THE PRESIDENT'S MESSAGE.

REPEAL OF THE SHERMAN LAW.

SPEECH

OF

HON. J. N. DOLPH,

OF OREGON,

IN THE

SENATE OF THE UNITED STATES,

TUESDAY, AUGUST 8, 1893.

WASHINGTON.
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SPEECH

OF

HON. J. N. DOLPH

The Senate having under consideration the President's message—

Mr. DOLPH said:

Mr. PRESIDENT: The President of the United States, moved thereto by the business depression and financial disturbances everywhere prevailing, and assuming that the present condition of the country is the result of the operation of the so-called Sherman law, has convened Congress in extraordinary session and urged upon it in his message of to-day the immediate repeal of that law. Whether or not it would be wise under existing circumstances to repeal this law, the claim or the assumption that it is the principal cause of the prevailing business and financial condition of the country should not be permitted to go unchallenged.

The present financial and industrial condition of this country should surprise no one. It has been predicted for years by those who believe the prosperity of the country can only be maintained by the protection of American industries. The present condition is the logical result of the success at the Presidential election of November last of the party which declares that protection of American industries is robbery, and stands pledged to reverse the policy which for more than thirty years has given us an era of prosperity such as this or no other country has ever before enjoyed—a policy which has caused civilization to sweep across a continent, which has opened mines of the useful metals and started the wheels of new industries in the South, which has largely transferred the industries abroad once supported by our people to our own shores to furnish them employment, which has caused the continent to be covered with a network of railroads along whose lines great centers of industry have sprung up, with great manufacturing establishments giving profitable employment to millions of American citizens.

Over all this great industrial system hangs a dark cloud of uncertainty and fear, an impending blow threatening its destruction. And so the wheels of progress are stopped. The fires are suffered to go out in furnaces, the machinery of great establishments is idle, and idle men seek employment. The importer will not import dutiable goods when he fears that soon his competitors can import them free of duty. The manufacturer will not produce his products in excess of the present demand when he fears that his surplus product may be compelled to compete with free foreign products. He will buy raw materials for present needs only while the prospect is before him of soon being able to supply himself with raw materials of foreign production free of duty; and so the importer, the merchant, the manufacturer to avoid disaster curtail their operations.

The wholesale merchants, the bankers, and all classes of creditors press collections, settlements are forced, and financial losses, business failures, and bankruptcies are the result. The Sherman law is not the sole or even the principal cause of the present financial depression, and its repeal will not cure our financial and industrial ills. No permanent improvement in the industrial situation need be expected while the destruction of the protective system is threatened or feared. No legislation by which domestic industries will be injured or destroyed, by which the products of foreign labor will be admitted to free or to greater competition with domestic products, which will result in transferring domestic industries to foreign countries, and giving labor now performed by American citizens to foreigners, will help to restore confidence or bring business prosperity.

After the Democratic majority in Congress shall have settled upon a tariff policy, and formulated and enacted its tariff revision, whether such revision shall be general or be destructive only with a few American industries, such as the wool and tin-plate industries, the business of the country will adjust itself to the changes, and we may enjoy a halting, intermittent prosperity with lower wages to laborers, but a sound, permanent, prosperity in this country will not, in my judgment, be again enjoyed until we are assured of the success of the Republican party and its control of both Houses of Congress, and that a policy is to be adopted and maintained by which the industries, the capital, and the labor of this country are to be preferred to those of foreign countries.

Necessity for the repeal of the Sherman law, if such a necessity exists, has been created by the success of the Democratic party, the threat of free trade and the predictions by the Democratic press and Democratic politicians of disaster to follow from the operation of the Sherman law, made in a systematic effort to secure the repeal of that law at the last session of Congress under a Republican Administration.

There are so many widely differing views upon the silver question, so many diverse financial plans proposed, so many erroneous opinions concerning our coinage laws, our financial system, and the character and functions of money, that it may be useful to refer briefly to some of the elementary principles of political economy which can not be disregarded by Congress if it would provide the country with a sound, safe, and honest currency.

Labor employed in the creation of useful articles is the source of all wealth. A useful product of labor is a thing of value. It may be a product of agriculture, for which the farmer plows and sows and reaps, availing himself of what nature has furnished him at hand: the fertile soil, the warmth of the sun, the early and later rains, or it may be the gold and silver for which the miner patiently delves in the great treasure vaults of nature, or the more useful products of iron and coal which require the labor of men to extract them from the earth and fit them for use, or it may be a coat, a hat, a watch, or a steam engine. All the things by which we are fed, clothed, and sheltered, which add to our convenience, comfort, and pleasure are the products of labor. They are valuable because they are adapted to the use of man. But one man can not make all the things he needs, or at least he does not. Hence we have diversity of labor, and one man mines gold and silver, another cultivates the soil, another raises sheep and grows wool, another manufactures cloth, another manufactures clothing, and so on.

Now, the man who works the mine or grows wool must have food and clothing and many other things. If there were no money or medium of exchange the manufacturer of cloth might buy wool of the wool-grower and give him cloth in exchange, but the wool-grower might not need the cloth. He would need provisions and clothing. He might take cloth and find a manufacturer of clothing who would exchange clothing for it, and he might possibly exchange cloth for groceries, and the groceryman might in turn exchange cloth for something that he needed; but this would be a very tedious and unsatisfactory manner of conducting commercial exchanges. Hence the necessity of a medium of exchange—a tool of exchange—so that when the wool-grower carries his wool to the manufacturer of cloth or to some middleman and sells it, instead of taking cloth in exchange for it, he can receive this medium of exchange to the amount of the value of his wool, and this medium can in turn be exchanged for any other commodity which he may need.

This medium we call money. If we could conceive of the first community which invented money assembling together to choose such a medium we could probably obtain a pretty good idea of why gold and silver came to be selected. Such a medium should possess considerable intrinsic value; that is, be capable of being used for a great many useful purposes. It should be tolerably scarce, and hard to obtain, so as to be proportionately valuable, easily transported, and pass currently from hand to hand. It should be plenty enough, however, to answer the requirements of commerce, and it should be capable of being easily subdivided and changed in form.

Diamonds would not be selected, because they are not plentiful enough and could not be divided. Gold seems to possess all the essential requirements for money, and it is undoubtedly for this reason that it was selected. Silver partakes in some degree of the same quality, although it is more abundant and more easily obtained. Therefore it has been selected and used for money and made a legal tender for the payment of debts, in some countries for all sums and in others for limited sums only.

Sometimes in the exigencies of commerce the purchaser may not have this medium of exchange, money, in sufficient quantities to pay for his purchases, and hence he buys on credit. That is the promise to pay money at a future day. This promise may be a mere verbal promise or even an implied agreement; in which case it is called a book account, or it may be given in writing in a form required by commercial law and usage, and then it is a note, a bond, or a bill of exchange. In either case it is an obligation to pay money at a future day; it is not money itself. It may be worth all the money it calls for or it may not be. This depends upon the willingness of the promisor to pay, and his ability to do so, and the power of the creditor to force him to pay.

