SPEECH

OF

HON. JOHN J. GARDNER,

OF NEW JERSEY,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, August 24, 1893.

From the CONGRESSIONAL RECORD, August 26th, 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. GARDNER said:

Mr. SPEAKER: The gentleman from South Carolina (Mr. TALBERT) mentions New Jersey as one of the nine States that have been able to save much more than their proportion of wealth. This discussion has taken an aspect that makes this an accusation and her prosperity a crime.

New Jersey did her full share in founding this nation and she has done her full share to maintain it. She owes it nothing, but that loyal, patriotic support she has always given it. The battle monuments on her soil commemorate events and achievements among the most glorious of the Revolution, and the names and deeds of her sailors, soldiers and statesmen illumine the nation's history. Her people now are intelligent, industrious, enterprising and energetic, and as moral as other people. They maintain as many churches and schoolhouses per capita as any other people, and more than most people. They may differ from some other people in that they still believe industry and enterprise are, as heretofore, essentials to prosperity, and do not look upon the politician (generally in the kindergarten stage upon great questions), with a volume of Walker on Finance under one arm and a volume of Smith's Wealth of Nations under the other, as an immediate or promising source of wealth.

The gentleman from Massachusetts (Mr. EVERETT) has called attention to the fact that each member seems to regard his constituents as the people. Well, sir, to the member, in an important sense, his constituents are and ought to be the people. Whatever fiction enters into the assumption is the most justifiable of all the fiction in this debate. Like the honorable gentleman I claim that the people of the Second New Jersey district merit at least as great consideration as the people of any other district. This district lies largely upon that belt which eminent agricultural authorities have declared to be the garden spot of the United States—in variety of agricultural products, in production per acre, of quantity or quality, unexcelled if equaled. Our farmers have given the country a part of its best stock, and, until I heard the accusations that have been made in this debate, I believed the biggest hogs grown on the continent. I still believe our hogs heaviest and most valuable.

Our manufactures exceed in value of products and the employment they give to sturdy men, those of States who are teaching us laws of industry, trade and finance on this floor. The hum of our machinery is the music by which we have marched to the prosperity we are twitted of, and it sings the song of peace and comfort to thousands of intelligent families in happy homes, and will continue to if you in rashness do not doom it to silence.

We have more than 60 miles of seacoast dotted—filled—with resorts.deeply affected by the prosperity and depression of the country. Navigators who still conduct our commerce and a hardy race of skilled boatmen whose immediate future prospects depend as largely as does that of anybody else upon a restoration of confidence and the revival of trade.

I am going to vote for the repeal of that which is called "the purchasing clause of the Sherman law."

1. Because, so far as I have heard, the people whom I try to represent want it repealed. All the petitions and letters that have reached me from the district, with one exception, have spoken as one voice for repeal.

2. Because the nations are not coining silver. India, producing one-third of the world's supply, British Columbia a large producer, and all the other silver miners in the world see no governmental market for silver but in the United States. Under these conditions foreign silver will, if it has not, find its way to the Treasury as fast as the Treasury can absorb it by taking 4,500.000 ounces per month. Pardon me if I express a fear that conditions will be created under which foreign silver finds preference at the Treasury. Under the act declaring the purpose of the Government to keep the two metals at a parity and under the practice at the Treasury these silver certificates, issued for foreign silver, are redeemable in gold. The clause therefore becomes a machine that converts the foreign silver for the owner, into American gold, and does not leave the redeemed certificate in circulation. The gold is lost and the circulation is not increased. It is well said by many honorable gentlemen here if upon other grounds, that this clause, if left to stand, means ultimately the single silver standard in the United States. If we turn our gold into silver —exchange it for silver, to be exact— what other standard can we have?

3. Because the Government, except to supply some needs of the Government, has no right to purchase the productions of one class of producers at the exclusion of all other productions. This objection must have additional emphasis in a case where no discrimination is made in favor of the home producer of the commodity; for instance, if our Populist friends find themselves able to establish the subtreasury for the taking of their grain they will hardly go so far as to make the provisions include the wheat of India.

4. Because the people in the business centers of the country, for reasons, as I believe, I have intimated, in part at least, do not believe that this Government will be able to maintain the parity between the two metals. They believe with the President that the purchasing clause has been used as a device to drain the country of her gold.

