

SILVER.



SPEECH

OF

HON. JOHN H. GEAR,

OF IOWA,

IN THE

HOUSE OF REPRESENTATIVES,

SATURDAY, AUGUST 26, 1893.



WASHINGTON.

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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. GEAR said:

Mr. SPEAKER: I have the honor to represent on this floor a district which employs a larger amount of labor, probably, than any other district in my State. I am also here representing a large proportion of agriculturists, not only in my district, but also in the State—farmers whose lands fairly groan with the crops that have been given to them by a kind Providence this year. There are more cattle, more hogs, more sheep on the farms of Iowa and more grain in the granaries of Iowa than ever before, and yet buyers can not procure money to move these crops to market.

Mr. Speaker, I appreciate the peculiar conditions which surround this special session of Congress. We are called upon to legislate at an extraordinary crisis in the affairs of the country. It is a "condition and not a theory" that we have to meet, but, Mr. Speaker, I do not believe that the President in his proclamation calling us together has stated the real cause of the troubles that have overtaken the country and produced the widespread disaster that exists to-day; but as to this real cause we shall have ample opportunity later on in the session for discussion. We must address ourselves to the present, and we find a most remarkable condition of affairs; and what is that condition?

A country that six months ago was prosperous in the most marked degree, labor well employed at remunerative wages, capital trustful, and abundance of money in circulation, to-day is swept from ocean to ocean with disaster and a lack of confidence unparalleled in the history of the country exists. Thousands, tens of thousands, hundreds of thousands of those who six months ago were employed at remunerative wages are walking our streets clamoring for work and bread; mills that have been in operation for years have closed down indefinitely; the country which has reverberated with the hum of industry has been stricken with blight, and prostration, as it were, in a moment has overtaken the nation; values of all kinds have depreciated and men who but yesterday considered themselves affluent are to-day made poor by this sudden and alarming crisis.

In addition, the startling information comes to us that the revenues of the Government from customs, internal revenue, and

post-office receipts have fallen off during the present fiscal year at the rate of nearly six millions per month, or seventy millions for the current year. It is a question with me, if this deficiency continues, if the present Democratic Administration will not have to call on Congress to issue bonds to meet the deficiency, as did the Democratic Administration of James Buchanan. As the barometer indicates the condition of the atmosphere, so do the revenues of a country indicate prosperity or a lack of it among the people of that country, and this is special evidence of the distress that is prevalent to-day throughout the whole country.

This distress is not confined to any one class of people; it is widespread and far reaching, and a general lack of confidence pervades the nation. Banks which yesterday were considered solvent are to-day in the hands of receivers; the same is the case with many railroads, and a general demand comes to Congress to take such action as will relieve the congested condition of financial affairs, and it is, therefore, our bounden duty to do all in our power to restore confidence and credit.

There is more money to-day in circulation than at any time before in the history of the United States, and more than in any other nation in the world, with the possible exception of France. and yet money can not be obtained at any price, for the reason that there is a deep-seated feeling that there is something at fault in the financial policy of the country which requires immediate remedy, coupled with the fact that we may possibly be coming to a silver basis.

It may be well to review for a moment the condition of the finances.

To-day silver dollars and paper dollars are as good as gold dollars, because the Treasury of the United States will pay gold for them, and to-day a man with a paper dollar or a silver dollar can obtain a gold dollar for it if he wishes to do so. I am in favor of maintaining that condition, and it is what both Republicans and Democrats insist on in their national party platforms.

I am, furthermore, in favor of the free coinage of both silver and gold whenever we can be sure that the condition I speak of will not be thereby disturbed.

It was, in my opinion, a mistake to demonetize silver in this country and in Europe in 1873. I believe the two metals are necessary to keep our medium of exchange, our measure of value, steady and unchanging in its purchasing power. I believe that since 1873 gold has been going up in value, because the demand for it has been greater than the supply. I think this works an injustice to debtors and depresses business everywhere.

I am earnestly in favor, therefore, of bimetallism, the use of the two metals, silver and gold, as money. But in dealing with money matters experience teaches us that we must move with caution. The money of a country is its lifeblood; and when you do anything to impair its purity and efficiency you produce in the body politic the same kind of effects as those produced in the human body by a course of living which brings on diseases of the human blood.

It will not do to say that we can do anything we see fit to do

about money, any more than that a man can abuse his physical system without suffering for it. The United States, as a nation, is rich, and its credit is high. But if we should make an issue of greenbacks to-morrow and make no promise or provision for redeeming them they would not pass current at par with gold and silver. The mere fiat of the Government can not make paper into dollars any more than printing "milk tickets makes milk." If there is a promise to redeem, and the people believe in the ability and intention of the promisor to keep the promise, then paper will be as good as dollars and milk tickets will bring the same price as milk, but not otherwise.