When the war of the rebellion broke out it required a great deal of money to carry it on, and there were many reasons which rendered it difficult for the Government to obtain money, that is, gold and silver. In its extremity the United States, to enable itself to meet its engagements, to pay the soldiers, to furnish arms, transportation, and supplies, not having gold and silver enough, issued its promise to pay money in the future. Some of these were promises to pay certain amounts of money at the expiration of a fixed period with interest semiannually at fixed rates. These were the Government bonds. Then it issued Treasury notes or greenbacks of various denominations, so as to pass from hand to hand as money, which were nothing but acknowledgments of indebtedness, without any time being fixed for their payment or any agreement to pay interest. Congress made these notes legal tender for the payment of private debts.

As the legal tenders possessed no intrinsic value and were debts payable only at the pleasure of the United States, and as the war progressed portions of the people began to fear that the South would prevail and that the States remaining in the Union would be either unwilling or unable to redeem these promises, they rapidly depreciated in value until they were worth no more than 35 cents on a dollar; but as the prospects of subduing the rebellion and maintaining the Union increased they gradually appreciated in value, and after the war was closed continued to appreciate until they reached about the value of 90 cents on the dollar; that is, a dollar in greenbacks was worth 90 cents in gold.

Congress after a while passed the resumption act—that is, fixed a day when the Government would pay its notes in coin if presented to the Secretary of the Treasury, and provided one hundred millions of gold in the vaults of the Treasury to pay them. But all at once the legal-tender notes became worth their face in gold and the gold in the Treasury was not needed. The people preferred to keep the promises of the Government to pay the money when the Government was ready to redeem them.

The legal tenders and all Treasury notes are evidences of debt of the Government and possess no intrinsic value. They are made by law to perform some of the functions of money. They are made legal tender for the payment of private debts and public dues, and their value depends entirely upon the provisions made by law for their redemption in coin—that is to say, upon the fact that they are convertible into that which has intrinsic value.

We have several kinds of currency in circulation, performing the functions or some of the functions of money. There is the gold coin double eagle, eagles, half eagles, quarter eagles, etc. These gold coins are legal currency—that is, they have been declared by law to be a legal tender for the payment of private debts and public dues, but they also possess such intrinsic value that if you should melt them up into bullion the bullion would be just as valuable as the coin. In fact, when they are exported, the fact that they are coined with the devices provided by our laws upon them adds nothing to their value; their value depends entire y upon their weight.

Then we have the silver coin, which is also by law made a legal tender for the payment of private debts, and is receivable for public dues. The intrinsic value of the silver dollar, like the intrinsic value of the gold dollar, is the value of the bullion it contains, which at present is about 60 cents in gold.

The silver dollar in the payment of debts and public dues is required by law to pass for one hundred cents. Forty cents of the value of every silver dollar is based upon the credit of the Government. It is true that the Government has not agreed to redeem the silver currency in gold upon presentation to the Treasury, but it has promised to receive it as the equivalent of gold for public dues, of which we collect about $500,000,000 annually. This is a qualified redemption in gold, and this provision, with the general expectation that the Government will maintain this currency upon a parity with gold, has so far kept the silver dollar at par with the gold dollar.

There are also the gold and silver certificates, which perform the functions of money. They are receipts for gold and silver deposited in the Treasury. They are redeemable upon presentation at the Treasury in gold or silver coin as the case may require. They are like wheat receipts issued by warehousemen, which call for a given number of bushels of wheat upon presentation, and pass from hand to hand instead of the wheat, until some holder is ready to present them to the warehouseman and exchange them for the wheat.

Any person may take gold not less than $10 in amount to the Treasury and deposit it and receive a gold certificate, and the gold is kept in the Treasury, to be returned to the holder of the receipt when it is presented. The same thing is true of silver certificates.

Then there are the legal-tender notes, possessing, as I have said, no intrinsic value, but redeemable in gold on presentation to the Treasury. They are, therefore, worth their face in gold. There are about $346,000,000 of this currency.

We have also another kind of national currency, the Treasury notes issued under act of 1890. They were issued for the purchase of silver bullion at the market price at the time of purchase. The silver bullion is stored in the Treasury vaults theoretically, if not legally, as security for the payment of the notes, and the law provides that the notes shall be redeemed upon presentation in coin—gold or silver coin—at the option of the Secretary of the Treasury. The gold coin and the gold certificates constitute an absolutely safe currency, for the coin is intrinsically worth its face, and the certificates can be exchanged for gold upon presentation at the Treasury.

The legal-tender notes are equally safe, for they are redeemable upon presentation at the Treasury in gold. A hundred millions of dollars in gold is kept in the Treasury as a reserve for the payment of these notes, and the Secretary of the Treasury is authorized to sell bonds for gold, if necessary, for their redemption. The silver coin and silver certificates and Treasury notes stand on a different footing. The intrinsic value of the silver coin in gold, as I have said, is about 60 cents on the dollar. The silver certificates are redeemable in silver. The Treasury notes may be paid in silver coin. There is no provision of law for redeeming this silver coin and currency in gold, except the provision for the receipt of it as the equivalent of gold in payment of public dues.

If Congress should repeal the law requiring silver coin and silver currency to be received for public dues, the value of the silver coin, the silver certificate, and the Treasury notes would at once depreciate until they would be worth no more on the dollar than the value of the silver bullion in a silver dollar. To repeat, the gold and silver coin possess intrinsic value. The gold coin is intrinsically worth its face; the silver coins are intrinsically worth about 60 per cent of their face. The gold certificates and the silver certificates are the obligations of the Government. and are valuable because they are convertible on demand into gold and silver. The legal-tender and Treasury notes are evidences of debt of the Government, but possess no intrinsic value and are valuable only because the legal-tender notes can be converted into gold upon presentation to the Treasury, and the Treasury notes can be converted into coin, gold or silver coin, at the option of the Treasury, upon presentation for payment.

While silver and gold possess intrinsic value, and for that reason, in part, are adapted to use as money, it must not be supposed they have a fixed relative value; that is to say, that a certain amount of silver is always worth a certain amount of gold. Considered as bullion, they are but products of labor, just as wheat, potatoes, cotton, and wool are products of labor, and it would be no more absurd to suppose that the relative value between potatoes and wheat, or cotton and wool is fixed, so that 2 or 4 bushels of potatoes are always equal in value to the value of a bushel of wheat, or that 5 pounds of cotton is always equal in value to a pound of wool, than to suppose that a given number of ounces of silver, say 16 or 20, is always equal in value to an ounce of gold.

The value of each metal, like the value of every other product of human labor, is fixed by the supply and the demand. This is the reason why the use of the two metals as money under free coinage of both is impossible without the concurrent use of the two metals as money, at an agreed ratio, by a sufficient number of commercial nations to maintain the ratio of their intrinsic value at the legal ratio agreed upon.

Some persons who demand free coinage of silver in the United States at the ratio of 16 to 1 appear to believe that gold and silver have naturally a fixed value relatively one to the other, and that the United States adopted that natural relative value by the coinage acts of 1834 and 1837. The relative intrinsic value of the two metals, as I have said, is fixed by the universal and imperative law which fixes the price of every product of human industry in the world's market.

The value of silver as compared with gold has been, with the exception of a comparatively brief period, constantly fluctuating since authentic history began. Five hundred years before the Christian era an ounce of gold was worth 13 ounces of silver. At the beginning of the Christian era an ounce of gold was worth 9 ounces of silver. Three hundred and fifty years later it required 15 ounces of silver to buy 1 ounce of gold. Two hundred and fifty years later still an ounce of gold was worth 18 ounces of silver. About the close of the fifteenth century the ratio was about 1 to 10; by 1688 the value of gold had again increased until an ounce of gold was worth 16 ounces of silver. For nearly two centuries this ratio was substantially maintained by the use of both metals as money by the principal commercial countries of Europe. When silver was demonetized by Germany and its coinage suspended by France and the Latin Union this ratio was no longer maintained, and the relative value of silver to gold has since greatly fallen and has been constantly fluctuating.

