Repeal of the Sherman Law.

SPEECH

OF

HON. JOSIAH PATTERSON,

OF TENNESSEE,

IN THE HOUSE OF REPRESENTATIVES,

Monday, August 14, 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. PATTERSON said:

Mr. SPEAKER: I congratulate the House on its good temper. We are in the midst of a great financial crisis. Not only are the eyes of the American people upon us, but the eyes of the civilized world. On occasions like this we are called upon to test the value, the wisdom, and the safety of our institutions. We are required, in the name of the people, to understand and to rightly solve a most difficult problem. If there was ever a time in the history of the American Congress when the representatives of the people should be cool, dispassionate, patriotic, and intelligent, it is now.

I am no financier. I have not a dollar on earth invested in any moneyed institution; and whatever information I have on this subject has been acquired since I entered public life, and for the sole purpose of enabling me to discharge a duty which I owe to my constituency and the country at large.

In the discussion of every important question there are always points on which the disputants are agreed. On this question I think I can safely say that all intelligent men are agreed on the following propositions:

It is recognized by all enlightened, and especially by all commercial countries, that there is an absolute necessity for a fixed, uniform, and certain standard of value. Gold and silver are recognized the world over as the two money metals. I believe I may say, furthermore, that the double standard of gold and silver, if it can be maintained, is admitted to be more uniform, fixed, and certain than a single standard composed of either metal. Again, it is universally conceded by intelligent men on this subject that the double standard can not be maintained unless the legal ratio corresponds substantially with the commercial or market ratio. They are also agreed that where the single standard is gold in a country it may safely use a large volume of silver as subsidiary to the gold, whereas in a country where silver is the standard gold can not be used at all.

There is not a country on the earth where the gold standard prevails in which there is not a large circulation of silver. The United Kingdom has a circulation of over $100,000,000. The Empire of Germany has a circulation of more than $210,000,000. The Republic of France has a circulation of $700,000,000. This country has silver now in circulation and hoarded in the Treasury amounting to about $700,000,000. Now, there is not a silver country on the habitable globe where gold is not treated as a commodity. It is a commodity in China, it is a commodity in Mexico, it is a commodity in all of the South American Republics. Wherever silver is the standard, gold is eliminated from circulation and silver alone is the medium of exchange.

The doctrine of the monometallist is that no single government or combination of governments can fix a double standard between gold and silver that will so dominate the market as to make the commercial ratio conform to the legal ratio. They therefore insist that the maintenance of a double standard is impossible, and that all governments must eventually adopt either the single gold or single silver standard.

Bimetallists, on the other hand, insist that it is possible to hold the two metals on a parity, and that the double standard insures more volume, safety, and uniformity to the currency of a country. However, they are divided into national and international bimetallists. The national bimetallist contends that for the first eighty years of our national existence we coined both gold and silver until silver in 1873 was demonetized. They say that when you destroy the use of an article you destroy the demand for it and it goes down in price. They insist that following the demonetization of the silver dollar in 1873 there was a rapid decline in the price of silver, and that if it was remonetized the demand for it would be so increased as to restore it on a parity with gold.

The international bimetallist insists that every enlightened country in the world, that every commercial nation on the earth, including the United States, has abandoned the double standard and adopted the single gold standard; and that in view of these facts, and the constant variation in the commercial value of silver, it is impossible for any single government to fix a ratio which will dominate the silver market of the world, and therefore that bimetallism is impracticable and impossible without international coöperation.

Now, Mr. Speaker, the question under discussion is simply this: My friend from West Virginia [Mr. WILSON] has introduced a bill to repeal the purchasing clause of what is known as the Sherman act. My friend from Missouri [Mr. BLAND], under the order adopted by the House, proposes to offer certain amendments to that bill. The first amendment is for the free, unlimited, and independent coinage of silver at the ratio of 16 to 1. If that is voted down, then an amendment to coin it at a ratio of 17 to 1. If that is voted down, then at a ratio of 18 to 1. If that is voted down, then at a ratio of 19 to 1. If that is voted down, then at a ratio of 20 to 1; and if that is voted down, then he proposes to offer as a substitute what is known as the Bland-Allison act, passed in 1878.

Should we adopt the free, unlimited, and independent coinage of silver, at either of the ratios named in the amendments offered by the gentleman from Missouri? In arriving at the conclusion that we should not, I have been largely influenced by the facts in our own experience. Before calling attention to them, I invite attention to a few of the facts of history which preceded our first coinage law. At the beginning of the sixteenth century the commercial ratio between gold and silver was 10.75 to 1. At the beginning of the seventeenth century it was 12.25 to 1. At the beginning of the eighteenth century it was 15.27 to 1.

From the beginning of the eighteenth century down to the year 1873, a period of one hundred and seventy-three years, there was unprecedented stability in respect to the commercial ratio between gold and silver. At no time during those one hundred and seventy-three years did silver rise above the ratio of 15 to 1, or fall below the ratio of 16 to 1. The variance in the commercial ratio during the last fiscal year has been greater than it was during that entire period of one hundred and seventy-three years. There has been a greater variance in the commercial ratio between gold and silver since 1873 than there was in all the centuries transpiring from the discovery of America to that time.

In 1792, when Washington was President, Jefferson Secretary of State, and Hamilton was Secretary of the Treasury, our fathers took up this question of the free and unlimited coinage of gold and silver. Hamilton found that the commercial or market ratio at that time was almost exactly 15 to 1. He ascertained that for one hundred years prior to that time the ratio had been about 15 to 1, varying only very slightly. The bill which he prepared, and which was enacted into law, provided for coinage of gold at the rate of 24.748 grains of pure gold, and 27 grains of standard gold to the dollar, and 371¼ grains of pure silver, or 416 grains of standard silver to the dollar, the ratio being fixed at exactly 15 to 1.

Now, I desire to impress upon the House the fact that these, the fathers of the Republic, and acknowledged statesmen of the age in which they lived, recognized the fact that the legal ratio had to correspond with the commercial or market ratio, or else the two metals could not be maintained in circulation, and that the ratio fixed by them was made to conform exactly with the market ratio for that reason. What was the result? Within less than five years after the passage of the act of 1792, and before Washington retired from the Presidency, silver began to fall in the market.

