

FREE COINAGE OF SILVER.



SPEECH

OF

HON. C. K. BELL,  
OF TEXAS,

IN THE

HOUSE OF REPRESENTATIVES,

WEDNESDAY, AUGUST 23, 1893.



WASHINGTON.

1893.



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The House 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. BELL of Texas said:

Mr. SPEAKER: I had not expected to have an opportunity of addressing this body on the pending question, and would not have done so but for the fact that there are certain points which have been frequently alluded to, but which, I think, have not been amplified and elucidated with that degree of care and detail which their importance justifies, and indeed demands.

The discussion has taken a very wide range, and the speeches of the gentlemen who have addressed us have been both instructive and entertaining; but it has seemed to me that the issues upon which we are to vote have not, at all times, been clearly stated, and perhaps not always thoroughly understood. I shall endeavor to restate the real issues.

In 1873 the use of silver as a standard of values was discontinued in the United States. In 1878, by a law known as the Bland act, silver was made again a legal tender in payment of debts, and a certain quantity of it was required to be coined monthly. This law was repealed in 1890, and the act known as the Sherman law took its place. If the deplorable state of affairs, which we all recognize to exist, was brought about by this legislation, then, I think, it is the duty of every Congressman and Senator to vote to remove every vestige of it from our statutes, regardless of party platforms and ante-election pledges.

But if, on the other hand, the hard times which are upon us have been postponed by what is known as the silver legislation; and if there is a reasonable ground for believing that a return to prosperity can be brought about by a more extended use of silver as a standard of values, then I take it to be the duty of every Congressman and Senator to assist in restoring it to the position which it formerly occupied in our monetary system. I will consider these propositions in the order in which they are stated.

First, then, let us see what was the cause of our present troubles. For several years prior to the fall of 1890 the whole civilized world was enjoying what appeared to be an unexampled degree of prosperity. Money could be obtained in almost unlimited quantities for all purposes, regardless of the prospects of its be-

ing repaid. In our country this caused an unwarranted degree of inflation. Fields which should have remained in the possession of the husbandman were divided into town lots; industrial enterprises of all kinds were capitalized for many times their cost, and at figures at which it was impossible that a reasonable return for the money invested could be realized. Speculation of all kinds was rife in the land; and the man was not only wise, but extremely fortunate, who avoided being drawn into the devastating whirlpool.

If these enterprises, wild and senseless as many of them were, had been conducted on home capital, the result would not have been so disastrous when the bubble burst, for it would only have eventuated in a change of the ownership of that capital. But much, if not most, of the means on which these undertakings were conducted had been directly and indirectly borrowed from the money centers of Europe. As long as the principal was not called in, and as long as the speculators could borrow money with which to pay interest on the principal, all went as merry as a marriage bell; and it seemed as if man had at least solved the problem of making a dollar without earning it.

History repeats itself, and as all previous periods of abnormal inflation have been followed up by a corresponding period of liquidation and depression, so must the one I have been describing. However, bad as was the overinvestment of borrowed capital in unproductive enterprises, still it may be that we would have safely passed the crisis if the same misfortune had not overtaken others upon whom we were compelled to rely for assistance. Unfortunately, the people of all the other civilized nations of the earth had been and were recklessly treading the same paths, utterly oblivious of the fact that the day of reckoning and settlement was near at hand.

In staid and sober England, where they had no inflated currency to act as an unhealthy stimulus, the corporate capital brought into existence in 1889 was £189,000,000, as against £98,000,000 in 1887. The French had put millions into the Panama Canal and similar schemes on which no returns could be realized.

The Germans were straining every nerve to maintain their immense army which yielded no revenue in return.

Just at this time, while credit was expanded far beyond the danger limit, and when the people of the United States were indebted to Europeans in an amount variously estimated at from two to six billion dollars, the failures in the Argentine occurred, and those who had loaned money in that Republic were unable to call in their principal or interest. This caused lenders to lose confidence in the security of their loans elsewhere, and also compelled many who could live on their interest when it was paid to call for the principal of the loans which they had made to others.

