws which were necessary in time of war, but obnoxious to the people in time of peace.

The war revenue laws were found in 1883 to bring larger sums of money into the Treasury than were really necessary. So important changes were made in 1883 in the tariff and also in the internal-revenue laws. These changes showed a reduction of \$80,000,000 for the first year after the passage of the law. The revenues rapidly increased and were soon very much larger than were expected or apprehended. They increased year after year until we come to the time when it was proposed to revise the tariff for the purpose of reducing the revenues of the Government. The McKinley act was passed. It reduced the revenues from a total of \$403,000,000 in 1890 to \$354,000,000 in 1892, or about \$47,000,000.

Under the McKinley act there was a marked increase of receipts for the fiscal year 1893, and the revenues continued to grow until the season of the present depression commenced. It is but just to state that if we go back and follow the panics of this country or the long seasons of business depression we will find that the revenues have invariably fallen off during such periods. Those in authority have always found honorable ways to meet the deficiencies and to pay the debts of the Government in times of emergencies. If the present depression in the business of the country had not occurred, there would have been abundant revenues under the McKinley act to have met all the wants and demands of the Government, including pension appropriations and such funds as are required for public improvements.

The statements of the Treasury have for several months shown increasing falling off of the revenues and an increasing deficit. The Secretary of the Treasury was forced to do that which he protested against doing in December, namely, issue bonds under a law which should have been considered obsolete. If Congress had done its duty, I believe it would promptly have amended the resumption law as suggested by the Secretary, so that he would have been clothed with the necessary power to increase the reserve of the Treasury and meet the deficits of the revenues under a law applicable to the present condition of the times.

If the bonds could have been issued under the law amended as suggested and sold at par, there is no doubt whatever that such a loan as would have required to bridge over the present difficulties could have floated at 2 per cent per annum. Secretary of the Treasury Foster had extended United States bonds at 2 per cent per annum, and that, too, on an option as to redemption that was entirely with the Government, while the Carlisle bonds have been issued for a fixed term of ten years, which should have made them far more valuable. In other words, the United States will have lost in the ten years of interest on the \$50,000,000 of bonds sold on a basis of 3 per cent per annum, at

least 1 per cent per annum, or in round numbers \$500,000 per annum, or a total in the ten years of \$5,000,000.

It is now estimated that the deficit for the current year will reach \$80,000,000. It may be as great as \$100,000,000.

There is an abundance of money in the country. It is accumulating in the banks unused; ordinarily it seeks investment in Government bonds. When the Government issues bonds it should make them of that character that are most desired by the people, so as to secure the highest figures when sold and at the lowest rate of interest. We heard much in the Senate in advance of the issue of these bonds about the intense earnestness of the banking institutions. It was represented that they were using all their power to induce the Secretary of the Treasury to issue those bonds. It is well known that the Secretary of the Treasury had to use no small amount of eloquence to induce the bankers to buy the bonds. The bonds were most undesirable for investment. The bonds draw 5 per cent interest, but had to be sold enough above par to net the purchaser but 3 per cent per annum. It will, hereafter, for a period of ten years, appear that the Government is paying 5 per cent interest on a loan; something that has not occurred before for a number of years.

This Government has the necessary resources to meet its liabilities. I do not believe in discrediting the Government by resorting to legislation of doubtful propriety. It is to the highest interest of the entire country and especially of the new States that a high credit should be maintained. We are a new country. We have to borrow money to develop the resources of the young States. We want the confidence of the people who have the money to loan. We do not want to drive the invested capital out of the States of the West.

I wish to call attention to an important table which I have before me. It by a comparison of the debts of several of the prominent nations of the world, including the United States in 1865 and also in 1890, tells a remarkable story:

National debts.

