SILVER.

SPEECH

OF

Hon. James G. Maguire,

OF CALIFORNIA,

In the House of Representatives,

Friday, August 25, 1893.

The House having under consideration the bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes"—

Mr. MAGUIRE said:

Mr. SPEAKER: This extra session of Congress has been called upon the theory that the industrial and commercial depression prevailing in this country has been caused by the silver-purchase provision of the so-called Sherman act of 1890, and that good times can be restored by the repeal of that provision.

I have carefully read and reread the President's message on that subject, and I have patiently listened to all of the arguments thus far presented by the advocates of unconditional repeal, without finding anything in them to justify a belief that the act in question has materially contributed to produce the deplorable condition in trade and industry now unquestionably existing.

It is undoubtedly our duty to discover, if possible, the cause of the widespread ruin which has overtaken our commercial and industrial interests, and, if we find that such cause has its root in Federal laws, we should promptly repeal or modify those disaster-breeding laws. But it is equally our duty to legislate intelligently, and to fully measure, before acting, the necessity for our action, and the consequences which will flow from it. Impatience cries out again and again, "Let us stop talking and *do* something. Let us act! act! act!"

We should remember that safe action is infinitely better than hasty action; that there are times when "doing something" is infinitely worse than the delay necessary to secure the best possible information. A stranger in a powder magazine should not be told to "do something" until the danger of doing particular things has been very thoroughly impressed upon his mind. We are in a veritable powder magazine, and in the darkness that enshrouds us hasty action may cause an explosion which will be extremely disastrous.

The gentleman from Ohio [Mr. HARTER] compares Uncle Sam's disorder to a case of alcoholism. I do not know why he selected that simile unless it was to justify his proposed "gold cure." Assuming his diagnosis to be correct we should be careful in applying the remedy not to use fulminate of gold instead of bichloride of gold. [Laughter.] Their effects, I am told, are quite dissimilar. To my mind Uncle Sam in his present situation might better be compared to a man suffering the excruciating pains of a severe toothache rushing to his dentist and eagerly demanding that the offending tooth should be hastily pulled, without giving the dentist time to examine the tooth charged with the mischief. Such hasty dentistry has very often resulted in the pulling of the wrong tooth, leaving the patient in a very much worse condition than he would have been in if the dentist had rationally declined to "do something" in the matter until he had satisfied himself what should be done.

The danger of action by half-informed-doctors in the present case is that we may pull the wrong tooth, and leave Uncle Sam in a worse condition than that in which we found him. We are not only asked to legislate hastily on the *ipse dixit* of men who display little better knowledge of the situation than our own, but we are asked to legislate in such a manner as to violate the platform pledges on which we were elected less than one year ago.

THE PARTY PLATFORMS.

The last national Democratic platform contained two distinct pledges on the question of finance. First, to repeal the silver-purchase provision of the Sherman act. Second, to establish the coinage of gold and silver upon equal terms, without discrimination against either.

The President's message recommends the immediate execution of the first of these pledges, and clearly intimates that no legislation for the extension of silver coinage will thereafter be favorably considered by him unless an impossible international agreement shall be reached. We are therefore forced to the alternative of coupling such legislation as we are pledged to adopt for the extension of silver coinage with the act of repeal or to abandon the fulfillment of our second promise.

The gentleman from Maryland [Mr. RAYNOR] admits the obligation of the platform, but from the pedestal of a higher law, discovered by his inward light, declares that he will not hold himself bound by "the glittering catchwords of political conventions."

The gentleman from Ohio [Mr. HARTER] when called upon to reconcile his gold-standard position with the bimetallic promise of the Chicago platform, upon which it was then supposed that he had been elected to Congress, declared that he had refused to run for Congress on the money plank of the Chicago platform, and had made for himself a single-standard platform upon which he was elected. This was his complete justification, but it only increases the embarrassment of those who ran for Congress on the Chicago platform, and now attempt for the first time to stand on the Harter platform.

The gentleman from New York [Mr. COOMBS] acknowledges the obligation of the Chicago platform, but justifies his departure from it on the ground that the interests of his country, according to his judgment, require him to break the promise.

The President in his message tells us, too, that the proposition to repeal the silver-purchase act "rises above the plane of party politics." If, by that expression, the President means that this question ought not to be settled according to the grand and eternal principles of equity among men, upon which the Democratic party was founded, and the promotion of which is her only justification for existence, he has certainly underestimated the grandeur and universality of those principles. [Applause.]

But I assume that by his suggestion he meant only to admonish our Republican brethren to abandon their bushwhacking for small political advantages (exemplified in the speech of the gentleman from Iowa [Mr HENDERSON] on Wednesday last) in face of the national calamity which made this extra session of Congress necessary.

Some gentlemen on the other side of the House have, upon this floor, questioned the good faith of that suggestion in the President's message; but we should all be quite willing to credit the President with sincerity in that declaration, because we have had frequent occasion to realize that, with him, all public functions rise above party considerations. [Laughter.]

