

REPEAL OF THE SHERMAN LAW.

SPEECH

OF

HON. J. N. DOLPH,

OF OREGON,

IN THE

SENATE OF THE UNITED STATES,

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1893.

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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. DOLPH said:

Mr. PRESIDENT: I desired yesterday to call attention to some portion of the speech of the senior Senator from Colorado [Mr. TELLER], but there did not seem to be a good opportunity then, as many Senators desired to speak. I take the floor for that purpose now, but I have not a set speech to make. If anyone is prepared to go on with the discussion of the pending measure I shall cheerfully give way.

Mr. President, on the second day of the present session, after the receipt of the President's message, I embraced the opportunity to dissent from the claim of the President that the operations of the Sherman law had been the efficient cause of the then existing depression in our business industries and of the disturbances of our finances, and to assert that if there was necessity for the repeal of the Sherman act that necessity had been brought about by the Democratic press and Democratic politicians in denouncing the law and in demanding its repeal, and in predicting dire disaster to follow from its continuance, made in an effort to secure the repeal of the act during the last Republican Administration, so as to relieve the incoming Administration from the difficulties and embarrassments which it would encounter in an attempt to carry out the declaration of the Democratic party at the national convention at Chicago that the act should be repealed.

I then attributed our business and financial disturbances to the threat of hostile legislation to the American protective policy

contained in the Democratic national platform adopted at Chicago and to the fact that that threat had been made possible of being carried into execution by the result of the Presidential election. The current of events since the 8th of August has confirmed me in the impression that the operations of the so-called Sherman act had but little to do with the then depressed condition of business.

I shall take the opportunity, as soon as I can do so without being charged with obstructing the pending measure, to undertake to show that our business and financial condition then and now is precisely what should have been expected from the success of the Democratic party upon a platform which pledged the party to the reversal of the protective system which has prevailed in this country for the last thirty years, and that our present business and financial disasters are of the precise character which have always followed in this country the attempt or the threat to adopt a tariff for revenue only and to abandon the protective policy.

In that speech I also discussed to some extent the origin, the use, and the functions of money, our laws for the coinage of the two precious metals, the character and the functions of the different kinds of our currency, and the disastrous result which I supposed would follow the free coinage of silver in this country alone without the cooperation of other commercial countries. I do not care now to repeat what I then said.

During this discussion so much has been said in denunciation of those who believe that the free coinage of silver by the United States alone without the concurrence of other commercial nations is impracticable, that it would drive gold from circulation, that it would bring us to a silver standard, that it would make the purchasing value of our standard silver dollar the commercial value of the bullion it contained, that it would contract our circulating medium and close our mills, our shops, and our industries, and throw labor out of employment and bring general bankruptcy and ruin, and so many of the speeches have been devoted to the question of the desirability of the concurrent circulation of both gold and silver, to the delineation of the disastrous effects which it is supposed would follow the adoption of

a single gold standard by the great commercial countries of the world upon the prices of commodities and upon the debtor class, and so little discussion has been devoted to the practicability of free coinage, or to the real or supposed objections in the minds of those who oppose it from their standpoint, that I am reluctantly constrained to ask the indulgence of the Senate again for a few moments, in order that I may attempt to state my own position, and I believe the position of Senators who with me oppose free coinage, with the hope that I may, if not limit the legitimate discussion of the pending measure, state some of the propositions upon which we all agree and call attention to the propositions upon which we disagree.

In the first place, I desire to say there is no ground or justification for the assertion which is made or implied from statements in this Chamber that the measure before the Senate is a sectional measure. If there is a member of this body who would be governed in his action upon so important a measure as the pending bill, one fraught with such consequences to this country and to the world, by sectional influences, he is unworthy of a seat in this Chamber. The prosperity of every part of this Union is dependent upon the prosperity of every section, and all our industries are so intimately connected that one can not be destroyed or injured but all of them suffer. A blow falling upon one class of our citizens rebounds upon every other class.

I undertake to say that there is not a Senator on either side of this Chamber who would not be glad to see the mining industries of the silver-producing States in the most flourishing condition, and because we believe that free coinage would not help the silver-mining industry and would not promote the prosperity of the mining sections, but would bring dire disaster upon every section of the country, I submit that it is not just to assert that we are enemies of the silver-producing section.

I wish to say, further, that I do not believe there is a Senator on either side of this Chamber who is not a bimetallist, or who is not in favor of the largest possible use of silver as money. All of us favor an international agreement for the use of both silver and gold, to open the mints of all the great commercial countries of the world for the free coinage of silver at a ratio to

be agreed upon, and every administration in this country since 1873 has favored such an international agreement.

