SILVER.

SPEECH

OF

HON. CLIFTON R. BRECKINRIDGE,

OF ARKANSAS.

IN THE

HOUSE OF REPRESENTATIVES,

FRIDAY, AUGUST 25, 1893

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In the House of Representatives,

Friday, August 25, 1893.

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. BRECKINRIDGE, of Arkansas, said:

Mr. Speaker: Up to within a few months ago it was my hope and expectation that when Congress met the whole question of our currency and coinage would be taken under consideration and settled by a comprehensive bill. Since the resumption of specie payment the earnest thought of our country has for the most part been directed to other subjects than those of coinage and currency. To meet phases which have appeared from time to time there has been adopted, however, some tentative laws, and the result is that we have lived during this period under a system of expedients and patchwork. During this time warnings have not been lacking of our exposed condition, and we have recognized that it was only a question of time when the entire subject would have to be taken up and settled upon sound and philosophic principles. But, sir, events have not waited our necessities or convenience, and a sudden emergency has arisen in our monetary affairs which has occasioned the present extraordinary session of Congress.

Whatever difference may exist among Democrats as to what else should be done, all are agreed that the purchasing clause of the Sherman law should be repealed. It seems to me that no prudent and thoughtful man can deny that in the light of recent events, both at home and abroad—events going to the very root of the whole monetary question, especially as concerns a great nation with a vast international trade, like ours—all additional legislation should be preceded by exhaustive inquiry and careful consideration.

The real question now before us, then, is, shall we meet the pressing necessity of the hour, or hold all in abeyance for certainly some months to come? Sir, when I consider the present condition of our country, the peculiar cause of the present stringency, the present state of divided opinion upon all other phases of the question, the conciousness that any immediate legislation upon those features would be, under recent and only partially understood conditions, a step in the dark, and the probably ruinous effects of delay, I am brought clearly and irresistibly to the conclusion that it is our duty at this time to repeal the purchasing clause of the Sherman bill, without limitation or amendment. [Applause.]

Mr. Speaker, there is a difference in the minds of some gentlemen as to the cause of the monetary panic which now afflicts our country. There has been an export movement of gold, and when that movement began there was an impression that money might become scarce in this country; but at no time has that movement reached the extent that money was hoarded at former periods in the Treasury, and, therefore, no considerable alarm was manifested upon that point.

But, Mr. Speaker, the alarm continued to grow, and public attention was directed it matters not how, to our existing monetary condition and system. What did the people find? They found that we are now floating credit money in this country aggregating more than $1,000,000,000, and that the whole of it is upon a basis that was provided in former years as adequate, and as the least that was adequate, for floating $346,000,000 of credit notes.

When they consider the wealth and resources of the United States they know that this is no guarantee of the power of the Federal Government to sustain or redeem credit moneys unless power is vested in the Treasury to utilize the wealth and resources of the country.

The provision of which I speak is the $100,000,000 of gold commonly known as the redemption fund. It is true there is the provision of law authorizing the sale of coin bonds for redemption purposes; but that operates in a very different manner now from what it did at the time it was enacted. There was no coin then, practically speaking, but gold. Now our vast stock of silver dollars, a part of the very money to be sustained by public credit, is receivable as coin the same as gold. To sell bonds for this coin when gold is needed would be revolving in a circle, and would impart no power of redemption to the Treasury.

It is true there is a departmental construction that the Secretary of the Treasury can elect between receiving gold or silver coin in selling these bonds; but I affirm, Mr. Speaker, that we have no instance where bonds have been placed in the financial world to any considerable extent upon only a legal assurance of this kind. This is sufficient to protect a Secretary, but not to satisfy a creditor. Before investors will meet our needs the provision must be either explicit in the law or finally decided by the court of last resort. But to raise this dispute would be fatal to our wants at the time of need. So I think it clear that in a most substantial sense our present stock of gold is the only reliable part of the basis that we rest upon, and to the present volume resting upon that narrow basis we are adding about $50,000,000 of notes of credit yearly.

Mr. Speaker, here is the condition of our accounts of moneys to be redeemed and kept at a parity with each other. Here is the basis and extent of the Government's power. Here is the state of the law. Here are the exports of gold, indispensable for that parity. Take them all together, and who can conceive of a condition more perfectly devised to create distrust, not of the volume, but as to the character of our money.

Now, let us look briefly at some of the effects of this distrust. In a recent report concerning the national banks, made by the Comptroller of the Currency, I find that in that class alone of our public depositories, in the short period of scarcely sixty days from the earlier part of June, there was withdrawn by distrustful depositors nearly $200,000,000. We know that this hoarding is of gold. Gold disappeared as if by magic. Recent exports of gold were solely from the stock held by the Government. Forehanded depositors everywhere clutched gold. If we had reports from all the other classes of depositories, who can tell how many hundreds of millions of dollars were withdrawn from the channels of trade in this way?

