

FINANCE.

REMARKS

OF

HON. S. M. CULLOM,
OF ILLINOIS,

IN THE

SENATE OF THE UNITED STATES,

MONDAY, SEPTEMBER 4, 1893,

ON 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."

WASHINGTON.

1893.

SPEECH
OR
HON. S. M. CULLOM.

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. CULLOM said:

Mr. PRESIDENT: The questions now engrossing the attention of the country and especially of Congress surpass in importance any which have been the subject of Congressional action since slavery was abolished and the perpetuity of the Union secured. The determination of great financial questions affect beneficially or disastrously not only the people of one country, but, to an extent, all the nations.

Opinion is unanimous that the condition of affairs in this country now demands immediate attention and prompt action by Congress; all agree that commerce is stagnant in all the geographical divisions of our country; that banks and commercial houses are failing; that factories and mines are closed, and that within the last six months perhaps a million wage-earners have been thrown out of employment.

But, unfortunately for the country, there is no such agreement of opinion among the people or in Congress as to the cause of the distress that has so swiftly and unexpectedly come upon us, or, as to what is of paramount importance, the remedy for it. No such peculiar condition as exists in America to-day was ever known in our history. The people have suddenly found themselves in changed circumstances—the merchant without customers; the factory closed for lack of orders; the bank losing its deposits; the farmer without price for the products of the soil; the laboring man without work; all classes without confidence, and the entire country appealing to Congress for speedy relief.

We have been admonished by the public press and from sun-

dry other sources, that in the present emergency patriotism should be superior to partisan politics, and sectional interests should yield to the common weal. Sir, if I believed it necessary that such admonitions should be given to the American Congress, I should regard a seat in this body as without honor, and should deplore the decadence of national spirit. Conscious of no purpose on my part other than that of securing the greatest stability to our Government, the highest prosperity, consistent with conservatism, to the nation, and the largest sum of happiness to the individual, I am unwilling to believe that other motives actuate my colleagues.

The chairman of the Committee on Finance has reported a bill allowing national banks to secure and issue circulation to the par value of the bonds deposited by them with the Treasury Department. The cry comes from the people for more money. This bill, if enacted into law, would result in an increase of our circulating medium, and as good money as the world affords. The measure is recommended by the Secretary of the Treasury, and yet, before a vote can be had on it, the whole national-banking system, which has been discussed for more than twenty-five years, must be discussed again in the same old strain and with the same arguments that have been heard at every crossroads from the time the act was passed. Why not give the country this crumb of relief, and when the people have emerged from their present distressed condition, take up the bank act, discuss it, and amend it if that is deemed wise?

The amendment offered by the Senator from Missouri [Mr. COCKRELL], while it is of no great consequence in itself, yet if it should be adopted is to be the entering wedge which will result in the retirement of the national-bank notes now in circulation, and the issuance in their place of an equal amount of greenback promises to pay on demand in gold, added to nearly one thousand millions of paper already issued, which the Government is pledged to maintain. To what port are we, as a nation, drifting? Is it not time to stop and take our bearings, if it is not the purpose of the movers of such amendments to wreck the national Treasury, as I am sure it is not?

I favor the passage of the bill as it is, but think I do not object to the amendment of the Senator from Maryland.

The chairman of the Finance Committee, in response to the message of the President, has reported a bill to repeal the clauses of the act of July 14, 1890, providing for the monthly purchase of 4,500,000 ounces of silver. I shall vote for the bill.

I am not one of those who believe that the act of 1890 is in a great degree responsible for the existing financial condition. I am for its repeal, however, for the reason that it was passed as an expedient, and was not expected to remain on the statute book very long, and because the Government can not afford to buy silver and coin or issue paper on it and call it a dollar when in fact the silver in the dollar or deposited as security for the dollar is worth less than 60 cents. Such a performance long continued would embarrass any government. The reason the people are satisfied with silver certificates now is because the Government stands behind them and is pledged to take care of them; but the Government is not called upon to continue such a policy.

