The Business Depression.—The Silver Question.

SPEECH

OF

HON. NELSON DINGLEY, JR.,

OF MAINE,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, August 24, 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. DINGLEY said:

Mr. SPEAKER: No one can have failed to notice that in the debate here and the discussions elsewhere on the pending proposition to discontinue the silver-purchasing policy, there has been a studious effort to create the impression that this policy was inaugurated by the so-called Sherman act of 1890. The object is obvious. It is to fasten upon the Republicans who supported that act whatever responsibility the country may place on the silver purchasing policy for the existing industrial and financial distress.

There is not a gentleman within the sound of my voice who does not know that the silver-purchasing policy was inaugurated in 1878 over the veto of President Hayes and by the vote of a Democratic House and a Republican Senate, three-fourths of the Democratic Senators and Representatives voting to override the veto. The act of 1890, styled the Sherman act, simply modified this policy, which could not then be repealed, so as to diminish some of its perils. Its passage, too, warded off a free-coinage measure which had already passed the Senate by nearly a solid Democratic vote. Very few of the Republicans who supported the act of 1890 would have voted for any original measure inaugurating the silver-purchasing policy.

The vote on the pending repeal bill, however, will bring to the test the question of responsibility for the further continuance of the silver-purchasing policy, now that its actual workings are known; and the country can then accurately determine on what party and what Senators and Representatives the real responsibility rests.

In common with a majority of Republicans on this floor, I shall vote for the discontinuance of the silver-purchasing policy inaugurated in 1878, and never intended to be permanent, not because I believe it "principally" responsible for the existing industrial and financial depression, although I believe that it has secondarily contributed to increase difficulties originated by another cause, but because I am convinced that this policy obstructs an international agreement on a coinage ratio, which I hold is the only way in which silver can be given free coinage without driving gold out of circulation and bringing us to a silver basis, and because I regard it wasteful and perilous in the near future. My desire for a prompt discontinuance of this policy is properly intensified by the fact that in view of the widespread belief that it is a potent factor in promoting the distrust which has caused our troubles, repeal will be much more influential for good than it otherwise would be, because of its influence on men's imaginations.

INFLUENCE OF SILVER-PURCHASING POLICY.

The discussions already had indicate a wide difference of opinion here and elsewhere as to how much, if any, influence our silver-purchasing policy has had in bringing about our present difficulties.

The President and that wing of the Democratic party which adopts his views on the currency question, hold that the silver-purchasing policy is the "principal" cause of our troubles. On the other hand, that wing of the Democratic party which believes in free silver coinage at the ratio of 16 to 1 by this country alone—hitherto the head and body of the party—hold that this purchasing policy has had nothing to do with bringing about the situation. They even assert that the last Democratic platform which declared that "the Sherman act of 1890 is a cowardly makeshift," and which demanded its "speedy repeal," was explained to them as meaning that the act of 1890 was a "cowardly makeshift" for the free coinage which would otherwise have been approved by both Houses of Congress, and that the platform was interpreted as a free-coinage declaration, in free-coinage States.

While I think nothing is clearer than that the silver-purchasing policy did not cause the industrial distrust and consequent depression which began to disclose itself near the beginning of the present year, and increased from month to month, paving the way for and even originating the financial depression which followed later, yet there is strong reason to believe that this purchasing policy, or rather the alarm abroad in consequence of the failure to maintain the gold-redemption fund which had been drawn, by the substitution of silver certificates and Treasury notes for gold in customs payments, below the hundred million mark that the law and public opinion regarded as the danger line, did render the situation more serious by largely withdrawing foreign capital from this country, thus so reducing loanable funds as to increase distrust, wreck credit, promote hoarding, and bring about a money famine of unparalleled proportions. At the same time I am confident that the contributory share the silver situation has had in the present difficulties is very much less than is generally supposed.

HOW SILVER CERTIFICATES IMPAIR THE GOLD REDEMPTION FUND.

I heard a statement made this morning that the trouble was that under the Sherman law we were using the silver as a basis for money at the bullion value rather than at its coinage value, and that redeemable in gold, and that under the act of 1878 we used it at its coinage value rather than at its bullion value, and provided simply for redemption in silver dollars; and that if we had continued that policy we should have had no run on the Treasury for gold.

Now look at the matter a moment—because it is no use to blind ourselves—look at a silver certificate issued on deposit of silver dollars. You say it is redeemable only in silver dollars; but if, as a matter of fact, it was not redeemable. indirectly in something else than that it would have fallen to its bullion value within a short time after the amount of the issue had increased beyond what the people required for constant use. What has maintained the parity with gold of the silver certificate and the silver dollar from 1878 to the present time? Why, it was the fact that the Treasury of the United States has received those certificates and dollars in lieu of gold in the payment of duties.

Now, what difference does it make whether you directly redeem your silver certificates in gold or accept them in lieu of gold for duties? It is gold redemption in either case, with this difference, that the redemption by receiving them for gold duties is only good as long as the amount of those silver dollars and silver certificates do not bear too great a proportion to the amount that can be readily used in payment of duties and the amount constantly needed in exchange. As a matter of fact we have been drawing on our gold redemption fund at both ends. The silver certificate has been preventing gold from going into the Treasury, and the redemption of the Treasury note has been taking gold out at the other end; and it makes no difference, so far as its effect on the fund is concerned, which form of redemption is employed; in both forms it depletes the gold redemption fund.