States.	1865.	1890.
Germany.....	\$610,470,000	\$1,956,217,017
Austria-Hungary.....	1,473,220,000	2,866,339,539
France.....	2,646,560,000	4,446,793,398
Great Britain.....	3,848,464,000	3,350,719,563
Russia.....	980,080,000	3,491,018,074
Italy.....	871,080,000	2,324,826,329
Spain.....	959,600,000	1,251,453,696
Netherlands.....	414,130,000	430,589,853
Belgium.....	119,000,000	380,504,099
Denmark.....	45,220,000	33,004,722
Sweden.....	21,420,000	64,220,807
Norway.....	9,644,000	13,973,752
Portugal.....	190,400,000	480,493,599
Greece.....	31,510,000	107,306,518
Turkey, Europe.....	228,480,000	
Turkey, Asia.....	952,000	621,000,000
Switzerland.....	714,000	10,912,925
Totals.....	12,503,330,000	22,039,373,896
United States.....	2,753,431,671	915,962,112

It shows that the United States reduced its indebtedness from
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\$2,776,000,000 in 1865 to \$915,000,000 in 1890. The only other nations, however, in the entire list that made any reductions were Great Britain, which made a small decrease, and Denmark. Some of the enumerated powers more than doubled their indebtedness in the period named. In 1880 the total debt of the United States was \$38.33 per capita. The average for the foreign nations was \$35.62, which was less than ours. In ten years ours was cut down to \$12.24 per capita, and that of the rest of the world now stands at \$32.88 per capita.

For the decades ending with 1860, 1870, and 1880, the estimated true value of all property and the value of real estate and personal property as assessed, also the assessed valuation as returned in 1890 in the United States, were as follows:

Years.	Assessed valuation.	Estimated true valuation.
1860	\$12,084,560,005	\$16,159,616,068
1870	14,178,986,732	30,068,518,507
1880	16,902,993,543	43,642,090,000
1890	24,651,585,465	65,037,091,197

From the summary it will be seen that the assessed value of all property has increased from \$17,139,903,495 in 1880 to \$25,473,173,418 in 1890, an increase during the decade of \$8,333,269,923, or 48.62 per cent. The true value of all property in the United States, according to the Eleventh Census, is \$65,037,091,197, or more than \$1,000 (just \$1,039) per capita, as against \$514 per capita in 1860, \$780 per capita in 1870, and \$870 per capita in 1880.

Mulhall in his work, the Balance Sheet of the World, says:

It would be impossible to find in history a parallel to the progress of the United States in the last ten years. Every day that the sun rises upon the American people it sees an addition of \$2,500,000 to the accumulation of wealth in the Republic, which is equal to one-third of the daily accumulation of all mankind outside of the United States.

An interesting article in the Review of Reviews gives a statement of the population and the expenditures of several of the nations of the world, and the amount of revenue derived from various sources. The United States annually collects \$383,000,000; France collects \$660,000,000; Germany collects \$490,000,000; little Italy, \$380,000,000; Russia, \$800,000,000; Great Britain, \$450,000,000. The United States has a population about equal to that of Great Britain and France combined. The United States has at least 20,000,000 more people than Germany. In comparison with the other great nations of the world, we have the more resources in proportion to population, but taxation is scarcely one-half in the United States per capita as in the most favored of other countries.

Mr. President, I have confidence in the country. Hard times have come, but they will disappear and in great prosperity will be forgotten. The United States has borrowed money when the public interests have required it. The use of the national credit is better than fiat money. So much for the credit of the nation.

There were purchased under the Sherman law in round numbers 168,000,000 fine ounces of silver, costing in the Treasury

\$155,000,000. There have been coined about \$36,000,000. There is a balance on hand of 140,000,000 ounces of fine silver, which cost \$126,000,000, which has a coinage value of \$181,914,961. The difference between the cost of this bullion and the coinage value is \$55,156,681. Though there is now out a greater amount of Treasury notes given for this great stock of silver than the bullion would bring in the markets of the world, it is proposed to issue silver certificates in the first instance against the \$55,000,000, and then coin the \$55,000,000 into silver dollars for the redemption of the certificates. I think the milk in the coconut is the fact that you can get \$55,000,000 in the Treasury without borrowing the money and without waiting to have it collected under the revenue laws of the United States.

