

SILVER.

SPEECH

OF

HON. ISIDOR RAYNER,

OF MARYLAND,

IN THE

HOUSE OF REPRESENTATIVES

Friday, August 11, 1893.

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

Mr. RAYNER said:

Mr. SPEAKER, while I have been given forty minutes upon this question, I shall not consume over half of that time. I have but a few remarks that I desire to address to this House, as so much has been said upon this subject, and I believe that most of us have made up our minds upon the issue.

In fact, from my own standpoint, I can add very little by way of supplement to the views contained in the President's message. I believe there is an unanimity of sentiment in this House in favor of the repeal of the purchasing clause of the Sherman act. The difference of opinion arises upon the manner in which that repeal should be effected.

Now, with great regard and due respect for the views of those who differ from me, I desire to state my own position, and my own position alone, very frankly upon this subject.

I am in favor of an unqualified repeal of the purchasing clause of the Sherman act, without any conditions or provisos whatever. I am not in favor of purchasing another ounce of silver, or of coining another dollar of it, either at the present ratio or at any other ratio that we can practically determine upon. In saying this, I desire to add that I have no hostility whatever to the use of silver upon a proper basis as a circulating medium; but with all the careful consideration I have been able to devote to this subject, I am convinced beyond all doubt or question that its recognition by coinage, except upon international agreement, is a financial undertaking utterly impossible of accomplishment except at the risk of ruin and disaster.

The proposition that I have had occasion to maintain in this House before, and that I again assert with all the emphasis I can, is, that in my judgment the present ratio is unjust and arbitrary, rendered so by conditions that did not exist at the time of the demonitization of silver, in 1873; and that it lies not within the power of this Government, strong as it is, to corner the silver product of the mines to keep up the price upon a constantly declining market, to impress upon it a fictitious value, and by legislative decree compel the people to take it at a price in utter disproportion to the figure that it bears in every commercial center of the world.

The universal experience of history, the action of every sound and solvent government, teach us that if we continue in this mad attempt to equalize that which is unequal, to appreciate a metal that is continually depreciating, to fix a standard for a coin that for over twenty years has never had a fixed value, but has fluctuated with every new acquisition from a premium in 1873 to a decline at this hour of almost one-half of its coinage value—if this desperate system of finance, with nothing to justify it, with almost the whole intelligence of the country arrayed against it, with nothing in its track except disaster and ruin, is to prevail, then, in my opinion, until the day of a better judgment shall come, we might as well retreat from the lofty position we have occupied in the confidence of mankind, and, descending, lock hands

with all the bankrupt governments of the earth that believe in the manufacture of wealth at government mints, in cheap money, in broken contracts, and in repudiated debts, and so believing have by reason of their faith been excommunicated as heretics from the roll of civilized communities and banished from the field of honor.

I am aware of the fact that many of my colleagues, for whose opinions I entertain the greatest respect, assert, and it has been freely charged, that the decline in the price of silver has been caused by its demonetization at the American mints and by what is constantly called a "conspiracy" to destroy it as a circulating medium among the governments of Europe. I deny this proposition, and the statistics will not sustain it. It may be true that the free coinage of silver at the mints would tend for a time to keep up the fictitious standard of the coin, but the value of the bullion would always be controlled by the market price, it would fluctuate like every other commodity, it would be governed by the laws of supply and demand, and eventually, according to every principle of reason, according to every cardinal and accepted axiom of political economy, the coinage price would become the bullion price; the unit of value would be the market value; the money basis would be the basis of the cheaper metal; the dearer metal would leave the avenues of trade; inflation would give way to panic; private obligations would be nullified; public obligations would be discredited, and the honor of the nation would be impaired.

It is claimed that what we require in this country is a system of bimetallism—that is to say, the free use of both gold and silver at the Government mints. But, Mr. Speaker, we will never have this until the commercial nations of the earth agree upon a proper ratio, and just so long as the Sherman act remains upon the statute book so long is an international ratio a financial impossibility. So long as we purchase silver and part with gold, so long will monetary conferences result in failure. When we cease purchasing silver and proclaim to the world that the gold dollar is the standard and the unit of American value, then we can bring our rivals to terms, because, in my opinion, there is not a sufficient amount of gold in existence to supply the demands of commerce and the necessities of the world's circulation. [Applause.]