The old and well-established banking house of Baring Brothers, which was supposed to be one of the most reliable and safe institutions in existence, was closed. The Bank of England appeared to be on the verge of bankruptcy. Consternation and fright took possession of financiers and business men. Deposits were withdrawn; uncertainty prevailed; debts must be collected; se-

curities must be realized upon, or disaster would become universal.

Under these circumstances, the eyes of the people of Europe were turned upon the young republic. Our creditors demanded payment of their debts; and such are the wonderful resources of our country, and such the wonderful recuperative energies of our people, that we met their demands with a promptness which challenged the admiration and excited the envy of the world. The process of paying our debts and absorbing our securities, which is the principal means of paying them, has been continued and still continues. But, just as the financial skies were clearing and the dawning of a better day could be seen on the business horizon came the disastrous failures in Australia.

In that single-standard gold country, in six weeks, banks whose capital exceeded the aggregate capital of all the banks in our great metropolis were compelled to suspend, and there was a complete collapse in all business enterprises. This would not have effected us in the least if it had not been that Australia had borrowed money in the markets where we still owed so much. The holders of our securities, who were also creditors of Australia, were compelled to sell whatever they could realize upon; and the return of our securities continued with accelerated speed, and so rapidly that we could not absorb them in a healthy manner.

With securities as with everything else, when the supply exceeds the demand prices depreciate; and hence, there was a great shrinkage in value. This caused some to market their holdings, and compelled others to do so. Overcapitalized enterprises were unable to pay interest on their mortgages and stocks. Insolvent banks failed; some solvent banks suspended; depositors withdrew their deposits, and the banks were consequently unable to extend the usual accommodations to their customers, and the necessary result was stagnation in all kinds of enterprises. This is the history of the financial trouble from which we are now suffering.

My first proposition is, that our silver legislation has not brought about our financial trouble nor contributed to it, and in support of this I wish to submit a few facts and figures. It has not been contended that we have, or have had, too much money. The complaint has been that the trouble was occasioned by the fear of the quality of the money. There are several complete and perfect answers to this assertion. In Australia they have had reverses, in comparison with which we have been, and are, in the enjoyment of unbounded prosperity. Yet, in that country, the gold circulation of full legal-tender quality is \$25 per capita, and the silver circulation only \$1.75 per capita, and all of that of a limited legal-tender quality. Now, I ask, if the fear of our coming to a silver basis has caused all or any of the distrust which prevails in this country, what has been the cause of the trouble in Australia?

Again, in Great Britain they are affected with the same paralysis of trade and the same stagnation in manufacturing industries from which we are suffering. The papers tell us that on last Saturday in Wales alone there were 500,000 unemployed men. The suffering at Manchester and other manufacturing centers

in England is said to be without a parallel, and yet it is to these single-standard gold countries we are pointed as the ones upon which we should model our financial system.

But it is said that the evil is not that we have a bad or depreciated money but the fear that it will become so. Then, I ask, when did this fear begin? The laws complained of, as has been stated, were enacted in 1878, and the bill was vetoed by the President, who predicted then, as those who entertain the same views have predicted ever since, that gold would leave the country, and that we would soon be on a silver basis; that our people would not invest, and that foreigners would not loan, where they would be liable to be paid in a depreciated unit of values. By the report of the Director of the Mint, from which I read, I find that in 1879, there was in this country, including what was in the Treasury, \$245,741,837 in gold.

This amount has been augmented since until on the 1st day of July of the present year, it amounted to the sum of \$513,743,623, and this is true, although for the fiscal year ending June 30, 1893, the exports of gold exceeded the imports by the amount of \$86,000,000, and the balance has been against us since 1890, to the amount of \$196,000,000. The reasons for this I have already explained. We have been paying our debts, absorbing our securities; and, so far as I can see, it would be a good thing for us if nearly all the remaining gold coin was put to the same use. But it may be said that now that the tide has turned, the yellow metal will leave us.

This statement might have frightened some persons a short time ago; but, as I am informed by Mr. Preston, who is the present Director of the Mint, from the 1st to the middle of the present month the importation of gold has amounted to the enormous sum of \$16,500,000; and the daily press informs us that it is still coming. If our silver legislation accounts for the shipment of gold to Europe from 1890 to the 1st day of July, 1893, what accounts for the return of gold after the 1st of August for the same year, while the laws remain unchanged? But we were not only told that gold would leave us, but that silver would come to us.