The Republican national platform contained a pledge substantially identical with the second eledge, on the question of finance, in the Democratic national platform. But the Republicans represented in the national convention saw no occasion to declare in favor of repealing the silver-purchase act, so that the Republicans here stand pledged to the second promise of the Democrats only; but not to the first. They may, therefore, be expected to vote in favor of the extension of silver coinage, but not for the Democratic proposition to repeal the silver-purchase act.

THE QUESTIONS AT ISSUE

Is the silver-purchase act the cause, or the principal cause, or a materially contributing cause of the present industrial depression and financial crisis?

What would be the effect of its unconditional repeal? Before deciding that it is our duty to our country to violate a solemn pledge made to our constituents in order to secure our election, we ought to determine to the satisfaction of our minds and consciences that the silver-purchase act is at least a materially contributing cause of the present crisis, and that its unconditional repeal would be of substantial benefit to the country. The effect of repealing the act in question without making provision for the extension of silver coinage has been very ably discussed by the gentleman from Nebraska [Mr. BRYAN], and by other eloquent and logical speakers on this floor. I shall, therefore, devote but little time to that phase of the general question, and will proceed as speedily as possible to a discussion of the causes which have led to the present crisis, and to consider the relation of the silver-purchase act to those great primary causes.

EFFECTS OF CONTRACTION AND INFLATION OF CURRENCY.

It is laid down by political economists, as a well authenticated if not an absolutely established principle that the *media* of exchange required for the business of a given country bears a certain proportion to the entire value of the exchanges of such country, and that the volume of the *media* of exchange will always bear the same proportion in value to the entire value of such exchanges. According to this principle, if the value of *media* of exchange required for business purposes be one-fiftieth of the value of all exchanges within a given period, that proportion will be maintained, whether the volume of the *media* be increased or diminished; that is to say, if the volume of the *media* be doubled, the purchasing power of the whole volume is not thereby increased, and the purchasing power of each unit of the *media* is diminished one-half. If, on the other hand, the volume of the *media* be contracted one-half, the purchasing power of the whole volume is not thereby diminished. It bears the same proportion to the value of the exchanges which the double volume of *media* did before, but the purchasing power of each unit would thereby be doubled.

The simile suggested by the gentleman from Ohio [Mr. HARTER] when he compared the silver advocates to a wasteful farmer employing four plows, with horses and equipments complete for each, to do the work of one plow, fairly illustrates this rule. Let us assume that the plowing of a certain quantity of land is worth $100, and that one plow is sufficient for the work. Clearly, it will not be worth any more to have the same ground plowed by four plows, and if four plows be used they will be worth just the value of the service, and no more.

Multiplying the investment in plows does not increase the value of the service which they perform. So, if one horse instead of two should be employed to plow the same ground, the value of the service would not be diminished by lessening the number of horses engaged in doing the work. From this principle the rule is deduced that an inflation of the currency of the country diminishes the market value of each unit of such currency, while a contraction of the currency correspondingly increases the value of each unit with reference to the average price of all other commodities. Contraction of the currency in which debts are to be paid correspondingly increases the burden of such debts and enriches the creditor at the expense of the debtor, while an inflation of the currency has the opposite effect upon debtors and creditors.

For these reasons the creditor classes have always, and everywhere, been on the alert to bring about contractions of the currency in order that the value of their credits might be increased, while the debtor classes have always manifested the same interest in bringing about inflations of the currency in order that the burden of their debts might be made less oppressive. No governments should ever legislate with a view to accomplishing the purposes of either the debtor or the creditor class. But if the interest of either class is to be made the care of the Government, the debtors are entitled to first consideration.

The debtor classes are, as a rule, the producing classes, whose debts have been contracted for the purpose of enabling them to carry on their productive enterprises; while the creditor classes, as such, are nonproducers, entitled to the return of what they have loaned, with its accretion of interest, but nothing more. To award them anything more, either directly or as an indirect result of legislation, such as that now contemplated, is an outrageous and indefensible robbery of the debtor. The unmistakable effect of the unconditional repeal of the silver-purchase act is to practically limit the metallic coinage of this country to gold, because the powerful interests which favor the contraction of our currency will always be able negatively to prevent legislation, while they might be wholly unable to bring about affirmative legislation favoring their own interests upon the same subject.

I do not question the sincerity of the advocates of a single gold standard. A scarcity of money will tend to their enrichment, and the human mind is so constituted that it generally conceives the public interests to be in harmony with its personal interests.

THE SCARCITY THEORY.

To the hoarders of gold and the monopolists of the sources of gold production any law which will create a scarcity of money will tend to make them rich, and they are therefore easily persuaded that what will serve their interests must be the best thing for all citizens. This is the theory upon which the tariff legislation of this country has been conducted for thirty years.