The Senators who oppose free coinage are not hostile to silver. They oppose free coinage because they believe free coinage would deprive the United States of one-half of its coin money; that it would drive gold from circulation; that it would make silver the standard; that it would give us depreciated currency; that it would cause the United States to part company with the great commercial nations of the world and to take our place alongside of China and Mexico and adopt their standard of values and their currency systems.

I undertake to say that there is not a Senator on either side of this Chamber who will not admit at least in part what is so strenuously contended for by the advocates of free coinage, that a single gold standard by the commercial countries of the world means the contraction of the currency, the enhancement of the value of gold, and the depreciation of the products of human industry. We probably disagree as to how far the apparent fall of silver since 1873, measured in gold, has been caused by the depreciation of silver brought about by the discontinuance of free coinage by the principal commercial countries of Europe and the increased product, and how far it has been caused by the increased value of gold by reason of its further demand for coinage. Most of us, I apprehend, believe that the truth lies between the two extremes of contention, and that gold has appreciated and silver has depreciated. I think we all agree that the prosperity of this country, and of every other commercial country in the world, would be promoted by the concurrent use of both gold and silver as money.

Having now stated some of the propositions which I believe we agree upon, I call attention to the propositions upon which we disagree. Some of us believe, as I have said, that free coinage of silver at the ratio of 16 to 1, or I may say at any ratio, while the value of silver bullion is fluctuating, is impracticable, and that the two metals at such a ratio can not be made to circulate together. I shall not at this time go over the grounds for this belief; I have stated them, and they have been stated by others over and over on this floor.

Those Senators who favor free coinage, instead of combating the predictions of the evil effects to follow from free coinage, seem to content themselves with denouncing those who oppose free coinage, accusing them of ignorance, of being involved in a great gold conspiracy, of being controlled by Wall street in New York and Lombard street in London. I submit that denunciation is not argument, and it would be better to discuss the practicability of free coinage and the effect of free coinage upon the prosperity of the country than to indulge in wholesale denunciation.

I have heard the senior Senator from Colorado [Mr. TELLER] and the junior Senator from Nevada [Mr. STEWART] on this floor more than once refer to the historical facts that up to 1834 gold could not be kept in circulation in this country because a ratio of 15 to 1 had been adopted, while France had a ratio of 15½ to 1; and that after 1834 silver could not be kept in circulation in this country because we had adopted a ratio of 16 to 1, and had overvalued gold; and that in 1853 in order to keep fractional coins in circulation it became necessary to decrease the amount of silver in those fractional coins and to withdraw the right of free coinage. I should like to know if we could not secure the concurrent circulation of gold and silver in this country up to 1873, because a portion of the time gold was overvalued 3 per cent and a portion of the time it was undervalued 3 per cent, how it is expected that by free coinage at 16 to 1, undervaluing gold 45 per cent, we can keep gold and silver in concurrent circulation?

The senior Senator from Colorado [Mr. TELLER] yesterday, in his remarks, which were both able and eloquent, said:

I have never doubted our ability to maintain silver and gold at an absolute parity in this country by free coinage. I have said I suppose a dozen times that if I believed there would be a divergence between the silver dollar and the gold dollar I would not be in favor of the double standard, but I felt a moral certainty that we could maintain the parity of those two metals.

Mr. President, this declaration wonderfully narrows down the controversy between us. The Senator from Colorado believes that with free coinage at the ratio of 16 to 1 in the United States silver would be immediately increased in value until 16 ounces of silver would be the equivalent of an ounce of gold.

Believing that he is right in contending for free coinage of silver, if he can benefit the United States, if he can increase the value of all our hoard of the silver, if he can benefit all the civilized countries of the world by doubling the value of silver, let him pursue the course he is adopting. But when he says "if I believed there would be a divergence and silver would part company with gold I would not advocate free coinage," if a justification is needed for those who oppose free coinage he gives us justification. If we believe that free coinage would not enhance the value of silver, would not bring back the old parity of 16 to 1, we are just as much justified in opposing free coinage as the Senator with his belief is in favoring it. We are merely acting as he said he would act if he believed as we do.