Until an international agreement can be secured between the principal commercial countries of the world for the free coinage of silver at an agreed ratio so that the intrinsic value of the silver product of the world as measured in gold can be maintained at the legal ratio agreed upon, each nation must determine for itself whether it will have a gold or a silver standard. A double standard is impossible. The two metals will not circulate together unless the parity of their value can be maintained. To-day the following foreign countries have the silver standard: India, China, Mexico, Japan, and most of the Central and South American States. The following have gold standards: Brazil, British possessions in North America, Denmark, Egypt, Finland, German Empire, Great Britain, Liberia, Norway, Portugal, Sweden, Turkey. The following have legally a gold and silver standard, but in fact a gold standard. They have no free coinage of silver, and silver coin is maintained in domestic circulation on a parity with gold by some provision for its redemption in gold or by its receipt for public dues: Argentine Republic, Belgium, Chile, Cuba, France, Greece, Haiti, Italy, Netherlands, Spain, and Switzerland. Those people who propose free coinage for the United States propose that we shall change our measure of value from gold to silver and join India, Mexico, China, and other countries having a silver standard, and that silver shall be the basis upon which all the transactions in this country shall be conducted.

Our own experience is sufficient to show that it is impossible under free coinage to maintain in circulation both gold and silver when either is undervalued by the legal ratio. The coinage law of 1792 established the ratio of 1 to 15 between gold and silver. The intention of Congress was to adopt the commercial ratio between the two metals in the markets of the world. But gold was undervalued and could not be kept in the country, and its place was supplied with Spanish milled dollars and small, abraded silver coins. The ratio of France being at the same time 1 to 15½, France took all our gold under a law that is universal and inevitable. To secure the retention and circulation of gold in this country the acts of 1834 and 1837 were passed. The ratio under those laws was 1 to 16. Gold was overvalued and silver left the country under the operation of the same law. To enable us to retain in this country silver subsidiary coins the act of 1853 was passed, reducing the amount of silver in half dollars and other fractions of a dollar, discontinuing free coinage of subsidiary coin and providing for its coinage by the Government from silver purchased by it, upon which it received the profit.

Does anyone suppose for a moment that when Congress established a mint and fixed a ratio between gold and silver at 15 to 1 on the advice of Hamilton, or when in 1834 the ratio of 16 to 1 was adopted for silver and gold, if silver and gold had been of the value relatively to each other they are to-day the ratio of 15 to 1 or 16 to 1 would have been adopted? It is familiar history that Hamilton endeavored to adopt as the legal ratio the then commercial ratio between the two metals in the markets of the world, and that Congress in 1834 designed to make the ratio such that gold would remain in this country, whether under it we could keep silver or not.

Some persons have proposed that a new legal ratio between gold and silver should be established by law, say a ratio of 20 to 1, and the mints be opened for the free coinage of silver at this ratio; but this proposition is impracticable, would surely give us a silver standard and drive gold out of circulation, would not increase the price of silver bullion or benefit silver producers, and would be no better for the country than free coinage at the present legal ratio. If we are to abandon gold as the standard, and to adopt the silver standard, it is not material whether a silver dollar is worth 50 per cent or 90 per cent of the gold dollar. If we could maintain in the world's markets the actual commercial and intrinsic ratio of value between gold and silver at some legal ratio we could adopt, then the question would be solved; but we can not.

This can only be done by the united action of the principal commercial nations of the world. If we should adopt by law a legal ratio, which at the time was the same as the commercial ratio of value of the two metals, before a dollar could be coined under it, silver, which fluctuates every day in price, might fall until the legal ratio and the ratio of the intrinsic value of the two metals would be widely different; and under free coinage at the ratio adopted only one metal would be coined or remain in circulation. Such a proposition shows a failure upon the part of those who make it to comprehend the first principles of the silver question.

Others have advocated free coinage of both gold and silver without an attempt to make the silver dollar the equivalent of the gold dollar, but letting the intrinsic value of gold and silver fix the current money value of gold and silver coin; in other words, that we should have two standards, a gold standard and a silver standard; but this is impracticable. In such a case one or the other of the two metals would have to be measured by the other, or we would require a third standard to measure them both.

Gold being the standard of value of all the great commercial countries, and the medium in which public dues must be paid and foreign debts settled, the silver coin under such circumstances would be but a commodity in foreign countries. Gold would disappear, and the depreciated silver currency be our standard of value, and the measure of commercial transactions or our exchanges conducted on the silver standard would be mere barter.

We hear occasionally such nonsense as that the Creator intended by providing both gold and silver that they should both be used as money, and that gold and silver are the money of the Constitution. The ratio of value between gold and silver, as I have shown, has been in all times subject to great fluctuations. There is nothing in the Constitution about the use of both gold and silver as money, or concerning the ratio to be maintained between them. The truth is that under free coinage both gold and silver could not be maintained in circulation or both used as money in any civilized country without a stable ratio between the intrinsic or market value of gold and silver bullion.

While gold and silver both possess qualities which render them peculiarly fitted for use as money, their natural value as a tool of commerce is their intrinsic value, and when either metal, as is the case in the United States with silver to-day, is made by a provision for its exchange, for the other to possess a value in excess of its intrinsic value, this value is imparted to it because it can be converted into something more valuable than it is.

The Government stamp can not create good money. All money must possess intrinsic value or be convertible into that which has intrinsic value. I have referred on another occasion and in another place to the interesting fact that after the discovery of gold on the Pacific coast gold dust was largely used as a medium of exchange, and that before the establishment of the branch mint at San Francisco private parties manufactured gold coins of the weight and fineness of the United States gold coins, and in subdivisions as low as 25 cents. They were not made in imitation of the United States coin and were not legal tender, but they were worth as much, and passed as currently everywhere, as the gold coins of the United States. There probably was not a case in all the history of California where any creditor refused to receive them in payment of debt. When it was needed private enterprises supplied for the public use a more convenient medium of exchange than gold dust.

When the branch mint was established the Government did that for the public convenience which private parties before had done. This incident shows that while the stamp of the Government, and legal-tender enactments are necessary to make legal-tender money, it requires neither the Government stamp nor statutes to make a convenient medium of exchange when that medium possesses the necessary intrinsic value, while, on the other hand, the depreciation of the legal-tender notes during the war shows that neither the Government stamp nor legislative enactments making a currency legal tender can always make good money. Neither the Government stamp nor their legal-tender qualities gave the legal-tender notes the value they did possess as a medium of exchange, but this was imparted to them by the promise of the Government to redeem them in money, and when the day of payment was fixed and provision was made for their payment they became good for their face, because they were convertible into gold at par.

If private parties were to coin silver bullion into coin of the weight and fineness of the standard silver dollars such coin would be worth no more than its market value as bullion and would not circulate anywhere as a medium of exchange.