Other causes have aided in producing the distrust. I shall refer to them later. The act of 1890 was not intended to represent the well-defined and permanent financial policy of the United States, but it was passed as the lesser of two evils—the purchasing of bullion and the issuance of paper money based on it, or the free and unlimited coinage of silver. It was a compromise measure to avert what a majority of our friends on the other side now will admit would have been a calamity—the free coinage of silver. The abuse and condemnation which have been heaped upon it are not justified by the facts. Fearful that the United States alone could not maintain silver at a parity with gold, with its mints open to the coinage of the silver of the world, and hopeful of a fruitful result from the then approaching monetary conference, the act was passed. It has at least given more money to our people, and if, as has been stated, it has at times driven gold from the country, the experience of the last few weeks demonstrates that while it is yet in force the yellow metal under the operation of trade comes to our shores.

I am not a monometallist; I do not believe in the disuse of either of the two metals named in the Constitution. There is no considerable number of men in this country who demand the ostracism of silver or of gold; on the contrary, all concede the utility of both as money metals. But the closer commercial re-

lations of nations which marks the advance of civilization makes international concurrence in the free and unlimited use of both metals as money more desirable, if not absolutely necessary.

I favor the free use of silver which comes from international coinage upon a common basis or agreed ratio. Gold has no money function inherent in itself any more than has silver. Both metals are the creation of nature, while money is the creature of law. There are no natural laws which govern the science of money, and there is no theory in the science which is capable of mathematical demonstration. All that we know pertaining to the science is the result of experiments and experience, and it is not certain that what may to-day seem a well-defined principle in monetary science will very long remain so.

The people want silver; so do I. The people first of all want all our circulating medium, whether gold, silver, or paper, of equal value; so do I. The people are more interested in knowing that their money is all good and that it will continue so than they are to know the material out of which it is made.

I will insert as part of my remarks a table showing the amount of gold and silver coins and certificates, United States notes, and national-bank notes in circulation August 1, 1893.

The table is as follows:

Statement showing the amounts of gold and silver coins and certificates, United States notes, and national-bank notes in circulation August 1, 1893.

| | |
|--|---------------|
| Gold coin..... | \$416,009,941 |
| Standard silver dollars | 56,223,989 |
| Subsidiary silver | 64,007,129 |
| Gold certificates..... | 87,611,029 |
| Silver certificates | 330,188,390 |
| Treasury notes, act July 14, 1890..... | 143,774,138 |
| United States notes..... | 824,394,404 |
| Currency certificates, act June 8, 1872..... | 7,855,000 |
| National-bank notes..... | 180,134,997 |
| | <hr/> |
| | 1,611,099,017 |

Taking the Treasury Department's estimate of population in the United States on the same date, August 1, 1893 (67,066,000), we have a per capita circulation of \$24.02, which is about as much as we have ever had, and more than we had until recent years. The Senator from Iowa [Mr. ALLISON] suggests to me that we have added \$69,000,000 during the month of August just passed,

and that would be, as is suggested to me by the Senator from Rhode Island [Mr. DIXON], an increase of over a dollar per capita.

There would, therefore, seem to be no ground for believing that the present situation has been brought about by a scarcity of money in the country. It is in the country, but it is not in circulation. The trouble is serious impairment of confidence, which has caused the hoarding of money, and it will remain out of circulation until in some way confidence is reëstablished.

I may be allowed to digress sufficiently to say that I am gratified to learn that a very prominent gentleman in Chicago, Mr. Armour, is reported in the dispatches in the morning papers as saying that money is now coming, not only out of the pockets of individuals, but out of the banks in loans, and that the probabilities are that there will be an abundance of money very soon.

The amount of deposits in the national banks of the United States July 12, 1893, was \$1,556,761,230. This vast sum belongs in large part to individuals and corporations; it lies in the banks idle, the banks holding it for the owners, and they do not withdraw it because they are afraid to use it. Many men who have money are not only afraid to leave it in the banks but they are equally afraid to use it in business.

The proposition to repeal the act of 1890 would not be opposed by the silver men but for the reason that they believe that such repeal, without some other legislation being at once enacted in lieu thereof, means the end of silver as money in this country. I do not believe, if we discontinue the purchase of silver bullion now, that it will be long before some more satisfactory plan for its use will be devised. So long as the act of 1890 remains on the statute books we will surely come no nearer free coinage than we are now. I suppose, as a matter of fact, if the question were now settled, there would be no one in the Senate, perhaps, who would be in favor of the retention longer on the statute book of the so-called Sherman act passed in 1890.