Now, what would be thought of a lawmaking body like this Congress of the United States if in times of peace it should issue paper without promise of or provision for redemption, and should call it money and make such paper a legal tender for the payment of debts? Gold and silver in this country would at once go to a premium, or, in other words, this legal-tender paper would be at a discount. But being legal tender, every man would pay his home debts in it.

There are seventeen hundred millions of dollars due from savings banks in the United States to small depositors. Every one of them would be paid in this depreciated legal tender. Every man who earns his living by his day's work would be paid in this currency. Would this be a just and wise measure for this Government to become responsible for? Obviously not.

Now, let us apply the argument to silver dollars instead of paper dollars. In all the great commercial countries, except in Mexico and South America, silver bullion is only merchandise, like iron and copper. It is coined to a limited extent and used more or less as money, but it is not money in the sense that gold is money. If I have gold I can take it to the Mint and have it stamped, but I can not do that with silver. Gold has a fixed value, while silver has not. If I have silver bullion to dispose of I must sell it in the market at the market price. In short, outside of Mexico and South America the coinage of silver is not free, like the coinage of gold.

Now, what is it that certain of our friends here propose? They propose that the United States, acting alone and without any agreement with other nations, shall permit the free coinage of silver in this country. What does this mean? It means that if I own silver bullion I may go to the mint and get what is called \$1 for 60 cents' worth of it. Would those dollars pass current with gold dollars, or would gold at once command a premium, or, in other words, the silver dollars be at a discount? The Treasury of the United States could not maintain silver dollars at par under a system of free coinage of silver without straining even the high credit of this country, and gold would just as surely go to a premium as it would in the case of the paper currency and just as it is in Mexico to-day.

The only difference between the paper dollars and the silver dollars would be in the percentage of fiat. In the paper dollars, without promise of redemption, all would be fiat, while in the silver dollars, without promise to redeem them with gold dollars, a large percentage would be fiat. But silver dollars being legal tender in this country, every man would pay his domestic

debts with them. Every savings-bank depositor would get about 60 cents instead of a real dollar when he went to draw his money. Every insurance policy would be paid in 60-cent dollars; every day's labor would be paid in the same way. They would be called dollars, but they would only buy 60 cents' worth of bread or meat or clothing.

We are advised by the President that later on in this Congress we are to turn our attention to a revision of the tariff. Of course, this revision of the tariff will be made on Democratic lines, the result of which will be to put the labor of the United States in direct competition with the cheaper labor of Europe. This will bring about one of two results: First, labor engaged to-day at remunerative wages in the factories must accept the lower wages prevalent in Europe; or, second, if not accepting such wages, the industries of the United States must to a large extent come to a standstill and the labor engaged therein be discharged.

What will this labor do in that event? It must, in the nature of things, go on to the farms, and thereby become competitors with those engaged at present in farming. This means an overproduction of farm products, which, of course, means low prices for those products; and it also means, by virtue of the stoppage of our own industries, an influx of foreign merchandise; in other words, instead of being self-dependent on our own manufactories for goods, we are to be dependent upon Europe. It is, therefore, neither fair nor just to the labor of this country to be put in the position of receiving a depreciated dollar for wages and be compelled to go into the markets of the world and pay for such goods as they buy in a depreciated dollar.

Then, as gold would command a premium, the condition I have spoken of as now prevailing, when a man can get a gold dollar for a silver dollar or a paper dollar, would prevail no longer. If the ratio should be made 20 to 1 instead of 16 to 1, then a silver dollar would be worth 80 cents instead of 60, but it would not be a real dollar. It would contain 25 per cent of fiat still.

I can not cast my vote for any measure which will have the effect I have described.

But, besides that effect, there would be another effect perhaps even more serious. When gold goes to a premium it ceases to be money, and becomes a commodity in the market, because no man will pay out as a legal dollar something worth more than the cheapest legal dollar he can find. If the five or six hundred millions of dollars of gold coin in the United States should be forced to a premium, as it would be by the free coinage of silver on any practicable ratio in this country alone, it would retire all gold from circulation, and such a shrinkage in the circulating medium would produce at once a panic compared to which the panic we are now going through would seem like a breeze in summer to a winter blizzard from Montana.

Every gold dollar in the Treasury of the United States would at once be drawn out by the holders of paper notes, and this nation, the richest in the world, would find its Treasury and most of its people bankrupt. I can not regard it as possible that any measure which would produce such results will become a law.

Mr. Speaker, I voted three years ago for the Sherman law. In

my judgment that law was a temporary measure and was enacted to prevent a worse measure which our Democratic friends, with a few Republicans from the silver States, sought to pass, to wit, free coinage. We have gone on under that law purchasing month by month a large amount of bullion and issuing therefor legal-tender notes, piling up bullion in the Treasury and paying the notes in gold. If we are to continue that policy, in my judgment, the time must soon come when it will be a physical impossibility for this Government to maintain specie payments for the notes issued under that act.

There is, however, a free coinage of silver which will not have these disastrous effects, and, in my opinion, it is in the power of this country to bring it about. I mean through international agreement.