The timber-land monopolist saw in a scarcity of timber his own enrichment. The coal-land monopolist saw in a scarcity of coal the same advantage to himself. So they combined with the monopolists of other resources to create, by tariff barriers, a scarcity of all of the commodities in which they were interested. They saw in those laws their own aggrandizement, and failing to see the general impoverishment of the rest of the people through their operation, they did not hesitate to use their powerful influences to maintain the barriers which created the scarcity, and actually convinced a majority of the people of this country, for nearly thirty years, that a scarcity of the articles required by the people for general consumption was a better thing for those people than an abundance of such articles.

The effect of the unconditional repeal of the Sherman act will be to contract the circulating medium of this country about $40,000,000 per annum and enrich the creditor classes and gold-mine owners at the expense of the debtor classes of our country, leaving the country afterwards with a circulating medium confessedly insufficient for its business necessities.

The volume of the private indebtedness of our people is about $17,000,000,000, while our national, State, and municipal debts bring the grand total considerably above $20,000,000,000. On all of these debts the people are obliged to pay interest, amounting to more than $1,000,000,000 per annum, while their net savings amount to only $2,000,000,000 per annum.

This enormous indebtedness, increasing in volume and in proportion to population year by year, in spite of all efforts of industry and frugality to reduce it, is to be affected by our legislation. We should pause before voting to increase its burden.

SILVER-PURCHASE ACT WRONG.

I do not justify either the principle or the purpose of the silver-purchase act. It was an attempt to create an artificial market for the product of silver mines, and was intended to give profit to a class of producers in our country at the expense of the masses of the people. It has involved the contemplated expense to the people without bringing the advantages to the silver-mine owners which its promoters expected. But it has increased the circulating medium of the country to the extent of about $150,000,000 beyond what it would have been if the act had not been passed. And it will continue to provide us with a greater volume of the circulating medium than will be afforded in case of its repeal.

It is not a good law, but it is better than the contraction of our currency to gold coinage. But, say the advocates of unconditional repeal, gold is the standard coin of the first-class nations of the earth, and we cannot rank with them unless we use gold coin as our medium of exchange, and have gold coin with which to pay our trade balances. The laws of trade recognize no such difficulty. It is not necessary for us to use gold as our coin in order to trade with England any more than it is necessary to use cowrie shells as coin in our country in order to trade with the tribes of Central Africa. If our coin were silver only, the laws of trade would instantly fix its price relation to gold in the market, and we could buy gold with which to pay our trade balances to England just as readily and just as easily as we could buy cowrie shells with which to pay our trade balances to the tribes of Africa.

THE BEST SYSTEM OF FINANCE.

Indeed it has long appeared to me that in the matter of finance, as in most matters relating to production and exchange, the world is governed too much; that governments in attempting to fix the values of commodities, whether they be gold or silver, or wheat or potatoes, always create more confusion and inconvenience than their efforts were intended to avoid. The establishment of *media* of exchange is purely a commercial function, and should be left to the jurisdiction of the flexible and unerring laws of trade. If commerce selects gold and silver as the most convenient commodities to serve as *media* of exchange, the only function of the Government, with respect to such *media*, should be to freely coin the pieces of either metal, placing upon each coin a stamp indicating its weight and fineness, leaving the laws of trade to determine when and where and in what proportions and at what ratios the metals should be used in exchange.

The Government should have no money but its own Treasury notes, issued to the extent of its annual requirement for revenue, receivable in payment of its taxes of all forms, and made legal tender in the course of business, on an equality with the kind of money in which such taxes are levied. This would do away with all the struggles for business advantages to debtors and creditors and mine owners, by the alternate contraction and inflation of currency through acts of Congress. It would do away with the periodical appeals on the part of business this year to contract the currency in order to strengthen securities and establish confidence in the stability of our money; next year to inflate the currency, in order to afford a sufficient circulating medium to meet the requirement of commerce. It would leave the regulation of all those matters to the wiser and more certain laws of trade, which arise naturally out of the business relations and transactions of men, and do not depend for their correctness upon the information or the prejudices or the fears of arbitrary legislators.

CAUSES OF INDUSTRIAL DEPRESSIONS.

For temporary relief in the present crisis, the plan of the gentleman from Ohio [Mr. JOHNSON] to issue Treasury notes to the par value of all United States bonds deposited by any and all holders of such bonds is the best that has been suggested.

The advocates of a single gold standard have made a desperate attempt to convince the people that the prevailing hard times are due to the disposition manifested on the part of our Government to favor an extension of silver coinage, and to the fear that the displacement of gold in our National Treasury by silver bullion, under the provisions of the silver-purchase act, will naturally and necessarily force our Government to a largely extended coinage of silver, and thus enable the debtors of this country to pay their obligations in a depreciated silver currency. But the evidences of history and contemporaneous events are all against that claim. They show as conclusively as human evidence can show that our present industrial and commercial condition is not due to any legislation in this or any other country subsequent to the year 1837.