Gentlemen ask what has been the trouble. Go and look at the percentage of silver certificates and Treasury notes that have been received into the Treasury from 1885 down to the present time in the payment of gold duties. At first there were almost none received, because the volume of outstanding certificates was small, and the contraction of national bank currency made a place for them. As the volume swelled the number presented for redemption in payment of duties increased rapidly, until recently, when the currency famine has obliged our importers to send to England for gold. They have now nothing but gold to pay duties with, because they can not get hold of currency; but that is only a temporary situation.

For the last three or four years the importers have been paying a very large proportion of all the duties in either silver certificates or Treasury notes based on silver. That is how the silver purchasing policy—not the Sherman act, but the purchasing policy, for the Sherman act is better than the one which it supplanted—has been keeping gold out of and draining gold from the Treasury and affecting our financial situation. I think we had no trouble at all from this purchasing law until last spring, but if you continue it in force there is bound to be trouble in the future. We can not go on buying silver and practically paying for it in gold without coming to disaster.

IMPORTANCE OF MAINTAINING GOLD REDEMPTION FUND.

I was in London, as it happened, last spring at the very time a New York telegram appeared in the London papers that our gold redemption fund had fallen below the one hundred million limit, which, in the minds of the people of this country and of others, seems to mark the dividing line between safety and danger, and I had an opportunity of seeing exactly how that affected men there who were dealing in American securities, and who had English money invested in this country.

Mr. SIMPSON. Mr. Speaker, I am very much interested in the gentleman's discussion. He said, as I understood him, that the Government receives these certificates in lieu of gold.

Mr. DINGLEY. Yes, sir.

Mr. SIMPSON. Now, can not the Government use the same certificates in lieu of gold to pay its debts?

Mr. DINGLEY. Well, that would bring us to the discussion of the question as to whether when we have refused to pay our debt and interest in gold it would not greatly injure our credit and oblige us to pay a higher rate of interest whenever we should want to borrow again, and whether it would not also tend to bring us to a silver basis.

Mr. SIMPSON. The gentleman does not seem to understand my question. If the Government receives those certificates in lieu of gold——

Mr. DINGLEY. Mr. Speaker, as I am now trespassing on the patience of the House, I must ask the gentleman to wait until I get through.

Now, I observed that while up to that time there had been very little talk about American securities, though some had been sent back, but probably for other reasons, yet on the very day that announcement was made that no steps would be taken to make that redemption fund good, and the suggestion even went out that we might resort to silver payments, as my friend from Kansas has suggested, there was at once a panic among dealers in American securities; and by the very next steamers there was sent to this country and sold in our markets a very large amount of such securities. As the gold received for the same was withdrawn from this country and returned to London the practical effect of allowing our gold redemption fund to fall below the hundred million mark was to take so much money from our loanable capital, contract credits, and start a money famine.

Gentlemen have said, Is not the fact that a silver certificate is at par with the gold dollar to-day evidence that there is no special distrust in this country as yet as to the future of our currency? Certainly it is; although if we do not maintain our gold redemption fund, no one can tell how soon distrust of the currency will arise here; but English investors did take alarm last spring, and may do so again.

THE ORIGINAL CAUSE OF DISTRUST.

The industrial distrust which began to show itself near the beginning of the year was evidently caused solely by the belief of those engaged in manufacturing industries that the result of the elections in November, which had placed the entire legislative, as well as executive, power in the hands of the Democratic party, portended an early overthrow of the policy of protection, in accordance with the Democratic platform. Manufacturers and merchants, therefore, at once began to prepare for what they believed would be radical changes that would supplant domestic with foreign goods. Enlargements contemplated were given up. Dealers' orders for goods for another autumn were given slowly and guardedly. Raw materials for goods to be delivered another season were bought sparingly, and prices gradually forced down near to the point where it was supposed they would be when the goods went into consumption. For example, Michigan washed wool, which sold last October for 28 cents, was gradually forced down to 20 cents, because manufacturers expected to have to sell their goods on the basis of the contemplated free wool tariff. Looms were stopped to reduce production, in view of the diminished demand.

No actual change in the tariff has as yet been made, but manufacturers and merchants have been preparing in advance for the revolutionary changes which the Democratic platform portended, and have been discounting in part the new tariff to come. When apprehension of coming evil seizes upon men oftentimes the apprehension is worse than the realization. My friend from Missouri [Mr. BARTHOLDT] made a most admirable analysis of that trait of the human mind which looks forward to what is thought to be coming. The distrust in manufacturing circles which began in December and January, late in the winter, extended to financial circles. There can be no mistaking the fact that this industrial distrust and consequent depression was caused entirely by the proposed revolution in the tariff; although after this had gone on for some months, the silver situation in the way I have suggested came in to aid in intensifying the distrust, and convert industrial depression into a financial panic and money famine.

It is not possible to have a national election, conducted on the issue of the overthrow of an economic policy that has prevailed for thirty years, and given great prosperity to the country, result in the complete triumph of a party pledged to such a revolutionary change, without arresting production, stopping machinery, injuring credit, and paralyzing business.