So long as the Treasury Department continues to act as a pawnbroker's shop for the benefit of the Colorado and Nevada mines, so long will Great Britain and Germany refuse to appreciate the collateral security that we hold in our vaults; but when a silver certificate can be redeemed at par and a silver dollar is intrinsically worth the inscription that it bears, then we can proudly and defiantly meet them upon the field of finance without the slightest sacrifice of the stability of our currency or the slightest surrender of our honor as a nation. [Applause.]

Let us look for one moment at our experience in attempting to keep up the price of silver. What is the truth? Why, that silver, instead of rising, is lower to-day than it has ever been, and instead of the silver dollar being upon a parity with gold, the disparity between them is greater than it has ever been in the history of the world. Not only this, but the Government has lost nearly \$40,000,000 in its efforts to "corner" a declining market, and the Treasury to-day would not dare to risk the sale of its bullion silver.

Not this alone, but with all our persistent efforts to force silver into circulation, the people have stubbornly refused to take it, so that to-day the overwhelming proportion of it is hidden in Government vaults. I believe that if the people appreciated the actual condition of the Treasury; and that there was not enough gold in the Treasury to redeem the smallest fraction of our

outstanding notes there would not be a single one of them that would be worth over 60 cents upon the dollar. You ask me, then, what keeps up the parity between gold and silver? I think I can tell you. One thing and one thing alone, the misplaced confidence of the people. When once that yields and the fuse is lighted, there will be no necessity for repealing the Sherman act; it will repeal itself immediately. Commercial ratios will take the place of legal ratios. Our equation of values will depart. The faithless union between gold and silver will be dissolved. Its spurious offspring will be excluded from the channels of legitimate circulation, and your silver certificates and Treasury notes, instead of passing by sleight of hand at par, will be exhibited as the mementoes and souvenirs of the most grotesque system of finance that ever obtained among any intelligent people since the day when political economy first claimed recognition as a science, and the doctrine of fiat money was relegated to the bankrupt governments of the Orient and the revolutionary republics of Central and South America.

I know it is claimed that what we require is an expansion of the currency, and that our trouble has all been caused by contraction of the currency. Mr. Speaker, the Treasury reports will show that there is as much money outstanding now, within a fraction, as there was before the present stringency began. What, then, is the cause of our trouble? Will you permit me to tell you what I think was its origin. The trouble commenced when European capitalists refused to purchase and threw back upon the American market American securities. Why did they do this? Because they became convinced that with a continuance of the Sherman act upon the statute book, gold would be driven to a premium and bonds which were payable in gold would either not be paid at all or would be paid in silver depreciated to its bullion value. Beyond this, the money has not left the country—not a dollar of it. It is all here. It is simply hoarded and secreted. The Treasury reports will show it. It is lying in the calm, afraid to venture out among the breakers in the coming storm.

This is worse than a panic in the stock market, because when good stocks go down they generally recover. The stock market has time and time again rallied from the most ruinous depression. But the trouble from which we are now suffering affects every merchant in the land, high or low, rich or poor. It affects the debtor and the creditor, the lender and the borrower, and has thrown a pall over the business interests of this country from which there is no escape, devise what schemes and adopt what expedients you may, except through the announcement to the world that the purchase of silver must stop, that the curtain must be drawn upon this jugglery, that this system of finance, built up by political tricks and maneuvers, must be stricken from the statute book, and that by the united wisdom of both parties, aside from politics and for the common weal of the land, a new system shall be formulated and adhered to which shall make every dollar of the national coin a dollar all the world over; which shall insure full faith and credit to every obligation that bears the indorsement of the Treasury; which at home shall have equal stability in every commonwealth, and abroad shall restore to us the forfeited confidence of mankind.

How often do we hear statements made about gold and silver being the money of the Constitution. Now, there is no gentleman here who has not a copy of the Constitution, or remember, without getting it, what it says I ask anyone where is there a line in the Constitution of the United States providing that this Government shall coin gold and silver? Point it out, gentlemen, if there is any such language in the Constitution of the United States. That is the argument which is constantly addressed to the ignorance

of the country—that gold and silver are the money of the Constitution. But where is there a line in the Constitution which obligates the Government of the United States (I am not speaking about ratios) to coin gold and silver at all? There is no such word. The interdiction is against the States, prohibiting them from making anything except gold and silver a legal tender. Besides the right to coin money, there is not a letter in the Constitution conferring upon the Government of the United States power even to coin gold and silver.

