

STOP THE PURCHASE OF SILVER BULLION.

S P E E C H

OF

HON. S. W. McCALL,
OF MASSACHUSETTS,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

AUGUST 16, 1893.

WASHINGTON.

1893.

SPEECH
OF
HON. S. W. McCALL.

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. McCALL said:

Mr. SPEAKER: I agree entirely with the proposition advanced in this House by most of the opponents of this bill, that the question at issue is monometallism against bimetallicism; but I do not agree with those gentlemen as to which side represents monometallism and which side represents bimetallicism. To my mind it is as clear as the sunshine that a continuance of the policy of the Government in purchasing 4,500,000 ounces of bullion each month, or the free coinage of silver at any of the ratios in the amendments pending before this House, will result in this country becoming a monometallic and not a bimetallic country, and that metal will be silver, and in our having as our standard of value the amount of silver coined in the silver dollar.

I believe, Mr. Speaker, in bimetallicism so far as it can be maintained on the gold standard, which is our present standard. I believe that we should have all the silver we can circulate in this country, and yet adhere to the standard which prevails among the nations of the civilized world; and because I so believe, I am in favor of this bill.

Let us consider what the policy of this Government has been. It would take no very great gift of prophecy to foretell that when this Government must invest in a certain amount of silver each month without any surplus revenue over and above its expenditures, that it could only acquire silver at the expense of its gold. That is what the effect of this policy should be. Let us see what the effect has been.

During the three years in which we have been upon this policy our Treasury has parted with nearly \$100,000,000 of its gold, and the reason it has not parted with precisely the amount of gold that it has purchased in silver is, in my judgment, due to the extraordinary measures pursued by it during the last two years to keep it. If we look at the matter from an international standpoint we find this remarkable coincidence, that up to July 1, 1893, we had purchased \$140,500,000 of silver bullion, and we had exported from this country \$141,000,000 of gold. The effect of this policy then, I say, is precisely what we might expect it would be—that as we have parted with our gold we have piled up silver.

Mr. Speaker, it will not require any very long time, it will not be a very distant day when this Government, at this rate, will

have parted with so much of its gold that it will be compelled to suspend gold payments, and the result will thus inevitably be the expulsion of all our gold from circulation, and the placing of the country upon a silver standard.

And that is the essential question at issue here to-day. What standard do we propose to maintain in this country? What is our dollar? You might infer that a "dollar" was simply a fiat of the Government, an umbra, a piece of that very intangible and unmeasurable thing called the "faith of the Government." You might infer that any other word containing the same number of letters, if it was emitted by the Government, would have the same value.

But there is this significant thing in the situation, this extraordinary coincidence, that what we call our dollar is worth precisely, and has been since the first day of January, 1879, the amount of gold in the gold dollar. That is the striking fact. That means simply that we are upon a gold standard. That means that the gold dollar is, in effect, the dollar of ultimate redemption, and every one of our dollars, whatever may be the intrinsic value of the material of which it is made or upon which it is stamped, whether it is worthless paper or whether it is silver, is worth precisely the value of the amount of gold in a gold dollar.

That results from the fact that this Government has since 1879 declared its purpose to convert every kind of its dollars into any other kind that any person may desire. The consequence has been that so long as it could maintain payment upon the basis of the gold dollar, which is the most expensive dollar, that would be our standard of value. But when we see the gold flowing from our Treasury we see that the Government is approaching the point where, although it may have the willingness, it can not have the ability to redeem its promises, and when the time arrives then it will have to go to the basis of the next most valuable dollar.

So, instead of your dollar being anything intangible or a subject of mere imagination, it will then be the amount of silver contained in our present dollars, or in whatever silver dollar we may hereafter adopt, if we adopt free coinage. Believing, then, that the important question involved in this debate is the question of standard, it seems to me that we ought to consider for a moment whether it is wise to-day for the United States to adopt a silver standard in preference to a gold standard.

What does that involve? It is said that silver was demonetized in 1873 by this Government, by Germany, by France, and by other nations, and that, as a result of that demonetization, there has been a far less demand for it, and, consequently, that it has gone down in value. Now, Mr. Speaker, notwithstanding the reduced demand for silver, caused by the demonetization of 1873, you will find that, in the face of that decreasing demand, the product of silver has constantly increased, and to-day the annual output of that metal is nearly 250 per cent greater than it was in 1873. It has gone up so that to-day silver can hardly be ranked among the precious metals, and the new output of this metal, to say nothing of the stock at present existing in the world, amounts to nearly 6,000 tons per year.

Now, in view of the fact that the mints of all the civilized and of the greater part of the heathen world have been closed to silver, I submit that it would be madness for this Government to-

day to go upon the silver standard and, at least, thereby shoulder the new output of silver. But that is not all. I think there is a great deal in the argument, though I do not think it should have the force that has been given to it, that the silver of other nations, especially if there was any rise in the value of the article by reason of our adopting free coinage, would be unloaded upon us. Those nations would seize the opportunity to unload their silver upon us, precisely as Germany did in 1873 and 1874. It is said that the German Government sold its silver at a loss.

