SILVER.

SPEECH

OF

HON. JOHN T. DUNN,

OF NEW JERSEY,

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. DUNN said:

Mr. SPEAKER: After listening to the various speeches on the subject and the arguments advanced on both sides of the measure before the House, and being somewhat green in legislative matters of this kind at this time, I may subject myself to severe criticism when I say I do not think that any member who has yet spoken has taken the same views that I do, at least upon one point, which is, in my judgment, a vital one. Our form of government is the result of the wisdom of all the ages of the past analyzed by the founders of our Constitution, and the best effects derived from the experience of all former governments has been molded into that which we now live under.

There are two principles upon which the whole structure is built. The first is that all men are born free and equal, entitled to life, liberty, and the pursuit of happiness; and the second, protective of the first, is that all just powers of government must be derived from the consent of the governed. The last proposition being true, I put it that if this question of the repeal of the Sherman act were to-day submitted to the people of this country there can be no question in the mind of any intelligent person at all conversant with the situation but that the purchasing clause would be at once repealed, by such a sweeping majority (and in this country majorities rule) as would astonish the defenders of private interests on the floor of the House, and satisfy them, beyond doubt, that the act has not the consent of the people. But legal consent is engrafted and embodied in the Constitution of our country.

Now, I will make this proposition to the defenders of the silver interests on the floor of this House: that is, to vote against the repeal of the Sherman act, provided they will furnish me a brief before the vote is taken, that would satisfy even a third-rate justice of the peace, that the Constitution of our country has in a single sentence, line, or word given the power to the Congress of 1890, or to any other Congress, to enact a law such as the Sherman purchasing clause; a law that compels the Secretary of our Treasury to furnish a market for an already debased product, to compel him to coin it into money at a rate from 35 to 40 per cent above its commercial value in the markets of the world, and to force upon the many for the benefit of the few, the mine-owners, that debased coin whereby a robbery, under the pretense of law, is committed upon the people to the extent of the difference between the commercial and the coin value fixed upon the silver by the fiat of the Government. I find no portion of the Constitution that can be in any way construed to give that fearful and dangerous power, though there are some who claim that under the first clause of the eighth section of the Constitution the words "provide for the common defense and general welfare of the United States" justifies the act.

It is well, however, to remember that this power, by construction only, was used in such a manner, soon after the adoption of the Constitution, that the implication of power led to many difficulties and to much distrust. The result was that a limitation clause was afterwards adopted in the ninth amendment, which says that "the enumeration of certain rights shall not be construed to deny or to disparage others retained by the people," and in Article X of amendments the powers of the Constitution before adopted were limited and defined as follows:

The powers not granted to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people.

So clear is it fixed in my mind that the purchasing clause of the Sherman act is unconstitutional, that I do not believe there is a lawyer in this country to-day of respectable ability who will not agree with me when I say that if this bill was submitted in proper form to the Supreme Court of the United States it would end the debate on the subject in this House at once. That body would declare it utterly unconstitutional, and say that the act did not come properly within the constitutional power of Congress. First, because there is no grant of power in the Constitution to warrant the passage of such an act; second, because it is against the genius and intent of our Constitution, which is rigidly against the grant of special privileges or special immunities to individuals or corporations.

In its inception it was clearly enacted, and meant to be in the interest of a single product, that is, the product of silver, to which it granted special privileges, under the plea of its being necessary to stamp it into coin, when in fact it was utterly unnecessary, and has proved to be dangerous and against the public welfare, as is now shown by the misery, desolation, and want that this unfortunate, unjust, and unholy measure has brought upon our country.

I need go no further for arguments to satisfy my mind that my duty, under my oath, can have but one direction, and that is immediate, unconditional repeal of the act, as that seems now to be a quicker method of disposing of it than by taking it before the Supreme Court in regular form and having it declared null and void. I am at a loss, however, in view of these facts, to see how so many men can entertain the views they appear to hold with reference to the repeal of this law.