[Here the hammer fell.]

The SPEAKER *pro tempore* (Mr. RICHARDSON of Tennessee, in the chair). The time of the gentleman has expired.

Mr. GEAR. I ask that the time of the gentleman be extended for twenty minutes.

Mr. HULICK. Mr. Speaker, I would suggest that the time of the gentleman be continued indefinitely so that the words of wisdom he is giving us can be heard by every member of this House.

The SPEAKER *pro tempore*. The gentleman asks unanimous consent that the gentleman from Maine be allowed to conclude his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. DINGLEY. Mr. Speaker, I am very much obliged to the gentlemen and to the House, and will endeavor not to weary your patience.

WHAT WRECKS CREDIT.

It must be borne in mind that modern business, especially business in a new country rich in resources like ours, inviting development, is conducted largely, perhaps 90 per cent of it, on credit, and that confidence of men in each other, confidence in the continuance of the conditions under which industries have prospered is the basis of credit, essential to induce men to invest capital, and the inspiration of production, exchange, the employment of labor, good wages, and business prosperity. Whatever impairs this confidence and promotes distrust arrests investment, wrecks credit, stops looms, puts out the fires of forges, locks up money, deprives laborers of employment, reduces wages and brings the whole machinery of business to almost a standstill, involving millions in financial ruin and misfortune.

This was exactly what the elections last November did in placing in complete power a party pledged to overthrow our protective policy; and while the present senseless, panicky condition of the public mind and the money famine caused by fright can not long hold their present intensity, yet we shall continue to feel industrial distrust and depression, at least until it shall be definitely known what kind of a tariff the Democratic party will enact, and wages and business shall adapt themselves to the changed conditions.

SOME OTHER EXPLANATIONS CONSIDERED.

All other explanations of the cause of the sad change from the prosperity of one year ago to the adversity of to-day fail to explain.

The gentleman from Missouri [Mr. BLAND] and the gentleman from Nebraska [Mr. BRYAN], representing that element in the House which demands that this country alone shall undertake the free coinage of silver at the ratio of 16 to 1 of gold as the only remedy that will cure, insist that the general distrust which has produced so much mischief is the result of a conspiracy of bankers, notably Wall street or New York bankers, under the dictation of what they denominate the gold bugs of England, who are seeking to overturn silver, increase the value of gold, and make money out of the ruin of the people.

The difficulty with the "conspiracy" theory is, first, that the distrust which prevails with such intensity is as deep in the ranks of those who, like my friends from Missouri and Nebraska, make a point of depreciating and ridiculing the views of the bankers of New York and the country, as it is in Wall street; and secondly, that no class in our community have so much to lose by the prevalence of distrust as bankers. It must be remembered that bankers do business and make their profits mainly by loaning deposits, and that it is essential to the banker that confidence in the future should be preserved, because this maintains and increases the deposits, which are the source of his prosperity and profits, and that distrust brings disaster to him in greater degree, if possible, than to anyone else.

I have before me the New York weekly bank statement of August 5, 1893, and that of August 6, 1892; and as the New York bankers are selected by our free-silver friends as the chief culprits in this bank "conspiracy" to get up a panic to increase their profits, this exposition of exactly how distrust has affected the New York banks ought to serve to enlighten our understanding and dispel some of our prejudices.

On August 6, 1892, the New York banks had deposits amounting to $528,462,300, and mainly because of these were able to loan to the business men of that city $488,777,100. On the 5th of August, 1893, these deposits had been reduced to $372,945,200, a reduction of $155,517,100, mainly in the last five months, by the distrust which had seized upon depositors. This large reduction of the deposits, on which banks do business, compelled a reduction of the loans of the banks to the extent of $80,024,600, and consequently a large reduction of their profits. In other words, the prevailing distrust has caused a loss to the New York banks of nearly five millions in interest on deposits loaned, to say nothing of losses by failures of persons to whom money had been loaned, losses directly brought about by the prevailing distrust.

This shows that the only reason the New York banks were forced to cut down their loans $80,000,000 was because the private citizens who were accustomed to make deposits had withdrawn $155,000,000 of their deposits and put it away in their trunks and stockings.

I submit to my free-coinage friends that a decent regard to what has been called "common sense" calls for a relegation of the "conspiracy" theory to the tomb which sooner or later claims theories born of prejudice.

To the same tomb should be consigned the theory of the gentleman from Mississippi [Mr. HOOKER], reaffirmed by the chairman of the Finance Committee of the Senate [Mr. VOORHEES], that the banks have deliberately locked up the money of the country and accumulated a big reserve in order to bring about a pressure for such legislation as they desire.

It is suggestive that almost at the same time that the banks were being arraigned here for locking up money the Senator from Kansas [Mr. PEFFER] was arraigning them in the Senate for not locking up as much as the law requires as a reserve.

If these gentlemen will but look at the New York bank reports to which I have referred—for it is the New York banks which seem to be regarded as the chief sinners—they will find that these banks had about one hundred and fifty-one millions reserve on hand August 6, 1892, and only seventy-nine millions August 5, 1893, fourteen millions less than the law requires; so that as a matter of fact their available funds were loaned much more closely at the latter date than the former, when there was no difficulty in obtaining loans, probably because they can not now further reduce their loans for the reason that their customers can not pay their notes at maturity.

