

FREE COINAGE OF SILVER.

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SPEECH

OF

HON. J. C. McDEARMON  
OF TENNESSEE,

IN THE

HOUSE OF REPRESENTATIVES,

WEDNESDAY, AUGUST 23, 1893.

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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. McDEARMON said:

Mr. SPEAKER: Perhaps a more important session of Congress was never held in this country than this. A nation seems with bated breath to be awaiting with manifest impatience to hear what Congress is going to do in the present emergency when a phenomenal state of affairs exists. Suddenly, in the midst of plenty and contentment, when the husbandman is preparing to harvest and send to market a most bountiful crop, amidst the hum of industry on every side; when the nation is enjoying the blessings of health and prosperity; without apparent cause, a money panic spread its baneful shadow over our fair land; seized with insane fear, timid capital shrinks back into its covert and the lifeblood of commerce and industry is cut off and commercial congestion and paralysis result.

Banks have been wrecked, factory wheels are still, and the strange contagion is spreading to all departments of human effort. Tens of thousands of the unemployed throng the streets of our great cities; apprehension and fear rule the hour, and all eyes are turned toward Washington. It behooves us, then, to most earnestly and solemnly address ourselves to the consideration of the grave questions now under discussion. The President, in his message, attributes this strange condition of affairs to the operation of the act of July 14, 1890, and urges Congress to speedily repeal the obnoxious law.

Mr. Speaker, I most sincerely admire Mr. Cleveland. I honor him for his pure and exalted patriotism; I love him for his sturdy

and courageous manliness; I revere him for the honesty of purpose and conscientious devotion to duty which have characterized his official life. America never produced a more heroic spirit, or a more loyal, true, and noble citizen. And in many things, Mr. Speaker, I would be inclined to defer to his judgment and follow his leadership.

But, sir, after a most careful and thoughtful consideration of this great subject, and after having patiently listened to the many able and eloquent speeches which have been made on both sides in this great debate, I am reluctantly compelled to dissent from the recommendation of the President and to vote against the bill introduced by the gentleman from West Virginia [Mr. WILSON].

Mr. Speaker, I do not believe this financial crash was caused by the operation of the Sherman act, or that that law has much, if anything, to do with it. It has been admitted by some advocates of the Wilson bill that the act of July 14, 1890, is not the cause of the present crisis. The most that can be fairly argued on that point is that the effect of that law, in connection with many other causes, has brought about the panic.

Mr. Speaker, the pages of history are replete with records of him for his pure and exalted patriotism; I love him for his sturdy panics similar to the one which now afflicts the country. The Bank of England, the greatest financial institution that the world ever saw, has been frequently affected and endangered by panics. The advance of the Highlanders under the Pretender as far as Derby in 1745 caused a run on the banks which threatened the destruction of the "Old Lady of Threadneedle street," and she was saved by the device of making payments in shillings and sixpences.

In 1792 a general panic took place in England and Wales, and three hundred of the three hundred and fifty banks then existing in those countries were compelled to stop payment, and fifty of them were utterly destroyed, causing an extent of misery and bankruptcy before unknown.

In 1797 a general panic caused the suspension of many banks and compelled the Bank of England to suspend specie payments.

In 1825 another great convulsion took place in England, which brought woe and dire distress in its train, and so from time to time these strange panics have occurred in Great Britain and often almost wrecked the Bank of England until 1844, when Sir Robert Peel procured the passage of the law which limits the general issue of the bank to £15,000,000; and for every note above this amount that is issued to be secured by a deposit of its equivalent in coin in the bank, thus putting the bank upon a firm and apparently impregnable basis.

In the United States, between 1811 and 1820, about one hundred and ninety-five banks in different parts of the Union failed, causing a state of distress, as stated by the Secretary of the Treasury, in his report, dated May 12, 1820, so general and severe that few examples of the like had before occurred.