I desire particularly to call attention to another fact. Our grandfathers knew no difference between the gold and the silver dollar. They interchanged them on a parity, innocent of any knowledge that there had been a departure of the legal from the commercial ratio. But our grandfathers discovered before the year 1810 that gold was going out of circulation. Silver had gone down to 15.60 to 1. There was a profit to the brokers and scalpers of about 4 cents on the dollar, and that was a sufficient inducement to buy up the gold in circulation and ship it to foreign parts. By the year 1810 gold had been practically eliminated from our currency.

In 1834, during President Jackson's second administration, the attention of Congress was called to this fact. A change in the ratio was recommended and on the floor of Congress it was declared without contradiction that not a dollar of gold had been in circulation in the United States for more than twenty years. The difference of 3 or 4 cents on the dollar had absolutely driven gold out of the country. The act of 1834 was passed fixing the ratio at 16 to 1. At that time silver was worth about 15.60 to 1, and Congress purposely increased the ratio so as to make gold the cheaper money, in order that it might be induced to flow into the country. This was accomplished by reducing the gold in a gold dollar from 24.748 to 23.2 grains, making the ratio exactly 16 to 1.

By the act of 1837 a slight change was made by adding a fraction of gold to the dollar, making it 23.22. This act was passed to make both the gold and silver dollar 900 parts fine and 100 parts alloy. Since that time we have had the standard gold dollar of 25.8 grains and the standard silver dollar of 412½ grains. Now, what was the result of this ratio of 16 to 1? In 1828, when Andrew Jackson was first elected President of the United States, there were coined in the United States only $140,000 in gold. In 1836, when his successor was elected, there were coined over $4,000,000, and in 1847, just ten years after he retired from office, and before the discovery of gold in California, there were coined $20,000,000 in gold.

Now, what was the effect on silver? France was coining that metal at 15½ to 1, and the difference between that ratio and 16 to 1, amounting to less than 4 cents on the dollar, was sufficient to cause silver to take its departure to foreign countries. When gold was discovered in California, silver went up higher. The result was that gold, at the ratio of 16 to 1, became the cheaper money and silver was practically eliminated from our circulation. In 1852 we coined $56,000,000 in gold and only $999,000 in silver. Silver had been so completely eliminated from our circulation that the people were without small change, consequently, in the month of February, 1853, Congress, recognizing this condition of affairs, provided by law for the coinage of half-dollars, quarter-dollars, dimes, and half-dimes in silver at the rate of only 384 grains to the dollar. These coins were made, confessedly cheaper than gold in order that no one would be induced to buy them up on speculation and send them out of the country. They were made a legal tender to the amount of $5. In this way, the people secured small change for their daily transactions.

So it appears that long prior to the war, in 1834, Congress purposely changed the ratio so as to invite gold into the country, thus showing that Andrew Jackson's administration of the Government evinced a decided preference for gold. Again, in 1853, a preference for gold was shown by making silver subsidiary to that metal. From 1853 until the breaking out of the war gold was practically the standard and silver was used as mere token money.

Now, under the act of 1792 silver was overvalued to the extent of 3 or 4 cents on the dollar. This made silver the cheaper metal, and the difference was sufficient to eliminate gold from our circulation and to practically bring the country to the single silver standard. Under the act of 1834 gold was overvalued and became the cheaper money, to the extent of 3 or 4 cents on the dollar, and the result was that the silver dollar was driven out of the country and fractional coins were introduced at a ratio which made them so much cheaper than gold that they remained with the people.

Now, let us come to the amendments offered by my friend from Missouri [Mr. BLAND]. He proposes by his first amendment the free, unlimited, and independent coinage of silver at the ratio of 16 to 1. Now, the average bullion price of a silver dollar for the fiscal year ending June 30, 1893, was 65.064 cents. This shows a difference between the legal and the commercial ratio of 35 cents on the dollar. I put it to every intelligent man on this floor, can we stand that? Can we coin silver at the ratio of 16 to 1 without bidding adieu to every gold dollar in circulation, and bringing this country abruptly and at once to the single silver standard?

Mr. RAWLINS. Will the gentleman yield for a question?

Mr. PATTERSON. With pleasure.

Mr. RAWLINS. Did not the gold leave this country upon the fixing of the ratio of 15 to 1 because France had a ratio of 15½ to 1; and did not the contrary effect take place when we adopted the ratio of 16 to 1, France still having a ratio of 15½ to 1? Now, let me ask one other question.

Mr. PATTERSON. I would prefer one at a time, if you please.

Mr. RAWLINS. This is in the same line as the other. If France, with silver to the amount of $19 per capita, a rate which in this country would give about $1,400,000,000 of silver, can maintain a ratio of 15½ to 1, why can not we maintain the two metals at a parity on a ratio of 16 to 1, especially in view of the fact that if we should consume all the silver produced it would take ten years before we could accumulate the same quantity per capita which France now has?

Mr. PATTERSON. Mr. Speaker, I am confining myself to our own experiences here in the United States. I shall not take time to elucidate what may have been the effect of the coinage laws of France or Germany on our currency. That they had the effect described in the question only goes to show that I am right in saying that the double standard can only be maintained through the instrumentality of international coöperation. I say that the fact remains that silver was the cheaper money by three or four cents on the dollar under the act of 1792, and that gold was consequently expatriated. I say that gold was the cheaper metal by three or four cents on the dollar under the act of 1834, and consequently silver was driven out of the country.

Now, in regard to the other question: I desire to say that in order to maintain her silver in circulation France has absolutely stopped the coinage of silver at her mints, as well as the purchase of silver bullion. She has not coined a dollar or purchased an ounce of silver, I believe, since the year 1878, and she has only been able to keep the silver already coined on a parity with gold by excluding that metal from her mints. This question is exactly within my line of argument, because if we repeal the purchasing clause of the Sherman act it would enable us, not only to maintain on a parity with gold every dollar of silver now in circulation, but to coin every ounce of silver in the Treasury and assimilate it with our currency. But we have got to follow the example of France and maintain the single gold standard, or we can not accomplish that result.