I can not for my life see what reason they can give to their own consciences, in view of their sacred obligations when they called God to witness that they would maintain the Constitution; and yet, with this bill clearly unconstitutional, condemned by all, acknowledged to be an excrescence, denounced and denied by its fathers, they refuse upon one pretext or another, private or public, to vote for the repeal of this bill forthwith unless they can force a bargain in favor of a private interest as a condition of their performance of their public duty.

The real and proper object of a Government such as ours is to maintain the peace and to execute justice between its citizens, leaving to each a choice of occupation without favoring one at the expense of another; and what is true of the individual is true of every interest, whether individual or corporate, and wherever the Government obtrudes itself into private enterprise as it has done in furnishing a market for the silver industry, it makes not only a constitutional usurpation, but a fateful mistake, because as in this case it has cramped and dwarfed every other industry in the land to benefit this one.

The province of government is to secure the liberty, the properties, and the possessions of its citizens by wise and wholesome laws, and there can be no civilization where there is not security for life and property; and any law which makes property less secure, unsettles and throws down established values as the Sherman act has done, is not only unconstitutional *per se* and against the spirit of our Government, but is a menace to civilization and an injury to mankind.

The poorest judgment at all familiar with political economy must be satisfied that it is impossible for any Government to maintain and circulate in the same business community two dollars, one worth 100 cents anywhere in the world, and the other worth but 57 cents, yet each purporting to be value for the same amount of product. The proposition is so absurd that I am astonished that any man or set of men with good sense can for a moment entertain it. The most valuable coin will at once disappear from the channels of trade and the baser be circulated, and then only at its real or bullion value, as prices will vary to meet the debasement of the coin; for no man will part with a dollar's worth of his product for a 57-cent coin, although the Government fiat had stamped it as worth a dollar, unless the Government says that it will redeem it with $1 of standard gold on presentation for redemption at the Treasury of the United States. The conclusion arrived at by the best business minds of the country, is that the unlimited flood of cheap and debased coin which free coinage of silver would impose upon the country would prevent the Government from redeeming in gold.

Now, why should we keep this law upon our statute books? I do not believe that there is a silver man in this House who does not feel it to be his duty to repeal it at once, but they argue against repeal while admitting it to be an evil. Why? Simply because they want to force an unholy bargain with those who favor repeal—a bargain that their special interest, silver, and not the public good, may be conserved. What would you think of a burglar who, when caught stealing your silverware, admitted that he was wrong, but, under the threat of a pistol, wanted to make a bargain for his escape from the punishment he deserved by restoring only a part of his plunder.

It seems to me that the silver kings having already plundered the people, having been caught in the act, the power about to be denied to them to plunder any longer, they are bargaining, as it were, through their mistaken friends, to retain a part of the power which they have so long unjustly held, to keep a portion of their plunder before they will permit justice and right to prevail. This is strong language, and I am sorry that I am obliged, in accordance with my views of duty, to give it utterance.

Now, what is the excuse offered for the conditional retention of this measure? I have admired the speech of my friend from Nebraska [Mr. BRYAN]. There is no doubt that it is molded in a cast of eloquence that is rare indeed; but when it comes to argument, and he attempts to make a bargain in favor of bimetallism as a first condition under the plea that there is not gold enough in the world, etc., he lays down a platform which is a mistake of fact. He says that if bimetallism is not adopted we will go to ruin, and that there is not gold enough with which to transact the business of the world.

Let us see whether that is true or not. He forgets that the world has progressed, that bimetallism is not only unsafe but unnecessary under present conditions. Let me put this proposition before you. If silver was a product of Nova Scotia, in which this country and no man on this floor had an interest, I ask him would he still retain the same views that he now holds? I can not believe it.

In the matter of "the insufficiency of gold coin with which to transact the business of the world," the one potential argument set up by the advocates of bimetallism, I now quote from the work of Hon. J. H. WALKER, in his address before the World's Congress Auxiliary at the Columbian Exposition. His facts and his figures taken together with what I have gleaned from other sources are to my mind conclusive as against this theory of insufficient gold with which to transact business.