Mr. President, I do not believe that with the free coinage of silver at 16 to 1 or 20 to 1 or any other ratio we can secure in this country the concurrent circulation of gold and silver, or that we can increase the price of silver bullion throughout the civilized world. To my mind it is a proposition as unbusinesslike and as absurd as it would be to say that the United States can make wheat worth \$1 a bushel by proposing to pay \$1 a bushel for all the wheat that shall be brought and offered for sale. When Senators say to me that under free coinage at 16 to 1 the price of silver bullion would be increased so that 16 ounces of silver would be worth an ounce in gold, there is an end to all profitable discussion, so far as I am concerned, because the proposition is opposed to our own experience and contradicted by our history, as I have shown. It is opposed to the experience of every civilized country; it is opposed to the united and common judgment of a great majority of mankind to-day, and in my judgment it is absurd.

If Senators will say to me, "We favor free coinage, although the result may be to put us on a silver standard and make the silver dollar the measure of value," then we get another question which would be practical for discussion, and that question is, whether the disadvantages of a single gold standard—and there are disadvantages, there is no doubt, or we would not be contending for the free coinage of silver by an international agreement—whether the disadvantages of a single gold

standard are greater than the disadvantages which must follow from adopting a depreciated currency and making the silver dollar at its bullion value the measure of all the values, changing the values of all the property in the country and having such a disturbance to our business and financial systems as that would cause.

I have heretofore discussed the probable effects of free coinage, and I should be glad if any member of the Senate who favors free coinage under such conditions as I have suggested, the bringing of this country to a silver basis, and believes that that is preferable to keeping company with the great commercial countries of the world and of keeping the gold standard, would discuss the legitimate and the necessary effects and the advisability of free coinage under such circumstances.

Mr. President, the real practical question between us to-day is, is free coinage practicable? Are we not confronted by a condition that we must submit to on the silver question? Can we ignore the action of the great commercial countries of the world in regard to silver? We have been attempting under the Bland act and the Sherman act to counteract the hostile legislation of European countries concerning silver and to maintain the price of silver bullion, and we have been worsted in the endeavor. The price of silver bullion has continued to fall, and we have lost instead of making, as was suggested a few moments ago by the Senator from Idaho [Mr. SHOUP], we have lost \$134,000,000 in the vain attempt by the depreciation of silver bullion.

I submit whether it would not be better to discuss the practical effect of free coinage, or if some plan can be suggested by any Senator by which the United States can safely aid the silver mining interest and the cause of bimetallism, to suggest that and discuss it, instead of pressing free coinage by questioning the honesty of the motives of the Senators who oppose it, and dwelling upon the evil consequences to follow from the single gold standard.

I am anxious to have a suggestion of some practical plan to aid silver and to aid the cause of bimetallism. Senators talk about stopping the coinage of silver. The coinage of silver by the Government was virtually stopped by the Sherman law. The

law proposed to be repealed now is not a law contemplating the coinage of silver; it is a law simply providing for the purchase of silver bullion as a commodity, and storing it in the vaults of the Treasury. It is evident to everybody, I think, that the time must come when that process must be stopped and some other legislation be adopted in lieu of the Sherman act.

The Senator from Colorado [Mr. TELLER] yesterday undertook to show that in the Republican national platform adopted at Minneapolis there was a declaration in favor of free coinage, and he took Republican Senators to task for not standing up to the declaration of the convention. He said that that resolution meant free coinage because he drew it himself and he knew what it meant, and he talked about fraud upon the American people. As I read that platform, if any fraud was practiced it was by the author of the resolution, who drew a resolution to mean, as he says, one thing, but which was drawn so that the great masses of the American people could read it to mean another. The truth is that neither the platform of the Republican party nor of the Democratic party means free coinage. The Democratic national convention declared:

We denounce the Republican legislation known as the Sherman act of 1890 as a cowardly makeshift, fraught with possibilities of danger in the future, which should make all of its supporters, as well as its author, anxious for its speedy repeal. We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal, or charge for mintage—

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but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value, or be adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity of the two metals and the equal power of every dollar at all times in the markets, and in the payment of debt.

We have had a great deal of denunciation in this Chamber of the use of the expression "intrinsic value," but it is an expression that has come down for over two hundred years as meaning precisely what we attribute to it when we use the term. No matter how much criticism can be made of its correctness it has come to be a term that has a definite meaning by common use and understanding through the civilized world.

What do our Democratic friends say? Simply that when they coin gold and silver their gold coin and their silver coin must

possess "equal intrinsic and equal exchangeable value." The silver dollar of to-day does not possess equal intrinsic value with the gold dollar. If you would have a dollar equal in intrinsic value you must put nearly twice as much silver bullion in a silver dollar to-day as the standard silver dollar contains.