Now, sir, I will pass over the amendments of the gentleman from Missouri, proposing a ratio of 17 to 1, 18 to 1, and 19 to 1, and go directly to the proposed ratio of 20 to 1. How will that result? I have gone to the Director of the Mint and secured the exact figures. Take the averaged bullion value of the silver dollar in the open market for the last fiscal year, and it shows that a dollar coined at the ratio of 20 to 1 would be worth only 81 cents. I put it to the House, can we afford in this crisis to deliberately enact a law for the free, unlimited, and independent coinage of silver dollars of the intrinsic value of only 81 cents each? Is it not just as obvious as that the sun shines in the heavens, if we do it, that silver as the cheaper money will drive gold entirely out of circulation?

If 3 or 4 cents on the dollar in favor of silver drove gold out of circulation under the act of 1792, what would 19 cents on the dollar in favor of silver do at a time when every enlightened nation has demonetized silver and it is constantly fluctuating like iron and copper in the open markets of the world?

But some of my friends may say I am putting silver to an unfair test. They say that for the last twelve months silver has been under fire. Very well, let us concede that. I will go back, then, to the first day of July, 1885, and then I will reckon down to the 30th of June, 1893, a period of eight years, a period embracing a Republican administration, a period embracing a Democratic administration, a period embracing the extraordinary rise of silver after the passage of the act of 1890, and a period which leaves altogether out of the account the extraordinary flunctuations in the commercial value of silver during the month of July last. What do we find? We find that the averaged bullion value, during that period, of a silver dollar, coined at a ratio of 20 to 1, would be intrinsically worth exactly 90.29 cents.

Now, I put the question to the House again: If 3 or 4 cents difference drove gold out of the country under the act of 1792, and if 3 or 4 cents difference retired silver under the act of 1834, what, I ask, will 10 cents on the dollar do in this age of telegraphy, in this age of boards of trade, in this age when the commercial transactions of the world are printed and daily placed on every man's breakfast table?

And now, sir, I desire to especially call the attention of the House to this phase of the question. The gentlemen favoring coinage of silver at a ratio of 20 to 1 discredit silver already coined at the ratio of 16 to 1. They admit to that extent that the legal ratio between the two metals must conform to the commercial. How can any member abandon the ratio of 16 to 1 and go to the ratio of 20 to 1 without recognizing the importance of the market value of silver in fixing the ratio? How can he abandon a dollar of the bullion value of 65 cents and adopt a dollar of the bullion value of 81 cents with any degree of consistency? Why advance in the direction of the commercial ratio without going the entire way? To do so is an admission of the doctrine for which I am contending. The member who votes for the ratio of 20 to 1 abandons the field and concedes that the two metals can only be maintained in circulation on a parity so long as the ratio established by law coincides with the ratio established in the open market. His only justification lies in the fact that he may hope that the bullion value of the silver dollar may increase until it reaches a parity with gold. It is, however, inconceivable that a member of Congress would take the chance to drive gold out of the country and involve its commerce in the throes of ruin and bankruptcy in order that he might see if his anticipations as to the rise in silver were realized.

Mr. Speaker, very much has been said by some of our friends in respect to the Chicago platform. The men who advocate the views which I entertain are charged with recreancy to the party platform and unfaithfulness to the pledges which the Democratic party made to the people before its accession to power. I will read the financial plank of the platform adopted at Chicago:

We denounce the Republican legislation known as the Sherman act of 1890 as a cowardly makeshift, fraught with possibilities of danger in the future, which should make all of its supporters, as well as its author, anxious for its speedy repeal. We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver, without discriminating against either metal, or charge for mintage; but the dollar unit of coinage of both metals must be of equal, intrinsic, and exchangeable value, or be adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts; and we demand that all paper currency shall be kept at par with and redeemable in such coin. We insist upon this policy as especially necessary for the protection of the farmers and laboring classes, the first and most defenseless victims of unstable money and a fluctuating currency.

No man on this floor would more gladly welcome the free, unlimited, and independent coinage of silver on the terms proposed in the Chicago platform than I. Gentlemen here propose to coin a silver dollar of the bullion value of only 65 cents. Am I recreant to the Chicago platform because, in my judgment and in the discharge of the duty I owe my constituency, I believe such a dollar has not the intrinsic value of a dollar worth a hundred cents? Am I recreant to the Chicago platform because I rise in my place on this floor and declare that a dollar coined at the ratio of 20 to 1, a dollar of the bullion value of only 81 cents, has not the exchangeable value of a dollar of the bullion value of 100 cents? Am I to be charged with faithlessness to the platform of the party because I am convinced that such dollars, being the cheaper money, would drive $650,000,000 in gold out of circulation and involve the country in a panic which would bring distress and disaster to all our people?

Mr. SNODGRASS. Will the gentleman allow me a question just there?

Mr. PATTERSON. With pleasure.

Mr. SNODGRASS. At what ratio are you willing to allow silver to be coined freely?

Mr. PATTERSON. I will answer my colleague. In view of the extraordinary fluctuations of silver in the markets of the world for the past twenty years, in view of the fact that every enlightened government on earth has demonetized silver; in view of my conviction, after careful investigation and mature reflection that we can not, independently of the balance of mankind, establish a legal ratio between gold and silver that would absolutely dominate and fix the commercial value of silver in the open market and hold the two metals permanently on a parity, I am not prepared to vote for any ratio that you might name. [Great applause.] I would not take the risk of guessing at a matter of so much importance. On the one hand I might do silver an injustice; on the other I might drive gold out of the country and entail disaster on the people I represent. I will go, however, as far as my colleague can go in pursuing a policy and in taking such steps as will bring about international coöperation for the free and unlimited coinage of silver. This, in my judgment, is the only policy we can pursue with safety. I submit to my colleague that such a policy is in entire accordance with the declared principles of the Chicago platform.

Mr. SNODGRASS. Then you favor the single gold standard? Let us understand each other.

Mr. PATTERSON. Well, we are coming to an understanding. The country is now at the gold standard, and the question I am considering is whether we ought to adopt either of the makeshifts embodied in the amendments of the gentleman from Missouri, unsettle our unit of value, and drive gold out of circulation, or retain the gold standard, firmly holding our paper currency and the silver we already have on a parity with gold, in accordance with the principles of the Chicago platform. I am decidedly for the latter policy. [Applause.]

For the benefit of my colleague [Mr. SNODGRASS], I call his attention to the platform adopted by the Tennessee Democracy at its last State convention. The concluding paragraph of the financial plank is as follows;

> And we further favor the continued coinage of both gold and silver bullion in such manner as that every dollar so coined shall be equal to every other dollar.