The silver rupee of India, the Mexican dollar, and the silver coins of China, and of every other country having free coinage of silver, are worth no more even in the countries where they are coined than the value of the silver they contain. The reason that the standard silver dollar of the United States is worth 100 cents in the United States and even in Mexico, although it contains less silver than the Mexican dollar, is because the United States has put the standard silver dollar into circulation, virtually saying this coin, though intrinsically worth only what the silver it contains is worth as bullion in the markets of the world, is issued upon the pledge of the Government that it shall be accepted as the equivalent of a gold dollar in payment of all Government dues.

If Congress were to provide that all public dues should be paid in gold, and substitute no provision for the redemption of silver currency in gold, the standard silver dollar would become immediately worth less in the United States and everywhere than the Mexican silver dollar.

By the free coinage of silver it is proposed that anyone shall be permitted to take to the mints of the United States 371¼ grains of pure silver, now worth, say, 60 cents, and receive for it a standard silver dollar, which is to be a legal tender in payment for private debts at its face and receivable as the equivalent of a gold dollar for public dues, or, as provided in the Stewart bill of last Congress, which passed the Senate, receive for his 60 cents' worth of silver bullion a Treasury note which is a legal tender in payment of private debts and receivable in payment of public dues at its face. The whole object of the Stewart bill was to make the Government the purchaser of all silver bullion offered at the mints at the rate of 100 cents for 60 cents' worth of bullion.

If there are now premonitions of the depreciation of the silver dollar when it is coined only by the Government, and its coinage is limited, and its cost to the Government is only its intrinsic value, what would happen if the mints were thrown open for the coinage of silver on private account and private parties presenting the bullion to the mints were to receive a profit equal to the difference between the value of the bullion offered and the face value of the coin or Treasury notes received in exchange for it and the Government were to lose an amount equal to the profit of individuals?

It seems impossible that anyone should suppose for a moment that the silver dollar or Treasury notes received in exchange for silver bullion under such a law could be maintained equal to a gold dollar. It could not be. Before the first dollar under a free coinage law could be coined, the silver dollar could be worth no more than the value of the bullion it contained.

The merits or demerits of any measure for the use of silver as money to day must be determined by existing conditions. The question whether previous financial legislation has been wise or unwise is immaterial. The ratio of the value of silver to gold to-day, and not the ratio in 1873, is the important matter for consideration. Since 1873 silver has depreciated in value about 40 per cent. The product of silver increased from 63,000,000 ounces in 1873 to 140,000,000 ounces in 1891. The coinage of silver has been discontinued for many years by the principal countries of Europe. Many persons believe that with free coinage of silver we would be flooded with the world's silver.

The stock of full legal-tender silver coin in the principal countries of Europe approximates $1,100,000,000, of which $430,-000,000 are stored in the vaults of five banks, and could be thrown upon our markets without delay. I have never feared that free coinage of silver in the United States would cause the world's silver to be dumped upon us, because I have never believed that with free coinage the silver dollar would possess any greater value than the bullion it contained.

Of course, if under free coinage the silver dollar could be maintained the equivalent in value of a gold dollar we would speedily get all the silver of the world, and citizens of the United States and subjects of foreign countries and foreign governments themselves would undoubtedly avail themselves of the privilege of presenting at our mints 60 cents' worth of silver, receiving for it a legal-tender note, and converting that note into gold. The United States would become the purchaser of all the silver in the world—bullion, coin, and old silverware—paying a dollar in gold for 60 cents' worth.

But it is absurd to suppose that if everyone was permitted to carry silver bullion to the mints to be coined there would be any alchemy in the process that would double the value of silver bullion. It is as absolutely certain as anything can be that under free coinage the value of the silver dollar would depreciate until it was worth no more as money than the value of the bullion contained in it. As soon as this occurred, the profits to silver owners in exchanging silver bullion for silver coin would cease and there would be no longer any inducement to take silver bullion to the mint to be coined. Silver, like every product of human labor, would be sold in the markets for what it would bring for use in the arts or for money.

The amount of silver coined under free coinage would be variable, and would depend upon a variety of circumstances. But little over eight million silver dollars were coined from the establishment of the mint until 1873, and it is not likely any great amount would now be coined under free coinage. With free coinage of silver, silver would be the standard for all our business transactions. Our $700,000,000 of gold would be withdrawn from circulation; the circulating medium would be greatly contracted, and the products of industry greatly diminished. Free coinage would not increase the price in gold of any commodity. The price of everything we import would still necessarily be paid in gold. If more silver dollars were received by the producer for his products, more silver dollars would be required to purchase everything which he consumes.

For instance, if the farmer should receive $1 in silver for a bushel of wheat, that silver dollar would go no further than 60 cents in gold or so much gold as in the world's markets would buy a silver dollar. The value of property measured in silver would be at once advanced to offset the depreciation in the standard of value. The last thing to be advanced would be the price of labor. Although the price of everything consumed by the laborer would be nearly doubled in value, it would be a long time, and after many a struggle, before the laborer would succeed in getting two silver dollars in lieu of the one gold dollar he now receives for his labor.

All producers and laborers would lose by the change in our standard of value, and only bankers, brokers, money-changers, and middlemen would profit by it. All salaries and pensions would be paid in silver and all appropriations of the Government expended in silver. The disturbance of our financial condition which would result from adopting a silver standard would produce great financial stringency, force the immediate collection of debts, increase the rate of interest, demoralize business, throw labor out of employment, impair the credit of the Government, bring home for collection our State, municipal, and corporation bonds held abroad, impair confidence, bring upon us ruin and bankruptcy.

If existing debts were paid in depreciated silver it would be robbing the creditor, because they have all been contracted with reference to the present standard, and 95 per cent of them since the great depreciation in silver.

India, one of the countries until recently having free coinage of silver or coining silver on private account, has hitherto been a great consumer of silver bullion for ornaments and coinage, and has been pointed to by the advocates of free coinage as an example of prosperity with free coinage of silver. The amount coined has been large, but not uniform, some years being a hundred per cent more than others. The following table shows the amount, expressed in dollars, of silver annually minted during the period of sixteen years, and shows the consumption of silver in India for coin:

1875	$23,830,686	1885	$48,487,114
1876	12,410,636	1886	27,121,414
1877	30,518,415	1887	44,142,013
1878	78,731,556	1888	36,297,132
1879	28,122,004	1889	37,927,814
1880	40,002,173	1890	57,931,323
1881	20,682,625	1891	32,670,498
1882	29,386,322		
1883	24,927,400	Total 17 years	590,562,659
1884	17,353,531	Annual average	34,150,741

The amount coined in 1890 is estimated at $30,000,000. The silver rupee of India contains 186 grains of pure silver; the half, quarter, and eighth rupees are of corresponding weights. The coinage of both metals until the recent action of the India government was practically free, provided the amount presented was equal to 50 tolos of gold or a thousand tolos in silver. There was a duty of 1 per cent upon all gold and silver brought to the mints. Gold was not coined in any considerable amount, and the business of the country was conducted upon a silver standard. The stoppage of the coinage of silver on private account in India is not an abandonment of the silver standard. Silver is still the standard, and will continue to be whether the government coins silver on its own account or not.

It is said this action of the government of India is intended to have the effect to prevent the further decline of the value of the rupee, but upon what this expectation is based is not stated. The value of the rupee will be fixed hereafter, as heretofore, by its value as silver bullion in the London market. It will still be measured in all London and in all foreign transactions by gold, and the discontinuance of free coinage by throwing the silver bullion heretofore coined in India on private account on the world's markets has depreciated, and will continue to depreciate, the intrinsic value of the rupee.