THE CURRENCY CONTRACTION THEORY.

The late Presidential candidate of the Populists in a recent address affirmed that the distrust was caused by a contraction of the outstanding currency through "the persistent war on silver;" and several gentlemen in the course of this debate have reiterated substantially the same view.

The difficulty with this theory is that when this distrust began and during its progress, the outstanding volume of currency in this country was the largest absolutely and per capita ever known in our history—nearly twice that of the five-year period before the war. The volume of currency outside of the Treasury on the 1st of August was over $1,600,000.000, or $24 per inhabitant, against a volume of $10.23 in 1862, $18 in 1872, $22 in 1886, $23.45 in 1891, and $24.32 on the first of January of the present year.

Since distrust was inaugurated in the face of such a large volume of currency, the active circulation in use has been daily diminished by the want of confidence, which has caused hoarding by the great mass of the people, thus demonstrating that our trouble is not contraction of the outstanding volume of currency, but contraction of the confidence which leads to the use of the abundant money in the hands of the people.

This situation affords an object lesson which ought to be instructive to those gentlemen who assume that volume of outstanding money necessarily measures prices and prosperity, and who are always clamoring for a larger issue of money regardless of quality or methods, and make it clear that it is money and its substitutes, including credits, used, and not money outstanding and hoarded, which is the life-blood of business; and that the extent to which money and its substitutes will be used in production and exchange depends first on its good quality and stability, and secondly, on the public confidence in the industrial and financial future. Any amount of currency beyond what is to be used in exchanges simply lies idle, and is so much waste.

Inasmuch as we have to-day in our stock of currency six hundred and fifteen millions in silver money, of which five hundred and thirty-eight millions is full legal tender, purchased and used since what is erroneously denounced as the demonetization of silver in 1873, against only six hundred and four millions of gold (the amount of gold coin in the Treasury being one hundred and three millions), an amount several times as large as all the silver, including fractional silver, coined in the eighty-one years from 1792 to 1873 (the coinage of silver dollars having been only eight millions during this period), it must be confessed that when gentlemen undertake to claim that we have contracted our currency in the last twenty years by declining to make a larger use of silver, they indulge in a license of speech hardly consistent with the facts. At no time in our history did we ever have so much silver per capita as a basis for money as we have now.

THE OHIO DEMOCRATIC CONVENTION.

The gentleman from Alabama [Mr. WHEELER], and several other gentlemen on the Democratic side, have put forth still another theory of the cause of the distrust which commenced near the beginning of the present year and has been growing in intensity ever since. A theory, by the way, on which I notice by the resolution adopted by that body, which was read the other day by my friend from Ohio [Gen. GROSVENOR], the Ohio Democratic State convention has taken out a patent. This theory affirms that the present situation "is the unfortunate legacy of Republican administration, and the natural result of the McKinley tariff," etc.

When it is remembered that confidence and unexampled prosperity had existed under Republican policy for years and prevailed as never before under the McKinley tariff till after it became known that the elections of last November had resulted, for the first time in thirty-two years, in the capture of the complete legislative as well as executive power by the Democratic party, which had declared during the campaign that they intended to overthrow our protective policy and substitute a tariff for revenue only; and that immediately after, the distrust which has caused our troubles began, increasing in intensity as the Democratic administration has gathered up the reins of Government and the time approached for the actual application of Democratic theories to our tariff and finances, it must require a large stock of what plain people call "gall" to enable them to put forth in convention the theory that our protective policy is the cause of the prevailing distrust.

No, Mr. Speaker, none of these alleged causes, which the imaginations of our free-silver friends have conjured up, have had anything to do in bringing about the profound distrust, degenerating into a senseless panic, which has brought about first the industrial and then the added financial depression and currency famine which is upon us. Even the silver-purchasing policy, inagurated in 1878, illogical, unwise, and dangerous as I have always regarded it, had nothing to do with the inauguration of the industrial distrust which prepared the way for financial distrust, and only came in as a secondary and contributory adverse influence just at the time it did, because distrust was already in the air, and the gold redemption fund was suffered to fall below the hundred million mark without any official announcement that it would be maintained.

I firmly believe that if the late House, in the closing days of the last session, had concurred with the Senate in reaffirming the authority given by the act of 1875, to sell bonds to maintain the gold redemption fund, and the Secretary of the Treasury had announced to the world that the fund would be maintained at all hazards, there would have been no distrust of our securities in Europe, and we should have been saved from the money panic which has caused so many losses, although the industrial depression caused by the threatened tariff revolution would have remained. And I also believe that the announcement of this policy would have made it unnecessary to sell a bond.

THE BLAND AMENDMENTS.