Mr. Speaker, it might have sold its silver at a loss as compared with the arbitrary ratio fixed in the German coinage, but there has been no day from that time to this when the German Government could not have purchased back, if it desired, that very silver at less than what it received; so that it would have made by the transaction.

It seems to me entirely clear that the result of our going upon the silver basis would be to expose this country to the great fluctuations in that metal and in the value of our dollar, and that, by reason of our alone attempting to carry silver as against all the rest of the world, we would see a constant shrinkage in the value of our dollar.

We should not have free coinage simply because Mr. Carlisle is not a pattern of consistency and apparently has seen a new light. I do not agree upon many political questions with Mr. Carlisle, but he possesses the instincts of a statesman; and the effect of the great responsibility of the office he now holds, with his hand upon the throttle of that mighty engine which can start or stop all our wheels of industry, has been to sober him, as it would sober any man who had at heart the interests of his country.

I do not imagine that it is necessary here to repeat any of the old classical arguments about the desirability of the gold standard as against the silver standard; and I may say here that I take no stock whatever in the exploded theory that we can have a double standard. I do not believe you can have any double standard of value any more than you can have a double quart measure or a double pound weight. It seems to me that we must adopt some standard in value; and while, from the nature of the case, we can not get anything that is inflexible, that will never rise or decrease in value, it is our duty to adopt that at least which will put us on terms of equality with the other trading nations of the world, and which will possess, in the highest degree obtainable, the quality of stability.

If we take the value of gold as compared with labor, which I think is fairly the unit of production, we shall see that gold and labor during the last twenty years have maintained their relations to each other, and that wages expressed in terms of gold are at least equal to-day to what they were twenty years ago, if not greater.

But gentlemen say you must take commodities as the measure of value. Now, Mr. Speaker, I submit that commodities do not constitute a proper test. If twenty years ago an article required so much human labor in its production, and to-day that article is produced by the mere automatic motion of a machine at one-third the cost at which it was produced then, I say it should have, with reference to human labor, only one-third the value that it had then. The work of a machine does not count in this matter.

The work of a machine, except as it may involve the ingenuity of the inventor, to whom money is paid for the invention and the cost of labor in producing the machine, should count for nothing whatever in the transaction.

And now let us see what terrible burden is laid on the debtor class in this country. Twenty years ago, for instance, you may have loaned a man \$100. That \$100 required on your part a certain amount of labor to procure it. To-day that man returns to you \$100; and I submit that this sum of \$100 should require as much human labor to-day to procure it as was required to procure \$100 when you lent him that sum. I submit it would be most unjust if to-day the man should undertake to repay you in any commodity which, by reason of the invention of a new machine, costs to-day only \$20 in labor, although at the time the original loan was made the cost would have been \$100 in labor.

Consider the improvement in various processes of human labor. Sixty years ago the labor involved in carrying a bushel of wheat from a point west of the Missouri river to New York would have been one hundred fold in excess of the amount of labor involved in the original production of that wheat. But by reason of improved methods of transportation that wheat can to-day be put down in New York for an infinitesimal fraction of what it would have cost then. Shall we select some metal as our standard of value which will go backward and simply record what was the cost of a given transaction sixty years ago—which will keep its par with the obsolete and expensive methods of twenty years ago? I submit that the most nearly correct unit of value you can get is the unit of human labor, which is the unit of production, and as measured in that gold has been the most stable.

Mr. Speaker, there is another reason in favor of the gold standard besides the reason that it is the better standard. The gold standard is the existing standard in this country, and it should require some very potent reason to justify us in changing that standard to another. But it is asked: "Why do you propose to diminish the amount of your money when we are having a money famine; when all our industries are crying out for more money, why should you go to work and practically demonetize a large part of the money of the country?"

Mr. Speaker, there never was a more patent fallacy than that. This country is not suffering from lack of currency or circulating medium. If you will compare the Treasury report of the 1st of August in this year with the Treasury report of one year previous, you will find that there has been an increase in the amount of circulating medium to the extent of at least \$10,000,000; and when you take into account the \$20,000,000 of gold which since the 1st of August has reached New York, and the increase of ten or fifteen millions more in the national bank circulation, it is entirely clear that our circulating medium to-day is \$40,000,000 more than it was a year ago.

Why is it, then, that our business has declined? It may be from a variety of causes. I have no doubt that the fear of a radical change in the tariff has contributed to a considerable degree and has curtailed the operations of our manufacturers. But it is to be observed that this depression did not begin with the stopping of mills and the consequent tightening of money; but when, with the wheels of our mills revolving, with our manufacturing establishments having orders upon which to run, they

have had to shut down because of the lack of money, it is clear that there is some cause which affects those who have money, creating a fear which is paralyzing the business of the country.