But this is not all. The banks are in debt to their depositors. All classes of depositories are so in debt. The less-desired kinds of money are legal tender for deposits, and the banks and other depositories, in turn, fearing a general run upon them by their depositors, clutch all forms of money. The second effect of distrust of the character of our money has set in. The general public has taken fright from the first fright.

A new phase sets in, but it is the logical result of the first phase. Men who have money on deposit cannot draw it out. We are told upon high authority that if the national banks complied with the law to pay depositors on demand and not to invade their reserves, not one of the thousands of those institutions would be out of the hands of a receiver to-day. Gold is first withdrawn by depositors fearful of a change of standard. That is taken out of the channels of trade, and then the banks refuse to pay even to depositors the balance of the money, and substantially all the money is gone. Any kind of money taken in by the stores in the course of trade brings a premium in exchange for checks by depositors who cannot get their money out of the banks.

I am told that their is not a bank in this city that will cash the check of any gentleman here upon any bank in any other city in the Union. They will take it for collection, but they will not cash it. Under that condition of things we naturally witness the distress which pervades all parts of our land, and this is said to be the case all over the country.

In addition to this contraction of money there is a greater contraction of credit, that basis upon which far the greater part of trade rests, and ever will rest, in every progressive country. Even such credit as cashing a check from bank to bank is denied. Money, the blood of commerce, is withdrawn. The channels of trade are blocked and clogged. All over the country the soundest institutions, almost without number, have gone to the wall. The armies of the unemployed are gathering in the cities. The wail of distress ladens every wind that blows from the country. By mistaken efforts to procure expansion there has been precipitated enormous contraction. We issue $1 of money in a way that contracts $10 of money. In the midst of plenty our people are in want. Our people are brought to a condition where they can not trade. Can we doubt the cause? I have tried to make it plain. It is distrust. Its origin is distrust of the character of our circulating medium; distrust of the stability of our standard of value; and for this there are two remedies, either of which will at once give confidence and afford us time to consider more intricate matters now relating to the currency and coinage questions, and which are not greatly needed except to provide for the future necessities of the country.

One of these remedies is to clothe the Federal Government with power to sell gold bonds whenever necessary to replenish the gold reserve, and then to go on and issue against silver bullion the $50,000,000 of Treasury notes a year. The other is to repeal the law which increases monthly and arbitrarily the volume of credit money now being issued by the Government, but which, where it now gives $1 to circulation, costs $10 dollars in the way of contraction. Neither of these policies would be a final settlement of the matter, but either would impart immediate and perfect confidence in the stability of our unit of value.

No one has advised—I would not advise—that we increase the public debt in order to provide a reserve for the circulating medium that is now being issued. The proposition before the House is the wiser proposition of the two. But some gentlemen hold that if this be done there will never be any further legislation upon the silver question. Upon what ground can gentlemen maintain that position? Is there anything in your pledges, gentlemen, that should make you unwilling to have such legislation? Is there anything in the principles or past attitude of our party that would prevent its being taken up? Are we not now in control of all branches of the Federal Government? Is there anything coupled with this bill that shackles the people or diminishes their rights and liberties, so that if they want further silver legislation they can not get it? I can see no real reason for that argument, unless it be an inner consciousness on the part of gentlemen that they themselves will insist upon something that will not be approved by intelligent public opinion or stand the test of discussion. [Applause.]

Some gentlemen say gold is returning from abroad and the trouble is over. Mr. Speaker, the return of gold is salutary of course, but how is it procured?

In the first place the returned gold is largely obtained by sales to Europe of American securities and farm products at bankrupt prices. Shall we perpetuate bankruptcy as a means of maintaining our standard of value?

Then, again, this gold is said to be largely the proceeds of loans placed in Europe. Our institutions of deposit are refusing to lend money upon any security, it matters not how good. Naturally the banks of Europe will lend in some of these cases; but that means that soon the gold must be returned, and hence this movement may be largely delusive.

No, Mr. Speaker, this policy of issuing bills of credit without making some adequate provision for their redemption has come to an end. The idea that America is exempt from the operation of the ordinary laws of nature is no longer entertained. The waste of this most resourceful country has almost equaled that of the prodigal son. The dissipation of this young giant has at last brought even him to his knees.

Yes, the delusion that America is a law unto herself is dispelled, and from this time forth we must conform to the eternal principles of wisdom and right, or our recovery will be but for the moment, if, indeed, we are not kept for a long time in our present state of prostration.