Mr. Speaker, injurious and even dangerous as I regard a further continuance of the silver-purchasing policy under which the Government has purchased since 1878 448,057,000 ounces of silver, equal to the entire product of the world from 1860 to 1870, paying therefor $140,000,000 more than it can be bought for now; and under which in payment for silver $334,274,236 in silver certificates, $57,000,000 of silver dollars, and $147,000,000 Treasury notes, which must be maintained at par, the first by indirect redemption through their acceptance in lieu of gold for duties, and the latter by direct redemption also, a process which saps the gold redemption fund at both ends and is immensely increasing the difficulties of maintaining our currency at par; yet either of the amendments proposed by the gentleman from Missouri [Mr. BLAND] to the pending bill—the only amendments in order—if adopted, would make the measure far worse than the existing law.

The amendment to substitute the Bland act of 1878 for the act of 1890, would leave the purchasing policy to stand without the additional protection afforded by the Sherman act. The act of 1878 provided for the use of silver at its overvalued coinage value. The act of 1890 provided for its use at its market value in gold. The act of 1878 provided no means of maintaining the parity with gold coin and certificates issued, except its acceptance for duties and taxes, which would be insufficient when the amount outstanding should be too large. The act of 1890 made it the duty of the Government to maintain its parity by redemption in gold if necessary. If we must continue the silver-purchasing policy then the act of 1890 is far preferable to the act of 1878.

The several amendments establishing free coinage at a changed ratio—the highest 20 to 1—are unsound and unwise from any point of view. If the theory of the friends of free coinage, that this Government alone can maintain any ratio it desires, without regard to the market ratio, is sound, then assuredly there is no excuse in departing from the ratio of 16 to 1 and adopting the ratio of 20 to 1, and thus wasting an immense amount of silver. Indeed, the proposition itself is practically a surrender, by those who vote for it, of the pet theory on which free coinage at the ratio of 16 to 1 has always been advocated.

On the other hand, if the theory of those who believe that free coinage must be near the market ratio of silver, and can be secured only by an international agreement, is sound, then the ratio of 20 to 1, when the market value of the bullion is 28½ to 1, would be as fatal as 16 to 1.

The adoption by us alone of a changed ratio of 20 to 1 would present a new obstacle in the way of an international agreement, for it can hardly be supposed that other nations would take kindly to our attempt to fix a ratio alone. Obviously, if we are to endeavor to secure an international agreement, we should not undertake to fix any ratio alone.

Again, the proposition to alone change our ratio to 20 to 1 would instantly demonetize the $419,334,450 in silver coin and silver certificates which we have coined or issued, and thus result in such an instantaneous contraction as would work ruin until we could recoin these dollars at the increased ratio at a cost of nearly $90,000,000.

Surely no one, on reflection, should favor such a proposition.

FREE COINAGE AT 16 TO 1.

Mr. Speaker, the first, and I presume only serious substitute which the gentleman from Missouri [Mr. BLAND] proposes to ask a vote on, is the proposition for this Government, single-handed, to immediately undertake the free coinage of the world's silver at the ratio of 16 to 1 of gold, when the market value of the bullion to be coined into the proposed full legal-tender dollar is only 28½ to 1.

He, and the other gentlemen who have favored this free coinage substitute, insist that if we should do this, it would immediately result in permanently advancing by this simple act of legislation all the world's existing silver and all that may be mined hereafter from its present price of 72¼ cents per ounce to $1.29 per ounce, and thus make 16 ounces of silver equal in value everywhere to one ounce of gold.

Now, if this would bring about such a permanent result so easily, and give us our due share of gold as well as silver in our currency—all floating at a parity—it would indeed be a great consummation, which would be welcomed with thanksgiving, for the reason that this is what I, what most of the people of this country are seeking, what both the Republican and Democratic national conventions declared for in 1892, viz, the full legal tender coinage of both silver and gold in such a manner as will make the intrinsic value (*i. e.*, the bullion value) of the coins of each metal equal, and will permanently preserve the parity of all our money and make all as good as gold.

I have said that this is what both political parties in 1892 declared to be their silver platform—the significant difference, however, being that the Republican declaration was in accordance with a majority of the Republican votes in each House of Congress since 1878, and the Democratic declaration exactly the reverse of the record of a majority of their votes. The gentleman from Missouri [Mr. BLAND] alleges that he was assured the Democratic platform did not mean this; but nevertheless the natural construction of the words is against him, unless we assume, as is too often the case, that the language of Democratic platforms is intended, as Talleyrand said of the language of diplomacy, to conceal rather than express ideas. I have learned for myself that the acts of a party are always more reliable indications of their purposes than their platform professions. I hope that in this case, however, that will not eventually prove true.

So we are all bimetallists, in that we desire to leave the free coinage of both silver and gold at such a ratio that will permanently maintain the intrinsic value of the coins of both metals equal, and thus give us both metals in our currency.

The difference between us is that you think that we can do this alone by establishing free coinage at a ratio of 16 to 1, when the market value is 28 to 1; and we think that this course would rapidly carry us to silver monometallism, give us a single silver standard, and drive out our gold, and that the only way to secure bimetallism is through an international agreement.

The burden is certainly on you who propose, under present conditions, to take the great leap into the dark proposed by the gentleman from Missouri, to give us not assertions, but absolute proof from experience and the conclusions of intelligent research, that this important step will result as you assert it will.