According to his statement the average daily transactions of banks are about "$400,000,000."

I believe that to be a correct statement; we have had sufficient money right along to meet the business demand and we have now. We do not propose in the repeal of this bill to have any less, as we stand by the redemption of the silver already coined and also the bullion in the Treasury, and I for one flatly and absolutely refuse to be a party to increasing that amount at the risk of our Government's ability to redeem it with the standard coin of the world. "The loanable fund held by the national banks in this country is shown by the report of the Comptroller of the Currency to be in round numbers $2,800,000,000. Of this sum $1,800,000,000 are deposits of customers and the balance belongs exclusively to the banks. The loans and discounts are $2,200,000,000, and the other $600,000,000 are held as a reserve."

This means that the banks hold titles, mainly in the notes of their customers, to $2,200,000,000 of the consumable wealth of the country; that there is now in the hands of the farmers, merchants, and manufacturers title to $1,800,000,000 of the funds now in banks by way of deposits. As the deposits are $1,800,000,000, and the daily transactions are $400,000,000, it is evident that the average time each deposit remains in bank is four and one-half days. This $1,800,000,000 of deposit capital in the banks can only be made available to the community for use in our daily needs by a proper system of banking; and here let me say, that I have no sympathy—I have nothing but condemnation—for those uncalled-for and unintelligent assaults upon the banks of our country at this unfortunate period.

I do not believe in those gold-bug cries or those assaults on the banks. They are simply the stock catchwords of demagogues who appeal and pander to the ignorance, the passions, or the prejudices so likely to be awakened in the hour of distress, to divert the minds of the suffering artisans and laborers of our country from the silver blight, the true cause of our misfortune, to the goblin held up by the silver interest and shaken in their faces by the wild, unreasoning spirit of self-interest and demagoguery.

If we had to-day a sound currency, good money, absolutely redeemable in coin of a standard value all over the world, the distress that surrounds us would disappear like the mists of the morning before the noonday sun, all this sophistry uttered upon this floor to the contrary notwithstanding. Let it be known to the world that we have a sufficient amount of the best reserve coin in the world ready at all times for redemption purposes, and the demand would be only sufficient to meet the daily wants of exchange.

The people would not rush for gold, as they do not want it in the daily business of life. This demand may be made and answered ten or a thousand times in a day, as the case may be, during a given time, in every instance almost immediately to be returned to the bank from which the gold is drawn. But where two coins of different commercial bullion value are legal tender, sure redemption means that it be instantly done in the coin of the highest bullion value, which is hoarded at banks as is the case to-day.

To doubt money is to discredit it, and that portion of our money, silver, which to-day is doubted and discredited, would drive every dollar in gold coin from the country because the drafts made on the banks for gold would never be redeposited, while obligations could be paid with a cheaper money, and we would be obliged perforce to rest all our financial transactions upon a silver basis, which means a debasement that would be death to the financial life of the country and mean poverty to its working people.

As all values depend upon supply and demand and the cost of production, so all values would be regulated upon a silver basis according to the amount of production of silver each year, as the supply or demand of the market required it. As silver fluctuated, so would every value, and no man would want to engage in business, thus depriving labor of its looked-for reward.

In England, the visible gold upon which all her transactions and her foreign exchange rest is $125,000,000. Every dollar of that represents a foreign commerce of at least $25, while the gold in our country—the visible gold—is rated at $337,000,000, with a foreign commerce of only $2\frac{3}{5}$ dollars to each dollar of visible gold.

The actual daily need of coin for the business of our country is not a speculation; the daily bank exchanges are about $400,000,000, and we know with absolute certainty that only $1\frac{1}{4}$ per cent of those exchanges are made in coin. Now, the efficiency of each $1,000 in coin to-day, in making the exchanges of the world, has increased a thousand-fold faster than have exchanges of any other country in the world.