The American people do not desire a policy in reference to silver, either by continuing the purchase of silver bullion or by the adoption of free coinage, which will result in driving all the gold out of the country and making this a silver nation. This the majority will and ought not to submit to. I am inclined to believe that I state the fact truthfully when I say that there are

not a dozen Senators on this floor who are to-day ready to vote in favor of making this a silver nation and driving gold out of the country.

The repeal of the act of 1890 does not make gold the standard money of the country. It is the unit of value now. Section 3511 of the Revised Statutes reads as follows:

The gold coins of the United States shall be a one-dollar piece, which, at the standard weight of 25.8 grains, shall be the unit of value.

Then follows the description of other gold pieces. The statute of 1873 made gold the standard. I refer to this because many people believe that the repeal of the act of 1890 will in some way make gold the standard, and that it is not now the standard of value. We are not doing any such thing; we are not seeking to make gold the standard; we are simply seeking to repeal the Sherman act, which is an act for the purchase of silver bullion, and then coining a part of it or issuing silver certificates upon it. It has no reference whatever to the legal-tender quality of the money, and there is nothing in the act which in any way either interferes with the standard or makes gold or silver the standard money.

Mr. MITCHELL of Oregon. Will the Senator allow me there?

Mr. CULLOM. Yes.

Mr. MITCHELL of Oregon. The Senator will admit, however, that if the Sherman act be repealed and nothing else is done, there will be no law at all on the statute book by which another silver dollar can be coined.

Mr. CULLOM. I understand that was the condition of the country up to the time of the passage of the Bland act—that then there were no silver dollars coined. But what I insist upon is that the repeal of the Sherman act has no reference whatever to the question as to whether silver or gold shall be the standard.

Mr. MITCHELL of Oregon. The repeal of the Sherman act would leave us with one hundred and forty or one hundred and fifty million ounces of silver bullion on hand, with no provision whatever for its coinage.

Mr. CULLOM. I assume that the party in power in the Senate will take such action with reference to the bullion we have on hand as will be wise and proper in the premises.

Mr. ALDRICH. If the Senator from Illinois will allow me, the repeal of the purchasing clause of the act of 1890 would not repeal the provisions of that act which authorize the coinage of the bullion on hand or the redemption of the Treasury notes issued in accordance therewith.

Mr. CULLOM. I am obliged to the Senator from Rhode Island for the suggestion. The bill does not deal with that question at all. Therefore that subject stands as it was before any effort was made to repeal any portion of the act, and when we pass the repealing act, if we ever do, it will simply apply to the purchase of silver bullion, and stop there.

England adopted the gold standard in 1816, and has maintained it ever since. Germany suspended the free coinage of silver in 1871; the United States in 1873, when we adopted the gold standard. In the same year France limited the amount of silver to be accepted. Sweden and Norway demonetized silver in 1874. Holland suspended free coinage and established a gold standard in 1875. France stopped the mintage of silver in 1876, in which year Russia and Spain stopped the coinage of silver. Austria-Hungary adopted the gold standard in 1892, and, finally, this year India stops the coinage of silver, I believe, on private account, though I am not positive that it absolutely stops it.

Now, Mr. President, can we alone maintain bimetalism, for we are practically alone, so far as the great powers are concerned. The United States can not, in my opinion, alone maintain free coinage of silver unless we are willing to become a silver nation and drive the gold out. What we want is an international agreement securing the use of both metals and free coinage on an agreed ratio, and if we repeal the act of 1890 and stop the purchase of silver I believe we will get it. The policy of piling up silver bullion is not wise statesmanship, and in a little time it will surely be stopped. The special friends of silver may as well realize this. The people will not continue indefinitely the business of buying and cording up silver bullion and issuing paper to represent it and make the Government responsible for its redemption. Why not, then, let it be stopped now and make another effort in favor of an international agreement?