It is a very serious fact against you that none of the great authorities in bimetallism in Europe like Cernuschi, or in this country like Horton, almost none of the great financiers, few of the men who have made the subject a study for a lifetime, few of the men who are regarded as successful business men believe that the United States alone can do this. It will not answer to reply that they are gold bugs, whatever that may mean. It seems to them as it seems to me that unless some new alchemy has been discovered which sets aside known laws of production, distribution, and exchange, this free-coinage proposition proposes a fearful leap into the dark in the face of reason and experience, and that if adopted it would result in overwhelming disaster.

THE EXAMPLE OF FRANCE.

So far as I have heard or read, the sole support from experience presented by those who take this view, is that France, single-handed, from 1803 to 1865, and the Latin Union (France, Belgium, Switzerland, Italy, and Greece) from 1865 to 1874, maintained free coinage of silver at the ratio of 15½ to 1 of gold in weight, without driving out gold.

Even assuming that they did this, which is not strictly correct, we must know what was the state of silver production and the silver market during this period before we can accept this as a case parallel to what our own would be under existing conditions.

We find that during the period from 1800 to 1860 the production of silver in the world did not increase. It was about 28,000,000 ounces per annum in 1800 and only 29,000,000 per annum in 1860 and the previous five years, reaching 35,000,000 in 1865, showing that there was no sufficient reduction in the cost of production to make the profits of silver mining large enough to increase the supply; and that for these reasons silver bullion was steady and unchanged at very near the French ratio established in 1803, at what was then the actual market ratio of silver and gold.

But when the production increased to only 63,000,000 ounces in 1874, and Germany ceased to coin silver for anything more than subsidiary coins, and even began to sell as bullion her discarded silver coins, France and the other states of the Latin Union found so much silver coming to their mints to be coined that they were obliged to discontinue the unlimited free coinage of silver, and in 1878 to close their mints altogether to the coinage of full legal-tender silver, and not a dollar of new full legal-tender silver has been coined since.

Now when the five countries of the Latin Union were forced to discontinue free coinage in order to prevent going to a depreciated silver standard, the world's annual production of silver was only 65,000,000 ounces, and silver was worth but little less than $1.29 per ounce in the markets of the world. Yet this small difference was turning silver to the mints of the Latin Union, and France and the other states gave up the fight to maintain silver by free coinage. It is the almost universal testimony of French statesmen and financiers that five years more of unlimited free coinage of silver, even with the production of 1875–1880, would have depreciated the French currency, driven out gold, and made France a monometallic nation, and that silver.

I submit that the example of France conclusively shows that the United States alone can not maintain the free coinage of silver at a ratio of 16 to 1, under present conditions, without going to a silver standard and driving out gold. France and the Latin states gave up the experiment when the production of silver in the world had reached 65,000,000 ounces, and silver had declined only to $1.20. Inasmuch as in the last fifteen years the annual silver production has steadily increased from sixty-five to one hundred and fifty-two millions ounces last year—more than doubled—in the face of a decline of silver from $1.20 per ounce in 1878 to $1.09 in 1885, 93½ cents in 1889, and 85 cents in 1892, surely there is nothing in France's trial and final failure to maintain free coinage under the slight increase of production before 1878, to justify the conclusion that we can now support free coinage alone.

It must be borne in mind, too, that France is a country which uses coin mainly for the transaction of her business; that she has few banks of discount and deposit, and no savings banks, and hence she uses more actual money per capita than other commercial nations that employ checks and other substitutes for money; yet she maintains her seven hundred millions silver only with a gold support of eight hundred millions in precisely the same way as we should maintain our six hundred and fifteen millions of silver (five hundred and thirty-eight millions of it legal tender) with only six hundred and four millions of gold, if we should to-day discontinue silver purchases and stop the further coinage of silver dollars and wait for other nations to coöperate with us.

CAN WE BUY THE WORLD'S SILVER?

But let us test the soundness of the free-coinage plan to have the United States buy all the silver of the world that comes to us and pay $1.29 per ounce in merchandise or gold,—for that is practically what the free-coinage proposition is so long as we are able to maintain silver and gold at a parity.

We are told that when we offer this price for the world's silver then the market price of that metal the world over will at once rise to $1.29 and no foreign silver will come to us. We shall have, it is said, only the domestic product (58,000,000 ounces last year) to buy.

Even if this were true, what do you suppose the domestic product of silver would be in five years on an offer of $1.29 per ounce, when it has increased from 24,000,000 ounces in 1875 to 58,000,000 ounces in 1893, on a falling market going as low as 85 cents per ounce? Will anyone confidently tell me that it will not double in three years and quadruple in five years?

But there must be silver to come here from abroad for the reason that foreign countries now, at the present low price, produce more than the rest of the world wants, and are constantly increasing their product. With the increased price offered, production would rapidly increase in Mexico, South America, and other silver countries, and we should find an enormous quantity of silver dumped upon us.

Then where else could the 38,000,000 ounces per annum that India has coined go next year, than to our mints, now that India has stopped free silver coinage?

I notice that there was imported last year $17,000,000 of foreign discarded silver coins. How much discarded foreign coinage would come here next year at an offer of $1.29 per ounce?