They further show that our deplorable industrial condition, with all its symptoms of crisis and panic, is very like the periodically recurring industrial depressions of the last sixty years. They show that the social upas tree, whose bitter fruit is now spreading ruin and desolation throughout our fair land, had its root and origin in laws or conditions which have existed in this country for at least sixty years. Our industrial depressions may be increasing in intensity, but they are not all changing in kind.

This is the seventh industrial depression through which we have passed in this country within sixty years, and each of these depressions has extended to all of the leading civilized nations of the earth. They have become a feature of modern civilization, and recur at intervals of from eight to ten years, with almost the regularity of changes in the moon's phases. They produce greater havoc and misery than the periodical wars and pestilences of the earlier civilization. They were unknown in the earlier stages of our civilization, and they are growing more frequent and more severe with the development of all that is considered good and glorious and useful in this era of unexampled progress. In earlier ages they had no hard times, except when crops failed, resulting in famine, or when wars or pestilences interrupted the industries of the people.

But industrial depressions come upon us now when nature smiles, when our harvests are most prolific, when we are at peace with the world, in the enjoyment of general good health, and when every natural condition seems radiant with the promise of prosperity and plenty. Suddenly thriving industrial and commercial enterprises become unprofitable. The capitalists who conduct them find that when their rents and wages have been paid out of their production they are not getting interest upon the capital which they have invested. They call a halt. They economize. They demand that labor shall share the loss which they are suffering. A conflict between capital and labor ensues, with its incidents of strikes, boycotts, and lock-outs, unhappily sometimes attended with bloodshed and destruction of property. Compromises are from time to time reached, which are in turn broken as new conditions offer advantages to either of the contending parties.

The waste of the conflict takes away whatever return might otherwise come to business. Production is checked in that quarter and the producing laborers are thrown out of employment. The purchasing power of the laborers thrown out of employment is destroyed. Their demand for other commodities is checked by the destruction of their purchasing power, and the production of such other commodities is likewise checked. These effects of the great primary cause speedily communicate their influence through the whole network of the world's productive agencies, diminishing profit by checking demand for productive effort. With the cessation of production in one quarter or in one line comes a corresponding suspension of demand for commodities of other kinds. The merchant cannot sell his wares because his customers have lost their purchasing power. He cannot collect the obligations due him for the same reason, and he cannot pay his debts to the wholesale merchant because he cannot collect his dues from his customers.

The wholesalers have arranged for commercial credit on a basis perfectly safe so long as sales continue and payments are made within the periods of ordinary trade credit, but wholly unsafe when collections from retail merchants fail. The wholesaler is pressed for the payment of his obligations. He in turn presses the retail merchant. The retail merchant presses his customers, but his customers are out of employment, not only unable to make further purchases according to their necessities, but unable to pay their comparatively small debts for past purchases.

Universal stagnation ensues. Merchants and manufacturers continue nominally to carry on business, although profits are gone. They pay rent out of their capital for the sole purpose of saving their locations, which have become an important part of their business. The glimmering taper of hope allures them even to the vortex of general bankruptcy. Financiers become alarmed for the safety of their investments and for the sufficiency of securities. They insist upon the sacrifice of securities for the satisfaction of their claims. The millions of small depositors in savings banks are forced to draw upon their bank savings to meet their obligations and to pay the expense of living, which in good times are paid out of their daily wages.

Those who do not need their deposits for such immediate use begin to feel that the risk of the bank's stability is too great for the interest which the deposits yield. They attempt to withdraw their deposits, panic seizes upon the minds of depositors generally, and run after run is precipitated upon such banks, which, having the bulk of the deposits loaned upon securities on which they cannot immediately realize, are forced to the wall. Their suspension of payment increases the panic and adds to the general distrust. Credit, upon which nine-tenths of our business is done in good times, is entirely withdrawn.

Every firm, corporation, and individual is employed in gathering and hoarding such money as can be obtained to meet the exigencies of his or its own business, for in the best of times our industrial and commercial systems are honeycombed with debt, and a capital of $10,000 floats a credit of at least $30,000. This enormous contraction of the instrument of exchange is fatal to what remains of business. The business of the whole country finally collapses under the strain. Then a new adjustment of rent, interest, and wages is made, and the wheels of industry and commerce revolve again, bringing the blessings of prosperity and peace. This is the history of every industrial depression and the present depression is not in any respect exceptional.

Russell Sage, a distinguished financier, is reported as saying that this depression is exceptional because it has "touched bottom," as he expresses it. But every industrial depression of which I speak has "touched bottom;" that is to say, it has ultimately reached the land-owning class and has compelled that class to largely reduce its ground rent in order to give business a chance to pick up again. That is "touching bottom." Then by some process, as mysterious to the general observer as the beginning of the depression, times improve, business gets better, credit grows stronger, and an era of prosperity ensues which gives promise of perpetuity. For four or five years it continues to rise, then it is changed again, and the history of the former depression, through the course of another three or four years, repeats itself with marvelous exactness.