Gentlemen tell us here that it was at the option of the Government to redeem the silver certificates in either metal. Well, that seems to be the letter of the law. Admit all they say about it and the answer is that the Government redeems in gold and not in silver. They tell us then that that is a wrong administration of the law—admit that too, if you please, and what is gained? Do they promise us a reform in the administration of the law? Does anybody promise a change in the construction of the law, or the practice under it, at the Treasury? Is it desired to retain the clause simply as a test of endurance between themselves, the President, and the people? the endurance of the people is being sufficiently tested. They want no added test at this time.

But, sir, the charge of wrong administration in the matter of redeeming the certificates in gold is not proven Congress put a construction on the so-called Sherman law, by a declaration in the law. It declared it to be the purpose to maintain a parity between the two metals. Would any other administration of the law maintain the declared object? The Treasury was confronted by the solemn declaration of Congress and the awful obligation it imposed upon the Government. Did any free-silver men object to the obligation it imposed? Democrats did not vote for it because they want to stand before some sections of the country as in favor of free coinage.

In this debate little attention has been given to the nature of the obligation which the pledge to maintain the two metals at a parity imposed. Every dollar of silver that has circulated under a statutory pledge of the Government to maintain it on a parity with gold has been backed by the Government as the greenback never was, and with a more burdensome and difficult obligation on the Government than any government bond ever imposed. No silver dollar ever depended on its value, nor the power and effect of being money that passed under such a declaration. When the Government issued greenbacks they bore the simple promise of the Government to pay them—at no fixed date. The Government bond is an obligation only to pay a fixed sum at a fixed time. In either case the Government assumed no obligation of maintaining the price of either. The fate of their current value was committed to the public faith in the Government's ability to pay—the one some time, the other at maturity. They might, as the greenback did, sink low in price, but no obligation of the Government was violated; national honor was not tarnished by a broken pledge.

There was absolutely no obligation to maintain the price of either note or bond—that was entirely at the holder's risk. But in the case of the silver dollar and certificate the obligation of the nation is to maintain its parity with gold every day—every hour—all the time—in prosperity and panic, and through all conditions and emergencies. Could obligation be more burdensome or more dangerous? What other circulating medium ever received such support? If the silver dollar requires such an obligation it is a dangerous thing. If it does not require it, the obligation is a dangerous thing. I like silver money, but I don't cherish it as I do the integrity of the Government. I don't want it supported by an obligation that is a perpetual menace to the nation's financial honor and stability.

Mr. Speaker, some gentlemen grow merry and sarcastic over the idea that confidence and lack of it play an important part in panics and general financial disaster, but they change no natural laws by raillery or sarcasm. Confidence deposits and circulates money, and without it man hoards. Confidence leads to enterprise, and purchases, and business. When it departs, enterprise and business depart with it, and their activity is succeeded by that of the collector and the sheriff.

The purchasing clause of the Sherman law may not be, as many believe it is not, the cause of a public condition void of business or financial confidence.

But the financier (for his purpose, if you will) has told the country it is. The Democratic party (for its purpose, if you will) has declared it is. Financial authorities, upon their theories, have told the country it is. The country largely has believed, and this belief, if not the clause, has destroyed confidence. It is gone.

Well, sir, the financiers will not retract, the Democratic party (just now at any rate) will not retract, the financial authorities will not change their convictions, and what is left but to try to undo the serious mischief which the belief, whether right or wrong, has done. For myself I believe the path of duty leads to the effort to restore immediate confidence in business circles. The East wants it, I know the West needs it, and the South would profit by it. I shall thread that path no matter how often it is demonstrated and it has been demonstrated that the vapor of coming changes created financial disease and that party necessity made it necessary to diagnose it hydrophobia, and to find a mad dog, and one whose whelping had Republican consent; and though I confess the case would have stood better if the dog had been killed on suspicion on the 8th or 9th of August than it does after all the political veterinarians have given their reasons for the diagnosis, still I am going to help you kill the dog, for I find you are not quite able to do it alone.