The great revolution of 1837, when every bank in the Union suspended, followed in 1857 by another mighty financial crash, when every bank from the Gulf to the Lakes again stopped payment. The great crisis precipitated by the failure of the firm of Jay Cooke & Co., in 1873, is fresh in the minds of most of us, to say nothing of the recent financial earthquake caused by the failure of the great banking house of Baring Brothers, which "shook realms and nations in its jar."

The annals of every other great nation furnish many similar examples of these bubbles which form and break ever and anon upon the tide of commercial life. A writer says:

A panic has no laws; it has no fixed shape; it is precipitated, we know not how; and we are in the midst of it before we are aware; "To attempt to define the condition of that which is, in its essence, unreasonable is a logical contradiction.

I respectfully insist, therefore, that when we carefully analyze the present crisis we will find it to be simply an old-fashioned panic, without any reasonable cause for its existence, and that its worst features are the result of that insane, unreasoning fright and dismay which always characterize large bodies of people when alarmed or panic-stricken; and that the only remedy is a little time, for these financial spasms are of short duration, and reason and good sense will surely and speedily resume their sway.

My humble opinion is that confidence would long since have been restored and the worst would have been over if this extra session had not been called upon the assumption that the Sherman law "was the Illiad of all our woes." I believe that many of the people most alarmed and most clamorous for the repeal of the Sherman act were unaware that there was a "Sherman law," and still less familiar with its nature or effects until their attention was directed to it by the President's message.

And, Mr. Speaker, I am convinced that the advocates of a single gold standard and circulation are taking an unfair and unpatriotic advantage of the unfortunate and deplorable state of things, and are appealing to the fears of the members of this House and the public in order to work its destruction to silver as money, and to fix upon the country as a permanent policy monometallism, which in my judgment is tenfold worse than the disease sought to be remedied.

The passage of the bill introduced by the gentleman from West Virginia would leave the country upon a gold basis pure and simple; it would be tantamount to a reenactment of the infamous and much abhorred act of July 14, 1873. In other words, Mr. Speaker, the issue is made clear and sharp between monometallism and bimetallicism.

The great battle is now on. The enemy has selected his position, and planted his batteries; it is true he thinly disguised his frowning cannon, but it can scarcely be called a masked battery. The last clause or section of the Wilson bill, to the effect that the policy of the Government shall be to maintain the parity between silver and gold, is calculated to deceive but few; if it means anything, it can only mean that this parity between the silver coin now in circulation and gold is to be maintained. There is no promise, express or implied, that another silver dollar shall ever be coined by the American mints.

A careful reading of the President's message shows that he is opposed to further coinage of silver, and that he is unmistakably a monometallist, and would in all probability veto any bill that Congress might enact providing for free and unlimited silver coinage, or the further coinage of silver. The refusal of the op-

position to accept any amendment to the bill proposed shows that their real policy is to adopt monometallism as the fixed policy of the country, as the Wilson bill unquestionably does.

If they are sincere in their professed willingness to legislate for the further coinage of silver, why do they not in this bill insert sections to that effect? The universal method of substituting one law for another is to enact the new law and repeal the old in the last section.

Mr. Speaker, it is palpable that in view of the recent shutting down of the East Indian mints against free coinage of silver and the consequent fall in the price of bullion the simple repeal of the purchasing clause of the Sherman act without further, or other, legislation friendly to silver will be an abandonment of silver bullion to its fate; and will indeed be, in the eloquent language of the gentleman from New York [Mr. HENDRIX], "the last tolling note of the funeral bell ringing over the doom of silver as money". Silver bullion is no exception to the universal and inexorable law of supply and demand.

Before it was degraded and dishonored by the law of 1873 it was equal with gold, and had been for "a time whereof the memory of man ran not to the contrary." Of silver, as of the ocean, it could then have been said in the language of the poet,

Time writes no wrinkles on thine azure brow.  
As creation's dawn beheld thee, thou rollest now.