By the table from which I now read, and which I wish incorporated in the RECORD as part of my remarks, it appears that since 1878 we have exported the enormous sum of \$126,000,000 more of silver than we have imported; while at the same time our importations of gold have exceeded our exportations, and our importations of gold have exceeded our importations of silver for the same time in the enormous sum of \$221,000,000.

Statement showing the imports and exports of gold and silver into and from the United States by fiscal years from 1878 to 1893, inclusive.

Fiscal years.	Gold.		Silver.	
	Imports.	Exports.	Imports.	Exports.
1878	\$12,976,281	\$9,204,455	\$16,401,099	\$24,535,670
1879	5,624,948	4,587,614	14,671,052	20,409,827
1880	80,758,398	3,639,025	12,275,914	13,508,894
1881	100,081,259	2,565,132	10,544,238	16,841,715
1882	34,377,054	32,587,880	8,095,336	16,829,599
1883	17,734,149	11,600,888	10,755,242	20,219,145
1884	22,831,317	41,081,957	14,594,945	26,051,426
1885	26,691,696	8,477,892	16,550,627	33,753,633
1886	20,742,349	42,952,191	17,850,307	29,511,219
1887	42,910,601	9,701,187	17,290,191	26,296,504
1888	43,934,317	18,376,234	20,514,232	23,146,510
1889	10,372,145	60,033,246	24,682,380	36,716,782
1890	13,097,146	17,350,193	27,524,147	36,069,602
1891	18,516,112	86,462,880	26,278,916	23,533,551
1892	50,162,879	50,305,533	28,764,734	33,800,562
1893	22,069,380	108,663,116	34,292,011	41,100,491
Total	522,831,031	507,589,423	301,145,371	427,320,431

BUREAU OF THE MINT, August 16, 1893.

The net imports of gold from August 1 to August 15, inclusive, was \$16,250,000.

In view of these facts, I think the fear of this country being placed on a silver basis could not have frightened even timid foreigners, who have been informed by our Eastern friends that we are on the eve of repudiation and the brink of ruin. Again, we are told that the amount of gold in this country is so small in comparison with the amount which we might have to redeem with it, that our ability to maintain a parity between gold and silver is questioned.

Let us examine this statement. In 1879 the stock of gold in this country was \$245,741,837, and the money which this gold might be called upon to redeem was \$805,779,704; that is, there were three and one-third times as much money of other kinds as there was of gold. In 1893, although we had in the previous five years exported \$196,000,000 more gold than we had imported, there was in this country, in gold, \$513,743,623; and the money which this might be called upon to redeem was \$1,506,537,470; that is, there was two and nine-tenths times as much money of other kinds as there was of gold. Is it possible that any man, who would have trusted us at any other time, would be afraid of our money now?

Another matter of great importance to be considered in this connection is that our courts have always held that a contract for the payment of gold dollars could be enforced, and that the debtor could be compelled to pay in the coin of his contract. If the European money-lender fears that he might get back a less valuable money than that which he loaned, all he would have to do to make himself secure on this score would be to take his note payable in gold. This has been done in many cases. Most of the industrial stocks and railroad and other bonds are payable in gold; and yet, as if to show the absurdity of the statement that any one fears that our money is not sufficiently stable, the

highest priced stocks and bonds on the market are payable in currency.

Having, as I think, by a mere recital of these undisputed and well-authenticated facts and figures demonstrated the correctness of the first proposition laid down, I will proceed to a consideration of the other—that is, that our silver legislation has materially assisted in enabling us to weather the financial storms. As stated before, no one claims that the volume of money is too great. In 1878 we had a circulation of \$766,253,576, or \$15.32 per capita. This amount was made up principally of \$346,881,016 United States notes, which have remained in circulation ever since, and of \$324,514,284 national-bank notes.

At the present time the volume of the national-bank notes has been reduced to \$172,683,850, while the silver and silver certificates have supplied the vacuum occasioned by their retirement, and, together with the increase in gold, has swelled the circulation up to \$24.47 per capita. Does any man suppose that if we had not added to our circulation we could have received and absorbed the immense amount of securities which have been returned to us from Europe, moved our enormous crops, supplied our increased population with the necessary circulating medium, and continued to develop our resources during the past three years?

