

THE FINANCIAL QUESTION.

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SPEECH

OF

HON. GEORGE C. PERKINS,  
OF CALIFORNIA,

IN THE

SENATE OF THE UNITED STATES,

TUESDAY, SEPTEMBER 26, 1893,



WASHINGTON.

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. PERKINS said:

Mr. PRESIDENT: I am very grateful to my friend from Idaho [Mr. DUBOIS] for yielding his place upon the floor to me at this time, and I will endeavor to show my better appreciation of it by trespassing upon the patience of the Senate for but a short time.

I am aware that many consider it a part of the unwritten law of this dignified body that it is not essential, or at least not necessary, for the newly seated member to give expression to the reasons that influence his vote. It is with no wish on my part to violate either tradition or precedent that I ask the indulgence of the Senate for a few minutes to present my views on the question now under consideration, from the standpoint of a business man.

This course I regard as necessary in explanation of my votes upon the pending bill and its correlative amendments.

Coming as I do from active participation in the affairs of a commercial life, and from a daily contact with the people, it required no other evidence than that gathered from this participation and contact to inform me of the economic distress and danger that had fallen upon our country.

The business man, the manufacturer, the wage-earner, of our State and its metropolis, knew it, Mr. President, each by the unmistakable, sad proof of personal experience.

And if I presume, by the courtesy of the Senate, to claim its attention while I speak briefly upon the engrossing issue to which the ability and patriotism of this body are, I believe, honestly devoted, it is from the unselfish hope that I may offer a single thought or suggestion that shall happily fall as a grain of use-

fulness into the rich soil of Senatorial patriotism and experience.

For I hold it to be a fact that the man whose pursuits lead him habitually through some particular path in the fields of industry may sometimes usefully supplement the efforts of the statesman accustomed to a broader survey of public affairs.

The two Houses of Congress have been convened in extraordinary session, and at an unusual season, by a call invoking them to relieve a state of industrial disaster and timidity that has come upon the whole land like a blight. We are here to act, and in that particular the voice of authority is but in unison with the voice of the country and with our own convictions.

The end of the discussion in which we are engaged is to be some act or acts of legislation that will tell upon our people and their interests with tremendous power either for good or evil. It is therefore a matter of momentous anxiety that the conclusion, when it is reached, shall be as wise in judgment as it will, I am sure, be right in intention.

That my votes when given here shall please all of that personal and political connection whose esteem I covet is perhaps too much to hope; but they shall only be cast from motives of conviction of duty to the people's interest, and they shall be cast in constant remembrance of the truth that politics, while it may be the meanest of trades, is the noblest of professions.

We have been told, Mr. President, in clear and courageous tones, that all our existing economic troubles flow from a law that viciously operates upon the affairs of finance and of commerce; and we have been further told that the blotting out of the law will instantly recall to us the recent days of prosperity. There is nothing uncertain about the sound of that political trumpet, and there is no mincing of the words that make up the new and revised platform of the party in power.

As a business man I value the plainness of the language that has been used; and as a citizen of the Republic I admire the courage that has shaped the words and that grows neither faint nor dizzy in high places.

That the accused statute is faulty I concede, but I do not believe it is guilty in the manner or degree charged, either by evidence adduced or proven.

#### THE CAUSES OF DEPRESSION.

From the position which I occupy of close touch with commercial affairs I think I can see other causes tending to depress our industries, and to impair that confidence in the future upon which those industries thrive. And though on the one hand

I believe it wise to expunge the offending law from our code of finance, I am equally anxious on the other hand that neither Congress nor the country shall, through an honest mistake (most easily and most naturally committed under the present excited and distorted view of things), prematurely say: All is done that needs doing, let us raise our Bethel stone; let us rest and be thankful.

If the repeal of the purchasing clause of the Sherman act were all that is needed, the undoubted panacea for all the country's ills, why spend forty hours, much less forty days and more in the wilderness of debate looking to its repeal? It has no friends, or if it had any, they are faint-hearted and wrapped in the disguising domino of discreet silence.

Our differences over the offending measure are but variations in the cause and extent of a common hostility towards it. The best apology that seems to have been made for it is that it was devised as a makeshift bridge across a dividing chasm to preserve to our people the means of communication and intercourse till time and experience should make a safer way to the restoration of unity in practice, if not in sentiment.

