

SILVER.

SPEECH

OF

HON. J. J. McDANNOLD,
OF ILLINOIS,

IN THE

HOUSE OF REPRESENTATIVES,

AUGUST 21, 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. McDANNOLD said:

Mr. SPEAKER: There is but a single excuse needed for my intrusion into this debate. For many days I have listened in this House to speeches for and against certain governmental policies, and have yet to hear a single member of the dominant party take that stand upon the burning question which has caused this midsummer gathering which I believe is due both to the people from whom we receive our warrant and to that brave and courageous Executive from whom issued our call. It may be that we of the Western prairies have lacked something of the education which prevails in circles more dominated by foreign culture.

It may be that the eminent statesman and orator from Maryland has gained through contact with older civilizations that insight into governmental policy denied to men who draw their inspiration from cornfields and prairies of grain. But, sir, I should do injustice to my own convictions and to the earnest beliefs of my constituents did I fail to make stern condemnation of the sentiments by which one wearing the garb of my party seeks to discredit the organization, and I make this at the opening of my remarks that it may be taken as my text.

The gentleman says:

In conclusion, sir, I wish to state that as far as I am concerned at this critical era in the history of our country, I am not in the slightest degree disturbed or intimidated by the glittering catchwords of political conventions. I am guided by a purer and higher faith. No matter what construction may be placed on our platform, I believe in forever striking from the tenets of our political creed the superstitious folly that a nation grows rich in proportion to the amount of worthless money it can coin. In place of this idolatry, I would plant high upon our altars, so that all mankind could read it, the inscription that we would as soon fail and perish as dishonor any of the obligations upon which have been imprinted or emblazoned the emblem of the Republic.

Now, sir, I presume that such assertions may please the ear and tickle the fancy of liberal paymasters of older lands. It may serve to excite laughter and derision of American institutions in circles where the divine right of kings is recognized. But I say for the benefit of the gentleman who uttered these words, and for the benefit of certain editors who have echoed them, that they

do not represent the opinions of that vast aggregation of triumphant Democrats who reversed political conditions in this country last November. These sentiments smack of that spirit which tempted the Democracy in national convention to worship the discredited fetish of protection.

Let my answer stand for that better wisdom which yielded to the popular demand for reform and gave no recognition to the infamous policy of robbing the masses for the benefit of the classes. And as last fall the victory of right in convention was followed by a logical success in the national contest, so today there should be better possibility of Democratic service to the people by calling to the attention of their Representatives certain facts which can not be gainsaid.

I am of those who believe absolutely and unreservedly in the capacity of this people for self-government. I am of those who rejoice in the fact that cliques have twice met with signal rebuke when seeking the overthrow of a statesman who dared to be right, and to serve the people through the Democratic organization, even when timidity cast before him the possibility of defeat. Believing this, I ask Democratic Representatives on this floor to examine the credentials they bear from their constituents. I spurn the insinuation that the Democrats of the nation indulge in "glittering catchwords." [Applause.]

I know no higher and purer faith for a Democratic Representative than can be drawn from the expressions of their party platform. Nor do I believe, if it may be asked that those platforms, speaking the voice of the people, shall be construed solely by the representatives of national banks on this floor. We have had too much of that sort of construction from our friends on the other side of this House. They made a contract between the people and the bondholders, specifically promising that a bond should be paid in "coin," and then the modest national banker came forward with his construction that "coin" meant only gold. And now representatives of the same class come here and ask that we show our patriotism and Democracy by allowing national bankers to be once more our schoolmasters, and teach us the meaning of the simplest terms.

No, sir; I come from a section where national bankers are not recognized as the most learned or patriotic men of the land. I have been sent here by a constituency who would resent the imputation that they went to a national banker for the double purpose of being fleeced and then educated. We have no hostility to national bankers, as bankers. But our gorge rises when a national banker turns pedagogue and talks about evolution and human progress. Gentlemen have a tender regard for the proprieties on this floor when speaking of their associates. They carefully place a bit on their tongues when alluding to members of a coordinate legislative body. But when referring to that higher power vested in the people, all restraints are cast aside and naught recognized save the right to indulge in sarcastic reference to all the people hold dear, and in sneers at expressions which stand for the supreme deliverance of the nation's electorate.