Mr. MITCHELL of Oregon. What is the objection to that, I should like to ask the Senator, if we can get \$55,000,000 now without issuing bonds and borrowing money and without waiting for collections? There is that much dead capital lying there in silver bullion, and if we can get the \$55,000,000 in coin, what is the real objection to it?

Mr. CAREY. There is not \$55,000,000 in the Treasury in dead capital. Every ounce of silver bullion has Treasury notes out against it.

Mr. MITCHELL of Oregon. I think there is.

Mr. CAREY. If the silver were offered to-day in the markets of the world it would not probably bring as much by \$25,000,000 as it cost the Government. Indeed, if the Government were to attempt to unload its stock of silver upon the world it is doubtful whether the silver would bring 25 cents an ounce.

Mr. MITCHELL of Oregon. May I ask the Senator from Wyoming a question?

Mr. CAREY. Certainly.

Mr. MITCHELL of Oregon. Carrying out that idea, would the Senator from Wyoming favor a bill changing the ratio, so that the silver in the Treasury to-day for the redemption of outstanding Treasury notes should be coined into dollars under a different ratio from that we now have?

Mr. CAREY. No, sir; and I will come to that in a minute.

Mr. President, there has been coined since the passage of what is known as the Bland act, in 1878, \$119,322,550. If the provisions of the bill are carried out, we will add to this in silver dollars \$181,914,961, making a grand total of \$321,237,511 of silver. Now, if the construction is placed upon the proposed act which is contended for by the Senator from Iowa and other Senators, there will be added to the silver money of this country \$55,000,000 in addition to the \$621,000,000, making a grand total of nearly \$700,000,000 of silver money.

In view of the belief of the true bimetallicists of this country that the world will come to bimetallicism, I ask what is the use of coining any more silver? If the purpose was to coin only \$5,000,000 that would be another question. The total amount of silver dollars that can be kept in circulation in the United States does not appear to exceed \$61,000,000. There has been out once, I think, as much as \$52,000,000 of silver. There is out now about \$56,000,000 of silver. Nobody will have silver dollars who can avoid taking them, except in very small amounts. I do not believe there is a Senator in this body who, if he should go to his banking-house five different times and draw out in the

aggregate \$1,000, and the bank each time should insist on his taking 200 silver dollars, would not change his banker.

Mr. MITCHELL of Oregon. He would take the silver certificates, would he not? The Senator speaks of the limited number of silver dollars in circulation. Is it not a fact that there are \$336,000,000 of silver certificates in circulation now?

Mr. CAREY. I am going to come to that in a moment. I am speaking of the coinage and circulation of silver dollars.

Mr. MITCHELL of Oregon. There are \$336,000,000 of silver certificates in circulation, behind which there are now nearly \$363,000,000 of silver in the Treasury.

Mr. CAREY. That breaks in a little upon the line of my argument, but I will call the Senator's attention to the clause in the report of the Secretary of the Treasury for 1893. The Senator [Mr. MITCHELL] will note that it is conceded that it is difficult to keep the silver certificates out among the people. The Secretary of the Treasury says:

One of the principal difficulties encountered by the Treasury Department results from the indisposition of the public to retain standard silver dollars and silver certificates in circulation. It requires constant effort upon the part of the Treasury officials to prevent the certificates especially from accumulating in the subtreasuries to the exclusion of legal-tender currency. Why this should be the case is not easily understood, for although these certificates are not legal tender in the payment of private debts, they are by the acts of 1878 and 1890 made receivable for all public dues, and by the act of May 12, 1882, national banks are authorized to hold them as part of their lawful reserves.