The claim sometimes made that silver has not fallen in value in India, and that the silver rupee in the interior of India will purchase as much wheat or as much of the other products of labor is absurd; it is incredible. The price of wheat in London is fixed in gold by the world's supply and demand. It is impossible that there could be to the exporter of wheat from India a profit equal to the fall in the price of silver since 1873. Such a state of things could not exist ten days in any country under the sun. Competition among English wheat-buyers would speedily raise the price of wheat in India to an approximation of its gold price in London.

I am informed that the price of wheat is fixed in the export cities of India by the price in London and the cost of transportation, insurance, etc. The statement is undoubtedly an invention intended to make farmers believe that in some way the price of their commodities is affected by the depression of silver. Not every country which uses silver as money has a silver standard. In the United States we have about $500,000,000 of silver currency, but our standard is gold, and the difference between our gold and the intrinsic value of our silver currency rests upon the obligation of the Government to redeem it in gold.

England, although having a gold standard since 1816, has about $100,000,000 of silver, subsidiary coin, used in small transactions. France has $700,000,000 of silver and $900,000,000 of gold, but has a gold standard, and her silver passes at par upon the faith of its redemption, and an actual redemption in gold, and this is the case in every country which maintains in circulation silver upon a parity with gold. In all these countries silver is redeemable in some manner in gold; free coinage of silver has been discontinued, and the stock of silver is not increased. On the contrary, in every country where there is free coinage of silver the purchasing power of silver coin is precisely the market value of the bullion it contains.

Mr. PEFFER. Will the Senator from Oregon allow me to interrupt him?

Mr. DOLPH. For a question.

Mr. PEFFER. I do not wish to interrupt the Senator, but in view of the fact that I have received some inquiries from friends in different parts of the country, I wish to ask the Senator whether he understands that the Government of the United States, represented by the Secretary of the Treasury, has been in the habit of redeeming silver dollars with gold?

Mr. DOLPH. Not on their presentation to the Treasury, but they are never refused and can not be refused when they are paid either for internal-revenue taxes or duties at the custom-house, and that, as I said, is a qualified redemption of them in gold. It is a redemption to the extent of $500,000,000 annually in gold.

Mr. HOAR. The Senator is not discussing the act of 1890?

Mr. DOLPH. No, I am not discussing the act of 1890; that deals with the redemption of Treasury notes; that is another matter, to which I shall come directly.

Mr. PEFFER. Does the Senator understand that I have a right to take a silver dollar to the Treasury of the United States and ask a gold dollar for it?

Mr. DOLPH. No, you have not the right to do that; but if you had internal-revenue taxes to pay or if you were an importer and had to pay duties you could pay them in silver dollars, in silver certificates, or other silver currency. As I said, before, that is a qualified redemption of the silver currency in gold, and that is the provision of law to-day which, in my judgment, together with the expectation of the people of this country that the parity will be maintained between the silver dollar and the gold dollar, and that if the present provisions are not sufficient for that purpose other provisions will be made for it, that keeps the silver dollar and the gold dollar at a parity.

Mr. HOAR. I am sorry to interrupt my friend, but I should like to put a question for my own information. Does not the Senator from Oregon understand that if the maintenance of the parity required the exchange of silver for gold whenever it was presented for that purpose to the Treasury, the obligation of the act of 1890 would rest upon the Treasury to do it? That would be necessary, as I understand it.

Mr. DOLPH. I do not understand that there is anything in the act of 1890 that requires the Treasurer of the United States to receive standard silver dollars or silver certificates in exchange for gold, nor do I believe that under the act of 1890 the Treasurer had any right to redeem Treasury notes with gold from the gold reserve in the Treasury. I think that his option was gone when the free gold in the Treasury was exhausted.

There is persistent and gross misrepresentation concerning the manner in which the act of 1873 discontinuing the free coinage of the silver dollar was enacted. The recent article by ex-Secretary Boutwell in the Boston Herald giving the facts concerning the manner in which the law of 1873 was passed should set the question at rest, but it will not. I quote the following from ex-Secretary Boutwell's article:

The act known as the act for the demonetization of silver was passed in 1873, and upon a distinct recommendation made in my annual report to Congress in December, 1872. The statement so often made and so generally believed, that the provision was introduced and passed surreptitiously, was without any foundation, as will appear from quotations from my report, which I shall incorporate in this article.

The country had due and full notice of the policy proposed, and, if the friends of a silver currency were ignorant of the movement, the fault was their own. Not only was there no concealment, but, on the other hand, the change proposed was announced early and definitely. For myself, I can say that I never hesitated to avow the authorship of the measure, and I have been ready always to assign the reasons by which I was influenced.

In 1860 the American silver dollar was more valuable than the gold dollar, according to the statute ratio between the metals, in the sum of about 4 cents. From that time onward the difference in favor of silver diminished gradually, and in 1872 the difference had disappeared.

At that time the power drill had been invented and its value established. The use of dynamite was well understood, and the number and richness of the silver mines in the Rocky Mountains justified the conclusion that silver would deteriorate in value with each succeeding year.

On this theory of the then future my policy was based. We were then on a gold basis as far as the use of the metals had a part in our financial affairs; we were a principal producer of gold, and the most important steps had been taken in the work of bringing the Treasury note to the standard of gold coin.

In the same report I advised the coinage of a silver dollar, known as the trade dollar, in value superior to the Mexican dollar, which was then in use almost exclusively in the commerce of China and the East Indies. This coin, which was not current in the United States, became the means of a very considerable export of silver to the East.

These two measures were designed to maintain a gold basis, in competition with England, our principal rival, and to substitute American silver for Mexican silver in our dealings with the countries using that metal. As evidence of the facts alleged, I introduce the following extracts from my report of 1872:

In the last ten years the commercial value of silver has depreciated about 3 per cent as compared with gold, and its use as currency has been discontinued by Germany and some other countries. The financial condition of the United States has prevented the use of silver as currency for more than ten years, and I am of opinion that upon grounds of public policy no attempt should be made to introduce it, but that the coinage should be limited to commercial purposes, and designed exclusively for commercial uses with other nations.

"The intrinsic value of a metallic currency should correspond to its commercial value, or metal should be used only for the coinage of tokens redeemable by the Government at their nominal value. As the depreciation of silver is likely to continue, it is impossible to issue coin redeemable in gold without ultimate loss to the Government; for, when the difference becomes considerable, holders will present the silver for redemption, and leave it in the hands of the Government to be disposed of subsequently at a loss. If the policy should be adopted of issuing silver coin irredeemable, but whose intrinsic and nominal value should correspond to gold, the time must come when the country would suffer from the presence of a depreciated silver currency, not redeemable by the Government nor current in the channels of trade.

"Therefore, in renewing the recommendations heretofore made for the passage of the mint bill, I suggest such alterations as will prohibit the coinage of silver for circulation in this country, but that authority be given for the coinage of a silver dollar that shall be as valuable as the Mexican dollar and to be furnished at its actual cost. The Mexican dollar is used generally in trade with China, and is now sold at a premium of about 8 per cent over the actual expense of coining. As the production of silver is rapidly increasing, such a coinage will at once furnish a market for the raw material and facilitate commerce between the United States and China."