We are in this House representing the Democratic party of the nation. I do not believe there is a single member on this

side of the House who would have been victorious at the polls had he been so bold as to denounce either the candidate or the platform of the Chicago convention. Holding this position we have at our hands a simple statement of our duty. We are commanded by the Chicago platform to repeal the Sherman law. We are called together in extra session for this purpose by a statesman who has never known an inclination to denounce the solemn expressions of his party as "glittering catchwords." There is no chance for evasion of this duty save at the expense of the personal honor of each Representative thus guilty.

The people have demanded that the Sherman law be repealed, and I am ready now, as I have been since the first day of the session, to vote unconditionally in accordance with these instructions. But I ask those who signify their approbation of this sentiment to withhold their expressions until they shall have had occasion to determine whether or not they will follow to the logical end of this argument, and make that full performance of their obligations, than which less will be disobedience to the people's demands. I can not sympathize with those gentlemen who quiet their consciences by a recognition of one portion of the command of the Chicago convention and tickle hostile influences by ignoring an equally binding clause in the same platform.

I say I am willing to vote this moment for the absolute repeal of the Sherman law. But, though I will do this asking no promise of future legislation, I am forced to confess that I take this ground firm in the conviction that other legislation will be thus made more easy because of the union of men who look to the people, rather than to their personal employers, for a rule of conduct.

I believe there is a fundamental principle underlying the demand of the Chicago convention for the repeal of the Sherman iniquity. I do not believe that demand rested on the belief or thought that the present money stringency might or could be produced by this single cause. There have been scrambles for gold ever since Moses left the original monometallist at the foot of the mountain to build the golden calf for a perverse and ignorant generation. There were panics in the money market even while the wonderful financier of Republican legislation was still obscure in the wilds of Ohio.

There was no Sherman law in 1873, nor had there been in 1857. Nor was it due to the nonexistence of a Sherman law in 1866 that this people escaped the consequences of an abnormal raising of the rate of interest by the Bank of England upon the occasion of the panic resulting from the failure of the banking house of Overend, Gurney & Co. But, sir, there was a fundamental truth underlying this demand nevertheless. We of the West have not been heedless of the discussion of the fiscal question since Grover Cleveland dared lead his party aright in 1888.

We have been instant in season and out of season in following that lead and in presenting to the people the ground of the faith that was within us. We have demonstrated to the entire satisfaction of a majority of the people of my State that unnecessary taxation is unjust taxation. We have insisted that the Government had no just power to exercise its fiat for the purpose of distributing the products of human activity applied to natural

opportunities. We have denied the just power of the Government to place wealth or value of any kind in the pockets of one class by the exercise of its fiat. We have gained the people's assent to the affirmation that whenever by its fiat the Government adds to the wealth of an individual or class it by that act takes unjustly from another individual or class an amount equal to the improper gift.

Standing upon this ground, the people dominated the Chicago convention. There was no terror of a financial panic. They were not actuated by fear lest their banks might break and leave them with no means of paying their board bills. They were not a flock of geese terrified by one of the Ohio financier's scare-crows. [Laughter.] They were rather an educated people demanding the return of the Government to its original principles and the assumption by the Democracy of a leadership logical as the teachings of Democracy's founder. To-day, sir, there are none so poor as to do reverence to this silver law to which our opponents pledged their continued support during the entire campaign which resulted in a Democratic victory last November.

The charge of the Democratic platform has been confessed and Republicans vie with those who have never supported the infamous measure in demanding its repeal. But there is this difference: Democrats ask that this law shall be repealed because it is fundamentally opposed to the principles of their party. They believe it as wrong and unjust for Congress to purchase the entire product of silver mines as to pile in Government warehouses the product of field and farm that their price might be enhanced thereby. Many also understand that all such senseless efforts to influence trade and production will inevitably work ruin to the people. It required little study or knowledge of economic truths three years ago to prompt the prediction that the effect of the Sherman law would be to diminish the relative value of the white metal.

The same unvarying law governs in all things. Let it be enacted that the Federal Government will purchase 90 per cent of all the wheat produced in this country and place it in Government warehouses, and the immediate effect would doubtless be an advance in the selling price of the commodity. There would have been created a new demand for which no immediate supply would be available. But the contrary would appear when one harvest had passed and the Government purchases were piled upon last year's crop. The visible supply would be constantly increasing and the selling price as constantly diminishing.