So long as this Government is able, and so long as the people believe it able, to redeem all its money in gold, people will be entirely controlled in the kind of money they select by considerations of mere convenience. But the moment the point is reached when it appears that the Government may not be able to redeem all its money in gold, but that some holders of its obligations will be obliged to take a less valuable metal, then convenience gives place to fear; the bill holder becomes timid; and from the effect of this impulse of fear there is a locking up of our money from actual use.

Gentlemen call this a conspiracy to tighten the money market; but there never was such a widespread and universal conspiracy since the world began. It does not affect merely the great financial heart of this country, the city of New York, where the bankers to-day see their deposits constantly decreasing, where the national banks have run below their required reserve—\$15,000,000—but this distrust has appeared in Boston, in Chicago, in Denver, and in cities beyond the Sierras; and I believe it is due to a fear which can chiefly be traced to the effect of the policy of the Sherman law and the continuance of the purchase of silver upon our circulating medium.

I have said what to my mind are the chief things which should be considered here in this discussion. In the first place, we have in this country to-day about the sum of \$650,000,000 in silver. That is all that we can stagger under. But if we stop where we are, I believe we can carry that amount and return to our normal financial condition, but it is necessary to stop there in order to prevent a further contraction of the currency which would result by the demonetization of gold, and in order to keep us from a silver standard.

The only thing for us to do, in view of the policy of the other nations of the world, is to take up the battle and fight, not merely for ourselves, but for the common interests of mankind; and in that view to go into a struggle with the other nations of the world for gold. That is the surest way to fix the international status of silver. We will never get there—to the point desired by those who favor silver—if we are content to load down the energies of the nation with a burden that would swamp the greatest nation that ever existed by attempting to carry the silver of the world alone.

I do not care, sir, whether the Republican party or the Democratic party was originally responsible for the passage of this bill, or what motives or methods were involved in its passage. I will admit that the Republican party was responsible for its enactment. But I believe that they were dealing then with an evil, and this movement was made, as the President of the United States has said in his message, by the conservative financial element, with the intent to solve an existing grave question of finance. But whether the Republican party was responsible originally or not, I believe that it stands here to-day ready to terminate its responsibility.

The Democratic party unanimously voted against the act of 1890. It unanimously voted against that act when it had not been tried, and when it might possibly have been a measure of

wise and sound finance. Is it not, then, most extraordinary, Mr. Speaker, that the operation of that act should produce a change, and such a change, in the policy of the Democratic party? I submit it would be scarcely to the glory of the Democratic party if they stood out opposed to that policy when it might be for the financial interest of the country and become converted to its support by the disaster and the ruin which have followed from putting it into practice. And that, Mr. Speaker, would be simply their attitude to-day if they fail to adhere to the position they took when this act was originally before the Congress for consideration and when it originally passed the House—an attitude of uncompromising hostility to it.

Now, sir, to go outside of the two points on which I have been speaking I desire to say that I have listened with somewhat of amazement to some remarks on this floor concerning the bankers of this country. I have no doubt that there are some very wicked men in the country engaged in this business. It is my experience with mankind that while we are all generally good you will find a bad lot here and there, and sometimes very bad men are found in Wall street; and we find also some bad men in Missouri. Under our complicated social system the banker of the country is just as necessary as the farmer. The farmer's crops could not be moved from the place of production to the place of consumption but for the banker.

Great railroad enterprises could not be inaugurated, important industries and interests could not spring up throughout the country, if there was not some place where the business men, the enterprising men of the country could go and get money to carry them into execution. The banker is a necessary part of our institutions, and is entitled to as much respect as any other class of business men in our community. And, sir, when I look at what they have done during the last few months, bearing as they have borne the brunt of this tempest, a tempest that threatened to engulf both them and us, and when I see the courage shown in the face of decreasing deposits and increasing deficits, when I see the ingenuity of the expedients to which they have resorted in order to maintain the vast interests intrusted to their care and prevent the breaking down of the business of the country, so far from speaking of them in terms of derogation as "Shylocks," or "gold bugs," or other epithets of derision, I should say that they are entitled to the admiration and support of the country.

Mr. Speaker, I say, in conclusion, that if we want to maintain the two metals in circulation here, if we want to maintain the gold standard in this country, if we do not desire to drive from our business every drop of the rich, red, golden blood that vitalizes every civilized nation, if we do not wish to continue this paralysis of business, and subject our farmers to the system of exchange that is chiefly responsible for the degradation and practical slavery of the Indian peasant, we will have to repeal the act of 1890 unconditionally. And while we may not restore confidence in the minds of the people at one blow, we will go very far towards remedying the depression which has settled upon all of the industries of the country. [Applause.]