On account of the difference between the ratio of the metals of this country and the Latin Union in 1873 silver was at a premium over gold in the United States. But immediately upon the passage of the act of 1873 whereby the mints of the country were closed against silver, silver bullion began at once to decline, for the simple reason that the principal use to which that metal had been put, viz, its unlimited use as money at \$1.2929 per ounce, was cut off, the demand was curtailed and limited; and as corn or wheat or any other commodity, if prohibited from being used to the extent it now is, or if the demand for it was cut off, would decline in market price, so silver yielded and obeyed the law of trade, and depreciated in value.

I am no apologist or defender of the Sherman act, but I submit

that even as it is administered by the Secretary of the Treasury it is a slight support of silver, in that a market is provided for an amount of bullion each year nearly equal to the output of the American mines: and it is indisputable that it prevents silver from further declining.

And I further suggest that if, instead of storing the bullion in the Treasury, as has been and is being done, the Secretary of the Treasury would, as he is commanded to do by the act, have the bullion coined into American dollars, reserve enough to pay the outstanding Treasury notes issued in payment for the bullion, and cover the seigniorage or profit into the Treasury and pay it out on the various demands against the Government, thus increasing the circulation at least forty millions of dollars, this much-abused Sherman act would not be as black as it is painted; under it a constant inflation of the currency is had each month and the country is supplied with what the opposition claims is so much needed on Wallstreet, *i. e.*, more money. They, however, clamor for a repeal of the act, the cutting off of this addition to the currency, and a contraction of the volume of circulation. If one could have any faith in the sincerity of those who make this argument, he could but pity their judgment.

Mr. Speaker, I have been driven to the conclusion, from a careful perusal of Mr. Cleveland's message, and from close attention to the language and the trend of the arguments of the advocates of the Wilson bill, that the great struggle between monometallism and bimetallism is now in progress, and that a vote for the Wilson bill is a vote for the destruction of bimetallism as the permanent policy of this Government and the establishment of monometallism in its stead; if this bill becomes a law not another dollar will be coined in this day and generation, and very soon the work of retiring the silver coin now in the hands of the people will begin. Indeed, if this measure is adopted, it seems to me that the consistent and logical course to pursue would be, as suggested in the Washington Post of the 19th instant, to issue bonds and buy gold, and prepare to adopt the policy now practiced by England and other gold-standard countries.

Mr. Speaker, with the convictions I entertain as to the duty of a Representative of the people, I could not conscientiously vote for this bill, even if I were converted into the belief that it is a wise measure, for I think that a "public office is a public trust," as said by Mr. Cleveland. I was elected upon the Chicago platform and construed it in my speeches before my constituents to mean what it so plainly says upon the financial questions, and I feel that I would be guilty of a breach of trust and treachery, if forsooth, because there is a panic in Wall street and among the banks and merchants and business men at this moment, which I believe to be temporary, as I have argued, and which I am confident has no connection with the question before us, I should vote for a bill which would, in the strict letter, it is true, carry out one sentence of the platform, but would distinctly and clearly violate other and much more material and important declarations. I do not intend by anything I say to impugn the motives of any gentleman upon this floor, but I accord to each the same honesty of purpose which I claim for myself.

And I will say right here that I have a contempt for the threats which I have heard suggested by some of my associates on this side, to the effect that a member who votes for the Wilson bill will never be sent back here, etc. Mr. Speaker, a man who would not vote according to his convictions of right and duty regardless of its effect upon his chances of being returned to this floor is not worthy to sit here.

But, I repeat, with my convictions and understanding of my duty, if I was convinced of the wisdom of the proposed bill I would not misrepresent my people, and if I could not cast my vote in accordance with their wishes I would resign my seat and go home and let a true exponent of their views be sent in my place. I believe the people are the sovereign rulers of this country and the majority of each Congressional district in this nation is entitled to have one vote recorded upon this and every other measure acted upon by this House as they desire it to be cast, and we are the instruments and trusted agents selected to cast those votes, respectively.

But, Mr. Speaker, I most earnestly and with all my soul believe

that bimetallism is the best financial policy for the country, and that bimetallism is just, honest, and equitable to both the masses of the people and to the creditors of our nation, State, and individuals, and that with bimetallism as our permanent policy our beloved country will continue in its marvelous career of happiness, prosperity, and greatness; upon the other hand, I believe that monometallism would be unjust, vicious, and extremely disastrous to the tax-ridden and debt-burdened toiling millions of this great country.