England adopted the gold standard in 1816, doubtless because by so doing she could secure an advantage over other nations

which owed her and were silver nations. She did secure an advantage. She made the silver nations in debt to her pay her in gold or its equivalent when they did not have the gold. There is now, however, a strong party in England in favor of bimetallicism and the remonetization of silver. Before the disastrous failure of Baring Brothers a British commission was appointed to inquire into the depression of trade, and it reported that it was caused by the demonetization of silver by England and other nations; and on the question of restoring silver to its ancient use as money, remonetizing it, the commission divided equally—six to six. When England finds that she no longer derives an advantage by maintaining the single gold standard I trust and believe she will join other nations in favor of the restoration of silver and the maintenance of a bimetallic standard.

But we are told by gold monometallists that bimetallicism is impracticable; that it is impossible to establish a permanent ratio between the two metals. I remember reading the observation of some student of the science, who, in dealing with this very dictum, compared it with the doctrine, "it is impossible for a man to draw a line absolutely straight, or to show two things that are exactly alike." He said:

This so-called impossibility of a fixed ratio between the two metals is as unworthy to support a statesman in denying the possibility or desirability of a successful establishment of a fixed ratio as the impossibility of making anything straight, or of making two things alike, is unworthy to prevent the construction of machinery and works of engineering. Machinery and engineering works all demand for their perfection straight lines and identity between different parts. At the same time substantial straightness, substantial identity will suffice. In practice the infinitely small can be neglected by the engineer and mechanic; why not by the statesman, why not by the economist?

The United States must adopt a financial policy which will do even justice between all classes and all geographical divisions, between debtors and creditors, between employers and employes. It should be borne in mind that universal bankruptcy, which for some time has threatened the country, is as fatal to the creditor classes as to the debtor classes, and that the safety of the money interests of commerce lies in keeping money under the constant protection of wise laws.

Mr. President, I sympathize with that section of our Union

which has been found to be so rich in minerals—copper, lead, silver, and gold—and which has contributed so many millions of the money metals to the world, and the people of those States may well be excused for their manifestation of intense anxiety.

The hardships overcome and the wonderful progress made by the patriotic settlers of that great region west of the Missouri, if written up, as it will be, will form one of the most thrilling stories in the whole progress of our race. In all their achievements they have been actuated by the thought that civilization has the right of way to the future on this continent. All the advantages that follow in the track of civilization now prevail over that vast area, through the persistent faith and dauntless energy of our citizens in that great section. As one humble representative of the Commonwealth of Illinois, the richest, most populous, and, commercially, the most powerful of the Central States of the Union, closely identified in its commerce with all the States west of it, as well as with those of the East, North, and South, I shall regret if any action we may take on this or any other question shall prove to be in any degree injurious to those brave and patriotic people.

But it seems to me more important to secure a settlement of the silver question upon some enduring basis, rather than leave it with the act of 1890 in force, which surely can not long stand. Secure free coinage, if possible, through an international agreement, and you will be on a basis which will endure.

Free coinage by the United States alone means monometallism; it means all silver and no gold. I am against making this a silver nation. I desire the free use of both silver and gold at a parity, which we can have if other nations will join with us, but which we can not have with safety without such concurrence of action.

Mr. PEFFER. Will the Senator allow me a moment?

Mr. CULLOM. I do not care to be interrupted.

The PRESIDING OFFICER (Mr. GALLINGER in the chair). The Senator from Illinois declines to be interrupted.

Mr. CULLOM. The question now is distinct from the question of free coinage—shall we repeal the act of 1890 or the silver-purchasing clause of it? Some of our Democratic friends seem more especially anxious for repeal; because, in the first

place, they did not vote for the bill when it passed; and secondly, because they were profuse in the denunciations of the act in their national convention, which, in the language of the platform, "should make all of its supporters," meaning friends of the act, "anxious for its speedy repeal."

Mr. President, in my action I am not prompted by any political platform. I shall act as my judgment dictates is best. I will vote for repeal because it may help to restore confidence, even though the act did not have much part in producing the lack of it.