This, however, is not the fundamental principle upon which we base our opposition to the Sherman law. We understand that, under its provisions, the Government is doing for one class of producers in this country what it neither does nor can do for all others. It gives by its fiat value to one class in offering an extended market for their commodities. It is no answer to this proposition to say that the effect of the law has been contrary to this. That was the intent of those who accepted the law in place of another from which they sought the same result. And the effect upon the general prosperity is the same, since every dol-

lar lost by the Government in the continuing decline in the relative value of silver must be borne by the people at large.

It is only an illustration of that principle, which must be iterated here perhaps for years, that the Government which gives by its fiat wealth to one class by that act robs all other classes. Nor is it an answer to this proposition to say that we are not to be influenced by whatever may be the indirect result of our action regarding the finances. I have been surprised to hear from men known all over the country as opponents of protective tariffs—and they argue that all tariffs are protective—that although it may be true that by reestablishing the free coinage of silver we by that act bestow wealth upon the mine owners, it does not follow that we must refrain from the act because this is an incident to a necessary exercise of the legislative power.

Let me tell these gentlemen so arguing that they are on the wrong side of the House. They should join their friends in the ranks of protection. And let me remind them that the discussion of the principles of protection has gone so far as to have created a strong demand all over the country for the entire abolition of the system which forces such absurdity into our legislation. It is for those thus arguing to demonstrate the necessity for the addition of the legal-tender element to either of the so-called precious metals.

But I am asked if I am opposed both to the purchase of silver by the Government, and—if my argument is to be followed to its logical conclusion—am also opposed to its admission to the mints upon any ratio, how shall we who accept the Democratic faith and bind ourselves as the accredited agents of the people do anything to restore or maintain the parity of the two metals? The answer is revealed in a simple statement of existing conditions.

There was signal failure attending the attempt to coin a certain amount of silver per month. The added use did not compensate for the rapidly increasing supply, and silver decreased in relative price. The attempt to bull the market under the Sherman law was equally a failure. We have come to a parting of the ways. It might have been difficult to attract public attention had the relative value of the two metals been maintained within a small fraction. With but 4 or 5 per cent difference between the value of the commodity in the gold and silver dollars it might have been held by some with a show of truth that the people could well afford to be robbed of that difference in favor of the mine owners because of the advantages to arise from a steadily increasing volume of circulating medium to keep pace with increasing production. It might have been argued with much force to those who appreciate the constantly increasing command of accumulated wealth over future production that by this act the producers of the country would be in a large degree protected against the encroachments of combinations of capital.

But, sir, that argument falls to the ground in the face of the silver market of to-day. It fails to convince thoughtful men when it demands that mine owners shall receive 100 cents for less than 58 cents. It has, in my judgment, been one of the happy incidents of the operation of an unjust law that the people have received an object-lesson well worth all its cost. There-

fore, sympathizing, as I do, with those who demand that the people be furnished by the Government with a larger volume of money, I am as sternly opposed to the further coinage of silver as a means of maintaining its parity with gold as I am to its further purchase under the Sherman law. I find warrant for this position in the simple fact that every principle of sociology is opposed to this scheme. Nor are we left to a continuance of old methods whose failure has led to present conditions.

I understand, sir, that value resides largely in use. I hold to the unvarying action of the law of supply and demand. That this law applied equally to money as to commodities was fully appreciated by the friends of "honest money," whose spokesman confessed from his seat in the United States Senate, "It was our policy as the war progressed to depreciate the value of United States notes," and who then proceeded to show that the dominant political party at that time understood the operation of this law by explaining that they did the most natural thing—they simply took away one of the uses of the greenbacks issued at that time. And the same gentleman afterwards showed once more that he fully appreciated the value of this law as applied to finance when he led his party in the opposite direction and "appreciated" the greenbacks after the war had closed by securing to them even more than their old functions.

I make this reference, not because there is necessity to demonstrate the existence and universality of this law, but that the gentlemen on the other side of this House need not challenge the acumen of their patron financial saint by denying that such a law can apply to money, which is not a commodity but merely a creation of law.