This efficiency has increased faster in the last ten years, and is now increasing faster than ever before by the use of railways, steamships, telegraphs, telephones, and, above all, in improved commercial methods and economies. In trade between Boston and Canton or New York and Canton as one instance, the efficiency of each $1,000 in gold coin has increased thirteen thousand times since 1830, $1,000 now being the equivalent of $13,000,000 under the methods and appliances of commerce and exchange in 1830. Then a ship loaded for a six months voyage to Canton took its supercargo to trade for a return cargo, and with him took the coin needed to make up the difference

The gold is not sent there now; it is simply placed to the credit of the factor until the exchanges are made. Then thirty days were consumed in going from Boston to St. Louis. Now money is transferred in one minute; so that you will see that coin—I speak now of the coin recognized by the business world—is ten thousand times more efficient in trade. One thousand dollars in 1893 in the exchanges of the world is the equivalent of ten millions in 1830. This is a startling proposition, but it is an undisputable fact.

To prove this the returns made by the Comptroller of the national banks in our own country show that each day's transactions is about 1½ per cent of coin and 4½ per cent of bank notes and other currency, and 94 per cent of checks, drafts, bills of exchange, and other tokens of property. The banks of our country, and especially of the metropolis and the clearing-house at New York, deserve not the assaults made upon them, but the lasting gratitude of the country for the honorable manner in which they have stood together and stemmed the tide of financial misfortune, which would have spread to a much greater extent but for them. Had they been what they are represented to be by some of the advocates of a debased currency, financial wreck would have been much greater from one end of this country to the other than it is to-day, such a financial wreck indeed as the world has never yet seen.

Money is in the commerce of the world a token of value, whether in coin or in bullion, but you would not of yourself be able to determine the real value of a bullion token given you in exchange for something that you had produced and offered for sale, and consequently you might give a much greater amount of your product than was fair for a given amount of bullion. Coinage has therefore been fixed as one of the most important functions of government; that is to say, the Government at its Mint assays the gold and silver, purifying them and marking each coin with its fineness and weight, that you may know exactly what you are getting for your produce.

The Government certifies that the coin has a fixed amount of grains of the metal required by law to be put in the particular coin, and it is bad money unless when it is recoined it is worth in bullion what it represents itself through the Government stamp to be in coin. The Government can not in the process of coining the bullion into a money token give it a greater commercial value in the coin than it has in the bullion. If it does, by its own act it debases the coin and is, to all intents and purposes, a forger of false coinage. It does that of itself which false coiners do, and for which it decrees a severe penalty. It cheats the people with a false measure of value, and the Government has no more right to rob the people than a forger has.

The money of circulation should be of such value that no matter what I hold as its representative, whether it be a piece of paper, a piece of leather, or a piece of silver, those who issued it to me, having my money or my property, should, at my demand, return to me what is mine, not 57 cents worth of silver for a dollar, but the value of 100 cents or $1. It is the fear of the Government's inability to make this redemption on my demand or the demand of the business world, in view of the immense flood and consequent debasement of silver, that has caused the panic, and those who believe the panic to be unreasonable do not understand the keen intelligence of the business world.

When the Government coins money it does not create gold or silver; it never owned gold or silver; it has no constitutional right to own it for the purpose, and never pretended to own it before the passage of the Bland act in 1878 and a still later one of 1890, since when it exercises an unconstitutional power to purchase for currency purposes. The business interests and intelligence of the country are keen enough to see that the Government is filling up its vaults with an unredeemable or fluctuating metal that is becoming cheaper and cheaper each day. Whenever it coined money before the acts named it coined, not the Government's metal; it coined the metal of John Jones or John Stewart and fixed its stamp of value upon it.

Now, while it had the power to stamp the gold or silver bullion of John Jones or John Stewart and to make it a legal tender if it chose to do so, it had no right and has no power to make even gold a legal tender for more than its actual or real value. It does not, and can not from its very nature, create a value where a value does not exist, or rightly give a fictitious or a greater value to an existing one than it is worth in the markets of the world.