Nor shall I stop to inquire just here who is responsible for precipitating a disastrous panic at this hour that general prophecy said must come at some hour. Democrats here boast that Mr. Cleveland foretold it so long ago as when he wrote his first tariff-reform message. This "juxtaposition in time" is significant—but let that pass. Populists have been heralding disaster because out of an unprecedented national prosperity some people were taking fortunes too enormous, and some sections were getting too much, and Republicans have said it must come whenever there was a general political triumph of those who intended an immediate change of our whole fiscal policy; that our business and industrial structures for thirty years had been reared upon existing principles, and that, while they might be gradually remodeled upon other plans, the promised radical changes meant the razing of this structure that had brought increased wealth, population, education, progress, and development without precedent in the history of civilization, and a long idle wait for the building of another.

Well, sir, admit that it was coming. Disaster at this hour seems the result of the prophecy of disaster. If we lay it to the Sherman law it has come because of prediction that it must come by and by. If we lay it to the coming change of tariff, Democrats answer that they have not yet changed it. In either case belief in the prophecy precipitated disaster in advance of its substantial cause. It will always be so. He is a wise mariner who prepares for a storm that all his tests warn him is approaching. On the business and financial sea, general preparation for a storm is the storm, or precipitates it. Some gentlemen who seem to think this but a gust that will be gone before they are done talking, if they talk long enough, say it has been accumulating in our financial system for thirty years. They must reconcile this denunciation of the system and compliment to it for themselves.

Other gentlemen insist that the present situation is aggravated, if it was not brought about, by some conspiracy to which the New York banks have been a party or all the parties. Well, sir, if this be true, if these New York banks are so many Samsons in strength, and devils in villainy, and this purchasing clause is the bone with which they are smiting an already stricken country, let us take away the bone. The destruction of the enemy's weapon ought to go far towards restoring our confidence.

The gifted gentleman from Nebraska (Mr. BRYAN) would restore it otherwise. He sounds one note of encouragement to inspire the confidence of a nation. "Gold is coming back!" He does not seem to think it of consequence whether we have gold or not, but to humor the national whim, we are assured "Gold is coming back." Yes, and the story of why it is coming back is another story of our national misfortune, if not shame. It is not coming back because of the removal or abatement of anything that caused it to go away. It is coming back to receive enormous interest from business in desperation for it. It is coming back to buy our obligations at present depreciated prices. It is coming back to augment itself at the nation's expense. It is not coming because of restored confidence, nor because of any change of opinion by anybody. It is coming to speculate on a broken market, where our people have no money to speculate with or lack the confidence to use it. For all the gold that is coming back in one way or another, we are paying heavy tribute, and the only assurance it gives is, that there is a price somewhere down the scale at which foreigners are willing to buy our property.

If this sort of "coming back' goes on long enough and in volume enough it will be well to quote England's policy here, for we shall be largely England's. Our hope lies in devising some means to stop gold from "coming back" on the errand it is coming now.

The very learned gentleman from Missouri (Mr. HALL) argued the money question, and against the letter of Mr. HENDERSON, and in the direction of free trade. To sustain his money theory he quotes Mr. Walker, and he lays it down as the major premise in a syllogism that the volume of the circulating medium fixes the price of all the property in a country, supply and demand being the same. How he would measure the volume of the money circulating, whether at a real or nominal or face value, we were not informed, that I understood. It must be presumed, however, that he means to measure it by its face value, and the price of the property in the nation by the standard of that money.

If the proposition be true, then when the price of the circulating medium falls, measured by any standard but itself, the price of all the property in the nation must fall, measured by the same standard that measures the money. To avoid just here the answer that gold would be the other standard and might go up, let us suppose a fixed and unalterable standard possible and adopted, then, if measured by that standard, the price of the money fell, the price of the property in the nation must fall. Well, now the farmers of Missouri and everywhere else have been informed that the price of their grain is set in a foreign market in Liverpool. The money used as circulating medium will be measured by another standard—the standard of England—gold. Whatever is returned for the wheat will be measured by the gold standard, and the circulating medium will buy of the article returned in exchange for the wheat, under the free trade system just so much of it as it is worth by the gold standard and no more. So, if the price of his circulating medium falls, measured by the Liverpool standard, the price of his wheat falls in the same ratio.