The statement for February of receipts at New York shows how readily silver certificates flow back to the Treasury. It will be seen that more than half of the money received during the month was in silver certificates:

The amount of custom duties received at New York during February was \$7,424,084, of which 7.2 per cent was in gold coin, 0.1 in silver coin, 0.5 in gold certificates, 56.2 in silver certificates, 20.5 in United States notes, and 15.5 in Treasury notes. The amount received on the new issue of bonds to date is \$57,427,906.

There are one and two dollar bills in circulation to the total amount of about \$70,000,000. If a law should be passed providing that no more one or two dollar bills should be issued, and for the cancellation of the outstanding bills of these denominations, the total circulation of silver dollars might reach \$130,000,000. So there is absolutely no necessity of coining any more silver dollars at the present time. There are more in existence than can possibly be used for all purposes, including those required to redeem Treasury notes and silver certificates under existing laws.

It costs money to coin silver. It costs from a cent and a half to 2 cents for each dollar that is made at the mints. There is a loss by abrasion, and if there should happen to be an international agreement the bullion would probably be more convenient for the Government than silver dollars coined therefrom, especially if any other ratio than 16 to 1 should be agreed upon. The convenience of keeping the silver and gold in the shape of bullion was discussed by Mr. Fairchild, late Secretary of the Treasury. He should be good authority, certainly, on the Democratic side of the Chamber. I now read from his last annual report:

But whatever may be thought about the wisdom of the certificate system, there can be no doubt that with it the further coinage of gold and silver, except subsidiary coin, is not necessary or wise. Far more gold and silver coins are now in the possession of the Government than probably ever will be needed for the redemption of certificates. Future accumulation of the

precious metals should be only in the form of bullion, which can be kept more safely and counted more easily than the coin. If this suggestion was adopted all but one of our mints might be closed, and large, useless expense be saved annually.

In a previous report he goes into this question much more fully, but with the same conclusions. There is nothing to be gained if the coinage of the silver is to remain in the Treasury with the paper money out against it. There is another reason, which I think is a very strong one why this bill should not become a law. I believe it will do great damage to the cause of silver. I believe in bimetallism, in the kind of bimetallism that is advocated by a true friend of silver, Francis A. Walker, whose writings are so much quoted on the side of silver. Only a few days ago he delivered an address in which he took the ground that bimetallism could be secured through an international conference. The world is certainly tending toward bimetallism. This country has an advantage now that it has not had since 1873. I do not believe in throwing that advantage away.

We noticed a few days ago that in Boston, Mass., a large number of influential citizens of that State signed a circular or declaration bearing upon this subject for the purpose of promoting international bimetallism. The London (England) Chamber of Commerce passed a resolution in the city of London yesterday asking that a monetary conference might be called, because of the condition of things in India. I have a letter that I received recently from a very distinguished and influential American, which is so much to the point that I shall trespass upon the Senate by reading portions of it. It is from Hon. Charles Francis Adams, of Massachusetts, a man who has large interests in the West. He has done much for the development of the new Western States. He has written much on the great public questions of the times. His letter is significant:

ADAMS BUILDING, 23 COURT STREET,
Boston, December 21, 1893.

MY DEAR JUDGE CAREY: I know well that expressions of respect never come amiss to public men, even though, as in your case, they come from one residing in what are supposed to be the capitalist and monometallist regions. Nevertheless, the course you took in the silver discussion of last autumn so impressed me by its manliness—it was so in contrast with what we are accustomed to in our public men—that, even at this late day, I can not refrain from writing to you about it. It is not often that public men have, in the face of an opposing constituency, the courage of their convictions. When they do show that courage it is a public duty in others to recognize the fact.

When this silver discussion began, nearly a year ago, I was a gold monometallist. It seemed to me the time had come when the world was drifting from the bimetallic basis to the gold basis, and that no action of any single government, or of all governments combined, could stand in the way of what was in fact a movement dictated by the common business interests of the civilized world. Moreover, the talk that there was not enough gold, so to speak, to go around impressed me as pure nonsense. The movement towards a single gold basis, therefore, was not only a natural one, but seemed to me wholly rational, and I failed to sympathize with the futile resistance the United States was making to it.