Mr. President, there are other causes for the present situation. The Senator from New York in his remarks the other day suggested that the question should be discussed in all its bearings. I shall ask the Senate to look at the subject from another standpoint. I do not regard it as out of place to look at the commercial questions which bear upon the general situation. A year ago the financial condition of the Government and its Treasury was satisfactory, and the credit of the nation at the highest point ever attained in our history. A year ago the gold bags of the world were ready to be poured into the United States Treasury in exchange for United States bonds at 2 per cent—certainly at $2\frac{1}{2}$ per cent. Whether our credit still remains as good I am in doubt. I make no mistake when I say that the credit of the nation was higher and better a year ago than that of any other government or financial institution on the globe.

A year ago our internal and foreign commerce was larger than ever in our history. A year ago the manufacturing and mining industries were turning out a larger product than ever; a greater number of laborers were employed than ever, and the rate of wages was higher than ever. What is the spectacle which confronts us now and commands our attention? The credit of our National Government called in question for the first time since the outbreak of the war, and the commerce of the country reduced; factories closed or running on half time, mines shut up, and a million of men unemployed and willing to work for even half the wages they received a year ago.

Mr. President, my object is to seek the cause of all this untoward condition of affairs.

When Abraham Lincoln was inaugurated President of the

United States, in 1861, it was the end of a period of hard times. It may be said to mark the end of an epoch in American history and the beginning of a new one. The old one went out leaving the people poor, with no money and no work. The new one was inaugurated in a period of extreme financial depression among the people, with no national credit, and the country soon involved in the most expensive war ever waged on this planet.

I shall not stop now to describe the financial processes by which the National Treasury was abundantly replenished, the expenditures of a great war met, and the national credit lifted to the high plane which it occupied a year ago. It may be of interest to state that the expenses growing out of the civil war up to June 30, 1893, amounted to the enormous sum of \$3,000,000,000. The bonded debt reached its highest point in August, 1865, now twenty-eight years ago. On the 30th of June last it had been reduced to about \$841,000,000. I state these facts to show the financial power of this Government when properly administered.

At the beginning of this epoch in which the Republican party held substantial control a policy of taxation was inaugurated, both internal and customs, having one great object in view, the preservation of the life of the nation. The people bore taxation as the soldiers bore arms—to save the Union.

Money flowed into the National Treasury through the channels of internal taxation and customs duties. The nation entered upon a career of commercial and industrial vigor never before experienced. Protective-tariff laws had taken their place upon the statute books. Prior to the war no tariff law had been pronounced in favor of protection, and neither did a very long period elapse under a protective tariff to test its influence in favor of national prosperity or to demonstrate its influence in favor of American labor. Under the assurance that the needs of the Government would cause the policy of protection to be steadfastly maintained, there was seen an advance in every commercial and industrial pursuit, the like of which the world had never seen. I will not stop to give the statistics to prove what I state; they can be easily procured. I will say that the total value of the property devoted to manufactures and mining in 1892 amounted to nearly \$9,000,000,000, the result in large measure of the finan-

cial policy of the Government prevailing for the last thirty years.

In November, 1892, an election came on and the party now in full possession of the executive and legislative branches of the Government triumphed. It came in, as speakers on the opposite side of this Chamber have repeatedly said, pledged to 'the repeal of the protective-tariff laws of the country; pledged to overturn the policy under which our industries and resources had been developed; pledged to the proposition that any protective tariff is unconstitutional and is a robbery of the many for the benefit of the few; pledged to overturn the national banking system, which had furnished the best paper currency to the people the country ever had, by the repeal of the 10 per cent tax on State-bank circulation, and the establishment of State banks with a paper currency different and peculiar to every State and current nowhere except in the neighborhood of its issue and at a discount everywhere, if history repeats itself, and it surely will.

Down with the tariff; up with the reform tariff, whatever that may mean. Down with the Sherman law; up with free coinage. Down with the national banks; up with State banks. This is the bill of fare which will be put before the people if the history of the dominant party in the Senate and the utterances of its national conventions are an index of its future conduct. What wonder, Mr. President, when the country realized what had been done in securing this change of policy, by the election of a Democratic President and a Congress Democratic in both branches, distrust, hesitation, want of confidence seized the people, which has resulted in an almost complete paralysis of business and the hiding away of the circulating medium of the country, and finally in the President calling Congress together.