This, I submit, is in accordance with the Chicago platform, and it is in accordance with the views which I entertain to-day. My convictions are that owing to the fluctuations in the commercial ratio of gold and silver that we, the representatives of the people, have not the power, however earnestly we may desire it, to adopt a legal ratio for the free, unlimited, and independent coinage of silver that will dominate, control, and fix the market ratio throughout the world, so as to make every dollar so coined equal to every other dollar. [Applause.]

Now, Mr. Speaker, I come to the Bland-Allison act, which, after all amendments are voted down, is to be offered as a substitute for the bill to repeal the purchasing clause of the Sherman act. During the month of July the average bullion price of a fine ounce of silver was 72½ cents. At this rate it cost the Government in Treasury notes $3,252,500 to purchase under the Sherman law 4,500,000 ounces of silver. Under the Bland-Allison act we are required to purchase not less than $2,000,000 worth per month. Two millions of dollars at the rate of 72½ cents per fine ounce would purchase 2,758,551 ounces, which, if coined at the ratio of 16 to 1 would make $3,558,530. Therefore, at this rate, under the Sherman law, we would add to our currency monthly $3,252,500 in Treasury notes, whereas under the Bland-Allison act we would add to our circulation monthly $3,558,551 in silver. I agree with the gentleman from New York [Mr. HENDRIX] that if we are to make a selection between the two evils it would be better for the country, for its commerce, and all its people to retain the Sherman law than to reënact the Bland-Allison bill.

Mr. Speaker, let us for a few moments look into the history of silver coinage in the United States. Up to 1873 we had coined only 8,031,000 silver dollars. We hear gentlemen pleading piteously for the dollar of their fathers; but, strange to say, for eighty-one years, including all that period from the inauguration of Washington in 1789 down to the year 1878, when the Bland-Allison law was enacted, we coined only $8,031,000 in silver. During the same period we coined $137,000,000 in small silver coins. In 1878, when the Bland-Allison act was passed, the bullion value of a silver dollar was only 86 cents, and then it was that our friends developed an affection for the dollar of their fathers which their paternal ancestry never had—an affection that was never manifested when a silver dollar was worth a hundred cents, and an affection that was conceived in a passion for depreciated money. [Applause.]

The Bland-Allison act was in no sense a free-coinage act. It provided for the purchase of silver in the open market by the Government just as an ironmonger would purchase pig iron. It provided for the purchase of $2,000,000 worth of silver per month and for its coinage into money at the ratio of 16 to 1. The bullion purchased under the act cost the Government $308,199,262. The same bullion could be purchased to-day for $218,469,014. This bullion was coined into 383,000,000 silver dollars, or into forty-eight times as many silver dollars as our fathers coined in eighty-one years.

Under the Sherman act we have coined $36,087,000, and under the act of 1891 we have coined the trade dollars into over $5,000,000, making a total coinage under the Sherman and Bland acts and the act for the coinage of trade dollars of $419,332,000, or fifty-two times as many silver dollars in less than fifteen years as our fathers coined in eighty-one years. Now, we have 130,465,000 fine ounces of silver in the Treasury, which if coined would make $168,294,000. Add these and it gives us 587,626,000 silver dollars, or more than seventy-three times as many silver dollars as were coined from the 4th of March, 1789, up to the day when the Bland-Allison act was passed, in February, 1878. This does not include the coinage of $186,000,000 in fractional silver currency.

Mr. Speaker, how has all this silver been kept on a parity with gold? This is a question which involves a proper understanding of a situation which has deluded and deceived the people. It has been kept on a parity with gold simply because it has been propped up, held up, and sustained by gold. This Government annually receives revenue through internal and customhouse channels amounting to about $500,000,000. All this silver money is by law not only a legal tender in the payment of debts, but it is receivable for all public dues; by law it has the right to flow through the revenue channels into the Treasury of the United States.

The United States during all these years has been discharging, whenever it was required to do so, all its obligations in gold. The holder of Treasury or United States notes can now, and could at all times since the resumption of specie payments on the 1st day of January, 1879, go to the Treasury and demand gold. The Government has always paid gold, because if it should elect to pay silver, gold would instantly go to a premium and the country would be precipitated to the single silver standard.

My friend from Louisiana [Mr. BOATNER] has said that no one has been able to trace the cause of the prevailing financial panic to the Sherman silver law. Now, let us see how it is. We have 419,000,000 silver dollars in actual circulation, 130,000,000 fine ounces of silver in the Treasury, $147,000,000 of Treasury notes outstanding, issued for the purchase of silver bullion, and $346,000,000 of greenbacks in circulation. This makes 912,000-000 of currency and silver dollars already coined which have access to the Treasury through the revenue channels. Now, what is the result? As soon as the country takes alarm, instead of gold flowing through the revenue channels into the Treasury, silver, Treasury notes, and greenbacks take its place; they block the way and gold ceases to fill the Government coffers.

On the other hand, the holder of greenback or Treasury notes, whenever he sees proper to do so, may demand of the Treasurer their payment in gold. Gold the Treasurer must pay; for if he dares to pay silver, the parity is destroyed, the country is precipitated to the silver standard, and gold goes to a premium.

Now, to show the combined effect of the Bland and Sherman laws, let us see what per cent of the money received from customs at the port of New York in the month of June, for the past six years, was paid in gold. In June, 1888, the Government collected $10,996,484, 74 per cent of which was paid in gold. In June, 1889, it received $10,697,716, of which 74.7 per cent was gold. In June, 1890, the Government received $14,992,128, of which 94½ per cent was received in gold. In June, 1891, it received $9,131,418, of which only 12½ per cent was gold. In June, 1892, it received $9,591,270, of which only 8.2 per cent was gold. In 1893, in the month of June, the Government collected at the port of New York, $18,068,560, and not one cent of it was paid in gold. Now, think of it; with no gold flowing into the Treasury, and with obligations outstanding sufficient in amount to absorb five times the amount of the gold reserve, could there be a more proximate and direct cause for want of confidence? That the crisis through which we are now passing was precipitated by this condition of affairs is, to my mind, obvious.