#### WHAT WE SHOULD DECLARE.

When Congress, by the programme act of legislation, shall remove the popular apprehension that our exchanges are to be conducted through the medium of a debased or fluctuating currency, I trust that the assurances conveyed on the passage of that act may speedily be coupled by an unmistakable declaration that our industries are not to become the sport of an academic interpretation of the Constitution, such as neither our interests nor our necessities warrant.

To temporarily restore financial confidence to industry, while leaving it a prey to the apprehension of sudden and sweeping changes, would be but to play the charlatan and to palliate distress without eradicating the cause. The country is suffering from a severe attack of nervous prostration, induced by past crises, but also aggravated by fear of what is to come. The diagnosis points as unquestionably to the one cause of economic trouble as to the other, although the acuteness of the elementary symptom of the disorder has concentrated public attention almost exclusively upon it. Our purpose should be to keep the other, the perturbing symptom of apprehension in mind, so that its presence may not be overlooked nor its gravity underestimated.

We should remember that in the last few years the business

world, which steam and electricity have converted into a republic of finance as real as that of science, art, and letters, has been subjected to a succession of shocks and crashes, the reflex action of which has been powerfully and mischievously felt in our country.

Civilized communities are so bound together that an economic disaster to one affects and injures all. Thus we have been sympathetically hurt over and above the hurt of self-inflicted wounds, and it is the duty of statesmanship to frame its measures of reparation in so broad a school of cure that they may reach all over our land and contribute to the restoration of a commercial confidence that shall be universal with our people.

#### DOES SILVER CAUSE THE TROUBLE?

Many affirm that our trouble is solely produced by the silver question. Let us see about this. Our silver consists, first, of that which is coined and in circulation; second, of that which is held uncoined in the Treasury.

The coined silver surely has not affected the interests of the rich or poor. A silver dollar to-day buys as much of any commodity as does a gold dollar, and has always done so.

The stamp and credit of the Government gives it as certain a value as the imprint and honor of the country give the green-back; while for our own uses the silver dollar is as good a purchaser as a gold dollar. So certain is this that any merchant or manufacturer would to-day contract to sell and deliver for the next five years any reasonable amount of merchandise or product and to take his pay in the existing silver coin of the United States.

Is it not, then, absurd to say that our coined silver has caused or is causing the present lack of confidence? Neither is it the stock of uncoined silver in the Treasury that is the disturbing element. Why, sir, if the United States Government were tomorrow to load all of its silver bullion on a ship, and scuttle the galleon in mid-Atlantic, the Government, on the very day of this vast contribution to Davy Jones's locker, could sell one thousand millions of its twenty-year 3 per cent bonds in Europe at par.

This uncoined silver held in reserve and not in anyway threatening the market is therefore not the cause of our present money stringency.

Held as it is, it is merely an asset of the Government, but it is neither the solitary nor all-important asset.

If my premises are correct, and I submit that they are, is it not, then, an honest conclusion that the existing trouble can not

be attributed altogether to either our coined or uncoined silver.

What, then, is the real cause of our present trouble?

THE REAL CAUSE OF DEPRESSION.

I shall not weary you with speculation, but it is my firm belief that one of the most potent causes, like the cholera, has originated outside of our own country.

It has come to us from Europe, and the focus of infection is England. Two years ago England experienced a lively shaking up when it awoke to the realization of a loss of £200,000,000 sterling—\$1,000,000,000—which its citizens had invested in wild-cat speculations and rainbow-chasing enterprises in the Argentine Republic—a mushroom people, a land of scheme and bluster, a house of cards printed in Germany and England and set up in South America. That calamity shook the confidence of all Europe in every foreign investment. The threatening crisis was, however, in a measure averted, and confidence was again being reëstablished when a collapse and loss quite as vast and of a similar far-reaching nature took place in Australia. The failures in that country, and especially of its banks, were the final cause in a great measure of destroying confidence in foreign investments amongst all classes of people in England, France, and Germany.

To attempt a paraphrase of a well-known couplet of Pope's, I think—

A second panic thus o'er Europe ran,  
Australia finished what La Plata began.