We will repeal the act of 1890, because it is not wise to continue in force a statute providing for the purchase of 4,500,000 ounces of silver per month and issuing paper which the Government is bound to protect. I hope its repeal will be of service in removing the paralysis now upon business; but we will not soon have good times and good wages again if all the pledges made by the party now in power are redeemed in good faith. I hope I am mistaken. I am as anxious as any man to see confidence restored; to see the hundreds of thousands of idle men given a

chance to earn good wages. If the people could be assured of the policy that is to prevail for the next four years they would know what they had to meet.

Mr. President, what is to be the policy of the Administration party on financial questions? I speak of the Administration party, because there are now two wings of Democracy in the Senate. Is the party simply to repeal the silver-purchasing act of 1890 and then take a rest? Are we to have the national banking system swept away, the circulation (the best we ever had) taken up, and greenback promises to pay substituted? The chairman of the Committee on Appropriations is headed in that direction. If these things are to come to pass you will find that instead of a renewal of the good times we had less than a year ago, that the gloom of stagnation, poverty, and distress will settle down upon the country for years to come.

Agriculture, manufactures, commerce, and navigation, the four pillars of our prosperity, as Jefferson once said, will continue to languish.

Our friends on the other side in this discussion have given much attention to the question of the construction of the money plank of their national platform, one side insisting that it meant unconditional repeal of the silver act of 1890, the other that it meant conditional repeal. Strong arguments have been made on both sides of the question. The Senator from North Carolina [Mr. VANCE], on Friday last, made the very potent argument, from a Democratic standpoint, that by conditional repeal that party would be united. I infer that he regards it as divided if unconditional repeal of the silver act is accomplished. This, Mr. President, would be a calamity the country could easily bear.

Mr. President, the platforms of the two parties on the money question are not very unlike in either language or meaning, and the prominent feature of each was that every dollar, whether of paper or coin, issued by the Government should be as good as any other and at all times equal.

And that is what the country wants. It wants whatever circulating medium we have, whether gold, silver, greenbacks, certificates, national-bank notes, or what not, the best. As we have all these forms of currency, the policy of the Government ought

to be, and must be, if we treat the people right, that every dollar of whatever kind shall be as good as the best.

Each of the two platforms recognized the importance of securing an international conference to adopt measures to insure a parity between the two metals. The special champions of the silver-purchase act say that act must not be repealed, because to repeal it would be the end of silver as a money metal in this country. Of what value is the law now? The silver mines are closed; the smelters are reported to be shut down, while the silver-purchasing act still remains in force. Why? Because the product of the mines has become so cheap, notwithstanding the fact that the Government has been buying 4,500,000 ounces per month, that it does not pay to produce silver at its present price.

In the face of this, while the mines are closed up, as reported, and the smelters are shut down, we are appealed to by the silver men to insist that the act of 1890 shall stay upon the statute book unless we are ready to give them free coinage. I want to say that free coinage will not be given to them, if I am any judge of the public sentiment of this country, until some arrangement is made by which, when we authorize the issuance of silver dollars, they will be as good as gold dollars or any other dollars in the world.

If the Government continues the purchase of silver bullion under the law it will be mainly foreign silver instead of our own.

Mr. President, the interests of the people require a sound, stable currency. We can not afford to experiment in the adoption of doubtful policies. We want no fiat money. We want a dollar which is intrinsically worth 100 cents the world over.

I wish to say that there seems to be a growing disposition on the part of everybody apparently to find out some new financial scheme which he can thrust upon the country and disturb the business of the country, because that is the effect when such theories are thrown upon the country and have any particular following.

We want a system of finance which will not involve the Treasury Department in constant danger. We want to rid ourselves of the idea that all that is necessary to make money for the people

is to print a promise to pay and put the Government stamp upon it. We want to secure to the country a sound currency and put it beyond danger of becoming debased. We will thus be serving the Government faithfully, and we will equally well serve the business men, the toilers, and all classes of our people.

Mr. President, the business men of all classes appeal to us to pass the bill for the repeal of the silver act of 1890. Multitudes of laborers are pleading for work.

If there is anything we as legislators can do, consistent with national honor and financial safety, to lift the clouds that darken the situation, remove the difficulties and start the wheels of commerce which are now rusting on the railroad tracks, in the shops, mills, factories, and mines, let us do it at once.

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