The business communities, I assert, throughout the United States attribute the situation to this cause, and there is a concensus of opinion among business men throughout the country that the repeal of the purchasing clause of the Sherman act will arrest the panic and restore confidence. I know there are thousands of people in the country, I might say ninety out of every one hundred of those who are panic-stricken by the financial situation who do not understand these matters; but the shrewd capitalist who has money to lend or invest, or the shrewd business man who is seeking to borrow money, knows the cause.

The capitalist will not loan his money when there is a probability that it will be paid back to him in a depreciated currency; and the merchant, the manufacturer, and the railroad operator, are therefore unable to command money or credit for the transaction of business. This condition of affairs immediately finds its way to the wage-earner, who wants money for his labor, and to the farmer, who wants money for his products. This want of confidence has gone abroad in the land. The rich and the poor, the wise and the unwise, the wage-earner who toils in the field or the workshop, the business man behind his counter, and the manufacturer, the hum of whose machinery is hushed into silence, are all confronted with a situation which it is our patriotic duty to relieve. [Applause.]

Mr. BLAND. Will the gentleman permit me to ask him a question?

Mr. PATTERSON. Yes, sir.

Mr. BLAND. If the occasion of the alarm is what the gentleman states, I would like to ask him how it is that England not only returns to this country our obligations, which are made payable in currency and in coin, but is returning at the same rate of discount, without a particle of difference in the exchange, the obligations which are made payable expressly in gold?

Mr. PATTERSON. My answer to that question, and I believe it to be correct, is this: Gold would come into this country, even if it was at a premium, but the fact that gold returns to this country is no sufficient reason why under present conditions it should flow into the channels of trade and commerce. Our people may hoard gold, they may import it from England, their coffers may overflow with it, but it does not follow that they will put it into circulation on a parity with silver until something is done to relieve the situation.

Mr. ALLEN of Mississippi. Are they not hoarding all sorts of currency?

Mr. PATTERSON. I think so. I know of a gentleman of intelligence who has hoarded $5,000 in silver certificates; I know of a lady who took $13,000 in currency out of a bank in Memphis and locked it up in a vault; I know of a laboring man who hid $500 in currency. These people were frightened, but they do not understand the cause. My friend from New York [Mr. HENDRIX], who addressed the House on yesterday, who is a banker, and who has studied the conditions which environ our circulation, knows the reason. The masses, who toil in the field and the workshop, are the principal sufferers from monetary panics, and yet they have neither the time nor the opportunity to understand the derangement of our monetary system.

Mr. BLAND. I desire to ask the gentleman whether the people are taking the money out of the banks because they are doubtful about the value of the money, or because they are afraid of the banks? [Laughter.]

Mr. PATTERSON. I will answer that question. In the city of Memphis, in which I live, there has not been a bank failure in twenty years, and there is not a man, woman, or child living in that community, so far as my knowledge extends, who suspects any bank in the city. They are perfectly solvent and are esteemed to be so by their patrons. That is my answer to the gentleman's question.

Mr. BLAND. Mr. Speaker, I desire to state that I do not wish to reflect upon the banks. I think it is all a mistake for people to take money out of solvent banks; but some of the banks were not very solvent, and the people got scared and took the money out of them.

Mr. WILLIAMS of Mississippi. If it be true that the masses who are scared by the causes which the gentleman states, but which they do not understand, and that the capitalist, who does understand this question, is scared for a different reason, why is it that the capitalists are to-day paying a premium for the silver dollar in New York City?

Mr. PATTERSON. Well, that, Mr. Speaker, is a business matter which I have not investigated. [Laughter.]

Mr. BYNUM. They are paying a premium for paper money, too.

Mr. PATTERSON. Yes, they are paying a premium, I understand, for other small currency. I can not give the reason for that, unless it be to secure currency to pay wage-earners. The question is outside my line of thought and of my argument.

Now, sir, I desire to call attention to the fact that President Cleveland in December, 1885, sent his annual message to Congress, in which he graphically portrayed the very events which are transpiring to-day. He gave the country warning then. He told Congress that this crisis would ultimately be precipitated upon the people, and just how and why it would occur. Then he was a prophet. Now he comes with his special message, recommending the repeal of the purchasing clause of the Sherman act, with that prophecy fulfilled.

We have come, Mr. Speaker, to the place where the roads fork. It is perfectly demonstrable that we can not maintain gold and silver on a parity in this country under a free-coinage act. The fluctuation of silver in the markets of the world is too great. Independently and alone we can not take the risk of unlimited free coinage. The time has come when we must take our choice. We must retain the single gold standard, as we have done in the past, or abandon it and go to the single silver standard. This is an alternative forced upon us by the environments of the age in which we live, and we can not do otherwise if we would than to accept it and make our choice.

[Here the hammer fell.]

Mr. COOMBS. I ask unanimous consent that the gentleman's time be extended. We would like to hear him further on this question.

The SPEAKER *pro tempore* (Mr. BOATNER). How much time does the gentleman desire?

Mr. PATTERSON. I can not tell exactly how soon I shall be able to finish my remarks.

The SPEAKER *pro tempore*. The gentleman from New York (Mr. COOMBS) asks unanimous consent that the time of the gentleman from Tennessee (Mr. PATTERSON) be extended so as to allow him to conclude his remarks.

There was no objection.

Mr. PATTERSON. Mr. Speaker, I am very much obliged to the House for its courtesy. Now, sir, I was remarking we have come to the time when we must elect. We must retain the single gold standard or we must abandon it and precipitate the country to the single silver standard. That is the crisis now upon the country; that is the alternative which is forced upon us. I beg to say I do not want it that way; I would rather have it otherwise; but my judgment tells me that we must make the choice. Now, which shall we do? We already have the gold standard; we have had the gold standard since the 1st day of January, 1879.

I prefer to retain that standard. I prefer it because the people prefer it. I prefer it because gold is more convenient than silver. I prefer it because gold is the standard of commerce throughout the world. I prefer it because it is the standard of the nations to which we sell our products, and it is the money with which we must adjust our balances of trade. I prefer it because if we retain the gold standard we can assimilate with our currency not only the silver now coined, but the bullion in the Treasury. But if we abandon the gold standard and drift to the silver standard, then gold will become a commodity; it will no longer be a part of our currency, and we will take our place, not with the enlighted nations of Christendom, but side by side with China, with the Republic of Mexico, with the republics of Central and South America, and every other semicivilized country on the globe.