The withdrawal of invested money in foreign securities followed as a matter of course.

Now, there was only one country that could respond in coin to the call, and that country was the United States.

European investors hastened to sell American securities. At first and for quite an appreciable time our banks and our people, strong in their consciousness of perfect solvency, failed to realize the gravity of this movement, and freely purchased the securities offered. But in paying for them they drained the country of gold. When the real importance of the drift was realized, disquietude seized the banks and the people. Then began, of course, the withdrawal of the deposits, the hoarding of money, the lowering of prices, and all the other concomitants of a commercial panic.

These facts coupled with—or, I should rather say, aggravated by—the uncertainty of the future in relation to the policy of protection, constitute, in my opinion, important factors toward the excited financial condition of the people.

## GOLD AND SILVER AS MONEY.

I am, Mr. President, a sincere believer in the use and coinage of both gold and silver, and I do not think it wise statesmanship to disparage either by the agency of a force bill.

The money metals are such by virtue of inherent and unchangeable qualities in themselves, coöperating with like qualities of human habit and character. The same reasons that made silver the "money of the merchant" ages ago persist to-day in keeping it so—modified by and adapted to the demands of commerce.

In our industrial era, distinguished by enormous operations and long credits, the steady appreciation of the relative value of gold—a crescendo movement to which no end can be foreseen—is a fact of immense importance in connection with the question of a single or double standard. And if we commit this country to the gold standard alone we inevitably increase the burdens of the mass of our people, whether merchant, manufacturer, farmer, or artisan, and unjustly enrich a select number or class of investors at the general expense.

Is the Senate of the United States prepared to say that such a condition, such a result, is what the people of the United States want? Is that what they have sent their representatives here to do for them? Are we faithful to the trust reposed in us when we vote to commit the United States Government or its people to a single gold money standard value? I do not believe we are. At the risk of committing a platitude I feel constrained to repeat my political creed that this is a government of the people, by the people, and for the people, and I fail to read the history of our country correctly if I am mistaken in the assertion that even to-day, and notwithstanding the sweetness and power of administrative charming, the people do indeed govern.

## THE POPULAR WILL SHOULD PREVAIL.

The constant exertions of their servants in office should be and is to ascertain the popular will and to give effect to it. I know there is a fashion of representing Congress as dominated by classes, and even by close corporative interests; but this floor is not the place to give sober utterance to such an assertion.

President Lincoln's "plain people," of whom the good Lord has made so many, are still the masters of the country. It is their voice for which we listen, and the passing struggle in this Chamber is only a necessary part of the process by which the popular will is gathered from the fundamental mass of popular discussion, and which when ascertained is effected.

Believing, then, as I do, that the judgment of the whole people



of the United States will surely lead them to decree for the retention of the double standard in the system of currency, and that they look to their representatives to beneficially arrange and harmonize the relations between the two factors of that system; believing this, I feel that it is my duty, before casting a vote for the repeal of the purchasing clause in the law of 1890, to use every honorable means in my power to have coupled with it a declaration that our action can not be construed as committing the United States to the single standard of gold.

This declaration should be expressed in positive, absolute, unmistakable language, so that there can be no doubt as to our desire and action; and our policy should be laid down in lines so clear that it can not be the subject of popular question or financial guesswork here or in other lands.

The gift of nature that has made the United States a silver-producing country is to me an argument for the use of silver in the currency. As a practical man of business, I can neither afford nor learn to despise the profitable use of this or of any other of our resources. Nor do I envy any man the gains of his legitimate exploitation of these resources if that exploitation benefit others. To the contrary, I shrink from the contemplation of a time when our people, by committing themselves to the gold standard alone, would find their industries and material interests jeopardized by the natural scarcity of the one metal; or, worse still, would find them at the mercy of sordid speculation in a single medium of exchange.

#### A GOVERNMENT OF COMPROMISE.

By your continued courtesy there is another thought to which I would give expression. It is in reference to the repeated assertion that in this question of the monetary standard there can be no compromise founded on righteousness or wisdom, and that there should be no shadow or tinge of compromise in legislation.