But it has been said that if we had not inflated our currency with silver more gold would have been shipped to us. My reply to this is, that the table from which I have read shows that each year since the resumption of specie payments, when the international financial balances have been in our favor, the difference has been paid to us in gold, except for the year 1891, when we imported less than three million dollars more of silver than we exported. But why should we want to import gold? If owing to a scarcity of money in this country which would have prevailed but for the increase of our silver circulation, we had drawn from across the waters more gold, in what way would that have benefited us?

In Europe, as elsewhere, the price of commodities is affected by the volume of the circulating medium, and if we take from those people their money, to that extent we decrease their ability to buy, and thereby lower the price of the surplus products of our industries which must find a market in foreign countries; and would anyone contend that the satisfaction of having a larger amount of gold than we have or need would compensate us for this deplorable result? As it was, instead of being compelled to take their gold, which we did not need, we bought from them things which we did need: thus affording them a market, which in turn enabled them to buy from us. After all, the only commercial need of gold as applied to this country is in the settlement of adverse international balances. Our other forms of currency, which are a full legal tender in all domestic transactions, are more convenient and more acceptable to our people so long as their parity with gold is maintained by the Government. That we have sufficient gold to do this I think I have shown.

The remaining proposition which I desire to discuss is, that silver ought to be restored to its former condition as a money

metal and placed on an exact equality at the mints of the country with gold. The justness of this has not been questioned by anyone, and the only point at issue seems to be. Is it practicable; and if so, at what ratio? I shall endeavor to show that it is practicable, and at the present and long-established ratio of 16 to 1. The contention of those who take an opposite view is that if free coinage of silver prevails, silver now in foreign countries would be shipped into the United States, coined into dollars, exchanged for gold, and the gold shipped out of the country, and this process repeated until we would have no gold left. This is a very important matter, and a point that must be carefully examined.

The first thing to be considered is the supply of silver and the use it is being put to. Manifestly, if an article is being used in any other country more advantageously than it could be here, it will remain there. I am informed by the Director of the Mint that outside of the United States there is practically no bullion silver in existence, and very little in the United States besides that which is in her vaults; that nearly all the silver, except that which is owned by this Government, has been used in the arts or coined into money. No considerable part of that which is manufactured into the various articles for which silver is used will be presented at our mints, because it would then only be worth the number of dollars it would make; and hence the owner would have to lose the additional value which the article possesses, owing to the work that had been done upon it. How would it be, then, with the silver in use in other countries as coin?

In this connection I wish to digress long enough to refer to that supremely ridiculous expression which we hear used so much—the 60-cent dollar. Why not refer to the greenback dollar as the 1-mill dollar, as that amount would cover the cost of producing the bill. The truth is, that since the Government maintains the parity between the dollars by redeeming the one in the other, at the option of the holder, a gold dollar is worth just one silver dollar and no more, and the silver dollar is worth just one gold dollar and no less, and the greenback and the bank-note dollar is worth just the same as either.

But it is said that in the foreign markets the silver dollar is worth only about 60 cents, as that is the value of the metal in it. Then, according to the same reasoning, the greenback dollar is worth in a foreign market nothing. The truth is that our silver dollar and our greenback dollar are each worth, in any part of the world, just 100 cents in gold, less the interest on the money while in transit to and from the United States, plus the cost of transportation, and the same thing applies to the money of all other countries.

Mr. BYNUM. Will the gentleman answer a question right there?

Mr. BELL of Texas. I will try to.

Mr. BYNUM. Why is it that the Mexican dollar does not sell for the same amount in London as the United States dollar? It contains 6 cents more silver.

Mr. BELL of Texas. I have just explained that. It is because you can send a silver dollar back here and get a gold dollar for

it, and if you send it back all anybody would be out would be the interest on it for two weeks and the cost of getting the silver dollar over here and getting the gold dollar back. So we must remember that while there is in use in the world silver coin to the enormous amount of \$1,000,000,000, all of it is worth in the countries where it is coined, not its bullion value, but its coin value.