I desire to say that I am willing to go as far as any member of Congress in the direction of protecting our silver now in circulation. I am willing to do all I can in the way of legislation; in the way of increasing our circulation by the amount of the uncoined silver in the Treasury. In order to bolster up silver I would vote for an act prohibiting the coinage of gold below the denomination of ten dollars, and to refund the gold coins below that denomination into eagles and double eagles. I would vote for an act calling in every Treasury note, every national-bank note, every greenback note under the denomination of ten dollars, and to refund them into denominations of ten dollars and upward. I would be willing to provide by law that the entire circulation of this country below the denomination of ten dollars should be silver or silver certificates. I would go further than that; I would vote for a law requiring the national banks to receive and pay out silver on a parity with gold, and I would forfeit their charters if they refused to comply with it. I would go further, and in order to hold silver on a parity I would make silver redeemable in multiples of ten dollars in Treasury notes. I would retain the ratio of 16 to 1.

By these and similar precautions we could hold in circulation on a parity with gold every dollar of silver now coined, and coin and put in circulation every ounce of silver in the Treasury. This would give us a silver circulation amounting to $700,000,000, about the amount in circulation in the Republic of France. If France, with less population, smaller territory, and fewer resources than we have, can take care of that amount of silver money, I see no reason why we should not do so. But gold, as in France, would be the standard, and silver would be the younger brother, leaning its head upon the shoulder of gold.

Mr. SIMPSON. Will the gentleman permit me a moment?

Mr. PATTERSON. Go ahead.

Mr. SIMPSON. I would like to ask the gentleman whether he still holds to the same views that he announced during the first session of the last Congress. Speaking on the 10th of March, 1892, of the Republican Administration and its policy, he said:

> Now, let us trace its legislative history since the close of the war and see how perfectly it has conformed to the bidding of its masters. In respect to the currency it began by the demonetization of silver. At the time silver was disgraced and barred as a money metal it was at a premium and was not in circulation. Coin at this juncture was unknown to the people and consequently the blow at silver was not then felt; and the people, even the wisest of the people in official life, did not realize or even know what had been done. No one but the conspirators dreamed of the far-reaching effects of this secret stab at silver, which had been recognized as a money metal from the earliest dawn of history. Then followed the process of rapid approach to the resumption of specie payment which occurred in 1879. The currency during that period appreciated in value and all property correspondingly depreciated, leaving a vortex in which was swallowed up in large measure the prosperity of the people.

Mr. PATTERSON. I take pleasure in answering the gentleman. In 1873 the people of this country were enormously in debt and we had an enormous national debt. I believe that at that time the coinage of the silver dollar ought to have been continued, and that the people, as well as the Government, ought to have had the opportunity to pay their debts then existing in the cheaper currency, because it was the currency when the debts were contracted. But that has been twenty years ago. The wrong then committed has passed into history. We live now under different conditions. The debts then existing have been practically paid. Nearly three-fourths of the national debt has been paid and the remainder has been funded at a lower rate of interest. The proposition now confronting us is entirely different. We have been at the gold standard since the 1st day of January, 1879. Every contract made since that date has reference to that standard. We can not, independently of international coöperation, adopt the double standard. I am not willing to attempt to secure an impossible double standard and make the United States the laughingstock of Christendom by driving it to the silver standard. [Applause.]

Mr. SIMPSON again arose.

Mr. PATTERSON. The gentleman must excuse me. I have yielded to him once, and I do not wish to get into a colloquial discussion. One word more. I maintain and will always maintain my right to change my opinions upon all public questions, where, on further information and reflection, I am convinced that I was in error. I will never, so long as I am in public life, foolishly adhere to an error when I can correct it. I say very frankly to the gentleman from Kansas that I have modified my views on this subject to this extent: Before I investigated the subject I was of the opinion that we could, independently of the outside world, adopt the double standard. I am as much in favor of free bimetallic coinage as I ever was, but I now believe that that result can only be brought about by international agreement.

I have discussed this subject somewhat freely with the people I have the honor to represent during the last canvass, and I said everywhere to them that on reflection I was inclined to the opinion that our candidate for the Presidency was right in his views on this subject. I have no hesitancy, at any time or place, in the correction of a mistake. Suppose a client should walk into a lawyer's office some evening with a case, and the lawyer should advise him to pursue a certain course, but on reflection he should be of a very different opinion the next morning. Now, that lawyer would be a pretty fool, at the next consultation with his client, to insist that he should pursue the error which he had advised him to adopt the evening before. "Consistency," says Carlyle, "is the hobgoblin of little minds." I do not subscribe to the doctrine, "Once a fool, always a fool." [Laughter and applause.]

Mr. SIMPSON. Then the gentleman is willing to concede that he was in error at that time?

Mr. SNODGRASS. Will my colleague yield for a question?

Mr. PATTERSON. I am speaking now with the indulgence of the House, and am getting quite tired.

Mr. SNODGRASS. Only a pertinent question in connection with what you have just said.

Mr. PATTERSON. Very well, what is it?

Mr. SNODGRASS. I want to know if the lawyer my colleague refers to should advise his client on a very important question at night, and make such a sudden change and confess his ignorance in the morning, if it would not awaken fears in the client as to the ability of the lawyer?

Mr. PATTERSON. My answer to that is that while it might weaken the confidence of the client in the ability of the lawyer, it would at the same time very much strengthen the confidence of the client in his honesty. [Great applause.]

Mr. Speaker, there are certain popular delusions pervading the country to which I desire to call the attention of the House. One of these is, that the situation which has made it necessary for the President to call Congress in extra session, was brought about by means of a conspiracy. It reminds me of the old-time charges that Jefferson Davis was alone responsible for the war between the States; that all of the Southern people were peacefully disposed and wanted to remain in the Union, but Mr. Davis wanted them to go out, and they went out; when the truth was, Mr. Davis appeared only to the public eye on the crest of the storm; whereas the cause which produced the storm emanated out of conditions existing at the formation of our Government. So now, we find on this floor, men in whose intelligence and patriotism I have confidence, saying that this crisis in our affairs, affecting alike every section of our common country, and every class of our citizens, is the result of a conspiracy, and that the banks are conspiring and have conspired to bring it about.