And in passing it may be well to offer still another proof that this law is always appealed to when the people are to be defrauded by those gentlemen who avow themselves the sole defenders of "honest money." The world has seen of late the result of depriving silver of one of its former uses. Concealed in the cunning compromise devised by the same gentleman who avowed that it was his party's purpose to depreciate the value of the money paid to the nation's defenders "as the war progressed," the complete demonetization of silver as a money metal under the Sherman law destroyed one of its uses.

The price of the white metal temporarily rose during the first months, but more rapidly declined when the true inwardness of the scheme had become patent to the people. Silver had been deprived of one of its uses and its value, and selling had declined in accordance with the law of supply and demand. There is no ground upon which these acts may be defended by attributing to the gentlemen responsible for them a lack of knowledge. Their spokesman has told the world in a single sentence that ignorance can not be made a cloak for his actions. These men will never be sent by an enlightened and conscientious jury to a lunatic asylum.

Having, then, destroyed the parity of the two metals in the very act in which it was pharisaically pretended that the parity was to be maintained, and having done this by a cunning following of an economic law once before employed for the plunder of the people and the enrichment of monopolists, why may not the same law now be put into operation for the purpose of restoring

the destroyed parity in the only possible way open to intelligent legislators by taking also from the yellow metals its money function, leaving both on a parity of use as mere commodities?

I would coin for all who desire metal money both gold and silver upon any ratio that may be acceptable—and it makes no possible difference—and would then remove from all coins after a fixed date the legal tender quality. Contracts made in “lawful money and legal tender” should be discharged in the same way the nation discharged its obligations to the soldiers and sailors during the war. Contracts made in other terms should be discharged in accordance therewith. [Applause.]

From and after the date named no coin should be received by the Government in payment of any dues; none should be paid by the Government for any debts and demands. But I would ask one single exception, that the Government shall have the privilege of paying every dollar of its interest-bearing obligations in coin. No Republican friend of “honest money” shall ever raise the finger of ignorant scorn at me and say that I would violate the conditions of a contract. That crime shall, so far as my action is concerned, always remain affixed to the Republican party of the nation, and to it alone. It has well earned the distinction. Let no one compete for the infamy. [Applause.]

No, sir: I would pay every dollar of the nation's interest-bearing bonds in coin. That is the language of the existing contract. True, it was a contract made *ex post facto* for the benefit of the bondholder, as was also confessed by the Republican financial saint. And it is well to remind those gentlemen here who so glibly mouth the words “honest money” that the greatest political crimes of the century have been those which lie at the door of their class. They devised the infamous legislation which gave the soldier rags while providing refined gold for the greedy money lord. [Applause.]

It was their crime that paid a million soldiers the money of the country, and then depreciated its value by act of Congress. It was their idea of political and financial honesty under which the people saw an army, returning victorious, forced to pay three times the amount of the debt contracted in the conduct of the war. And yet, sir, I would pay this debt in coin. We will hold them to the contract, and heartily enjoy their ravings as we tender them the coin of the bond, and refuse them that for which they even now exchange the yellow metal at a discount. [Applause.]

Snap cameras will be in demand when Mr. Pluto finds himself denied the derided greenback if the country should, for once, insist upon the full performance of a contract made for his benefit. Possibly the time will come. It most surely will if we pursue the only possible method of restoring the lost parity between these two metals. And then, possibly, the country may discover that something better is expected of the members of Congress than an attempt to interfere with laws of trade or to substitute their enactments for the law of supply and demand in determining the exact ratio of any two or more commodities with each other.

Of course, the friend of “honest money” will now be alarmed lest we lose all chance of settling that most senseless of humbugs, the balance of trade. He will demand, “How will you settle

the balance of trade"? The answer would be comprehended by an intelligent boy in a primary school. It may have to be illustrated to the frightened defender of "honest money." It will not make it any more difficult to export gold for these alleged balances if we cease to hoard it as a false basis for our circulating medium. If that pile of idle coin in the Treasury were cast out into the channels of trade it might flow to foreign countries and back again in a constantly moving tide and never disturb the relations of commodities in this country if it possessed no legal-tender quality here.