I have since seen occasion to revise this conclusion. The financial troubles of last summer, due entirely to the withdrawal of a small amount of gold from this country, has satisfied me that a gold monometallic basis is altogether dangerous. It might do in quiet and peaceable times; but let a great war break out, or a great financial disturbance arise, and the draining of gold into the national receptacles, it now seems to me, must inevitably lead to a recurrence of just such disturbances as we have gone through the last six months. For instance, no one

can doubt to-day that, if the United States, or Russia, or Germany, or France, in view of any impending international troubles, were to deem it necessary to strengthen itself by drawing a hundred millions of gold into its coffers, the entire exchanges of the whole world would be disturbed.

If this is so—and I do not see how it can be questioned—then it would equally follow that a currency resting upon both gold and silver would be far less liable to this disturbance than one resting on gold alone.

It only then becomes a question how bimetalism, at a stable ratio, is to be reached.

As I see it, gold and silver, as precious metals, receive their value from two sources: first, from their use as money; second, from their use as a commodity. The market value of the surplus of either gold or silver used as a commodity depends, like the market value of any other commodity, upon the amount of the metal which is in the market for commercial use, or use in the arts and sciences. If there is an excess of it in the market at any given time, the price falls. If there is a deficiency, it rises. If, therefore, an international agreement could be effected for the free coinage of gold and silver at a ratio, we will suppose, of even 16 to 1, the only result of a depreciation of either metal would be that, under what is known as Gresham's law, that metal would drive the other metal out of its use as currency until the market had an excess of the metal thus driven out, upon which the price of that metal as a commodity must fall and the equilibrium be thus restored.

For example, let us suppose that, at a ratio of 16 to 1, silver would flow in for coinage, and gold, under Gresham's law, would disappear. Immediately, as I see it, there would be a surplus of gold on the market as a commodity, more than the arts and sciences could use, upon which the price of gold would fall; while on the other hand, silver flowing in for coinage, would make a deficiency of that metal in the market as a commodity, upon which its price would rise until the two were equalized and rested at the ratio fixed.

The only way that this could possibly be brought about, of course, is by international agreement. It is usually said that an international agreement is impossible without the cooperation of Great Britain. This I believe to be true. Meanwhile, on the other hand, as I see it, the game is now absolutely in the hands of the United States. We are masters of the situation.

If the United States to-day were to see fit to strengthen its resources by an issue of bonds and the purchase of a hundred millions of gold, in view of what is going on in India, so doing would lead to severe financial complications abroad, and illustrate exactly what I said in the beginning of this letter, the danger of the world depending upon a single metal as a basis for its currency. The trouble is, of course, that the withdrawal of any considerable quantity of that metal not only produces the natural amount of disturbance, but it produces probably twenty times that amount, owing to the superstructure of credit which necessarily, in modern communities, exists on a basis of precious metal. That is, the withdrawal of \$1 in gold influences \$20 in credit.

If I am correct in this, the course you pursued in the late extra session is the only course which a farsighted, statesmanlike public man could pursue under such circumstances; that is, hitherto the United States has been doing its very best to secure the international demonetization of silver. We have taken the load off the hands of Great Britain and prevented that country feeling the natural results of its own action. The moment we withdrew from the market, ceasing to sustain silver, and by so doing made gold the only basis of currency, the first step was taken toward compelling the ultimate remonetization of silver. This you materially contributed to. The silver States owe you a debt of gratitude.

Western Representatives have, as I see it throughout this discussion, been doing all they could to ruin their own constituencies. They have, so to speak, been gnawing away at their own noses with an industry which would excite admiration. But now that the field is clear, and we are on the mono-metallic basis for the time being, the next steps are apparent. Placed as Great Britain now is, with the Indian problem certainly impending on her hands, it does not seem to me possible, if the United States plays its cards well, that England can escape being driven into bimetalism within the next three years. The rest of Europe is ready to enter into an international agreement at any time. Great Britain alone stands out; but the United States is indebted to you for being in position to force the fighting to any extent it sees fit.