This declaration can not possibly mean free coinage of silver unless we all agree with the Senator from Colorado, that the passage of a free-coinage act would immediately raise the intrinsic value, the bullion value of the silver dollar, to the intrinsic or bullion value of the gold dollar. Let us look at the Republican platform on that point. I read from it:

The American people, from tradition and interest, favor bimetallism, and the Republican party demands the use of both gold and silver as standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals so that the purchasing and debt-paying power of the dollar, whether of silver, gold, or paper, shall be at all times equal.

Does that bind any member of the Republican party to vote for a measure which he believes would cause the silver dollar and the gold dollar to part company? Does that bind any Republican to vote for free coinage, unless he believes, with the Senator from Colorado, that free coinage would at once enhance the value of silver bullion until the bullion in the silver dollar would be equivalent in value to the gold bullion in the gold dollar? I deny that either platform does that.

Mr. HILL. Will the Senator allow me?

The PRESIDENT *pro tempore*. Does the Senator from Oregon yield to the Senator from New York?

Mr. DOLPH. Yes.

Mr. HILL. I ask the Senator whether there are any restrictions and conditions in that platform under which there can be free coinage in this country?

Mr. DOLPH. I have stated that I know of no method by which gold and silver can be concurrently circulated under free coinage in this country except by international agreement providing for the opening of the mints in the several countries which are parties to it for the free coinage of silver at an agreed ratio. The effect of that would be to give a certain value to silver by making an additional use for it.

Mr. HILL. Does the Republican platform say that that can be done by legislation?

Mr. DOLPH. It does not say it can be done by legislation. It says, substantially, that silver shall only be coined with such restrictions and under such provisions, to be determined by legislation—I will read it, so that it can be seen exactly what it does mean:

With such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals.

We might to-day pass a free-coinage law continuing the ratio of 16 to 1, and inserting a provision that the statute should not go into effect until France, Germany, and other European countries have agreed with this country to open their mints to the free coinage of silver at that ratio.

Mr. HILL. The Senator has not answered my question.

Mr. DOLPH. I have answered it as far as I care to now. I have answered it to my own satisfaction. I undertake to say that there is not a Senator on either side of the Chamber who is bound to vote for free coinage on account of the platform of his party. Both platforms insisted, substantially, that the silver dollar under free coinage shall be intrinsically worth a gold dollar.

The Senator from Colorado yesterday made another statement, which I think I had better read from his speech, in order that I may give the Senate precisely his words:

Mr. President, I am a bimetalist: I am a free-coinage man. I know as well as I know anything that there is but one way to use the two metals so that each shall do the duty which should be put upon it as a money metal, and that is to treat them as absolutely equal before the law.

I wish our friend would tell me what he means by "absolutely equal before the law." There is no natural equality between gold and silver, except that an ounce of silver shall be worth an ounce of gold. The Senator knows that wherever any other ratio has been established, it has been established by the law, and has varied in different countries, and at different times. Sixteen to one is not the natural ratio between the two metals. The ratio of 15 to 1 was adopted when our mint was established. It is a well-known fact that Mr. Hamilton endeavored to fix as the legal ratio the actual commercial ratio between the value of

gold and silver bullion at that time. That he failed to do so and undervalued gold is not remarkable, considering the means of information and of communication at that time.

Mr. SQUIRE. I should like to ask the Senator a question?

Mr. DOLPH. I hope the Senator will wait a moment until I get through with this statement.

Mr. SQUIRE. Certainly.

Mr. DOLPH. In 1834, when the ratio of 16 to 1 was adopted, it is well known that the object was to secure the circulation of gold in this country, and that those who favored it were not particular as to whether silver circulated or not; but still the effort was to get somewhere near the commercial value, the commercial ratio between the two metals. I undertake to say that there is not a great commercial country under the sun that has adopted the free coinage of gold and silver, which has not adopted at the time, or attempted to adopt at the time, as the legal ratio the relative commercial value of the two metals. I will hear the Senator from Washington now.

Mr. SQUIRE. That is the very point on which I was about to ask the Senator a question, whether it is a fact that there has been at any time a ratio adopted between the two metals differing from the market ratio which prevailed at the time?

Mr. DOLPH. I know of no such case, and while I have not examined the matter as much as the Senator from Colorado, who thinks there is, if he should state that there is a case, I shall feel like looking up the history of the matter for myself in order to determine the accuracy of that statement.

I undertake to say that there is not a country on the face of the globe which has the free coinage of gold and silver, where the standard is not silver, and the silver coins pass as money only at the commercial value of the bullion they contain; and I undertake to say there is not a country under the sun where silver circulates by the side of gold, where there are not similar provisions to those of our own Government for the redemption of silver coin in gold, thus giving the silver coins more value than they naturally possess by reason of their being convertible into that which has more value than themselves.