It is the most absurd of all propositions that we are enabled to export gold by a policy which locks up the entire product of more than three years in the vaults of the Treasury. It passes comprehension that sane men should propose to increase this hoard at a time when the money market is in such a state that laws are broken every day with impunity lest their execution increase the panic caused by an attempt to maintain a system of "honest money," under which the Government promises the impossible and then wonders that the people are periodically panic-stricken when they discover the fact. [Applause.]

And I shall be confronted with still another cry from the caverns of the bankers. They will declaim against the danger of being reduced to the level of silver-using countries. Sir, the people of this generation have learned lessons in finance that have not come from men with bank accounts. They recall the fact that the most gigantic war of history was carried to a successful conclusion without the use of coin. They remember that thus were established the words of Democracy's founder, "Treasury notes bottomed on taxes will carry the country through the longest war."

I know there will be those who will bring up the ghosts of the old French assignats and ask us if we would imitate that example and court the fate of the southern republics whose credit money has so recently failed. To all such I reply that history does not furnish an instance when the paper money of a solvent government, receivable by that government for all debts and demands, has been below par in coin. Never since Venice ruled the world, under similar conditions, has this test been applied in vain.

Gentlemen have risen on this floor and demanded another attempt to perform the impossible. Yet the cry of all is that confidence shall be restored. They ask that the people shall have immediate relief. They know that relief shall only come as the result of restored confidence. I look upon this people as capable of self-government. That assumes their capacity to determine the right from the wrong, the attainable from the unattainable. I believe the people have learned that the Republican prophet spoke correctly when he said in the United States Senate, "No coin reserve, however large and carefully guarded, can resist the stress of adverse trade and panics." Knowing this, they look with disfavor upon the proposition to make them once more face panics and their resulting horrors in a vain attempt to perform the admittedly impossible.

I have not sought to delay this discussion by flowers of speech. I have simply pointed to the easiest possible way out of the present difficulties. Long ago a Democrat, honored in his time

and revered in ours, said: "Smite the rock of public credit and there shall flow a stream that will give life to all your industries." I appeal to this House, controlled by men revering the heroes of the past, to legislate in the interest of the people, even if for a moment they hurt the feelings of some banking legislator. There is no necessity for increasing the volume of the circulating notes of the banks. Those notes are the evidence of a banker's debt. They draw interest so long as they are in the hands of the people whose indorsement makes them acceptable.

Now, sir, we ask that the people be allowed the same privilege. Let them have the same privilege that has been so freely accorded to one favored class. Read the provisions applicable to the notes of national bankers. Accord them to the people and there will be little difficulty in settling economic questions. For myself I would say, sir, that if you will pass a law that will enable me to draw interest on my debts you may pile the tariff mountains high, and I will call you blessed. [Applause.] The more you make the coat cost that my tailor will charge to me, the greater will be my debt and the larger my revenue. But does someone say that privilege can not possibly be enjoyed by everybody. Then I answer that it should not be enjoyed by anybody, nor can it be without a resulting burden on every other producer in the land.

To one other objection that will likely be urged against the plan outlined in my remarks and to be presented to this House by my friend from Ohio, I will address my closing words. It will be said that the notes thus issued will rest solely on the faith and credit of the Government. It will be said that they will be simply fiat money and with no "intrinsic" value. Standing here where thirty-one years ago greed higgled for the price of patriotism and produced one money for the bondholder and another for the soldier, I freely admit the assertion.

I want nothing in this life that shall be stronger or outlast the authority of this Government. I believe that what was good enough and strong enough to protect the flag and preserve inviolate this nation, is strong enough and good enough to transfer our commodities in times of peace as well as of war. I look for no hand to shake if its owner desires to provide against the possible disruption of this Government. For I believe that flag will float through all Time and greet Eternity at its coming. [Applause.] If we shall be guided in wisdom towards an advanced step in the evolution of economic science it shall float over no land in which subjective slavery has taken the place of objective slavery.

We fought a long war, and at its close the shackles fell from the hands of 4,000,000 of black men. That was a war in which bullets sped and blood flowed. We are on the eve of a greater contest. It is ours to see that ballots take the place of bullets, and that the only quickening of the flow of human blood shall be that which warms the hearts of 65,000,000 of freemen relieved from the intolerable burdens of a financial system in which are imbedded the absurdities and follies of ages. [Applause.]