In a speech made by me before the Massachusetts Republican Club in Boston some time ago, in discussing this matter, I said:

There has been much misrepresentation about the manner in which the act of 1873 was passed, and, although the statement that the act was clandestinely passed has been many times disproved, it is constantly reiterated by the advocates of free coinage. The truth is that in the official statement which accompanied the bill by which free coinage of the silver dollar was discontinued when it was transmitted from the Treasury Department to Congress, attention was called to the fact that by the bill the coinage of the silver dollar was to be discontinued. That fact was also stated more than once on the floor of both the Senate and the House.

The bill was many times printed. It was pending in more than one Congress and received careful scrutiny by committees of both Houses of Congress; it was then a matter of indifference to Congress and to the country whether the provision for the free coinage of silver dollars was continued or not. Silver had been undervalued since the laws of 1834 and 1837 were passed. Silver dollars could not be kept in the country. As I have said, only a little over eight millions of silver dollars had been coined at our mints in all our history.

If the law of 1873 had not been passed when France and the Latin Union discontinued silver coinage, this country would have been compelled to have done the same, or to have gone to the silver standard. If the act of 1873 had not been passed, no silver dollars would have been coined between 1873 and 1878, or, if coined, they would have left the country as bullion. If the act of 1873 had not been passed after silver was demonetized by Germany and its coinage discontinued by France and the Latin Union, our gold would have disappeared and the silver of the world would have begun to come to us.

The results which would have followed the continuance of free coinage of silver in this country at the legal ratio would have been disastrous in the extreme. It would have made silver the currency and the silver dollar at its intrinsic value the measure of all values in this country. The only standards with which our financial standing under such a condition can be compared are those of India, China, Mexico, and other countries having a silver basis. With our mints open to free coinage of silver when the price of 371¼ grains of pure silver fell below $1 in gold of our coinage, silver would have been our only metallic currency in circulation and the basis of all commercial transactions.

Gold would have ceased to circulate, as it has in other countries under similar circumstances, and the purchasing power of our currency and the price of all our products of human industry would have fluctuated as the price of silver bullion rose and fell in the world's markets. The credit of the Government would have been impaired. Foreign capital would have been permanently withdrawn from the country, our foreign trade demoralized, our prosperity destroyed, and the development of our great resources stopped. But under the financial policy adopted and pursued by the Government the national credit has grown stronger and stronger until it is better than ever before in our history, and better than that of any other nation of the world.

Our once depreciated paper currency, on account of our wise financial policy, is to-day preferred for all common transactions in this country and passes current in other countries. Our national debt has been refunded at greatly reduced rates of interest, and has been rapidly paid off. Our bonds are at a premium, our public debt is decreasing, the rate of interest on Government securities is continually growing less, all of which prove the wisdom of the policy we adopted. The great development of our resources, the rapid increase of our wealth, and our long-continued prosperity attest the wisdom of maintaining the public credit.

Our mines have been opened, our forests cleared, our vast public domains settled, railroads constructed, great manufacturing industries established, employment provided for labor, national and individual prosperity promoted, and the nation made rich. In my judgment free coinage of silver would not only provide a depreciated standard as the measure of value of all commodities, but would demoralize business, contract the circulating medium, and give us a currency which would fluctuate in value as the price of silver bullion rose and fell, destroy our prosperity, and bring upon us disaster and ruin.

The operaton of the Bland act and the Sherman law was recently stated in an authorized interview with Secretary Carlisle. He said:

The operations of the United States Mint commenced in 1792, and from that time to 1873, a period of eighty-one years, the total amount of silver dollars coined was $8,045,838. In 1873 the coinage was stopped by act of Congress, but in 1878 it was resumed under the so-called Bland-Allison act, by the terms of which the Secretary of the Treasury was directed to purchase and coin into standard silver dollars of 412½ grains each, not less than $2,000,000 worth nor more than $4,000,000 worth of silver bullion each month, and between the date of the act and the 14th of July, 1890, a period of twelve years, there was coined $378,166,793.

In addition to this there has been coined from trade dollars $5,088,472, and from the seigniorage of bullion purchased and coined under the act July 14, 1890, the sum of $6,611,109, making in the aggregate $389,886,374 in full legal-tender silver money issued by the Government since 1878. Of this amount only $58,016,000 was in actual circulation on the first day of the present month, the remainder being held in the Treasury as part of the assets of the Government, or being represented by outstanding certificates.

The act of July 14, 1890, requires the Secretary of the Treasury to purchase 4,500,000 fine ounces of silver bullion each month, and it provided that he should continue the coinage of silver dollars, at the rate of $2,000,000 per month, till the 1st day of July, 1891, and under this act there has been coined $29,408,461, which makes a total coinage of silver dollars under all acts since 1878, $419,294,835, or more than fifty times as much as was coined during a previous period of eighty-one years. In addition to the silver bullion purchased by the Government since 1878 and coined as above stated, the Secretary of the Treasury has purchased under the act of July 14, 1890, and now holds in the vaults of the Treasury uncoined, 124,292,532 fine ounces of silver bullion, which cost the people of the United States $114,229,920, and is worth to-day at the market price of silver $103,411,386, thus showing a loss of $10,888,530.

By the terms of the act the Secretary was required to pay for all silver bullion purchased by the issue of new United States Treasury notes, payable in coin, and it provided that upon demand of the holder of any such notes they should be redeemable in gold or silver coin, at the discretion of the Secretary, it being in the language of the act 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. In the execution of this policy of Congress it is the duty of the Secretary when the necessity arises to exercise all the powers conferred upon him by law in order to keep the Government in a condition to redeem its obligations in such coin as may be demanded, and to prevent the depreciation of either as compared with the other.

The records of the Treasury Department show that during the eleven months beginning May 31, 1892, and ending May 1, 1893, the coin Treasury notes issued for the purchase of silver bullion under the act of July 14, 1890, amounted to $49,861,184, and that during the same period the amount of such notes paid in gold was $47,745,173. It thus appears that all silver bullion purchased during that time, except $2,216,011 worth, was paid for in gold, while the bullion itself is stored in the vaults of the Treasury, and can neither be sold nor used for the payment of any kind of obligation. How long the Government shall thus be compelled to purchase silver bullion and increase the public debt by issuing coin obligations in payment for it is a question that Congress alone can answer. It is evident that if the policy is continued and the Secretary of the Treasury be compelled to issue bonds or otherwise increase the interest-bearing debt, it will be done for the purpose of procuring gold with which to pay for silver bullion purchased under the act referred to.

There is to be added to our stock of silver bullion the purchases made since this interview was had. The intrinsic value of the silver dollar is to-day $0.56; present value of an ounce of silver, $0.726. Under the Bland and Sherman acts we have purchased 460,000,000 ounces of silver at a loss, at the present prices of silver bullion, of $134,957,000.

Mr. MITCHELL of Oregon. May I interrupt my colleague at this point?

Mr. DOLPH. Certainly.

Mr. MITCHELL of Oregon. I understood my colleague to say he did not think the Secretary of the Treasury had any right, after the $100,000,000 limit had been reached in the gold reserve, to redeem the Treasury notes put out under the Sherman act in gold.

Mr. DOLPH. That is my impression about the law.

Mr. MITCHELL of Oregon. The only other way to redeem them would have been in silver?

Mr. DOLPH. In silver.