Let us then see where the silver which is to flood our country and drive away our gold is to come from. France has silver coin of the value of \$700,000,000. It is on an exact parity with gold: it pays debts, serves as bank reserves, and in every other way is just as valuable as gold; and yet the ratio between gold and silver in France is  $15\frac{1}{2}$  to 1, while the ratio in this country is 16 to 1. To express it in a different way: The equivalent of an American dollar in French coin contains 359.91 grains of silver, while the American dollar contains 371.25 grains. Would any one be so silly as to think that French silver coin would come to this country when the owner of it would lose 11 grains on each dollar's worth, regardless of the loss from abrasion; and if it did, and the owner offered to have it recoined in our country, would not some one inform him that by returning it to France it could be utilized in payment of debts or in exchange for gold at a ratio of  $15\frac{1}{2}$  to 1, while here he could only exchange it at the ratio of 16 to 1?

Exactly the same thing applies to all the nations of Europe which have any silver: the ratio being in each of them  $15\frac{1}{2}$  to 1, while in India, which has nearly one-fourth of the coined silver in the world, the ratio is 15 to 1. This, I think, shows very clearly that we can, without driving gold from our country, maintain the free coinage of silver at the present ratio of 16 to 1, as long as other people have a lower ratio, and there will be plenty of time for us to adopt a higher ratio than we now have when the other nations of the world change their coinage laws.

Mr. Speaker, the benefits which would flow to the people of the United States from the free and unlimited coinage of silver, and the evils which would result from its less extensive use as a money of the country, have been so fully explained by other gentlemen on this floor that it is impossible for me to add anything to what has been so well said. However, I deem it but proper to state that even if our views do not prevail, I do not indulge in the gloomy forebodings so often and so sorrowfully expressed by the gentlemen with whom I am associated on this measure.

It is not recommended by the President, or suggested by any one here, that we should destroy the silver dollar we have, or take away from it its legal-tender character. Hence, there will be no contraction of our currency. The trouble is, that while our population increases, and our business expands, our circulating medium will remain stationary, except so far as it may be augmented by the importation of gold or the issuance of national-bank notes. I think I have shown that the former method of adding to our supply of the precious metal is not promotive of the substantial welfare of the American people; and my fondest political hope is to see the day when it will not be in the power of any number of our private citizens to increase,

diminish, or in any way regulate the volume of the nation's money.

Mr. Speaker, I do not wish to be misunderstood on this point. I am no enemy to banks or bankers. I recognize their business as being just as legitimate and fully as honest and honorable as any other secular calling. The idea expressed by so many, that our financial difficulties were brought about by a conspiracy of bankers, I repudiate utterly. I believe that but for the assistance which has been rendered, and which is being rendered, the business public by the bankers, many times at the jeopardy of their private means, the collapse in our land would have been complete. In their good work I bid them Godspeed.

Mr. Speaker, I am not one of those who think that the free coinage of silver will prove a panacea for all, or much of, our ills. I believe it would be the least beneficial of any of the economic measures to which the party of which I am a member is committed; but, because I regard it as a step in the right direction, I shall cast my vote for every proposition which is calculated to promote a return to the system founded by our fathers and under which they lived and prospered.

I am aware that many others wish to explain their views on this absorbing question, and will therefore bring my remarks to a speedy close. In doing so, I desire to express the hope that we may be guided by wisdom, as I am sure we will be prompted by patriotism, in whatever course we may adopt, and that our action will turn back the tide of adversity, revive confidence, restore credit, and cause the country of our pride, like a young giant refreshed by slumber, to shake off her lethargy, and stand proudly up at the head of the nations of the universe. [Applause.]

The table referred to is as follows:

Monetary systems and approximate stocks of money in the aggregate and per capita in the principal countries of the world.