It is idle to attribute these depressions to local or temporary causes. Their cause must be as general as its results. A cause affecting this country alone will not explain an industrial depression existing at the same time in England, France, Germany, Belgium, and in all of the English colonies that girdle the world. Neither is it reasonable to attribute one of these depressions to a cause which manifestly did not contribute to any of the other precisely similar depressions occurring before it. During the past fifty-six years there were six of these industrial depressions in the United States, extending with equal virulence to Great Britain, including her colonies, to France, to Germany, and to Belgium.

A brief history of all of these depressions will be found in a volume entitled "Industrial Depressions," published by Hon. Carroll D. Wright, our National Commissioner of Labor Statistics, in 1866. The first of these depressions reached its climax in 1837; the second about the year 1847; the third about the year 1857; the fourth in 1866; the fifth commenced in 1873 and continued to 1879, reaching its climax about the year 1877; the sixth reached its climax about the year 1884. All of these depressions swept over all of the countries which I have named. The present depression likewise prevails in all of these countries. It commenced in the latter part of 1889, and has, we may reasonably hope, reached its climax at this time.

Indeed, while we have been discussing this bill the telegraphic columns of our daily papers show that industrial, commercial, and banking institutions all over our country are resuming business operations. The Washington Post of this morning contains the following editorial notice of the manifest change for the better in our situation:

Yesterday's dispatches from all parts of the country show a most gratifying change in the commercial tide. The number of business failures was comparatively small, and the number of resumptions among the banks and manufacturing establishments was so large as to warrant the belief that the worst has been experienced and that the country is gradually but surely making its way out of the wilderness.

Let this fact never be forgotten in future discussions of the effects of our legislation.

It has been stated by gentlemen on both sides of this discussion that the present industrial depression did not commence until after the passage of the Sherman act in 1890; the advocates of unconditional repeal claiming that the relation of the passage of the act to the depression, being prior in time, is some evidence that the prior act was the cause of the subsequent depression, following so soon after its passage. The silver advocates point to the fact that the crisis did not come on for more than two years after the passage of the Sherman act. In truth, the industrial depression through which we are passing had commenced and was perceptibly advanced before the passage of the Sherman act, although the financial crisis was not reached until the summer of 1892.

In the discussion of the bill for which that act was a substitute, Senator JONES of Nevada reviewed the commercial and industrial situation existing at that time, and, in summing up his review, said:

Instead of finding, as we should find, happiness and contentment broadcast throughout this great domain, there are heard from all directions, even in this Republic, resounding cries of distress and dissatisfaction. Every trade and occupation exhibits symptoms of uneasiness and distress. The farmer, the artisan, the merchant—all share in the general complaint that times are hard, that business is dull; the farmer is in debt, and is not realizing on the products of his labor the wherewithal to meet fully his deferred or his current obligations. The artisan when at work finds himself compelled to share his earnings with some relative or friend who is out of employment. The merchant who buys his goods on time finds little profit in sales and difficulty in making his payments.

There was no denial of Senator JONES' statement concerning the conditions existing at that time. We were then entering the depression of which the crisis is the natural and inevitable culmination; but the crisis was not reached for two years after the passage of the Sherman act, and it is doubtful if the silver-purchase clause of that act hastened in the least the crisis which was inevitably coming.

The silver-purchase act has not created any distrust in the integrity of this nation. It did not cause any doubt to arise anywhere concerning the soundness of any money which this nation has put forth. It has not discredited any of our Government obligations.

The distinguished Senator from Indiana [Mr. VORHEES], the acknowledged leader of the repeal forces in the Senate, said in the course of his great argument yesterday:

Sir, no candid observer of existing public facts can believe that this attempted panic and business distress has been inspired by any real fear or genuine want of confidence in the credit of the Government or in the soundness and stability of its various kinds of currency. It is true that among the ugly assets of a former administration which came over on the 4th of last March were an empty Treasury and the record of a billion-dollar Congress in its expenditures, but despite so heavy a handicap the public credit of the United States has not faltered for a single moment, nor has the faith of the civilized world been lessened by the breadth of a hair in American honor and American resources in this year of 1893, and in the custody of the Administration now in power.

The national credit of the American Republic, tried by every test which can be applied, is better and stronger to-day than the credit of any other government on the globe. Her bonds, her promissory notes to pay her debts, as they may be called, bearing a low rate of interest, stand at a premium in the money markets of the whole earth, and even the cold, cowardly instinct of hoarded, inactive, interest-hunting capital, in its cautious search for permanent investments, seizes upon them with swift greed wherever they can be found. The safety of the security appeases somewhat even the usurer's highly seasoned appetite for richer profits.