Why, Mr. Speaker, the banks are the first to feel the effects of a financial panic, and the recent decline in the price of bank stocks all over the country shows this. The banks, the manufacturers, and the business establishments of the country are the first to take alarm and the earliest to suffer in such times as these. From them the distress reaches to the toilers in the field and the workshop, and there it remains the longest. This assumption is not only unwarranted, but it is dangerous and foolish to impress such a doctrine on our fellow-citizens. It is much wiser to trace the cause, as the President has done in his message, to vicious financial legislation. Again, it is said that the masses of the people are opposed to the financial policy of the Administration, and that Southern or Western members who entertain views in common with the President on this subject are antagonizing the people who sent them here.

In this connection, let me call attention to recent history. Mr. Cleveland was first elected President in 1884. Soon after his election, and before he was inaugurated, he wrote the letter to the Hon. A. J. Warner, dated February 24, 1885. On the 8th of December, 1885, he sent his annual message to Congress, and on the 10th of February, 1891, he wrote his letter to the Reform Club. In these several papers, Mr. Cleveland, with his usual boldness and frankness, not only took grounds against the Bland-Allison act, but against the free, unlimited, and independent coinage of silver. The position of no American statesman on any subject was ever better known by the people, or more widely discussed, than was the position of Mr. Cleveland on the silver question. It was often asserted through the public press that it precluded his nomination in 1892.

Mr. SNODGRASS. Will my colleague allow me to ask him a question?

Mr. PATTERSON. I hope my colleague will not again interrupt me.

Mr. SNODGRASS. Just one question.

Mr. PATTERSON. Very well.

Mr. SNODGRASS. When Cleveland was a candidate for the Presidency you knew all these things, did you not?

Mr. PATTERSON. I did.

Mr. SNODGRASS. Were you not a strong advocate of the nomination of DAVID B. HILL?

Mr. PATTERSON. I was not.

Mr. SNODGRASS. Did you not talk to myself and others in his interest?

Mr. PATTERSON. I have never said one word against Senator HILL, and have always spoken kindly of him.

Mr. SNODGRASS. Did you not say words for him?

Mr. PATTERSON. I shall not refer upon this floor to any private conversation which occurred between my colleague and myself. [Applause.] I do not recall the conversation he refers to, but my colleague has no right to call me to account for any conversation on this floor, and I shall not refer to it. My attitude on this question was not assumed because I was for President Cleveland or Senator HILL, or anybody else. I am advocating what I believe to be the proper solution of an absorbing public question in the interest of my constituency and the country at large, and any conversation I may have had with my colleague in our daily intercourse is not pertinent or proper for discussion on this floor. [Applause.]

I was going on to say, Mr. Speaker, that Mr. Cleveland, in view of his well-known attitude on this subject, was taken up by the South and West and nominated for the Presidency. Now, my distinguished friend from Missouri [Mr. BLAND], who made the opening speech for his side, threatened with defeat every member from the great Mississippi Valley who sustains the financial policy of the President. In reply, I say the States in the great Mississippi Valley, notwithstanding he did not have the support of his own State, with a spontaniety never surpassed in popular government demanded his nomination and election, and the people of those States have abiding faith in him and will uphold and support his Administration.

Another delusion in the minds of some of our friends of Populist tendencies is that the President's financial policy is in the interest of what they call the money power, and they never tire in their denunciation of the greedy creditors. Mr. Speaker, who are the creditors of this country? The very men which these gentlemen assume to be the creditors are really the debtors. The railway companies, the manufacturers, and the business men of the country, are really the borrowers of money. The wage-earners and those who work for salaries are the real creditors. I do not overestimate the number when I say there are 20,000,000 of people, men, women, and children, who are working for wages. Assume that they earn $10 a week, and they are creditors every Saturday night to an amount exceeding $200,000,000, and the amount of money due them annually by the week, by the month, or by the year, exceeds all the gold and all the silver in circulation on the habitable globe. These are the people who are really most interested in sound finance. Disturb the unit of value, bring distrust, panic, and financial disaster upon the country, and they and their wives and children are the ones who are impoverished and starved in the wreck of commerce, the suspension of manufactories, and the bankruptcy of the business men of the country.

Another delusion is, that cheap money necessarily means plenty of money. The facts which transpired during the civil war exposes this fallacy. National bank notes and greenbacks, being the cheaper money, drove gold and silver entirely out of circulation during the suspension of specie payments. The highest amount of these notes in circulation at any one time was $804,787,480. On the 1st day of January, 1862, it was estimated that we had on hand in gold and silver $250,000,000. During the suspension of specie payments, our mines produced in gold $751,650,000 and $379,000,000 in silver, aggregating a coin production during the period of $1,130,650,000, which, added to the stock on hand January 1, 1862, foots up a total of $1,380,650,000. Our stock of gold and silver on hand January 1, 1879, the date of resumption, amounted to $332,258,031, which, being deducted from the amount on hand when suspension took place and the amount produced during that period, leaves $1,048,391,969 in coin which was driven out of the country by the cheaper money—a sum $243,604,489 greater in amount than the highest aggregate of greenback and national bank circulation that was in use at any time during that period. These figures illustrate what would occur in the event gold should go to a premium in this country. It is true we would have cheaper money, but it is furthermore true that our stock of gold, amounting to $650,000,000, would be forced out of circulation.

Another hypothesis assumed by the other side in debate is, that there has been a very great appreciation of money and depreciation of property, growing out of the scarcity of money. For twenty-five years we have been attributing all the inequalities in the condition of our people, not to the scarcity of money, but to unjust taxation. I am sorry to say that some gentlemen have traveled so far in the direction of the People's party as to attribute the vast inequalities in the distribution of wealth to the absence of cheap money and plenty of money, and they talk about the appreciation of gold and the depreciation of property as glibly as the Populist orator. We have been at the gold standard since the 1st day of January, 1879, and whatever accumulations of wealth we have had in the past ten years have been measured by that standard.