I ask not proud philosophy to tell me that the contraction of the currency tends to reduce the prices of labor and commodities, adds to the burdens of those that "labor and are heavy laden," renders debts more difficult to pay, and increases the purchasing power of the money that is left, thereby enhancing the wealth of the wealthy, and adding to the luxury and ease of those who "toil not, neither do they spin." The college professors and authors of works on political economy all agree upon this undeniable and self-evident truth.

Mr. Speaker, silver has been one of the standards of value as far back as history, tradition, and God's revelation throws light upon the habits and customs of man. Both gold and silver were accumulated by the ancient Babylonians and Assyrian emperors. The Persian kings from the time of Darius levied tribute of gold upon India and of silver upon their other provinces. Gold and silver have been in all ages "a common drudge 'twixt man and man," measuring and being exchanged for every commodity bought and sold by the human race.

The production of these precious metals, while at times it fluctuates more or less, has on an average kept approximately equal pace through the centuries. The best authorities now estimate the amount of gold and silver coin in the world to be something like seven and one-half billion dollars, of which \$3,733,000,000 is gold and \$3,880,891,346 is silver.

In fixing the ratio between the two metals for coinage, the relative amount of each in existence should be and is considered, not the amount annually produced for any given period. This is demonstrated by the incident which happened during the

period between the years 1851 and 1871, when about \$2,500,000,000 of gold was coined; an amount almost equal to the entire stock of gold then in the world, and an amount largely in excess of the silver produced during the same period, as shown by the following table:

*Estimated production of gold and silver from 1493.*

Period.	No. of years.	Amount in kilos.		Value in millions of francs.		Ratio of gold to silver.
		Gold.	Silver.	Gold.	Silver.	
1493-1590	28	162,400	1,316,000	560	292	11.3
1521-1544	24	171,800	2,165,000	592	481	11.2
1545-1580	36	273,000	10,976,000	910	2,438	11.5
1581-1800	20	147,600	8,378,000	508	1,862	11.9
1601-1620	20	170,400	8,458,000	587	1,880	13.0
1621-1640	20	166,000	7,872,000	572	1,749	13.4
1641-1660	20	175,400	7,826,000	604	1,628	13.8
1661-1680	20	185,200	6,740,000	638	1,498	14.7
1681-1700	20	215,300	6,838,000	742	1,520	15.0
1701-1720	20	256,400	7,112,000	883	1,580	15.2
1721-1740	20	331,600	8,634,000	1,314	1,916	15.1
1741-1760	20	492,260	10,663,000	1,695	2,370	14.8
1761-1780	20	414,100	13,055,000	1,426	2,900	14.8
1781-1800	20	355,800	17,581,000	1,226	3,906	15.1
1801-1810	10	177,800	8,942,000	612	1,987	15.6
1811-1820	10	114,400	5,408,000	394	1,202	15.5
1821-1830	10	142,000	4,606,000	490	1,023	15.8
1831-1840	10	202,900	5,964,000	699	1,325	15.7
1841-1850	10	547,600	7,804,000	1,886	1,734	15.8
1851-1855	5	987,600	4,431,000	3,402	985	15.4
1856-1860	5	1,030,000	4,525,000	3,549	1,006	15.3
1861-1865	5	925,600	5,506,000	3,188	1,223	15.4
1866-1870	5	954,500	6,695,000	3,305	1,483	15.6
1871-1875	5	853,400	9,847,000	2,940	2,188	16.0
1876	1	171,700	2,365,000	591.5	525.5	17.8
1877	1	182,800	2,428,000	629.8	539.8	17.19
1878	1	183,700	2,603,000	632.6	578.3	17.96
1879	1	156,900	2,537,000	540.3	568.2	16.39

RECAPITULATION.