It seems to me surprising that, in view of such facts, anyone should entertain the belief that we could enter single-handed upon free silver coinage at 16 to 1 and not soon find it impossible to maintain at par with gold the immense amount of silver that would be poured upon us; and as soon as we could not do so then our gold would leave us and we should go to a depreciated silver standard and become a silver country like Mexico, China, and the States of South America.

If that is the object, if the purpose is to drive this country to silver monometallism and a silver basis, then I can understand the scheme.

THE OLD "FIAT" IDEA.

When I heard the gentleman from Nebraska [Mr. BRYAN] announce that this Government can select any coinage ratio that it desires and maintain the two metals at parity by its fiat I saw at once that the same old greenback delusion which prevailed fifteen years ago,—that the Government stamp is all that is necessary to make money and maintain it at par with gold, without any direct or indirect redemption or intrinsic value,—is really at the bottom of the free silver crusade now going on.

I could not help thinking that if this theory be true then it is a pity to use 412½ grains of standard silver to make a dollar when half that weight, a quarter, and even less silver, or a bit of paper costing a tenth of a cent, will answer just as well.

It is the fallacious idea that the Government can make anything good money by simply stamping it—the idea that a Treasury note or greenback is money of final payment, which does not need to be redeemable in full value coin, instead of simply a promise to pay money of full intrinsic value—that is at the bottom of the denunciatory rhetoric which we hear so much of whenever the currency question is discussed. When we hear men denouncing the Government for paying its bonds in gold instead of depreciated greenbacks in 1869, we know that they have got it into their heads that the greenback is money of final payment, and that the Government is not under obligations to redeem it in gold; otherwise nothing could be saved by destroying our credit. When it is fully understood that both bond and greenback are simply promises of the Government to pay money of intrinsic value, promises that must be redeemed,—then all the crude ideas and wild talk about the currency will cease.

WHY NOT A RATIO OF 16 TO 1.

The only reason that we can't have free coinage of silver at a ratio of 16 to 1 of gold, as our fathers once had, is that when our fathers did this, 16 ounces of silver would buy 1 ounce of gold in the markets of the world, and that is why they fixed that ratio. Now 16 ounces will not buy 1 ounce of gold. In process of time there have been such improvements in silver mining and in separating the bullion from the ore that it costs less to produce silver than formerly, and it requires more than 16 ounces of silver to buy 1 ounce of gold. So long as it does, so long as the market price of silver for any cause is considerably less than this ratio to gold, especially where the difference is so much as it is now, it is useless to talk about this country alone maintaining gold and silver at a parity on a ratio of 16 to 1 by free coinage.

I am a bimetallist because I think I see an advantage in that system; but I see no other way of reaching bimetallism and securing the unlimited use of both metals under free coinage than by an international agreement on a coinage ratio (which must be near the actual market ratio) among enough commercial nations to exercise a strong influence on the market and hold the price steady; for there is no doubt that a combination of several strong commercial nations can do this, at least until there are important changes in cost of production of either money metal, by first making a common coinage ratio that is substantially the market ratio of bullion.

HAS SILVER DECLINED?

We are told that silver has not declined, but that gold has advanced 40 or 50 per cent in the last twenty years; and to prove this the fact that prices of merchandise have declined, estimated in gold, is presented as a demonstration of the operation. It is even said that prices estimated in silver have changed but little since 1873, when our currency was depreciated.

Now, everybody knows that the cost of production of most merchandise has been reduced by labor-saving devices and greater concentration of industries, and therefore that prices ought to be lower; and if it be true that prices, estimated in silver, have not declined, it is clear that since 1870 silver must have fallen because of a decline in cost of production.

Mr. MARSH. Will the gentleman yield for a question?

Mr. DINGLEY. I will yield for a question, although I prefer not to do so, as I am using the time of the House.

Mr. MARSH. Has not the nonuse of silver during that period of time had something to do with its depreciation in price? Let that go with your statement, because it is important to be considered.

Mr. DINGLEY. Even if it were true that less silver is used now than when silver commanded $1.30 per ounce (which is not the fact), that would have no effect on the cost of production.

The simple fact that the production of silver, after having been substantially stationary at about 28,000,000 ounces annually from 1800 to 1865, with the market price about $1.30 per ounce, has since 1878 more than doubled in the face of a constant decline to 85 cents per ounce, proves beyond question that the cost of production has been greatly reduced, for surely the production would have increased if the lower price had not afforded the mine-owners as great or greater profit than the old price did twenty years ago. I may also call attention to the fact that in 1892 the world used a much larger amount of silver per capita than in 1860 or 1875. In 1860 there was used in the arts and for money only 29,000,000 ounces of silver, for that was the entire production, while in 1892 the world used more than 140,000,000 ounces of silver. Even for money purposes the United States and India alone used 102,000,000 ounces of silver, which was nearly two and a half times the entire production (43,000,000 ounces) and use of silver for both money and in the arts in 1870.

Let me again call attention to the enormous increase of production of silver in the face of a declining price—the stern fact with which we have to deal—as shown by the tables of Dr. Adolph Soetbeer, than whom there is no higher authority on the production of gold and silver:

Average production of gold per annum.

Before 1850 .... ounces..	750,000
1850 to 1870 .... do....	6,000,000
1870 to 1892 .... do....	5,750,000
1892 .... do....	6,328,272

Average annual production of silver.