Mr. Speaker, there are some curious features developed in this debate, and coming as they do from able and studious gentlemen, expressed as they are by numerous prominent journals, entertained as they are by vast numbers of our people, they show conclusively how unprepared the country is at this moment to inspire and how unprepared at present this body is to enact such additional legislation as, I trust, will be carefully matured and duly enacted into law during the course of this Congress.

Gentlemen say there is danger, if the present bill becomes law, that we shall go to the gold standard. Why, Mr. Speaker, we have already a gold standard, and have had since 1834, except during the period of disturbance caused by the war, when we were in the air, and not upon any standard. Are not all our moneys taken and kept at par with the gold dollar? The bullion value of the silver dollar is less than 60 cents, that of fractional silver coin, of nickels, and coppers is still less, and the value of the material out of which our paper money is made is almost nothing, yet all are kept at par with gold. This is the standard at which they now are, not a lower one. This, also, is the standard and unit expressly named in the law, and yet gentlemen continually speak of our "going" to a gold standard.

Some say they want the bimetallism and free coinage we had before the war. What was that bimetallism? What was that free coinage? It was a bimetallism under which we had no silver in use except fractional silver. Who ever saw a silver dollar before the war? I never did. The few that were coined left the country, because we required so much silver to be put into a dollar that it was worth more as bullion than it was as coin. It went into the melting pot. Is that what you want? We then considered the bullion value of silver and provided for its free coinage, but at a ratio that prevented it from being coined. Is that what gentlemen want?

I prefer a coinage law that will coin, and a bimetallic arrangement that will be bimetallic and not monometallic. No single nation ever has, and from the very nature of the case it is absolutely certain that no single nation ever will or ever can maintain what is called a bimetallic "standard" of value. It may have, as we have, a bimetallic basis. Indeed, we have a quadru-metallic basis, every element of which is now at the gold standard, where, of course, it will stay, unless the world should come to what is termed international bimetallism, of which I shall not now speak, or unless we, from some cause, change from the present standard to a different one.

But, Mr. Speaker, what really concerns us is not the name or color, but the value of the standard. That is where the battle between debtor and creditor is really joined, and either of them, if seeking an advantage, cares but little for any feature that does not affect the matter of value. But with a suitable ratio this value is regulated under one name as well as under another by the amount of basic money, whether coined upon individual or upon Goverment account, that there is in the country and in the world.

It is also affected by all good credits. What we want, then, is the largest possible use of silver as money consistent with prudence and fair dealing. In a dispute about methods and terms there seems to me to be a heated devotion to forms that obscures thought and tends greatly to defeat the very ends of those, like myself, who are more especially concerned about justice in the standard and the actual use of the metals.

I have argued, Mr. Speaker, that the heart of this question is the value of the standard of value, and that this can be affected in various ways. If all the functions of money had to be performed by simply the coin that constitutes the standard of value, then that coin and that standard would be enhanced beyond all reasonable conception. But if we have stability in the standard of value the cash and other credits that are granted for and against products and all forms of property have their full play, and they far exceed—they exceed many times—the functions that can be discharged by all the money in the world.

The standard must be jealously guarded against appreciation or depreciation; but destroy confidence and credits and you paralyze the world. Good money comes easily or hard into our possession or to our credit according to the supply and demand of the products of our labor. This will regulate prices. With doubt, we have the conditions which have existed for the past few months.

But gentlemen, instead of repealing this law, so fruitful of evil, would amend it. Amend it how? Is there a clear discernment of just what ought to be done that finds expression in a definite and simple policy? No. There is a list of policies, each in conflict with the other. If one is right, all the rest are wrong. What confusion of thought! We should take no step in the dark. We should take no step that checks, nay, that does not increase the employment and prosperity of our people; but these amendments are cast out like a drag net, to catch every crude and thoughtless vote that may be around.

But let us look at the amendments a little in detail.

You say you would change the ratio. We have lost the support of Austria; we have lost the support of India; and in other important particulars there have been very great and recent changes. Are we prepared to say now, without investigation, before a single bill upon the subject has gone to the appropriate committee, what the proper ratio is under these conditions? You would change the ratio even to 20 to 1.

Do gentlemen not see that if they cast the weight of America into the scale in favor of a ratio of 20 to 1 they bring all the power that we possess to make that the ratio for all the world? As you increase the amount of silver in a dollar you tend to increase the standard and value of every dollar in every debt now due from man to man. I can not now argue this in all its bearings. But you propose now to forestall the future. There may be infinite confusion and there may be well-nigh infinite contraction of our money and of the world's money in this. I strongly incline to the opinion that your action would tend greatly to defeat the ultimate end we entertain. See, gentlemen, the effect of the Sherman law. Silver mine owners expected benefits and have reaped only disaster, and take fresh warning against hasty expedients.

If that policy is successful it contracts the volume of the world's money, not only as regards the future output, but also as regards the world's entire present stock of silver. Such a colossal proposition for contraction I have never heard of before.