I think, when the Senator talks about placing gold and silver

upon an equality for mintage, he should be a little more specific. Does the ratio of 16 to 1 place gold and silver upon an equality? No, it does not. It takes over 27 ounces of silver to-day to buy an ounce of gold. Does the Senator suppose that in 1789, I think it was, when the ratio of 15 to 1 was adopted, if it had taken 27 ounces of silver to buy an ounce of gold, the ratio of 15 to 1 would have been adopted? Does the Senator suppose that in 1834, when the ratio of 16 to 1 was adopted, if it had required 28 ounces of silver to buy an ounce of gold, the ratio of 16 to 1 would have been adopted? The Senator shakes his head and answers in the negative. He does not so suppose. Then why talk about the equality of gold and silver by opening the mints of the country to their free coinage at a ratio of 16 to 1?

I did not intend to talk so long upon this subject, but I wanted to call the attention of the Senator from Colorado and of the Senate to the way in which this discussion is now being narrowed down. If I believed with him, that free coinage would increase the price of all the silver bullion, silver coin, and old silver in the world, so that 16 ounces of silver everywhere would buy an ounce of gold, I should go with him for free coinage at 16 to 1; but I do not believe that, and I do not believe that my judgment can be convinced that that theory is correct, because, as I have said, it is contrary to our own experience and contrary to the experience of the civilized world.

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

Mr. DOLPH. I yield to the Senator.

Mr. SQUIRE. I should like to ask the Senator, since he is discussing this question from a philosophical standpoint, whether it would be wise to take into consideration the aggregate amount of silver and the aggregate amount of gold in the world, and the relation of those amounts to each other? For example, I have been informed and I have read that the aggregate amount of gold in the world on the 1st day of January, 1893, was 11,000 tons, and that the aggregate amount of silver in the world was 221,000 tons. If that be true—and it has been stated by one who is supposed to be accurate in these matters—that makes the variation between these two metals as to the quantity in the world at about 1 to 19.09. I ask whether that has a bearing on the ques-

tion? Whether it is wise I do not know, but the minority report favoring the ratio of 24 to 1 may have been based upon some such consideration. I should like to have the views of the Senator as to whether this had any weight or influence in the determination of the question?

Mr. DOLPH. There has been in this discussion a great deal of learning displayed, and a great deal said that is interesting upon the question as to whether we can safely attempt free coinage alone, without the concurrence of other nations. I do not consider the question as to the amount of gold and silver as of any value—

Mr. SQUIRE. In the world?

Mr. DOLPH. In the world or in the United States—in considering the question of free coinage. If it be contended that we should have free coinage of silver, although the effect would be to put us upon a silver standard, then, as I said before, the question would arise whether there were more disadvantages to follow from keeping in line with the great commercial countries of the world and maintaining the gold standard or in adopting the silver standard, and the question of the amount of silver and gold in the world might be relevant.

As I said, if I believed with the Senator from Colorado, that free coinage would raise the price of silver and restore the old parity of 15 to 1, I would vote with him; but I do not believe that. As he says he would not vote for free coinage if there was to be a divergence between gold and silver he can not blame me, believing as I do, for voting against free coinage.

The only other question which is left for discussion, if I am correct as to what we all agree upon here, is whether we should have free coinage if that would bring us to a silver standard. I have discussed that question before, and do not care to discuss it now.

A great deal is said about gold and silver being the money of the Constitution, and the proposition is discussed just as if the Constitution fixed the ratio between gold and silver at 16 to 1. There is not a syllable in the Constitution as to the ratio to be adopted for coinage purposes between gold and silver. The ratio which was adopted between gold and silver for coinage

purposes in the United States was adopted after the adoption of the Constitution, and there is no constitutional question concerning it. The Constitution has nothing to do with the question of ratio, and if it would be a violation of the Constitution to demonetize silver, it would be just as much of a violation of the Constitution to demonetize gold, as free coinage of silver at the ratio of 16 to 1 would certainly do.

The Senator from Colorado says that we are trying to destroy silver and to destroy one-half of the coin money of the United States and of the world. I retort that those who propose that we shall go to a silver basis are trying to destroy our gold circulation in this country, which constitutes more than one-half of our coin money, and that after the repeal of the purchase clause of the Sherman act we will have and maintain in circulation in this country something like \$600,000,000 of silver.

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