But admit the proposition that the volume of circulating medium fixes the price, etc. The learned gentleman, in opposing the doctrine of Mr. Henderson, quotes Adam Smith to show that we should not be concerned about the balance of trade against us, that the notion that an adverse balance of trade is detrimental is "founded on the mistaken doctrine that the amount of the precious metals in a country has anything to do with its wealth and prosperity." Well, sir, the adverse balance must be settled in gold. The paying of gold takes out of the country a part of the circulating medium. This must affect the price of all the property in the country. If price bears no relation to either wealth or prosperity what place has the gentleman's major premise in the argument?

It seems to me strange that those who put so much faith in the efficacy of the Government stamp on coin do not propose here to reduce the amount of gold in the gold coin; why not divide by statute each one into two and stamp on each half the denomination the whole now has? I think, but according to the theories of some statesmen they can not believe, that this course would put silver dollars of the present standard at a premium, and if theories advanced are correct and bankers are as painted all your silver bullion would go out right away and the new gold coin would flow into the Treasury, and all doubt of the ability of the Government to maintain the parity would disappear.

The only disadvantage or hardship I can see, from the standpoint of our free-coinage friends, who do not think it of much consequence how much silver is in a dollar so the Government stamps it "One Dollar," is that we would all be forced to the new gold basis, and our most radical silver men would be compelled to be gold bugs and despise themselves. Seriously, if theories advanced here be correct, here is a suggested solution of the difficulty—"and a way to get back on the bondholder."

Nobody will propose its adoption. Why? Because, gentlemen, through the medium of lower tariff and larger trade abroad, know that all your coins go, after all, by weight, the only effect in the direction you seek effects, would be the raising of nominal prices at home. No; what is wanted, is a money for which the Government assumes some obligation to pay it in gold or maintain on a parity with gold, or to circulate where you can compel our people to receive it at par for debts. There has been much said about one money for the bondholder and another for the people. What is proposed here is one money for the American and another money for foreigners. We are being prepared for this by doctrines that teach us not to worry over a balance of trade against us to be paid in gold; it has nothing to do with our wealth or prosperity.

The able gentleman from Mississippi [Mr. CATCHINGS], I think, asserted and illustrated here that silver had fallen in about the same proportion as all other commodities, and all in consequence of cheaper production. On this showing the receivers of interest, fees, and wages would be the only losers by free coinage of silver. The laborer would be the man most affected.

There has been much said about the debtor class, but nobody defines that class. The receiverships being created show our great corporations to belong to that class. The inability to pay depositors show many banks in that class; all are to the extent of their deposits. Our savings institutions are in that class, and who wants them to pay in cheap money?

But nobody defines the debtor class, though every man favors it. Yes, the

Government is put in that class, and one gentleman after another, when talking about circulation at different times, including the period of the war and immediately following it, estimates every greenback dollar at 100 cents, but when estimating what the bondholder gave for his bond they put that same dollar at from 40 to 60 cents. Figures so used may prove 'anything, and it may be worth while to suggest that by it they show there was a time when the people had better money than the bond buyer. But we constantly hear that the greenback passed as money because the Government put its stamp upon it. The greenback was a promise to pay, and fell and rose as public faith in the honor and ability of the Government to keep its promise rose and fell. It was the promise, not the thing, that passed and had credit. The promise of any honest employed man on a piece of paper to pay a dollar is good. The stamp of a millionaire upon that same paper, "This is a dollar," is worthless. The promise of a tramp upon a paper to pay a dollar is as good as the fidelity of the tramp and his ability to beg the dollar. The stamp of the sovereign upon it, "This is a dollar," tells a lie and spoils the paper.

Mr. Speaker, I am a bimetallist, but recognize that we cannot change the laws of nature. Money is older than statutes, and may survive them. Evolution in the matter of money is as marked as in anything else, and it is in the direction of a gold standard, I must admit. I will vote to coin the silver bullion in the Treasury so much per month. I will vote to coin all we can absorb at a parity with gold, and, to protect our silver producers, I will vote for a heavy tariff on foreign silver. But our agricultural friends, who are for free coinage, but against the tariff, dwell upon the assertion that the price of wheat is fixed in a foreign market.