It does none of the things of itself which creates value and out of which values grow. It neither produces nor saves, neither toils nor exchanges; it only expends or destroys what is given to it by society. Like a pauper, it exists by the contributions of the citizens paid into its Treasury by way of taxes. And therefore to attempt to create a value where no value exists, and can not exist, is as vile as it is dangerous and criminal, and is a usurpation.

We who believe in an honest token of value, having within itself the intrinsic merit which makes it exchangeable for its face value of any other commodity of a like value, are told by the adherents of the silver fallacy that with them we have come to the parting of the ways, if we do what under our oaths of duty we are obliged to do by the repeal of this bill. That is to say, a portion of the great Democratic party threatens it with dire destruction if it attempts to carry out that which it is pledged to do in its platform. And this threat is held over the friends of honest money to compel them for party's sake to bow their heads to the Moloch of silver.

I want to say to those men here and now, that I am a Democrat by nature, training, and instinct, that I believe the Democratic party will live while the Constitution of our country lives notwithstanding those threats; that when the Democratic party dies, as an effective protector of the principles of our Government, the Government will die with it; that the principles of our party are as indestructible as the eternal hills of God, and I would rather see it buried out of the sight and sound of men forever by the forces of nature or revolution rather than that the party should abandon a single one of its principles under the threat of a private interest which seeks to dominate this House and overthrow all principle of right and justice amongst men to serve their own aims and interests.

There are men on the floor of this House to-day, both older and younger than I am, who remember the threats made in the Charleston Convention "that we had then come to the parting of the ways." Do those men remember what that parting meant? Have they forgotten the flaunting of the bloody shirt? Have they forgotten the dreadful sacrifice that their parting of the way brought about? Do they undertake to-day, when the common sense, the intelligence, and the patriotism of the American people has covered the bloody shirt in the oblivion which it deserved, to establish in its place at the parting of the way the bloody bridle of the silver king? If they do persist in that course, it will be history repeating itself, and they will be the first to suffer.

The men who are first to step off the broad platform of the Democratic party and the principles of right and honest government will be the first to fall into the mire and the last to be relieved from the predicament in which they have placed themselves.

There are measures of relief in the direction of an elastic currency which I might present at this time, but I believe it is somewhat irrelevant to the matter upon which we are called to act. I will, however, offer it later on.

The American gold dollar contains 25.8 grains of gold, 900 fine. One ounce, or 480 grains, 1,000 fine—that is, pure—would mint in this coin $20.68. This coin has a standard value all over the world equivalent to $\$4.86\frac{65}{100}$ for the English sovereign, and $3.86 for the French piece of 20 francs. It is to-day the basis of value of all descriptions of United States notes, by reason of legislative mandate and the ability of the United States Treasury to draw from its reserve the gold coin which may be required to meet any exchanges or redemption.

The full legal-tender silver dollar contains $412\frac{1}{2}$ grains of silver, 900 fine, sixteen times the quantity contained in the gold dollar, and, with pure silver selling at 70 cents per ounce, has a bullion value of only 54 cents, but a currency value equal to a gold dollar, so long as the Treasury can, by free exchanges, maintain the parity of the two coins. The mint rate between gold and silver is 16 to 1, but the coinage value of an ounce of gold being $20.68 and the market value of an ounce of silver being 70 cents, the commercial ratio is then over 29 to 1. How can the Government maintain it at a parity; only by a loss of the difference?

The value of a silver dollar and the paper notes which it represents can thus plainly be seen to now depend upon the ability of the Government to maintain a sufficient gold reserve to make all necessary exchanges at the established ratio.

The standard silver dollar has always been a full legal-tender coin, but it has never filled a prominent place in the business transactions of the people. Its bullion value for a long time prior to resumption being greater than the gold dollar, it was coined in but small quantities and was soon exported or consumed in the arts, and in the coinage act of 1873 no provision was made for its use.

This often-named conspiracy or demonetization of silver has been much discussed since then: but at the time the omission attracted very little attention, as the bullion required to make a silver dollar had a market value of about $1.03. A few years later silver began to decline, and has continued ever since to do so, by reason of its abandonment by leading nations as an unrestricted money metal, and also in consequence of a great increase in its production and a diminution in the expense of obtaining it.