1493-1850	358	4,752,100	149,828,600	16,368	33,292	14.5
1851-1879	29	5,451,200	40,957,000	18,778	9,101	15.85

		Fine ounces.		Value.	Value.
		Gold.	Silver.		
1880-1885	6	29,516,883	538,795,324	\$614,168,000	\$713,728,000
1886	1	5,127,750	93,276,000	105,000,000	150,600,000
1887	1	5,093,984	96,189,000	105,000,000	124,366,000
1888	1	5,316,412	109,911,000	109,900,000	142,107,000
1889	1	5,746,950	125,830,000	118,800,000	162,690,000
1890	1	5,473,631	133,213,000	115,153,000	172,235,000
1891	1	5,830,107	144,426,000	120,519,000	186,733,000
1892	1	6,328,272	152,082,000	130,817,000	196,605,000

The ratio was very slightly changed, if at all, by any nation in

the world. It is true that several European nations, actuated by the same spirit of greed and avarice now manifested by some of the gold-standard advocates, demonetized gold under the pretext that gold was getting to be too cheap and was a base metal.

After the discovery of the great silver mines in the West the production of that metal was greatly increased, but not to as great a comparative degree as the production of gold in the first period named. Hence it would be unfair and unwise to fix the ratio upon any calculation as to the relative production of the two metals since 1871, for the same reason that it would have been wrong and unwise to fix it in 1871 upon the estimate of the production of the metals during the period between 1851 and 1871.

It is argued in substance by the advocates of the single standard that free coinage of silver at any ratio with gold could not be maintained by the United States alone; because they assume in the first place that silver bullion after the mints are opened would remain below the coinage value and that the same disparity between the market value of the two metals would continue as it now exists; and second, that not only would all the silver bullion in the world flow to your mints to be coined, but that many of the nations of the world which are on a gold basis would gather up their old silver coin, and send them also here to be converted into American silver coin, which, in case this Government should maintain the parity between the two metals—which could only be done by exchanging the one for the other—would be under that policy exchanged for gold coin only to be exported, to take the place of their silver coin imported as aforesaid. This is a familiar argument and is not without at least some plausibility, and deserves respectful attention; for, to my mind it presents the main difficulty in the way of free coinage of silver. If indeed any difficulty really exists.

I respectfully submit that the first assumption that silver bullion would remain below par after our mints are opened to free coinage is unsound and ridiculous. "A thing is worth what it will bring," is a maxim as old and trite as it is true. One of the prime elements of the value of all commodities is the use to which

they can be put, the demand for them, and the abundance or scarcity of the supply.

Silver is now below par as compared with gold, for the simple reason that its use is restricted to the arts and a very limited use for money purposes, whereas every ounce of gold that can be procured can be converted into a legal-tender money at a fixed sum at the mints of almost every country on earth. Its value is fixed by law and the demand or use to which it can be put is unlimited.

There is now over three thousand millions of dollars' worth of silver coin in circulation in the other countries of the world outside of the United States, and it has been thus circulating for centuries. Gold-standard England has over a hundred million dollars' worth of silver subsidiary coin; France, seven hundred million; Germany, two hundred and five million; Spain, one hundred and twenty-five million; India, nine hundred million; China, seven hundred million, and every country under the sun has millions of silver coin which is performing every function as a medium of exchange that can be performed by gold, and as subsidiary coin it is preferred to gold the world over. About 90 per cent of the silver coin in the world is in circulation in the countries outside of the United States.

This vast and enormous quantity of silver coin has circulated for centuries, and the volume is kept up and increased year by year to meet the requirements of the constantly multiplying population of the various countries by immense additions, by free coinage, or by purchases by the respective governments for coinage.

The minority report of the Committee on Coinage, Weights, and Measures of the Fifty-first Congress shows that, according to the figures of the Director of the Mint, the total coinage of silver outside of the United States for the years 1887, 1888, and 1889 was \$327,901,031, an average of over \$109,000,000 per annum. This amount included some \$20,000,000 of recoinages, which being deducted, leaves about \$90,000,000 of new silver which the world, outside of the United States, needs and actually coins each year, which amount increases every year; and it is esti-

mated that this demand for new silver, to keep up the volume of circulation of other countries, is about equal to two-thirds of the world's supply of silver.