If that be true and the volume of the circulating medium regulates prices, is it not in the country where your foreign market is—in England—that you want free coinage? If the price of American wheat is fixed in Liverpool it is prices in Liverpool you want to raise by swelling the volume of the circulating medium there. The interest of the American wheat grower can not lie in the direction of dear money where he sells and cheap money at home where he buys. Well, gentlemen, you can only get free coinage abroad by international agreement. You can only get that agreement by force. The first force to use is the suspension of silver coinage in the United States. The next perhaps, is to prohibit a market for foreign silver here. If you are right in you theories your war is for free coinage abroad. A free coinage bill in the United States is a surrender and capitulation on the foreigners' own terms.

Besides this, you can not absorb and maintain the parity of the world's silver alone. No one nation ever did, no one ever will do it.

But the Western and Southern farmers want a better price for wheat. So do the farmers of all the States. I think there is one way to get it, in time—maintain a tariff that secures a home market for our manufactured articles, and build up factories around you, and draw a population that will consume and not raise grain. They will come to you, not in a day, but in time. Pursue the American policy, and you will have your own factories and your own money centers. Grain has fallen under Republican regime. Yes, Republican legislation has opened territory to settlers, and made it possible for almost every man who would go through the hardship of pre-empting it, to own one of the best farms in the world. It has created in the desert millions of such farms. It has created States whose Representatives come here and denounce it. Grain has fallen. Yes, for there is an empire of waving corn and kingdoms of new stubble to-day where the virgin soil was unbroken when Republican legislation began.

What the owners of this empire and these kingdoms need is consumers and not inflation of money. Your own country, that consumes nine-tenths of our crops, has not been stinted for wheat bread. No amount of currency would have made this nation eat much more wheat. You cannot command the foreign market, for the vast empire of India has entered into competition with us in raising wheat and selling it in the markets of the world. Only geographical situation will keep Indian wheat out of your own market when the tariff is repealed. India wheat is produced by people who do not eat wheat bread, and many of them never saw wheat flour. It is a hard competition. American legislation did not turn them to wheat raising, consign them to a diet below wheat, nor set them to cultivating their soil by the motive power of cows and women.

American legislation has not created the competition of Russia in the wheat market, nor have the "Shylocks of Wall street and blood-suckers of New England" developed the agriculture and commerce of these semi-barbarous but vast domains, till they compete with you in the "markets of the world." The American farmer's future is not in European markets; the star of his hope does not shine over Liverpool. Gentlemen seem to have yet to learn that Great Britian, France, and Germany, are not the whole Eastern Hemisphere.

We want a market for our products, including silver. We are the greatest producers of silver in the world. I have no quarrel with silver or its producers, no sympathy with those who denounce them. Mining always has been and is a hazardous enterprise. The phrase "the mines of Peru" has passed into literature as the figure for wealth, yet to open a new mine in Peru is to lose social and business caste because the people assume the future bankruptcy of the man who embarks in the enterprise, and if the East have a cause of quarrel with the "Silver States" it is not that they produce too much, but that their mines have absorbed a vast amount of eastern capital. I want to see and will help create the best possible market for their silver through international agreement—free coinage everywhere, if you please.

But we are told that if we do not vote for free coinage now silver will never be "heard of again in our statutes." How egregious! After us the deluge. We are not here now for the triumph of any theory, nor to adopt unalterable policies. We came to meet a "condition, not a theory," and there will be other days and possibly other Congresses in which theories can be weighed and policies adopted with more safety and as much wisdom as now, and in this Congress—even this Congress will have the soberer second thought later on.

Again we are told, by a number of gentlemen, that the repeal of the purchasing clause "strikes out half of the circulating medium and raises the power of money." The honorable gentleman from Illinois goes so far as to illustrate this argument by a supposed purchase of ten horses at $100 each, $1,000, the giving of a note for them, and that before sale of the horses and the maturity of the note this repeal passes. He contends the price of the horses, in consequence of the striking out of silver accomplished by repeal, will have fallen to $500; but it will take a thousand dollars to pay the note, and the repeal will have robbed the horse owner of $500. I think I state his position correctly. I notice it especially because it embraces much of the argument made on his side of the question.