Countries.	Monetary system.	Ratio between gold and full legal-tender silver.	Ratio between gold and limited tender silver.	Population.	Stock of gold.	Stock of silver.			Uncovered paper.	Per capita.			
						Full tender.	Limited tender.	Total.		Gold.	Silver.	Paper.	Total.
United States.....	Gold and silver	1 to 15.98	1 to 14.95	67,000,000	\$604,000,000	\$538,000,000	\$77,000,000	\$615,000,000	\$412,000,000	\$9.01	\$9.18	\$6.15	\$24.34
United Kingdom.....	Gold		1 to 14.28	38,000,000	550,000,000	100,000,000	100,000,000	50,000,000	14.47	2.63	1.32	18.42	
France.....	Gold and silver	1 to 15½	1 to 14.38	39,000,000	800,000,000	650,000,000	50,000,000	700,000,000	81,402,000	20.52	17.95	2.09	40.56
Germany.....	Gold		1 to 13.957	43,500,000	600,000,000	103,000,000	108,000,000	211,000,000	107,000,000	12.12	4.26	2.16	18.54
Belgium.....	Gold and silver	1 to 15½	1 to 14.38	6,100,000	65,000,000	48,400,000	6,600,000	55,000,000	54,000,000	10.66	9.02	8.85	25.53
Italy.....	do	1 to 15½	1 to 14.38	31,000,000	93,605,000	16,000,000	34,200,000	50,200,000	163,471,000	3.01	1.62	5.27	9.91
Switzerland.....	do	1 to 15½	1 to 14.38	3,000,000	15,000,000	11,400,000	3,600,000	15,000,000	14,000,000	5.00	5.00	4.67	14.67
Greece.....	do	1 to 15½	1 to 14.38	2,200,000	2,000,000	1,800,000	2,200,000	4,000,000	14,000,000	.91	1.82	6.36	9.09
Spain.....	do	1 to 15½	1 to 14.38	18,000,000	40,000,000	120,000,000	38,000,000	158,000,000	100,000,000	2.22	8.78	5.56	16.56
Portugal.....	Gold		1 to 14.08	5,000,000	40,000,000		10,000,000	10,000,000	45,000,000	8.00	2.00	9.00	19.00
Austria-Hungary.....	do		1 to 13.69	40,000,000	40,000,000	90,000,000		90,000,000	260,000,000	1.00	2.25	6.50	9.75
Netherlands.....	Gold and silver	1 to 15½	1 to 15	4,500,000	25,000,000	61,800,000	3,200,000	65,000,000	40,000,000	5.55	14.42	8.89	28.88
Scandinavian Union.....	Gold		1 to 14.88	8,600,000	32,000,000		10,000,000	10,000,000	27,000,000	3.72	1.16	3.14	8.02
Russia.....	Silver	1 to 15½	1 to 15	113,000,000	250,000,000	22,000,000	38,000,000	60,000,000	500,000,000	2.21	.53	4.42	7.16
Turkey.....	Gold and silver		1 to 15.1	33,000,000	50,000,000		45,000,000	45,000,000		1.52	1.36		2.88
Australia.....	Gold		1 to 14.28	4,000,000	100,000,000		7,000,000	7,000,000		25.00	1.75		26.75
Egypt.....	do		1 to 15.68	7,000,000	100,000,000		15,000,000	15,000,000		14.29	2.14		16.43
Mexico.....	Silver	1 to 16½		11,600,000	5,000,000	50,000,000		50,000,000	2,000,000	.43	4.31	.17	4.91
Central America.....	do	1 to 15½		3,000,000		500,000		500,000	2,000,000		.17		.67
South America.....	do	1 to 15½		35,000,000	45,000,000	25,000,000		25,000,000	600,000,000	1.29	.71	17.14	19.14
Japan.....	Gold and silver	1 to 16.18		40,000,000	90,000,000	50,000,000		50,000,000	56,000,000	2.25	1.25	1.40	4.90
India.....	Silver	1 to 15		255,000,000		900,000,000		900,000,000	23,000,000		3.53	.11	3.64
China.....	do			400,000,000		700,000,000		700,000,000			1.75		1.75
The Straits.....						100,000,000		100,000,000					
Canada.....	Gold		1 to 14.95	4,500,000	16,000,000		5,000,000	5,000,000	40,000,000	3.56	1.11	8.89	13.56
Cuba, Haiti, etc.....	do	1 to 15½		2,000,000	20,000,000	1,200,000	800,000	2,000,000	40,000,000	10.00	1.00	20.00	31.00
<b>Total.....</b>					<b>3,582,605,000</b>	<b>3,489,100,000</b>	<b>553,600,000</b>	<b>4,042,700,000</b>	<b>2,635,873,000</b>				

TREASURY DEPARTMENT, Bureau of the Mint, August 16, 1893.