Great efforts have been made to induce the United States to protect the interests of the producers of silver. The free coinage of standard dollars has been vehemently urged, and many times rejected by Congress. The Bland act of 1878 required the Government to purchase silver and to coin not less than two million nor more than four million silver dollars every month. This experimental measure was, even by its authors, admitted to be a failure, having been based on the expectation that the people would readily accept and circulate those coins. "The dollar of their daddies."

But the day for a popular demand for such coin had passed. The use of Government and national-bank notes of uniform appearance, and therefore easily recognized and difficult to counterfeit, of certain redemption and universal acceptance, had become more acceptable to the public than any use of silver except for subsidiary coin for small change, and this feeling applied to gold as well as to silver coin. The new coinage of silver dollars was highly unpopular, and the silver interest hastened to placate the people and preserve the continuance of the coinage and consequent absorption or market for silver, by the creation of certificates based on it, circulating as currency.

In 1890 $297,556,238 of this sort of currency had been put in circulation. It was useful for the time being as money in the transaction of business, and somewhat obviated the difficulty that seemed to threaten because of the reduction in the amount of national bank notes caused by the redemption of United States bonds which had been issued to secure those issues. But the value of the certificate really rested upon the value of the gold reserve behind it, and not upon the hoarded silver coin which it represented, and which no one wanted to either store or handle.

This coin, which at first was below the mint standard in value, declined more and more each year in bullion value. The resumption of specie payments had been effected with about $350,000,000 United States legal-tender notes outstanding, for which a gold reserve had been by law provided. It is sufficient now to say that this $350,000,000 of United States notes, supported by a reserve of $100,000,000 in gold coin, has had a use the benefit of which it would be hard to deny while the law so rigidly restricted the issue of ordinary bank notes.

A glance at official figures shows some remarkable changes in the volume of United States currency and money as well between 1878 and 1892. The amount in circulation had increased from

$729,132,634 to $1,601,347,187; the per capita, from $15.32 to $24.40. United States notes secured by the $100,000,000 gold reserve remained at the same figure, $346,681,016. Of gold, there was, in 1878, only $25,000,000, circulating in California. In 1892, in Treasury, bank reserves, etc., there were $664,275,335. The amount of national-bank notes had been reduced to $172,683,850, a decrease in this kind of circulation of some $150,000,000, while circulating notes based on silver purchases had been created to the extent of upwards of $450,000,000.

The growth of this currency issue was regular up to 1890, and at the beginning of President Cleveland's term had reached $208,538,967, but the free gold in the Treasury was about $150,000,000, and having this new Government paper issue to take care of, as well as nearly $350,000,000 of legal-tender notes, the policy was adopted under Mr. Cleveland's Administration of building up the Government's supply of gold, which was done to the extent of over $200,000,000. The large surplus then existing permitting this line of action and also great stability in Government credit as a result, although some distrust was felt in consequence of the continued decline of the price of silver, of which there was so large a stock being carried.

Under the Harrison Administration the surplus in the Treasury disappeared, and a large part of the Government's gold reserve was, in consequence of the mad extravagance practiced, necessarily used in the payments of debts, but the purchase of silver kept right on and, indeed, was greatly increased by the act of 1890. In 1888, in addition to an amount of $120,888,448 of gold, for which there were certificates outstanding, the Treasury held $203,885,218 (in December) of free gold as a reserve, with only $308,000,000 legal-tender notes and $200,759,657 of silver certificates outstanding—about 40 per cent of gold reserve.

July, 1892, the gold reserve had diminished to $110,444,391 of free gold, with $309,559,904 legal-tender notes, $326,693,465 silver certificates, and coin notes (act of 1890) $98,258,692, a total outstanding of $734,512,061, while the percentage of gold reserve was only about 15 per cent. A year later, July, 1893, the notes based on silver purchases had increased some $50,000,000, and the gold reserve declined to $95,000,000, and doubt and distrust seemed to have taken possession of the public mind, until now we are in the midst of the direful consequences of a discredited and doubtful currency.