Such being the case, your course, you may rest assured, will justify itself in the eyes of your people at no remote period. The folly of the policy which the United States has pursued * * * will be demonstrated. In other words, the road to renewed prosperity in the silver States lies through the course you have advocated. * * * The next step is obvious. It is to take

care of ourselves and strengthen our gold reserve. That being done, we can afford to wait until Europe is ready for international bimetalism and the rest.

I remain, etc.,

Hon. JOSEPH M. CAREY,
United States Senate, Washington, D. C.

CHARLES F. ADAMS.

Thursday, March 15, 1894.

Mr. CAREY. Mr. President, when the Senate went into executive session last evening I had just read a letter from Hon. Charles Francis Adams on the subject of bimetalism in the United States. I referred to a dispatch that was published yesterday in the Washington Post from London, which I could not at the time place my hand upon. It is dated London, March 13, and is as follows:

At the requests of the merchants and others in England having large East India and China trade interests, the London Chamber of Commerce has represented to the Government the urgency of the reassembling of the international monetary conference with a view of finding some remedy for the heavy fall and violent fluctuations in silver, which are represented as causing grave injury to Eastern trade.

Germany's recent action has also been spoken of on the floor, and I shall not take up time in referring further to this matter. It is evident that the German people are looking toward international bimetalism.

I have also in my hand a clipping from a paper printed in Colorado, the Colorado Miner, which, after discussing the injuries that have befallen the country from the demonetization of silver, closes by saying:

We feel that we have been wrongfully treated in the crushing of an industry that is far-reaching and one which, as the financiers of England and Germany are fast becoming convinced, could have prevented the present panic which has been so disastrous to the whole world by opening our mints to the free coinage of silver as well as gold. And we further believe that the time is not far distant when an international monetary conference will satisfactorily settle this great question for the benefit of all and prosperity again be restored.

Mr. President, I, for one, believe that the repeal of the purchasing clause of the Sherman act and the closing of the mints in India to the free coinage of silver will do more toward bimetalism in the world than all that has been accomplished during the last twenty years, or since silver was demonetized by the chief nations of the world. We had better take this question as it is. It does no good to talk of the manner in which silver was demonetized, or why it was demonetized. We know that Germany acted in 1871 and 1873 and demonetized silver. Norway, Sweden, and Denmark demonetized silver in 1873 and 1875. These countries were followed by Holland. Russia fully demonetized silver in 1876. Austria-Hungary suspended the coinage of silver in 1879. The United States suspended silver coinage in 1873. The Latin Union fully demonetized silver in 1873. The legislative council of India closed the mints of that country in 1893.

The United States by the repeal of the purchasing clause of the Sherman act has closed its mints to the coinage of silver, except the silver on hand in the shape of silver bullion, and the silver that may be required for subsidiary coinage.

The United States by the purchase of silver since 1878 had

tried to prevent the decline of silver. It had the assistance of no other great commercial nation. Not a mint in all Europe has been open to the free coinage of silver. The great nations discarded it. The great nations should freely rehabilitate it as a money metal. The United States can not do it alone. It would please the great commercial nations of the world for the United States to undertake it. The price of all our products would be measured in gold as they are now, but our silver dollars would be weighed and bring their bullion value only. The silver miner would only be benefited for a day.

It is not possible for one country alone to give any commodity so abundant or universal as gold or silver, without limit, a stamp value very different from its commercial value. The gold in the coins of the various nations has a fixed value. The stamp telling its value does not make it so. It has attained a universally recognized value among the nations of the world. Melt the coin, the metal is still worth its coin value. If silver could receive the same recognition by the nations of the world there would be no further controversy about the much discussed silver question. Until they do it it is to be hoped this nation will maintain its present position. I believe Great Britain, that has held out against bimetallism, has to-day a greater interest in bimetallism than any other nation. By the recent legislation in the United States the burden has been shifted from the United States to the nations of Europe.