It seems to me to be absurd to say that all or any of the other countries of the world, after using silver from the earliest dawn of history, now wish to exchange it for gold, and are lying in wait for this country to open its mints again, and will, in that event, at enormous expense collect up their coin and ship it to our mints to be coined at a ratio greater than that prevailing anywhere on earth for our present ratio of 16 to 1 is the highest in the world—except, perhaps, Mexico and Japan—which of itself would be a loss to them of from 3 to 12 per cent.

Why, Mr. Speaker, the gentleman from Kentucky [Mr. MCCREARY], in his able, fair, and eloquent speech delivered upon this floor the other day, stated (and he is borne out by the report of the proceedings of the International Monetary Conference which assembled at Brussels last fall) that—

The feeling among her people (England) in favor of international bimetalism has greatly increased in the last few years, and again the day will come when he (Mr. Gladstone) will cease to be prime minister of England; then friends of bimetalism, with such leaders as Balfour, Goschen, Houldworth, Thompson, Chaplin, Archbishop Walsh, and many others, will show to the world that they appreciate the value of international bimetalism, and a new monetary policy will be inaugurated in England which other countries in Europe will follow.

It is well known that the countries composing the Latin Union—France, Italy, Belgium, Switzerland, and Greece—as well as other nations of Europe, have a bimetallic system similar to ours at present, and are prompted by the interests and desires of their people to favor the increased and enlarged use of silver; and for the reasons given by the gentleman from Kentucky.

I think it clear that if this, the greatest nation of earth, should boldly take the lead and go to free coinage at 16 to 1, the nations of Europe, instead of combining to defeat the object so much desired by all or most of them, as demonstrated by the gentleman, would joyfully applaud our course and follow our example; and, Mr. Speaker, in conclusion, permit to me say that I shall stand upon and defend with my vote and my feeble voice every plank in the Chicago platform, and I feel that I have as

much right to disregard or violate that plank which demands a revision of the nefarious and villainous McKinley tariff as to refuse or postpone until an international conference can be had, or until the gorged and fatted plunderers of the substance of the toilers in the fields, who constitute the great majority of all who labor with their bodies in our land, should become satiated and cry, "Hold, enough," as to fail to do all I can to bring about the use of both gold and silver as the standard money of the country and to insist upon the coinage of both gold and silver without discriminating against either metal, or charge for mintage.

The Democratic party, after a lapse of over thirty years, has been restored to full power and control of this nation; the people have trusted us and lodged in our hands a power and dominion which, if Alexander the Great had possessed, he would not have wept for other worlds to conquer, but would have trembled at the thought of assuming such responsibility; the happiness, the peace, the liberties, and the prosperity of nearly seventy millions of the bravest, brainiest, and noblest people that ever lived upon God's footstool are intrusted to our custody for a time.

But I remind my fellow Democrats upon this floor that the keen and critical eyes of our masters are upon us, our every word and action are being weighed and scrutinized, and as sure as there is a sky above us, if we falter or hesitate in the discharge of the vows we made them, or if the grasp of our hand upon the helm of state betrays the slightest tremor, evidencing weakness or cowardice, the thunders of their indignant wrath will smite our ears and we will be unable to face them as faithful stewards.

When the Democratic party last year was true to its teaching and ancient traditions, and became inspired with that divine courage which conquers defeat and declared for a tariff for revenue only, and nominated an ideal exponent of that doctrine, the people believed it and trusted it, and in the mightiest political revolution ever witnessed on this planet the Republican party was dethroned and destroyed, and Democracy was restored to its former dominion.

But, my colleagues, if we begin our career by forgetting our pledges to the people, or dare to break our covenants with them, or cease to remember the mission we were sent to perform, our doom will be read in the scowling faces of our constituents and our reign will be short. [Applause.]

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