In order that a silver dollar should have the same bullion value as a gold dollar it would be necessary that the price of silver be as high in commercial value as $1.29 per ounce, but this has not been the case since before the passage of the Bland act of 1878, and the decline has been steady in spite of the extraordinary and unconstitutional efforts made to check it, until as low as 70 cents per ounce has been reached. And with recent events in Germany, Austria, and India, tending to a still further depression of silver, the public is becoming aware of the lack of confidence arising from the fact that this Government is carrying so large a part of its bullion reserve in this unstable metal, and therefore the business world doubts its ability to carry out its promise to redeem in gold, and hence the panic.

We have parted with $60,000,000 in transactions on foreign account in a single six months, and the return of part of this when the present depression began would have done much to have checked the tide of destruction, but the menace of a debased silver standard supplanting the gold basis in this country has prevented this usual and natural relief. As the buying of silver affords only an unstable basis for the issuance of United States notes, this feature of the Sherman act should be at once absolutely and unconditionally repealed. [Applause.]

The following comparative table from the last report of the Secretary of the Treasury would seem to show that there was circulation enough in this country if confidence was restored:

Countries.	Gold.	Silver.	Uncovered notes.	Totals.	Per capita.
United Kingdom	$550,000,000	$100,000,000	$50,000,000	$700,000,000	$18.42
France	800,000,000	700,000,000	81,000,000	1,581,000,000	40.56
Germany	600,000,000	210,000,000	107,000,000	917,000,000	18.54
United States	654,000,000	575,000,000	405,000,000	1,634,000,000	25.15

This table shows a per capita of $25.15, the greatest per capita of currency ever before in circulation in this country. The largest in the flush times before 1888 was only $16, or thereabout; the present circulation being a fraction more than a third greater than it was then, and yet we are told by the silver men that there is not enough of currency, and they offer this as one of the arguments against the repeal. It is idle and vicious, because it is untrue.

Gold coin is not any longer as desirable for a currency as its representative in paper, except occasionally when needed to settle foreign balances. The stoppage of silver purchases and the decision by the Government to maintain the gold redemption at all hazards, for the sake of the national credit as well as the national honor, should be arrived at without loss of time. The measures for the increase of the gold reserve require economy in the Government, and, if taken with care and judgment and a sound discrimination, will at once restore confidence and impart stability to business affairs from the moment of their adoption.

The return to specie payments was accomplished in 1878 by the issuance of United States bonds to create a gold reserve of about 30 per cent of the notes then outstanding. A similar expedient would seem necessary now to increase the reserve in a fair proportion to the increased issues of currency, and thus maintain the credit of the United States, though the issuance of interest-bearing bonds should be the last thing resorted to.

There are some suggestions, however, that I desire to offer at this time, though they are hardly pertinent to the matter of the repeal of this bill, except in so far as they would supply the place of an elastic currency, which is the real thing the bimetallists want, though they hardly seem to know it. At no time since the ending of the civil war and the unexampled development and increase in prosperity that followed has the country been free from the lurking danger arising from the use of a large volume of unelastic Government paper, which has constituted a chief part of the circulating medium of the country. The rigid restrictions connected with the issuance of notes by national banks have caused this very serviceable kind of currency to decrease, while the rapid growth of business and population required constantly more and more circulation.

No other nation than ours is more given to the habitual use of banking privileges, and the free use of checks and drafts in the transactions of ordinary business and the settlement of the normal expenses of daily life. Under ordinary circumstances a person of good repute can travel where he wishes, buy what he wants, and settle his indebtedness by a check on his home bank without difficulty. The amount of current money most people have to hold and carry about compared with their total expenditure is a mere trifle, but to avoid delay and the trouble of identification a person will require a larger amount of currency when he passes outside of the locality in which he is thoroughly known.