I do not question nor criticize the motives of the vote of any member on the floor of this House on this or any measure; it is a matter of conscience and judgment for every man to vote on this measure as he deems for the best interests of the whole country, and so believing I feel it my duty, as a step in the right direction of international bimetalism and the enlarged use of silver as money, to vote to stop buying silver under the act of 1890.

And if after we have stopped buying silver this Congress shall strengthen the Treasury in the proper manner, I believe Europe, seeing that we are no longer willing to take upon our shoulders all the silver in the world, and seeing that we really intend, as both of the great political parties have said they do, to keep every American dollar as good as every other American dollar, will come to our terms and agree with us upon international bimetalism. That is what the people of this country want; it is what they have declared for in their political platforms, and it is what they can have if we here in Congress do our duty.

We are all in favor of maintaining the equal value of all American dollars, and we should all, therefore, be in favor of providing the means to do this by strengthening the Treasury to meet the necessities of the case. And when to this is added the fact that such a policy will drive Europe to join us in an agreement for bimetalism, the argument is, to my mind, conclusive and unanswerable.

If all the great commercial nations agree among themselves that silver coinage shall be free at a practicable ratio, the value of silver would be fixed and could be maintained, not only because its actual value would be augmented by reason of this enlarged use, but also because it would cease to be merchandise fluctuating in market price when it became universally recognized as money. But as a quart measure can not hold a gallon of water, no one or two countries can maintain a fixed level of value for silver when in other countries it is merchandise in the market.

I believe that the United States Government, by strengthening its credit, and by selling gold bonds, if necessary, and buying gold, can bring Europe to agree to international bimetalism, and when any plan for accomplishing that object is before us it will receive my earnest and active support.

If this nation should enter into the struggle for gold by the

use of its vast credit, we should compel Europe to admit that there is not gold enough to furnish a safe and steady measure of value, and we should in that way bring about the permanent use of silver as money, not only without any suffering, but greatly to our advantage, and, as I believe, to the advantage of the whole civilized world. In my judgment there is no other way to bring about an enlarged use of silver and to make the world's measure of value a more certain and stable one.

I am amazed at the temerity of gentlemen who discuss this great monetary question in a party spirit and appeal to passions and prejudices. There can not be two kinds of money, one for the banker and another for the farmer, and all attempts to make the people believe otherwise, to stir up sectional strife or party strife over this question, are not only unpatriotic, but to the last degree unwise and dangerous.

This nation is too rich to have any money but the best for the use of all its citizens, and believing as we do that gold and silver taken together at an agreed and practicable ratio make the best money, we should endeavor by all fair and reasonable means to bring the other great commercial nations to our way of thinking. We can never accomplish this by placing ourselves upon the basis of silver monometallism, which we shall do if we attempt to solve the problem single handed.

Some men seem to think that free coinage of silver is the panacea for all the evils that man is heir to. [Laughter.] Sir, I do not so believe; neither do I believe that the "plain people" of this country are in favor of such a policy. The farmers and laboring men whom I represent are in favor of good money. We fought the battle in Iowa in 1878 and 1879 against the craze of "fiat" money and gained a great victory. From that time to this the people of Iowa have always been in favor of good money. Let me call your attention to an extract from a letter from one of my German constituents, a workingman. He says:

No doubt you are engaged in the struggle that is going on in Congress to day to fix the money matters of the country, so if the people are promised a dollar they will get a dollar that is worth a dollar, and confidence and regularity in our business will once more be established and the laboring men will stop crying for work and for bread.

That, Mr. Speaker, covers the whole question in a nutshell, and no sophistical arguments can change the opinion of those people. They believe in a fair day's wage for a fair day's work. This they are entitled to, and by no vote of mine can they be deprived of it.

Many gentlemen hesitate about voting for the repeal of the purchasing clause for fear that Congress will not provide a currency sufficient to meet the constantly increasing wants of our increasing population. Others are afraid that we may reinstate the old "red dog" and "blue pup" currency of my boyhood days. Others are afraid we will reinstate the "wild-cat" currency of 1857-'60, all of which brought great loss to the farmers and laborers of the country. I have no such fear, Mr. Speaker. I believe that this Congress is competent and willing to enact such laws on the financial question as will give to the country the high class of circulating medium that it has enjoyed.

Sir, the national Republican party is the author of all the

financial legislation on our statute books for thirty years; it has placed the credit of the nation on the highest plane; each and every dollar issued under that policy has been made as good as the best dollar in the world, and to-day the nation turns as one man to the Republican minority in this House to contribute its share to the maintenance of a stable currency and to see that the nation's currency is to be maintained in the future, as it has in the past, as good as the currency of any country in the world.

While we may differ and do differ on many questions here of party policy, yet on this question, which concerns the common good of all the people, I shall cast my vote on this and all other financial questions in such manner as will meet the just demands of the people in this great crisis, and I earnestly hope that in this critical time Congress will act with that promptitude that the situation demands. [Applause.]