1800 to 1860 .... ounces..	28,000,000
1860 to 1870 .... do....	48,000,000
1870 to 1880 .... do....	80,000,000
1892 .... do....	152,000,000

THE PRINCIPLE OF BIMETALLISM.

The essential principle of bimetallism laid down by Hamilton in his celebrated report, on which Congress in 1792 fixed the ratio of silver to gold at 15 to 1, was that the coinage ratio must be the equivalent of the bullion ratio in the markets of the world. After a careful investigation he found that the bullion ratio was in fact on the average 15 to 1, and for that reason he recommended that ratio, and Congress concurred.

In 1834 and 1837, finding that in consequence of a slight deviation of less than 5 per cent of the coinage ratio from the bullion ratio, this country was deprived of gold, Congress revised the ratio and finally made it 16 to 1. This proved to be a slight deviation from the actual ratio which deprived us of a large portion of our legal-tender silver.

The principle of bimetallism from the beginning has been, as I have already said, to make the coinage ratio the equivalent of the bullion ratio in the market, because it never occurred to our fathers that they could retain both legal-tender gold and silver in our coin age if silver was overvalued or undervalued. Yet, here to-day, in the face of the fact of the great change in the production and cost of production of silver in the last twenty years, we find gentlemen proposing to authorize the free coinage of legal-tender silver at 16 to 1, when the market value is 28½ to 1, and actually comforting themselves with the idea that they are imitating "the fathers!"

THE FUTURE OF SILVER.

It is probable that the price of silver has recently gone below the cost of production, and therefore that within a year or two there will be an adjustment of the market price of silver at a higher price than that of to-day, but one conformable to the laws of demand and supply and cost of production.

This situation, it seems to me, will pave the way for an international agreement on a ratio for the coinage of silver as well as gold as full legal-tender money. But I have no hope of such an agreement until we stop purchasing silver, by which policy we have been lifting from other nations burdens on account of the silver situation in which they should share, and abnormally stimulating production.

THE POOR MAN'S DOLLAR.

I have frequently heard during this debate that gold (in which term of course is included all currency at par with gold) is the rich man's money, and silver (*i. e.*, the silver dollar of 412½ grains, intrinsically worth three fifths as much as the gold dollar and good for no more than that under free coinage of silver at 16 to 1) is the poor man's money. I stand here to say that no vote of mine shall be given that will provide for the poor man a less valuable dollar than is provided for the rich man. The laborer's wages are paid in dollars, and no kind of a dollar that is worth less than a gold dollar is his due. And those legislators who, under the guise of benefiting the laborer or farmer, enact currency laws which depreciate the currency are doing all in their power to injure the men whom they pretend to be specially caring for. They seem to forget that any increase in the price of the farmer's products caused by depreciating the money in which it is measured can do him no good—in fact will do much harm—because it increases more than correspondingly the prices of what he has to buy.

Even the suggestion that a depreciation of the currency will make it easier to pay debts has little force, for the reason that the average time that private debts continue in this country is only nine months, and every new debt must be just as much larger as the currency is depreciated. The chief use of money is in exchange, and not in debt paying.

The prosperity of the country, of every citizen, whether rich or poor, laborer or employer, is largely dependent upon a sound currency, in which every dollar, whether gold or silver or paper, shall be as good as gold.

CURRENCY POLICY OF THE FUTURE.

If the silver-purchasing policy should be discontinued, as it should be, then it will be the duty of this Congress to go forward and establish a new and safe policy for providing our growing business and population with the increased volume of currency required from time to time in our transactions.

The immediate passage of the bill to allow national banks to issue circulating notes to the par value of their bonds deposited as security would aid materially in meeting the dearth of currency caused by hoarding, not only by adding twenty millions of safe money at once to the circulation, but also by the influence on men's imaginations of such an addition to our currency at this time in satisfying them that there is no further necessity or excuse for hoarding.

And whatever else shall be done, it is of vital importance that steps should be taken to maintain our gold redemption fund constantly; at least at the one hundred million mark.

But great care should be taken in devising a wise currency policy for the future, for objectionable as is the silver-purchasing policy, even with the wholesome restrictions of the act of 1890, it would be far preferable, of course, to free silver coinage or the old wild-cat, State-bank system. The plan to restore the old State-bank currency, which before the war proved so unsatisfactory and expensive, should be resisted by every friend of sound money. Let us hope that such a retrogade step will never be taken.

Why men who have so bitterly opposed our national-banking system, which secures a uniform bank currency amply secured, as good in Georgia as in New York, as current in Maine as in Louisiana—a currency which never subjected the people to a dollar's loss—should now favor State banks of issue, giving us forty-four different kinds of bank notes under forty-four different systems, some good, and more vicious, after the immense losses and sad experiences we had with our old State-bank systems before the war, is what I can not understand.

Let me indulge the hope, Mr. Speaker, that whatever Congress may do (and it must adopt some policy to provide currency for the future) it will first take care to make every dollar of it as good as gold; and secondly, that not a dollar will be allowed to be issued by authority of any State, but all shall be issued under one uniform system and under the authority and control of the nation. [Applause.]

178