And gentlemen say they would revive the old Bland law. We all know that so long as the issue of credit notes or the continuation of a depreciatied coinage is kept up by the credit of the Government our position becomes more and more exposed. That law is eminently better than the present one, but you do not couple with it a grant of power to the Secretary of the Treasury to recruit by any means our redemption fund. No amendment, under the order, can be offered.

If you couple the re-enactment of the Bland law with this power I would vote for it, but otherwise I must vote for straight repeal. The essence of the trouble is that we have collapsed under the effort to float credit moneys at par without some plain and sufficient provision for maintaining their parity. Under another form you would continue this same feature, the one from which we are now suffering, which gives us $1 at one end and contracts the currency $10 at the other end of our financial system. [Applause.]

Mr. COX. Will the gentleman permit a question?

Mr. BRECKINRIDGE of Arkansas. Yes, sir.

Mr. COX. Your proposition, as I understand it, is that we cannot maintain the parity between the two metals unless——

Mr. BRECKINRIDGE of Arkansas. I did not yield for an argument, Mr. Speaker, but for a question.

Mr. COX. I have not risen to make an argument. I simply want to put my question in an intelligible form. Now, after you have put in circulation your five or six millions of silver and undertake to maintain it—for your proposed bill says that you will undertake to maintain the parity between gold and silver—how do you propose to maintain that parity with the money that is already outstanding in silver?

Mr. BRECKINRIDGE of Arkansas. Mr. Speaker, I know of no way on earth of maintaining the parity between the different kinds of money except for the public Treasury to stand ready to receive them interchangeably over the public counter. [Applause.] That is honoring silver; and the moment the Government does not honor it, it falls to its bullion value. And when the people are satisfied that the Federal Government is no longer both able and willing to maintain it, then it falls to its bullion value. [Applause.]

Mr. COX. Then as to the silver dollar that is outstanding and is put in circulation and maintained in circulation at present, you maintain that it is the duty of the United States to provide that every dollar of that shall be redeemed in gold; that that is what the Treasury must do in order to maintain its parity?

Mr. BRECKINRIDGE of Arkansas. I say that in carrying out that instruction of the law it is his duty, or if it were not his duty, then when he fails to do it as a matter of practice, our silver dollar is no longer a par dollar in this country. [Applause.]

I know, Mr. Speaker, there are a good many who entertain the view indicated by the gentleman from Tennessee; but I consider that view one of the most deeply rooted but absolute fallacies that can take possession of the public mind. The principle is that there must be power to redeem, or honor, I care not what you call it, any piece of paper or any coin that is of less material value than that which constitutes the standard of your country, or such paper or coin must inevitably fall in value. No token or money of less bullion or other material value is floated at par with the standard except by credit kept good by readiness to redeem it. With a greatly contracted volume of all money and of the legal-tender circulating medium this would not manifest itself; but if you approach an adequate supply and do not do this you are subject to a panic from every breath of adverse wind, and when you clearly exceed the imperative demands of a crippled commerce parity is gone.

[Here the hammer fell.]

Mr. COX. I ask that the time of the gentleman from Arkansas be extended.

Mr. BRECKINRIDGE of Arkansas. I can finish in two minutes.

The SPEAKER *pro tempore*. The gentleman from Arkansas desires two minutes further time. Is there objection? The Chairs hears none.

Mr. BRECKINRIDGE of Arkansas. The House has been very kind to me in previously extending my time, and I thank the House and my friend from Tennessee [Mr. Cox], and will close with only a few words more. I wish to say only this in conclusion: That the question before this House now is not whether you are in favor of unlimited coinage, not whether you are in favor of carrying out the other provisions of the Chicago platform. This is a distinct part of that platform, and the other parts are still before you. I surrender none of the hopes I have entertained, and I surrender none of the expectations that can reasonably be entertained.

But the question now is whether you will cause the present distress and trouble of this country to continue until we can make the necessary investigation in regard to these additional matters. The platform does not call upon you to deal with them in one measure. The present emergency, which has arisen since the adoption of that platform, forbids your practicing delay in order that you may do so.

At this time, when you get beyond the plain proposition of the repeal of the purchasing clause of the Sherman act, there is not a gentleman, I believe, in this House who does not feel in his inner consciousness that he legislating in the dark.

Sir, when you come to legislate upon the monetary affairs of the country, I care not how great the evil may be under which we suffer, it must always be done thoughtfully and cautiously. When we come to deal with the standard of value and all the complicated questions connected with it, we must remember that we are not here as the representatives either of the debtor or the creditor class, but we are here to hold the scales of justice evenly. Remember that the standard of value is a sacred trust committed to the representatives of all the people. [Loud applause.]