In the first place it seems to me that the gentleman from Missouri (Mr. HALL) and others, who speak from authorities on finance, go far toward answering their friends and colleagues. These men of books show that nineteen-twentieths of the circulating medium is credit, and they certainly do not mean to contend that the volume of credit will swell and shrink with the volume of silver, for they also declare that an adverse balance of trade to be settled in coin has no relation to the wealth and prosperity. An adverse balance of trade settled in coin takes circulating medium out of the country.

If to take out coin does shrink credit to the proportion of 19 to 1, then by their own showing an adverse balance of fifty millions will mean a shrinkage of circulating medium of one thousand millions So, the total destruction of silver would not do what the gentleman from Illinois says, on currency, unless credit shrinks with loss of coin money, in the ratio it bears to the circulating medium, 19 to 1. If credit shrinks in its ratio to coin present, then the loss of each ten million coin, in settling foreign trade balances, means a loss of two hundred millions in circulating medium, they answer themselves. In the next place the passage of this act neither destroys a dollar in silver now coined nor affects its legal tender quality.

Mr. Speaker, much has been said about paying of our bonds in greenbacks, and about the amount the bondholders paid for the original bonds. I have before called attention to the fact that when they state the value of the greenback paid for a bond the greenback is heavily discredited, but when paid for wheat it is reckoned at par. Well, sir, the greenbacks paid for bonds were promises to pay by the United States—the floating debt of the country, if you please, became too large to float at anything like face value. I will not offend anybody by inquiring the cause —and it was funded. The Government exchanged its promise to pay at a definite time for its other promises to pay. Then came the proposition, still urged, to pay the second lot of promises by a reissue of the first promises, and this they call payment.

A gentleman inexperienced in business was pressed for a debt. It was a new experience with him, consequent insomnia and a failing appetite were wasting his system, when the creditor proposed to take a note. The debtor gave it, and with radiant countenance and streaming eyes, exclaimed to his anxious wife: "Thank God, Hannah, that debt is paid!" The story is old and has excited mirthful ridicule wherever the English language is spoken. If I had located the debtor in any section or given his occupation, honorable gentlemen would indignantly declare I had insulted the intelligence of their people. Yet, sir, these same honorable gentlemen propose the payment of debts with notes by the United States, and call it statesmanship and sound policy.

If I have indicated why I shall vote for repeal and can not accept the theories nor arguments of the free-coinage gentlemen, I have done all I intended.

I have endeavored to avoid political references. I have no desire to remind anybody that their platform was constructed of a material so indefinite and void of certain texture that we have had many days of dispute as to who is on it and who is off What it is and where it is seem alike uncertain.

In calling attention, in conclusion, to portions of three Presidential messages, I do not allude to politics, but point to passages of history, undisputed and indisputable.

At the last end of one free trade period, and near the beginning of a feared one, two Democratic Presidents wrote as follows:

BUCHANAN, DECEMBER, 1857.

"The earth has yielded her fruits abundantly; our great staples command high prices, and up till within a brief period our mineral, manufacturing, and mechanical occupations have largely partaken of the general prosperity. We have possessed all the elements of material wealth in rich abundance, yet notwithstanding these advantages, our country in its monetary interests is at present in a deplorable condition

"In the midst of unsurpassed plenty we find our manufactures suspended, our public works retarded, our private enterprises abandoned, and thousands of useful laborers thrown out of employment and reduced to want. Under these circumstances a loan may be required before the close of your present session, but this, although deeply to be regretted, would prove to be only a slight misfortune when compared with the suffering and distress prevailing among our people."

CLEVELAND, AUGUST, 1893.

"With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance to business enterprise, suddenly financial distrust and fear have sprung up on every side.

"Numerous moneyed institutions have suspended because abundant assets were not immediately available to meet the demands of frightened depositors. Surviving corporations and individuals are content to keep in hand the money they are usually anxious to loan, and those engaged in legitimate business are surprised to find that securities they offer for loans, though heretofore satisfactory, are no longer accepted.

"Values supposed to be fixed are fast becoming conjectural, and loss and failure have involved every branch of business."

The other is that picture painted by the truthful hand of President Harrison in his message of December 6, 1892, of a nation in unprecedented prosperity, growth, and development. That was a condition under a protective tariff. [Applause.]