Mr. MITCHELL of Oregon. Now, suppose he had redeemed them in silver, would that or would it not have destroyed the parity?

Mr. DOLPH. I do not think it would, but still it may be that the action of the Secretary of the Treasury, whether legal or otherwise, did affect the value of the silver dollar.

Mr. STEWART. Let me ask the Senator from Oregon whether he is aware of the fact that the French Government has $260,000,000 of silver in its treasury and $700,000,000 in circulation, and all its obligations are payable the same as ours in either silver or gold?

Mr. DOLPH. I am aware that in France there is a silver circulation of $700,000,000. I am not prepared to admit that the Senator is correct when he says that there are $260,000,000 in the French treasury in addition to the $700,000,000.

Mr. STEWART. No, that is a part of it.

Mr. DOLPH. Part of the circulation is contained in the Bank of France. There are, I suppose, $250,000,000 or $260,000,000 in the Bank of France. France also has $900,000,000 in gold. The Bank of France pays out gold or silver at its option, just as the Secretary of the Treasury redeems the Treasury notes at his option in gold or silver coin, and silver is received for Government dues the same as in the United States. They have substantially the same provisions we have for the use of silver; but coinage by the Government and coinage for individuals of silver has been stopped and there is no further increase of the silver in circula-

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tion. With $900,000,000 in gold, under similar provisions to our own, they manage to maintain a parity between silver and gold.

Mr. STEWART. Can a person take any paper of France and obtain gold for it for exportation?

Mr. DOLPH. I do not know what the provision is as to the exportation of gold. There may be some provision against it. I suppose that the Bank of France, being a government institution, could itself regulate that matter.

Mr. STEWART. Is not that the fact?

Mr. DOLPH. I will take the Senator's word for it.

Mr. STEWART. That is the fact.

Mr. DOLPH. I will not state as a fact what I do not know.

Mr. STEWART. That is the fact. Now, with regard to Germany, will she pay out gold for paper? Does she not compel them to take silver? Is there any government except ours that will exercise the discretion given it to protect the country in favor of exporters and against the people? Is there any other government? I defy any Senator to tell me of any other government that has robbed the people of gold and given the creditors the preference when the option belonged to the government.

Mr. DOLPH. I am informed by a Senator near me that there is no government but ours that puts out paper money and redeems it in gold.

Mr. STEWART. What construction does the Senator put upon what are claimed to be the mandatory clauses which provide that the Secretary of the Treasury shall coin sufficient of the bullion purchased to provide for the redemption of the notes? I say that all the trouble which has grown up and all of the disgrace which has been heaped on the act of 1890 is the result of maladministration and not of unwise law.

Mr. DOLPH. I do not construe that provision to require the Secretary of the Treasury to coin silver unless he finds it necessary for the purpose of redeeming the notes in silver; he may have a right under the act of 1890 to use the gold reserve for the purpose of redeeming notes issued under that act in gold. But I do not believe he has. I believe he acted contrary to the requirements of law when he continued to redeem the Treasury notes of 1890 with gold after the reserve had been encroached upon.

Mr. STEWART. I will not interrupt the Senator from Oregon now, but at the proper time I shall show the various arrangements made to get gold into Austria, and the action of different parties. I shall give a detailed history of the manner in which our gold was sent abroad and how this trouble was produced.

Mr. DOLPH. One of the causes that sends gold abroad is a balance of trade against us. Gold is the standard of all the commercial countries of Europe, and all our imports from there must be paid for in gold.

A tariff that causes what we consume to be made at home tends to increase our exports and diminish our imports, and to bring gold to us instead of sending it out of the country. Then American travelers must provide gold for their expenses in Europe, and they carry a great deal of gold abroad annually, but the principal cause of the drain of gold from this country is the fact that we are debtors to the people of foreign countries, and when they demand payment we must send the gold abroad to liquidate our indebtedness.

During our recent financial disturbances there was a large exportation of gold. The stock of free gold in the Treasury, that is, the amount of gold over and above the $100,000,000 reserved for the redemption of legal Treasury notes, was exhausted and the reserve was encroached upon. This condition, in my judgment, was largely caused by the fear of our European creditors that we would go to the silver standard in the United States, and the consequent disposition on their part to recall their investments in this country. If we should adopt free coinage of silver and go to a silver basis, whenever an American citizen should go abroad he would be compelled to exchange the silver currency of the United States for gold, paying a premium equal to the difference between the intrinsic value of the two metals, and the same thing would be true concerning the payment of any balance of trade against us, and of the payment of our foreign creditors.

There is a great deal of absurd talk about the friends of silver and the enemies of silver. I am neither a friend of gold nor an enemy of silver. I am in favor of the use of the two metals as money whenever possible. The advocates of free coinage denounce those who oppose free coinage of silver as the enemies of silver, and as gold bugs, etc. Nothing could be more unjust. No legislation favored by those who believe that the gold standard should be maintained is for the purpose of discriminating against either metal.

I have no doubt but that the repeal of the Sherman law, the cessation of the purchase of silver by the Government, and the throwing of the 4,500,000 ounces of silver monthly now purchased by the United States upon the markets of the world, would still further depreciate the price of silver; but the Sherman law has failed to keep up the price of silver bullion, and threatens under existing conditions, for which the law is not responsible, to force us to a silver standard.

I do not believe that the free coinage of silver would maintain the price of silver bullion or benefit silver producers, while it would bring disaster upon the country. I claim to have been a better friend to the producers of silver than those who have favored free coinage. I have never thought that the purchase of silver by the Government and coining it into silver standard dollars required to be received at their face for public and private dues, or storing it in the vaults of the Treasury, was in accordance with sound financial principles; in other words, that such a course could be continued indefinitely, and the parity between the gold and silver dollar be maintained. In a speech which I made in the Senate on the 19th of May, 1890, I said:

The silver coin of the United States, coined under the Bland act and now stored in the Treasury vaults, may be compared to a leaning tower. The fact that a silver dollar is intrinsically worth but about 80 cents on the dollar is the law of gravitation that is constantly pulling the whole mass downward to the level of the price of silver bullion. The fact that the Government receives it in payment of public dues upon a par with gold and redeems the certificates in gold if preferred by the holder is the counteracting force that prevents the fall; but every month's coinage represents a course of material that raises the height of the tower and carries it towards the center of gravity, which, once reached, the law of attraction will precipitate the mass downward. That there is such a line between the opposing forces, beyond which we can not safely pass, is conceded by most people in this country, and because some persons have miscalculated its position and the precise time when it will be reached does not prove that it does not exist.

Mr. PEFFER. Mr. President——

The PRESIDING OFFICER (Mr. PASCO in the chair). Does the Senator from Oregon yield to the Senator from Kansas?

Mr. DOLPH. For a question?

Mr. PEFFER. Just a question.

Mr. DOLPH. Certainly.

Mr. PEFFER. The importance of the subject which the Senator is discussing is my only excuse for interrupting him, if it is an interruption. I wish to ask the Senator what, in his opinion, maintains the value of gold?

Mr. DOLPH. The same thing that maintains or fixes the value of every other product of human industry.

Mr. PEFFER. Is there any other product of human industry whose value is fixed in the law?

Mr. DOLPH. The value of gold is not fixed by law. The law simply provides what shall constitute a dollar. That dollar might be worth 25 cents of our present dollar, or it might be worth five times the value of the gold dollar. The fact that gold is used for money as well as for ornaments and in the arts helps to maintain its value, but that may be said as well of silver. That is but an additional use of the metal which helps to fix its value.