I am one of those who do not think that there are very many persons in the United States who believe in gold monometallism, or that there are many who believe in the issue of irredeemable paper money. There are very few people in the United States who want this country to go on an exclusively silver standard. That the great body of people are in favor of bimetallism there can be no doubt, but they want bimetallism that is practicable; they want both gold and silver coined on the same basis at the mints and under the same circumstances, but they want it done so that bimetallism may be maintained in the future, and so that the United States will not pass immediately from the gold standard to the silver standard, and thereby destroy its credit.

The Bland law was a makeshift; the Sherman law was a mistake. I do not believe that makeshifts in financial matters are good for the country. If the United States had not tried the experiments perhaps the great nations of the world would have gone back to bimetallism before this. During the stress of civil war Congress was compelled to do many things which could not be justified in time of peace. There is but one course for a nation like this to pursue, and that is the straight course, and to deviate neither to the right nor to the left. The financial legislation of this country during the last thirty years has maintained a high credit for the United States. No other nation has accomplished so much.

We are proud of our country and proud of its credit. What has been the basis of its credit. That this country has not permitted its currency to depreciate, and that it has paid all its obligations in the best kind of money. The policy has been to keep each kind of a dollar in its debt-paying power equal to each other kind.

The bill we propose to pass to-day, I think, is a bad stroke against silver. We not only propose to put in circulation \$55,-

000,000 more of silver money without helping the silver miner one cent, but we propose to redeem the best paper money we have in circulation, the Treasury notes, the only paper money based on silver, which is legal tender for all purposes, and substitute what? Silver certificates which are not a legal tender except in the payment of customs duties to the Government of the United States; certificates which the Attorney-General has recently declared are not money. Any creditor except the Government may refuse to receive them in the liquidation of debts.

It is true that we can take this money to the subtreasuries and to the Treasury Department at Washington and obtain silver dollars for it, but silver money is a very inconvenient money today. We seem to have passed by the time when we want to use in everyday circulation either gold or silver except in very limited amounts.

Mr. STEWART. Will the Senator allow me to correct his statement?

Mr. CAREY. Certainly.

Mr. STEWART. The Treasury notes issued under the act of 1890 are not legal tender under all circumstances. They are not legal tender when the contract otherwise provides.

Mr. CAREY. As I understand, we can make a contract for payment in any kind of money; the Supreme Court has decided that, and that is true either of silver or of gold.

Why withdraw these legal-tender notes and substitute notes which are not legal tender? I have heard no satisfactory explanation upon this floor, except that it removes a strain upon our gold. At this point I differ from our silver friends. The silver in circulation in this country should be just as good as gold; it should hold such a position that it could be exchanged into gold.

The Senator from Colorado [Mr. TELLER] said that the silver dollar which had 45 cents of bullion in it was as good for all practical purposes as gold. I do not deny that, but it is not the silver which is in the dollar that makes it good, it is the confidence of the people that the Government will maintain the declaration of its stamp and their confidence that the country has the ability to so maintain it. Congress made the silver dollar good in the payment of debts. The United States has declared its intention to maintain the parity of the silver dollar with that of gold. It can not be otherwise than good so long as the Government has the ability to maintain its declaration. Suppose we should go to a silver basis. Would the 45-cent dollar then have as great a purchasing power as the 45-cent dollar which has the gold standard behind it? Clearly not.

I can not understand how it is that members of this body and members of another body, which I am not permitted to speak of, change their minds so quickly upon these subjects. There were two national conventions which met in 1892, one Republican and the other Democratic. One of these conventions must have copied the spirit of the resolution of the other. The resemblance is great. Note the language of the resolution in the Republican platform, adopted at Minneapolis in 1892:

The American people, from tradition and interest, favor bimetallicism, and the Republican party demands the use of both gold and silver as standard money, with such restrictions and under such provisions to be determined by legislation as will secure the maintenance of the values of the two metals, so that the purchasing and debt-paying power of a dollar, whether of silver,

gold, or paper, shall be at all times equal. The interests of the producers of the country, its farmers and workmen, demand that every dollar, paper or coin, issued by this Government shall be as good as any other. We commend the wise and patriotic steps already taken by our Government to secure an international conference to adopt such measures as will insure the parity between gold and silver for use as money throughout the world.