Sir, popular government is a government of compromise. In no other way than by concession, and by covenant, which is the essence of concession, could the otherwise irreconcilable differences of our people in interest, judgment, or of sentiment be brought within the limits of the practical conduct of public affairs. It is the law of every successful community, and where no compromise is there is anarchy or despotism.

The "gold bug" and the "silver maniac" are raging in the land, and we hear the tinkling chirp of the one and the strident cry of the other, but over and above both is heard the voice of the masses, good and lawful people, all with equal claims to be

heard and considered. The majority governs, of course, but it only governs when the majority is ascertained. Nor does a majority govern by brute force, but by weight of vote following argument and discussion, wherein compromise and concession must always find a place. This is what we have always done, and always will do so long as our democratic Republic shall endure.

The political life of a nation is an incessant struggle of conflicting policies, and only when the conflict itself, and not the policy, becomes irreconcilable does one or the other resort to force. To him that would brutally strip silver of its monetary character and rank it with the base metals, after thousands of years of honored and civilized use, I would commend the scriptural injunction, "Come, let us reason together."

CONFIDENCE IN THE DOUBLE STANDARD.

The majority of the constituency I have the honor in part to represent on this floor are believers in the double standard. If they are wrong in this, they are ready to be convinced of their error. But, sir, they are not ready to accept the empirical statement that they do not know what is good for them or for their country; nor are they pleased to be told with *ex cathedra* pomposity that some other constituency or section, by virtue of some affected superiority, knows much better what the general welfare requires. And yet they are willing to reason together, willing to consult together, yielding something on their part, claiming some concession from the other side, and out of the whole to unite in a harmonious compromise.

May I now presume to recommend or suggest for your consideration that Congress—

First. Repeal the Sherman act purchasing clause.

Second. Declare by solemn words of legislative enactment the unflinching purpose of the United States to adjust and maintain its currency system upon the double standard, with equality between the two units of value and their multiples.

Third. Open the mints to the coinage of silver of proved American production, at the same parity now existing between gold and silver, with a minting or seigniorage charge sufficient to keep the coinage within the limits of the demands of trade.

Fourth. Coin no gold pieces for circulation of a less denomination than \$10, and issue no more legal-tender national currency and Treasury notes of a less denomination than \$5.

Mr. PEPPER. Mr. President—

The PRESIDING OFFICER (Mr. JONES of Arkansas in the chair). Does the Senator from California yield to the Senator from Kansas?

Mr. PERKINS. Certainly.

Mr. PEPPER. Why does the Senator from California propose that his coinage doctrine shall be applied to American silver alone? I ask him if that does not smack just a little of class legislation?

Mr. PERKINS. Mr. President, in answer to the Senator from Kansas, I would say if it does I am willing to accept the proposition. I believe in protecting American industries, whether they are the silver, hidden in our mountains, or the manufacturing industries of our country. It has been the policy of our Government for the past thirty years to protect the manufacturing interests of our nation.

#### THE PROTECTION OF AMERICAN INDUSTRIES.

I believe it a wise policy to do so. It has gone one step farther. It has protected the industry in the State of Kansas, represented by my friend, by paying a bounty of 2 cents a pound upon sorghum sugar and beet sugar. It has done so in Nebraska and in California, and has even gone to the extent of paying the constituents of my friends from Vermont and New Hampshire a bounty upon their maple sugar. Then it has gone down into Louisiana and into Texas, the State of the gentleman [Mr. MILLS] who so eloquently addressed us a few days since, and it pays nearly \$6,000,000 bounty in the State of Louisiana, a million or more in Texas, with great possibilities for the future, and even Florida will come in for this bounty, while South Carolina is protected by a protective duty of 2 cents a pound upon her rice.

Mr. President, I believe in the policy of protecting American industries. I am thankful to my friend for giving me the opportunity to say this by way of parenthesis. I hope when we come to protecting American industries later on our friends from Texas and Louisiana and Alabama will stand in line and assist us in protecting the manufacturing interests as well as the products of our soil.