I hold in my hand a statement signed by the Superintendent of the Census. It shows that in 1850 the estimated value of property in the United States was $7,125,000,000. In 1860 it was $16,159,000,000. In 1870 it was $30,068,000,000. The latter estimation was in the inflated currency of the war period. In 1880 it was $43,642,000,000. In 1890 it amounted to the enormous sum of $63,648,000,000. We have had, therefore, a much greater increase in the estimated value of property in this country from 1880 to 1890 than in any other period during our history. The property of all the people, the hut of the poor, the mansion of the rich, are all measured by the same standard of value. If the standard had been too short we would not have had this vast accumulation of wealth. It is true there are vast inequalities in the distribution of this enormous wealth; but this does not grow out of the scarcity of money, but out of unjust and unequal taxation.

In conclusion, I beg to address a few remarks to my Southern colleagues. Those of them who know me know that every pulsation of my heart is in sympathy with the people with whom my lot is cast. I was born and reared in the South. The younger years of my manhood were spent in the Confederate army. For twenty-eight years I have longed for the upbuilding and uplifting of our Southern country. I have, in common with my old comrades, aspired to bring it into such relations with the Union that it could, without taking a single diadem of glory from its brow, maintain its relations in the Union with loyalty, with dignity, and with honor. [Great applause.]

For more than thirty years we have had a fearful struggle. We have had a struggle for local self-government. We have had a struggle for equal taxation. We have had a long and weary march. At last we have won a triumph for local self goverment and for just taxation. At last both Houses are Democratic and we have a Democratic President. And now, that we are about to achieve peace and prosperity and justice for our people, the Aarons appear to persuade us that we will never see the fruition of our hopes until we secure a cheap dollar. They are breeding distrust among our people. They go out and denounce New York City all over the Southern States as a Sodom and Gomorrah, and call upon their people to cast their lot with the Populists of Kansas and Colorado.

I shall never forget, and you can never forget, my Southern colleagues, that New York City has been the Malakoff of the intrenched camp of the Democracy during all these years of our travail. This great metropolis, predestined by the Almighty when he created the hemispheres to be the metropolis of North America, has alwas been our friend and has always been Democratic. [Applause.] It has always contended for local self-government in the Southern States and held its shield between us and those who would oppress us. Whenever the sky was dark in every other direction, we of the South could always look with confidence to New York City for succor and sympathy. It has from the beginning struggled in common with us against Federal interference in our local affairs, while the Seymours, the Tildens, and the Clevelands of New York inspired the movement for tariff reform, and have brought the American people back to a sense of their constitutional obligations. [Applause.]

Mr. PENCE. Will the gentleman permit me to ask him a question?

Mr. PATTERSON. No, excuse me. I am in haste to conclude. These Aarons attribute the depressed condition of the people to the absence of cheap money and not to unjust taxation. For twenty-five years, upon every stump and upon every highway in the South, we have preached the doctrine of unjust, unequal, and unfair taxation, and now that we have elected to the Presidency by an overwhelming majority the recognized tariff-reform leader of the country, we are in this crisis, brought about by the fear of cheap money, persuaded to follow that *ignis fatuus* into a wilderness of financial disaster, confusion, and bankruptcy.

They tell our people that they are overwhelmed with debt. It is true that a people absolutely stripped of money and personal property by the ravages of war must necessarily accumulate slowly under the administration of laws by which they are taxed unequally and unjustly.

It is true that, in comparison with other sections of the Union, our people are still poor; but it is furthermore true, that when compared with them we are practically out of debt. Pennsylvania sustains about the same relation to the North that Alabama does to the South, and it is instructive to introduce a comparison between them. In taking the census there was an estimate made of the mortgage indebtedness on lands in the respective States. The estimate embraces all lands measured by the acre and by the lot. The mortgages in Alabama amount to only $39,000,000, while the mortgages on acres and lots in Pennsylvania amount to $613,000,000.

The mortgage indebtedness of Pennsylvania, a State whose people would gladly see the purchasing clause of the Sherman act repealed, exceeds by $200,000,000 the aggregate mortgage indebtedness of the ten States which composed the Confederate States. My own State of Tennessee has a mortgage indebtedness of only $40,000,000, while your State, general [addressing Gen. BLACK of Illinois], has a mortgage indebtedness on acres and lots amounting to $380,000,000. It amounts in your State to $100 per capita, while in my State it amounts to only $23 per capita. In your State 19 per cent of the estimated value of real estate is mortgaged, while in my State there is only 8 per cent.

Again, in the South we make surplus crops of cotton and tobacco largely in excess of the demand of the American market. These products are shipped across the Atlantic and sold in the open free markets of the world. They are all practically shipped to the countries having a gold standard. After supplying all the spindles of the United States, the people of the Southern States since the war have shipped and sold in other countries, at free-trade prices, cotton which realized $5,000,000,000 in gold. Where has it gone to? Has the want of cheap money dissipated it? Has the want of a 65-cent dollar made it useless? No; it has been practically filched from the pockets of the Southern people by unjust tariff laws, and, so far as I am concerned, I intend to hold, if possible, my constituency to the issue of tariff reform until the system of protection, under which they have been robbed, is abolished. [Applause.]

Mr. Speaker, I regard this as a grave and serious crisis in our affairs. It is a momentous crisis so far as the Southern States are concerned. No other section of the Union is forced to lean on the Democratic party for prosperity, good order, and good government like the South. Should either one of the amendments offered by my friend from Missouri meet with the approval of Congress, it seems to me inevitable that the President will veto the bill as a measure fraught with more mischief than the Sherman law. In that event, in my judgment, the present situation will develop into a condition of confusion and bankruptcy, which will discredit the Administration to such an extent that it may fall short in the accomplishment of the beneficent ends which we all have so much at heart.

I believe there is an imperative necessity for the repeal of the purchasing clause of the Sherman law. This is the consensus of opinion throughout the business community of the United States. I do not go back to see what I have said here, or what I have said there, under different conditions, or unadvisedly. I am dealing with the living present. I am acting for a confiding and trustful constituency, whose interests it is my highest duty to protect. I am acting for the country at large, whose welfare it is my duty to promote. I do not look forward to the future to see what my personal or political fortunes may be. I would rather be right on this question than to return to Congress. I have given the subject much time and study. I have given those who sent me here my best efforts to solve the problem rightly, and I will answer to them for my vote. I have taken my stand. Others may take the course which duty and patriotism point out as best for their people and their country. So far as I am concerned, I am now, and shall always be, with Jefferson, with Jackson, with Tilden, and with Cleveland, for sound money, for economic government, for fair, just, and equal taxation, and home rule. [Prolonged applause.]

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