I now call attention to the resolution in the Democratic platform adopted at Chicago in 1892.

We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage, but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value, or be adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity of the metals and the equal power of every dollar at all times in the markets and in the payment of debts; and we demand that all paper currency shall be kept at par with and redeemable in such coin. We insist upon this policy as especially necessary for the protection of the farmers and laboring classes, the first and most defenseless victims of unstable money and a fluctuating currency.

In the law of 1890, known as the Sherman law, there is a provision more condemned than either of the resolutions referred to, but meaning the same thing, as follows:

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

The bill passed November 1, 1893, to repeal the purchase clause of the Sherman act, contains the following provision—the Democratic and Republican platforms abbreviated:

And it is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetalism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts.

The pending bill appears to me to be going in an opposite direction from what was declared by the two great conventions and by the laws of 1890 and 1893.

As I said, the law of 1890, preceded by the law of 1878, known as the Bland law, did not appear to do silver a particle of good. The large purchases under these laws by the United States did not stay the decline in the price of silver.

The statistics of the United States show a remarkable condition of things so far as the production of silver is concerned. In 1873, the year that silver was demonetized by the United States, there was produced in the world 63,000,000 ounces of fine silver. There was produced in 1892 151,000,000 ounces of fine silver. Notwithstanding the nations of the world discarded silver, its production was increased enormously. Two and a quarter times as much silver was produced in 1892 as was produced in the year silver was demonetized.

But it is said that silver has decreased in value. So it has, but the aggregate commercial value of the world's production, increased from \$82,000,000 in 1873 to \$132,000,000 in 1890. Though largely discarded as a money metal by most of the great commercial nations of the earth, the coining value of the silver produced increased from \$81,000,000 in 1873 to \$196,458,000 in 1892.

We have reached the condition to-day that all of the great commercial nations have discarded silver as a money metal. The purpose of the bimetalists of this country should now be to induce the great commercial nations of the world to go back to bimetalism, or at least a sufficient number of them to go to bimetalism to justify the United States in reopening its mints to free coinage. All of our legislation should aim to accomplish this purpose.

Congress was called together last August. An impressive message was received from the President of the United States. The reason given for the special session of Congress was to enable Congress to repeal the purchasing clause of the Sherman act. The President of the United States contended that this great issue of silver money was driving the gold out of the country that it was decreasing the gold reserve, and that speedy legislation was imperative. There are many who believe that great benefit came out of the repeal of the purchase clause of the Sherman act. Many more believe that if Congress had acted promptly, all which was predicted by the President would have taken place. Congress did not adjourn until early in November.

Mr. President, it is now proposed to add as much silver currency to the money of this country as would have been added under the purchase clause of the Sherman law in about twenty-one months. If you place the construction upon the proposed law which is contended for by some, that the Secretary of the Treasury will have the right to issue an additional \$55,000,000 of silver certificates, we shall put in circulation speedily as much additional paper money as would have been circulated had we continued to purchase silver at present prices for nearly three and a half years. Will it not have a bad effect on the cause of international bimetalism?

Every Senator who voted for the bill last November, especially Senators on this side of the Chamber, will watch with much interest to see whether the President will give his approval to the measure which is now pending, and which will undoubtedly pass the Senate within the next hour. It is a question of great interest whether the President considers the causes which led to the repeal of the purchase clause of the Sherman act have already disappeared, or whether the necessity of putting \$55,000,000 or \$110,000,000, as the case may be, into the Treasury of the United States at this time to meet the ordinary expenditures of the Government, overrides such causes.