#### AMERICAN SHIPPING.

The question put by the Senator from Kansas suggests another thought to me which is full of interest—our American shipping. I believe we should foster American shipping by giving it a subsidy if necessary. I believe if we had done that the silver problem would have been solved long since. During the year 1892 the trade balance against us with Europe was \$93,000,000. We paid out for the transportation of freight alone \$164,000,000. To this add, if you please, the amount paid for passenger travel and

it makes the grand sum of \$300,000,000. Prior to 1863 half of the sea transportation of this globe was done by American shipping. Divide \$300,000,000 by two—and we surely ought to have half of it—and we have \$150,000,000 that would have been left with our people in the United States instead of paying it to the foreign shipowners of other countries.

I thank the Senator for making the suggestion. We ought to foster American shipping. If my friend from Delaware [Mr. HIGGINS], who made such an eloquent speech in favor of the unconditional repeal of the purchasing clause a few days since, will join us in this attempt other shipbuilding Wilmingtons will be reestablished and ships will be built that will plow the briny deep. Three hundred million dollars were paid out for freight and for passengers traveling across the ocean between the United States and Europe for the year 1892. The figures are appalling when you think of it. Who is there among us who will not join hand with us not only in protecting the silver in our mountains, the products of our manufactories, the sugar of the sugar-producing States, but will join with us in protecting the great American shipping of our country?

It is within the recollection of many of us upon this floor that when visiting foreign countries the Star Spangled Banner was seen floating at the masthead or the peak of 50, 60, or 70 per cent of the vessels in Liverpool and other foreign commercial ports. Visit those countries to-day. St. George's Cross, the English flag, is flying at their peaks. Go to San Francisco or to the harbor of New York, and 95 per cent of the vessels that are transporting the products of this land to foreign countries fly a foreign flag at their mastheads. No, Mr. President, I am not merely in favor of protecting American silver, but every other American industry, especially the shipping of the country. Mr. President, I did not mean to digress so much, but it is a subject replete with thought, and I do not know but that it is the real solution of the silver problem. I come back to my other propositions, then, with your permission.

#### THE SOLUTION OF THE PROBLEM.

Fourth. Coin no gold pieces for circulation of a less denomination than \$10, and issue no more legal-tender national currency and Treasury notes of a less denomination than \$5.

Fifth. Issue circulating notes upon a full equivalent of coin held in the Treasury for their redemption, in order to lessen abrasion and sweating of the coinage and to serve the public convenience.

Sixth. Make clear the power and duty of the Secretary of the Treasury to use the credit of the United States to replenish the public stock of gold whenever excessively drawn upon by abnormal foreign demand or sinister manipulation at home, and until the assistance of legislation can be invoked at a regular session of Congress, if needed.

Seventh. Preserve those features of the national banking system that give secure and universal currency to the issues of such banks, and which do not require the everlasting maintenance of a national debt.

Eighth. Provide for a permanent or periodical commission of monetary experts, the members whereof shall not be otherwise connected with the Government, to keep Congress and the Executive informed and advised on all necessary matters relating to the currency.

These eight propositions are in the main self-explanatory, and I need make no specific reference to them. In them, I submit, there is outlined a plan upon which the people of the United States can, if they so resolve, maintain the double standard: while the fixed and declared purpose to maintain it will annul the substantial difficulties now supposed to be standing in the way. So, too, I submit again, these propositions show how to avert the danger of falling to the single standard of silver in the effort to attain a double standard, by moving so gradually toward the restoration of the double standard as not to expel gold from our circulation.

#### TWENTY YEARS OF LEGISLATION.

The depression of silver has resulted from a series of measures spread over twenty years or more, and it is not reasonable to suppose its proper potency or place can be restored by touching an electric button labeled "Repeal." The proposition to restrict gold coinage to the lowest denomination that will supply a coin of suitable size will insure to silver a place in the coinage that can not be said to be forced at the expense of the other metal. One consequence will be to bring the silver dollar into circulation, and in a short while the masses would give the metal the preference as against paper.

The suggestion favoring the free coinage of the product of American silver mines springs from what I have already declared to be my appreciation of the subject. These mines are worked by American labor; their supplies are furnished by American farms; their machinery is the work of American shops and factories; their laborers are either American citizens or are capa-

ble of becoming such; they have their homes and families here and are school-attending, voting, and taxpaying units of the American whole. Moreover, Mr. President, some shining exceptions to the contrary notwithstanding, silver mining in this country has not been such a brilliant success as some people seem to think, and I could marshal whole regiments of statistics to show that it has not paid as well to the average investor as manufacturing, farming, and transportation, all of which are classed among protectible industries.