Not only do the traffickers in money and the permanent investors of capital hunger and thirst after all the Government bonds now in existence, but their chief complaint against the present Administration is that the President and his able Secretary of the Treasury have refused their demand to issue at least three hundred millions more. This additional block of national indebtedness, increasing in a time of profound peace the interest-eating burdens of American labor, would be hailed with the keenest delight and swept with miserly enjoyment and avidity into unpatriotic vaults by the very parties who have most loudly and continuously declared ever since the present Administration came into power that the credit of the Government was n deadly peril and its Treasury practically bankrupt.

Yet, Mr. Speaker, the whole argument in this House in favor of unconditional repeal has proceeded upon the theory that the silver-purchase act has destroyed our national credit.

The securities which have been depreciated are private securities, and they have fallen because the financial soundness of the institutions behind them has been doubted. The industrial depression would have caused all this, as similar depressions have frequently heretofore caused financial crises. I do not say that the crisis was not in any way accelerated by the Sherman act; but I do say that, with or without the Sherman act, it was inevitable. A much more important factor in intensifying the depression and hastening the crisis was "the culminating atrocity of class legislation" known as the McKinley tariff law, for the prompt repeal of which the people put the Democratic party in power.

I quite agree with our Republican friends, that it is the duty of the Democratic party to get through with this question of finance at the earliest possible moment, not for the purpose of adjourning and going home, but in order that we may proceed to the more important work of tariff reform with all possible dispatch. Our great manufacturing interests expect the Democratic party to give them free raw material and free fuel for the prosecution of their industries, and other great interests are largely concerned in knowing the exact basis upon which their investments shall hereafter be made. We should not willingly consent to any delay in the fulfillment of our pledges on the tariff question, but neither the tariff nor the silver-purchase act, nor both of them, can be said to account for the prevailing industrial depression.

The McKinley tariff came into effect shortly after this depression began, but it did not cause the depression. We had similar depressions under the low tariffs of 1847 and 1857, and under the high tariffs of 1866, 1877, and 1884. At most, the McKinley act has intensified the present depression. The cause of these depressions must be immediately associated with the primary factors in the production and distribution of wealth, and it must pervade the whole system of wealth distribution throughout the civilized world.

SPECULATIVE GROUND RENT THE PRIMARY AND UNIVERSAL CAUSE OF INDUSTRIAL DEPRESSIONS.

Philosophers, faithful in the pursuit of truth and daring to follow her wherever she may lead, have traced to their primary and universal cause these periodical calamities which blast the happiness and desolate the homes of half the people of the civilized world once in every decade. That cause is the constantly recurring pressure of ground rent, as a factor in the distribution of wealth, against the profits of capital and the wages of labor.

The factors of all production are land, labor, and capital; land being the passive factor, freely provided, with all of its potential elements, by the Creator. Labor and capital are the active factors, contributed by human energy.

The factors of distribution are landlords, laborers, and capitalists, and their shares are called rent, wages, and interest.

It is manifestly of the utmost importance that the distribution of the wealth produced among these factors should be equitable.

If the distribution be inequitable it will certainly discourage the productive effort of the factor which receives less than its share.

For example: If labor should insist upon taking the entire product in wages, landlords and capitalists would not assist it in production, because it would cease to be profitable to them.

If capitalists should insist upon taking the whole product, landlords and laborers would not assist in production, because it would cease to be profitable to to them.

If landlords should insist upon taking the whole product as rent, laborers and capitalists would not further assist in production, because it would be unprofitable to them. And, as labor and capital are the only active factors in wealth production, productive effort would thus be brought to an absolute standstill.

These, of course, are extreme suppositions, but they bring strongly into view the universal rule that whatever tends to make wealth production unprofitable to any of the active factors in such production, tends to check and finally to stop productive effort on the part of that factor.

Laborers will work as long as they can get for their labor the standard wages fixed by competition, although they know full well that such wages are greatly less than their equitable share.

Capitalists will invest in productive enterprise and will continue such enterprise just as long as it yields, with ordinary security, the standard interest fixed by competition among capitalists.

Ground rent is the margin which production in any locality yields above the standard wages and standard interest necessary to induce laborers and capitalists to carry on the productive enterprise. When production yields no such margin there should be no ground rent. This law of rent, as accepted by all political economists, is thus stated by Ricardo, the illustrious economist by whom it was formulated:

> The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.

This law is universal and applies to the locations or sites of stores and factories on which wealth is produced, as well as to rural lands from which wealth is produced.

If ground rent at any time rises above the margin of production, it is manifest that it must do so by eating into the standard wages of labor, or the standard interest (sometimes called profit) of capital, or into both wages and interest.

It is a matter of common observation that rent always advances in good times; that it keeps advancing while times are improving, and that it is always very high when times begin to get hard.

Ground rent is a tide that rises with prosperity and as high as prosperity, absorbing its fruits, without in any way contributing to their production, and it finally strangles the productive forces upon which its feeds. It takes such a large share of the wealth produced by labor and capital that it makes production unprofitable to the factors—labor and capital—which produce all wealth.