Just as a fair portion of gold held as a reserve is able to impart a standard of value to a much larger amount of paper issued, so the currency reserves of the banks can in ordinary times sustain a cash indebtedness three or four times as great. When there is no adequate provision for the issue of circulating notes by the banks there will come from the people an irresistible demand for governmental issues of some sort, and if these are made in paper or in coin not having full value abroad to an extent sufficient to meet the full tide of active business and exchange, there will be times of stagnation in the movements of the products of the country when the supply will be redundant and the accumulation of money at the financial centers will be such that it can only find employment in speculative transactions injurious to the people at large, and from which it is difficult to withdraw the capital they have absorbed and restore it to the regular channels of trade in times of panic.

In times of distrust and contraction there often arises a demand from many solvent merchants for an increase of bank credit to tide them over a temporary depression, and at the same time there is likely to be an increased demand from all classes of persons on their deposits of currency, whether in ordinary banks of deposit or in institutions for savings.

A reduction in the cash resources in the banks has the effect of enforcing a contraction of its loans, and thus it comes abont that at the very time of a demand for increased discount the ability to extend this accommodation is taken away by the reduction in the reserve due to the demands of customers for the payment in currency of their accounts. When adverse conditions produce a demand for currency and a bank is required to pay out $100,000 of legal-tender money, then in order to maintain its reserve on a 25 per cent basis it must call in $400,000 of its loans, and the embarrassment becomes great when this curtailment of credit is coincident with a demand for an increase in its line of discount.

If under these circumstances a bank could freely emit its own circulating notes in exchange for the checks of its depositors, its total liabilities would not be changed by the operation; it would owe more on account of circulation but less to the depositor whose check had been exchanged in this way, and the percentage of reserve to liabilities would remain the same, and the demand for currency would have been met without a reduction in the amount of legal-tender money held by the bank. In times of financial stringency and distrust there will always be, as there is now, some hoarding of legal-tender money by persons of small means, and the aggregate of their collections and withdrawals of customary deposit accounts is enough to seriously affect the cash reserve of many banks. Actual suspension is then only escaped by avoiding the payment of large checks except through the clearing-house exchanges with other banks, where clearing-house certificates can be used, and a premium on currency becomes an established feature of the situation.

In my opinion the business demands for currency, which cause this premium, could be readily met if the bank in which the depositor has a credit balance could exchange for the individual check its own promises to pay lawful money in convenient amounts for the settlement of small transactions. Amongst the legal restrictions which now cut off this method of relief is to be found the Government tax of 10 per cent on State bank notes. This tax, designed to protect national banks and promote their purchases of Government bonds, had a war origin, and, like the revenue stamp on checks and promissory notes, was submitted to with patriotic resignation. It should have been abolished when the others were.

In the light of experience, it is the duty of every State to regulate the issues of bank notes so that no loss attending upon their use shall fall upon the people through whose hands they pass. This can readily be done, and it would be preferable that action by the State Legislatures of uniform character and in harmony with the currency legislation of the General Government should be taken before the present restrictions are entirely removed. A State-bank issue can be made just as secure to the people as any other circulating note by the enactment of wise legislation. Banks of issue should be under governmental control and examination at frequent intervals of time.

The stockholders should be held liable to an amount equal to their stock, and notes of circulation should be a first lien on all assets of the bank in case of failure. All the banks in any State made liable by a percentage on the circulation they have issued, for any possible loss on the bills of any one of their number which may fail. This, of course, while, as I said before, not pertinent to the issue before this House, is offered as a suggestion which I invite the bimetallists and those who desire a safe and elastic currency to think over.

I have not examined this matter in the light of constitutional reflection, but if power can be found in the Constitution to work out such a measure it would supply an elastic currency, the one great need of the commercial and industrial interests of our country. This matter, of course, is and ought to be an after consideration. The one great want of this country to-day is the repeal of the Sherman act, and if good sense, patriotism, and the obligations of public duty are to prevail there ought not to be a single moment of unnecessary delay in reaching that end.

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