The suggestion for the creation of an expert monetary commission in, my humble judgment, is by no means the least important of the series. The science of banking and currency are sealed books to the masses of the people, yet so intimately bound up with their lives and interests that they can not disregard them as they may other abstruse subjects. So it befalls the people to become the dupes of monetary quacks and the victims of financial schemers, to avert which evils as well as for the larger purpose of affording expert aid to the Government my suggestion is offered.

#### THE PLAN OF RELIEF.

So much for monetary matters. Gentlemen may think my plan of relief a good one, or they may not deem it worth a moment's consideration. But, sir, even if my plan were carried out in every jot and tittle I do not believe it alone would afford the country permanent relief from its present ills. The people want something more than an amputation; they want to be assured that the constitution of the body economic shall be properly cared for. Gentlemen tell us here that four hundred and sixty-six bank suspensions since the first of the year; that four hundred and seventy-four mercantile failures in the week ending August 12, 1893; that the closing down of eight hundred large manufacturing establishments in three months, and that the loss of employment to four hundred and sixty-three thousand workmen in the same time, are disasters all and entirely due to the existence of the Sherman purchasing act.

Sir, I do not believe it. The people, I repeat, want something more than the clipping of a clause. They want to know something about what is to be done as well as what is to be undone.

Then make it certain by legislative declaration that any new schedule of imposts shall not take effect until twelve months after its enactment.

Reduce the rates on recognized articles of necessity as low as

revenue needs will permit, with due regard to the value of domestic competition under favorable conditions of production.

Offer to our manufacturers and artisans the fullest possible list of raw materials, duty free.

LEXURIES TO BEAR THE BURDEN.

Let all foreign articles of luxury bear the highest rates of duty that will serve the exigencies of revenue. I wish to prohibit nobody from indulging his superfinical taste for imported luxuries that could be obtained in equal variety and quality at home, but would most certainly make him pay for his luxuries at their full ratable share of the public expenses—and perhaps a little more. I am no particular friend of the man who would save in his own country and spend the profit elsewhere. I am no friend of any American who makes his money in this country, and saves it here to go off into European countries, and there spend it in riotous and extravagant living.

In brief, and without metaphor, give our manufacturing and producing interests the assurance that the tariff shall not be altered in disregard of their reasonable claims, or otherwise than with a due regard for the greatest good to the greatest number, and your contemplated repeal of the objectionable clause of the Sherman act will have a new force and meaning from Maine to California.

Mr. President, in the beginning of my remarks I disclaimed any purpose higher than that of offering to the public men of national reputation and experience about me in this Chamber some plain and simple views of things that have come home to me, and to many business men and other toilers of my acquaintance and locality.

That disclaimer I repeat, with an increased sense of responsibility for what I have said, now that it is said and can not be recalled.

Called by circumstances not of my own providing to a participation in the problem and work of relief, I have put courage before diffidence in the aspiring but unselfish hope that I might contribute in some small way to the accomplishment of the good which we are, each of us, individually and collectively, seeking to do.

An unreasonable blight has fallen upon the fruits of the people's skill and industry and reduced them to temporary distress and cast them into a momentary despondency.

And so they come for the first measure of relief to the only source of that relief.

If it be quickly and wisely afforded, the people's energy and intelligence will do the rest.

This period of financial depression will surely pass. This temporary friction is nothing more than a hot box on a car wheel, that may for a short time hinder or detain the train of cars, but at the end the journey has not been delayed.

That the cloud upon our national prosperity and prospects will roll away, I know.

That it will be followed by sunshine as bright and enduring as that which lights up a California sky—and a California sky is the loveliest in the world—I firmly believe.

At best we can but hasten, and at the worst we can but retard the return of the good days so lately with us. They will surely come again.

Appreciating the varied and unlimited resources of our land; remembering the proven patriotism of our people, the might of their intelligence, and the indefatigability of their enterprise, I regard this passing gloom but as the shadow of a milestone on the bright road of our country's progress.