Labor and capital struggle with each other in vain attempts to shift the burden of excessive rent. The land monopolist who exacts the rent tribute is so strongly intrenched that neither labor nor capital thinks of trying to beat down the speculative rent tide which is strangling them both. Soon the wasteful struggle between capital and labor ceases by the abandonment of production. In the midst of conditions which ought to make production uncommonly profitable, excessive toll in the form of ground rent has made it absolutely unprofitable. The laborer, willing to work, is forced to stand aside with his arms folded in unwilling idleness, consuming the small savings of his short period of prosperity, and trembling for the fate of his once happy family when his little store shall be exhausted.

The capitalist, with his investment idle, paying the exorbitant rent out of his wasting capital in order to save his location, stands half-hoping, half despairing, waiting for the uncertain issue of bankruptcy or a return of good times.

The prior prosperity has brought the same pressure home to every other commercial and industrial enterprise in the civilized world. The checking of production at one point reacts upon the wages and profits of industry and commerce at all other points.

This destruction of the purchasing power of producers of one commodity lessens demand for other commodities, and consequently lessens the profits of their production; while the speculative rent, or toll, for the privilege of producing remains undiminished.

Production, by reason of this unnatural pressure of speculative or excessive rent, gradually becomes unprofitable everywhere. Stagnation ensues, and labor and capital, in utter helplessness, await the inevitable hour of their universal bankruptcy—the hour when landlordism, having absorbed their substance, driven thousands to suicide, hundreds of thousands to pauperism, and ruined and dismembered untold numbers of families whom God had blessed with love and happiness, finally reduces ground rent to the economic line and thus gives another breathing spell to the wealth-producing classes.

The moment that rent is reduced to the economic line business of every useful kind becomes profitable again, because every industry can, at all times, afford to pay, as rent, the margin of its production, while no business on earth can afford to pay more than that margin.

I have now given you, in general outline, the history and the philosophy of our industrial depressions. There is no mystery about them. They have been accurately prophesied upon scientific principles. They have been watched and studied in their courses. They have all disclosed the same symptoms, and have all produced the same results.

Their first outward symptoms are conflicts between capital and labor (natural allies in production), and they all end in financial panic—the natural and reasonable outcome of the prospective or present general bankruptcy of the debtor classes.

Amid the desolating depression of the last three years, rents have been collected at the rates prevailing during the prosperous year 1889. Every merchant and producer in the land (except the insignificantly small number of land owners among them) has been paying more than the margin of his production in ground rent.

Gentlemen upon this floor have called attention to the splendid and inexhaustible natural resources of this country as an unquestionable guaranty of permanent prosperity to our people.

Our natural resources are indeed ample. They are sufficient, in the present state of the arts of wealth production, to support in uninterrupted comfort a thousand million of people. Yet, with a population of less than

70,000,000, we are half the time suffering the horrible privations that are supposed to result only from overpopulation.

Gentlemen forget that our splendid and inexhaustible natural resources are all monopolized, and that nine-tenths of our people are obliged to pay tribute to less than half of the other tenth for the privilege of living in this country.

The small percentage of land monopolists, who own this country, exercise an absolute despotism over the masses of the people of this country and fix the conditions upon which they shall live. [Loud applause.]

The census of 1890 shows approximately that the land of this great country is owned by about 10 per cent of our people. That about three-fourths of that 10 per cent own no land but their homes. upon which there is an aggregate mortgage indebtedness of $6,000,000,000. The present crisis will bring about the foreclosure of thousands of these mortgages, and will largely reduce the percentage of landowners in this country.

This is a terrible showing for our new country "of inexhaustible resources." It speaks ill indeed of our land system, which, intended to secure an independent home to every American citizen, has really reduced us to a nation of landlords and tenants.

We have placed our entire industrial and commercial systems under the absolute dominion of an irresponsible landlord class, who are legally clothed with powers over them more absolute and destructive than the powers of any political rulers in the civilized world.

We speak of our country, and we deplore the decline of patriotism among her citizens, but we forget that love of country has its root and its strength in the deeper sentiment—love of home. Love of home is graven on the heart of man. It is the mother of patriotism and the handmaid of courage.

We forget that our country consists of the splendid natural resources within her borders, and that those resources are absolutely owned by a few monopolists. The owners of those resources are in fact the owners of our country, and to the rest of the people it is a mere boarding house to which, fortunately, home sentiments are still attached.

Not the silver-purchase act, not even the still worse Republican tariff, but land monopoly, is the curse and canker of modern civilization.

To cure and prevent industrial depressions it must be stricken down. Its robbery of labor must be stopped. The constant policy of this country—the only policy which can long maintain her free institutions—must henceforth be to secure to all of her citizens independant homes.

The land of this country belongs of natural right to the people of this country, and the Creator's will is their inalienable title.

God did not make the land for landlords. He made it for His people, and the greatest and truest function of this Government is to preserve that natural heritage to the people.