Mr. PEFFER. I wish to ask the Senator, then, whether it is not the law that a certain number of grains of pure gold shall be put into a certain coin, say a quarter eagle, and that its value shall be a certain sum, say $2.50, and whether the value of gold is not fixed by the law and maintained by the law.

Mr. DOLPH. No, not at all. If a legal enactment would give what is called money value, if the stamp of the Government or the device of the Government upon the metal would give it value, you might just as well make money out of iron and copper as of silver or gold.

Mr. HAWLEY. It is a mere enactment providing a name for so many grains.

Mr. DOLPH. It is a mere enactment giving a name to so many grains of gold and providing what its functions as money shall be.

Mr. PEFFER. Then I want the Senator to answer my original question, what makes the value of gold? What maintains its value?

Mr. DOLPH. Its use, its adaptation to the uses of man, the fact that it is useful for a great many purposes, for ornaments, for implements, or for table service, and for coinage as money.

I wish to quote some remarks I made in the Senate when the conference report on the Sherman law was under consideration in this body. I then addressed the Senate as follows:

Mr DOLPH. Mr. President, I intend to vote for this measure. I vote for it because I consider it as different from the free coinage of silver as night is from day. I think the conferees did well to make haste to report such a measure, for it is pretty generally understood that a disagreement of the conferees might have led to the passage of a free-coinage bill. I vote for this measure for a very different reason from that which has been given by some Senators for supporting it, namely, that it is an approach to free coinage.

On the contrary, this bill distinctly announces the fact that it is the intention of Congress by the bill to maintain the present standard, the gold standard, whereas, in my judgment, free coinage would have put the country

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upon a silver basis, would have put all our revenues upon that basis, and all our expenditures, as well as the price of all commodities, and the wages of every laboring man in the country upon the same basis. The soldier would have received the amount of pension he now receives in gold in dollars worth 80 cents on the dollar of the present standard. Every employé in the Government would have been paid in the same depreciated currency. In my judgment, gold would have been withdrawn from circulation, the Government would have had no power to supply anything in its place, and free coinage of silver would not have supplied as much silver coin as we have been coining under the Bland act.

There would under free coinage be no inducement to bring silver to the mines unless, as supposed by some, a man could come in one door of the mint with silver at from 72 to 80 cents on the dollar and take out at another door a silver dollar worth a dollar in gold. That is improbable. The moment the silver dollar became worth no more than the bullion in it there would be no more inducement to take silver bullion to the mint than to sell it in the open market. We had free coinage for eighty years, and in two years, I think, or three years past, we have coined more under the forced purchase of silver by the Government than we coined of silver in the whole eighty years when we had free coinage.

I vote for this bill also not without some misgiving. I think there is some danger in it. There will be danger in any measure by which the volnme of silver coin or silver certificates which are redeemable in silver dollars containing but 80 cents' worth of bullion, measured by the standard of gold, is largely increased.

The question naturally arises, how much can the volume of this character of currency be increased without passing the point at which the receiving of these certificates for public dues and all the efforts of the Secretary of the Treasury in redeeming them in silver or gold, as he may have either metal, can maintain them at par with the gold dollar?

So, when I vote for this measure, I do it with my eyes open, knowing that there is danger lurking in it. But it is so different from free coinage, so far removed from free coinage, that I vastly prefer it to that.

As I said before, there is a reasonable fear that if there should be disagreement we would get a free-coinage bill. Instead of criticising the gentlemen who have changed their views upon this question, have seen such sudden light and been so suddenly converted, I feel like congratulating them on their conversion to sound principles of currency. We read of a man who was traveling towards Damascus and breathing out threatenings and slaughter against the early Christians, that he saw a great light and was instantaneously converted, and the whole trend and purpose of his life was changed.

I read this to show how I considered the Sherman law at the time the conference report was agreed upon.

I believe, however, with the continuance in power of the Republican party, the Sherman law might have continued in force for some time to come without any disastrous effects. The repeal of the Sherman law without any substitute by throwing upon the markets of the world monthly the 4,500,000 ounces of silver bullion now purchased monthly by the Government, should the present production of silver continue, will necessarily greatly depreciate the price of silver bullion.

It will stop the increase of our circulating medium by the issue of Treasury notes. It will not, in my judgment, restore confidence or greatly improve the business situation. I fear, on the contrary, that it will make it worse. It may, however, prevent what is threatened, viz, the parting company of the silver and gold dollar, and enable the Government to float its load of silver currency upon our present stock of gold. This will only be the case, however, by the repeal of the law unaccompanied by any measure calculated to shake confidence in the financial ability of the Government, and by such a decided action of Congress as to make it certain that there is no further danger of free coinage of silver, and that it is the policy of the Government to maintain the gold standard, and to redeem and retire the silver currency by substituting Treasury notes redeemable in gold on presentation, or to maintain our present circulation of silver currency at par with gold under the present or additional provisions for its redemption in gold.

Some persons talk about the redemption of our silver currency in gold as if it were, like our legal-tender currency, redeemable on presentation. Others ignore entirely the provision which has been made by law for the redemption of silver currency in gold, and point to the fact that standard silver dollars pass current at their face in this country as evidence that free coinage of silver would make the legal ratio in the United States between gold and silver 16 to 1, the actual ratio of the intrinsic value of the two metals.

I do not believe that the Secretary of the Treasury is authorized under the Sherman act to redeem the Treasury notes issued under it in gold when the gold reserve is encroached upon, or to sell bonds to obtain gold to redeem them. They should, under the law, have been paid in silver coin when there was no longer gold with which to redeem them without encroaching upon the gold reserve, but the course pursued by the Secretary of the Treasury no doubt helped to maintain the parity between gold and silver.

In several of the States and Territories one of the principal industries is silver mining. The owners of silver mines and those engaged in dependent industries are interested in having a market for the products of the mines at prices for silver bullion which will make mining profitable and the mining regions prosperous. Their reasonable demands upon the General Government, in this regard, have heretofore been more than complied with.

Under the Bland act the Government became a forced purchaser of silver to the value of $2,000,000 per month, and under the Sherman act of 4,500,000 ounces of silver bullion per month, all in a vain endeavor to prevent the further depression of silver bullion. I greatly sympathize with these people, and if some one can devise a scheme by which silver mining can be protected without injustice to other interests quite as deserving and without danger to our finances and our credit, I should be very glad to support it.

It is evident that the Sherman law, even if it could be safely continued, will not be sufficient to keep up the price of silver bullion, and owing to its depreciation, silver mines are already closing down. Undoubtedly the law has helped to sustain the price of silver by withdrawing from the world's market so large an amount of silver bullion.

While I have reluctantly concluded, notwithstanding the disastrous effect of the repeal on the price of silver bullion and the silver-mining industry, that the Sherman law should be repealed to prevent greater disaster, I am not willing to admit that that law is responsible for existing financial and business conditions, and I do not expect its repeal will greatly relieve us from such conditions. The proposition to repeal the provision of the Sherman law, authorizing the purchase of silver bullion, to receive my support, must not be connected with any other measure which would be equally or more injurious to the credit of the Government and the finances of the country, such as the removal of the tax upon State-bank issues or free coinage of silver.

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