REMEDY FOR INDUSTRIAL DEPRESSIONS.

Not in legislation for the contraction or inflation of our currency, but in legislation to prevent and destroy land monopoly, lies the cure of industrial depressions and the salvation of our free institutions.

In the term "land monopoly" I include the rights of way of railroad and telegraph lines. These, like all other really great monopolies, are special privileges in land.

It would be irrelevant to the present discussion to treat at length of any remedy for the deplorable calamities, in the form of industrial depressions, which periodically fill our land with distress, other than the one now before the House.

It is enough at this juncture to show that the silver-purchase act is not the cause of, and that its repeal will not even tend to cure, our country's present malady.

Briefly stated, the true remedies for the evils arising from the present unjust distribution of wealth are these:

First. Take for public use, by the forms of taxation, all of the unearned increment which attaches to land as a result of the presence, industry, and virtues of the general population of every community, leaving to landlords only such values as result from their own improvements upon the land.

Second. Nationalize all railroads, telegraph lines, and such other necessary public conveniences as in their nature must become monopolies if left to private control.

The adoption of my first proposition would absolutely do away with the monopoly of land, by taking away the only incentive to its monopoly. That incentive is the right of the landowner to appropriate to his own use the ever-increasing value which is given to land by the growth, industry, intelligence, inventiveness, and virtues of the whole people.

That increment of value produced by the whole people and attaching to the natural, God-given earth, which is their inalienable heritage, belongs to the whole people, who have produced it, and who continue, year by year, to produce it by the same sacred natural right of property which gives everything of value to him whose labor produces it, and without whose labor it would not have existed at all.

There is no such thing as an accrued rental value attaching to land. Next year's rental value will be entirely produced by next year's people.

If the people should disappear, or should lapse into idleness, rental values would disappear with them, or would shrink in exact proportion to their cessation of industry.

Landlordism is a mere privilege of collecting toll from the producers of wealth. It has never contributed the value of a farthing to the wealth of the world, yet it has caused nine-tenths of the miseries of the laboring classes ever since it was substituted for the grosser forms of extortion and robbery which preceded it.

The time has come, in the order of social evolution, when this system must pass away.

Then, and never until then, can we satisfactorily "vindicate the ways of God to men."

Then will repentance come to those who blasphemously attribute to the will and design of a just and merciful and bountiful Creator the human miseries that flow from unjust special privileges, created and supported by human laws, as well-meaning gentlemen have done in this debate.

The change may not come at once. It may not come in time to prevent another industrial depression. But it is coming, and the morning of the twentieth century will bring to us an era of justice and liberty, and peace, and permanent prosperity, such as the world has never known.

In that era mere privilege shall cease to collect toll from the producers of wealth, and service alone shall command a distributive share in the wealth produced by labor.

In speaking of the nationalization of railroads, I do not wish to be understood as advocating the operation of the rolling stock of railroads by the Government.

The monopoly lies in the roadbeds and rights of way. They should be owned and controlled by the Government, and private capitalists should be allowed, under Government regulations, to freely compete with each other in the transportation of passengers and freight.

This would secure at once the greatest possible competition in the railroad carrying trade and the least possible governmental interference with the proper functions of private business.

The telegraph monopoly seems to have no solution but in making it a public function, as a part and parcel of our postal system.

But, enough of this digression from the proper subject of our present discussion.

I believe I have satisfactorily shown that the silver-purchase provision of the Sherman act, unsound as it is in principle, is not a materially contributing cause of the present crisis, and that the mere repeal of that provision, without other legislation looking to the extended coinage of silver, would result in more harm than good.

I am not satisfied that the free coinage of silver at any fixed ratio can be so maintained by this country alone as to secure the general use of both gold and silver coins at a parity. But I prefer such an experiment to the legislative elimination of silver from our currency.

I am opposed to any change from the present ratio in the coinage of gold and silver, because such a change would involve infinite confusion and great expense.

I shall, therefore, vote:

First. For the amendment of the gentleman from Missouri [Mr. BLAND], providing for the free and unlimited coinage of gold and silver at the ratio of 16 to 1.

Second. That amendment failing, I will vote for the extended coinage of silver according to the terms of the "Bland-Allison act" of 1878.

Third. If both of these propositions fail, I will, as a choice between evils, vote against the unconditional repeal of the silver-purchase act.

I have no idea that we shall be able to do anything at this session of Congress to relieve the existing depression.

Laws wiser and more universal than ours will cause a reaction to better times, as the same laws brought the reactions after the crises of 1837, 1847, 1857, 1876 and 1884.

This reaction will come regardless of what we may do or fail to do.

Some day it will be the province of this Congress, and of our State Legislatures, to remove the primary cause of these periodical scourges of our country and of our civilization.

In that day the triumph and the vindication of Democratic principles, of the principles of Thomas Jefferson and his illustrious disciples, will be complete, and equal rights and natural justice will be irrevocably established among men. [Applause.]