In this discussion we are constantly led astray from the main issue by the persistent clamor about the demonetization of silver in 1873. Not one word is said about the fact that there was, substantially, no silver to be demonetized in 1873, and that at that time standard silver dollars had gone out of existence, because the bullion in them was worth more than a dollar. If silver had gone to a premium not a single protest would we ever have heard against its demonetization at the American and European mints. When it commenced to decline, however, then the startling discovery was made that it was demonetized, and the clamor has increased in intensity and ferociousness in proportion to the decline in price. The lower the price the greater the noise, as if a vital issue of this character, affecting the welfare of every home in the land, could be settled by the angry abuse of demagogues and fanatics, who have nothing to lose and everything to gain by involving the country in turmoil and disorder.

When I speak of demagogues and fanatics, I do not refer to the honest advocates of a bimetallic standard, whose earnest convictions, so far differing from my own, are enlisted in the cause they represent; nor do I mean the mine owners, whose continued prosperity and exorbitant profits are threatened by the repeal of the measure that is now before us. I refer to a set of politicians who prey upon the ignorance of their victims, who veer around with every breeze, who trim with every party, who have no convictions because they have no principles, and whose opinions are like the surging tide that ebbs and flows, leaving no landmarks in its track, except the froth and foam it casts upon the surface. This is the element that predominated in the conventions that have lately assembled for the purpose of discussing this subject. Men who have been identified with every crazy movement that has taken place in their generation, who believe in the doctrine that cheap money is king, that inflation means prosperity, that the creditor has no rights that are entitled to respect, that money is a curse when it is good but a blessing when it is worthless, that the man who is bankrupt must always be protected and the man who is honest ought to be sacrificed. Now, from their decision, from their incoherent medley, from their babble of confusion and of clattering tongues I appeal to the sound judgment of the American people to adjudicate this mighty question.

I appeal to the people for a currency that is uniform, that is stable, that is of intrinsic value, equal to the inscription that it bears, that can be used as a medium of exchange and a standard of value, and that will be universally recognized throughout the world as the symbol of the honor and solvency of the Government that it represents. Does silver come up to these requirements? I think not. Let us go back about forty years in the history of silver and see how far it falls short of all these qualities, and let us look at the production of silver. In 1855 the world's production of silver amounted to about \$40,000,000. To-day it amounts to about one hundred and eighty millions, and still we are told that the price ought not to have declined, and that this Government, single-handed, can, in the face of this enormously increased production, maintain the present ratio.

How about the production of gold during the same period? In 1855 the world's production of gold was about \$132,000,000; to-day it is about \$120,000,000, and still in the face of this discrepancy we are told that ratios never change, and parity should be maintained at present prices. In 1855 silver was worth \$1.33 an ounce. In 1873 the pure silver in an American dollar was worth about \$1.03; that is to say, a premium of 3 per cent. To-day it is worth about 60 cents on the dollar. In 1855 the ratio of market prices of gold and silver was about 15½ to 1; to-day it is about 28 to 1.

With these undisputed figures before us I calmly and dispassionately ask the business interests of the land who want an honest currency whether they believe that the United States, with silver virtually demonetized in every government in Europe, can alone and with only a hundred million dollars of gold in the Treasury continue to purchase fifty million dollars' worth of silver a year, substantially pay for it in gold, and, at the same time time, maintain a ratio for silver almost double the amount of its market value all over the earth and wherever it is used or purchased?

There is another proposition that I desire briefly to advert to. In our effort to maintain a bimetallic standard we stand virtually unaided and alone. We voluntarily take our place with Mexico, Japan, Chile, Peru, and cut adrift from Great Britain, Germany, France, and every solvent government on the continent of Europe. Gold has been the standard of England since 1798. In 1816 it was made the standard by an act of Parliament. In 1871 silver was demonetized in Germany. France came to a gold standard in 1873 by her participation in the Latin Monetary Union, which limited the coinage of silver of all countries that became parties to it. Austria is making every effort to reach a gold standard, and even in India we have observed the policy that Great Britain has lately put into operation, which is equivalent to a demonetization of silver. I appeal to you to tell me how is it possible for us, in the face of this protest against the further coinage of silver, to keep on purchasing it with gold?

Where is the gold to come from? Will these countries exchange their gold for our silver dollars (worth 60 cents) upon the coinage price? Will they not, on the contrary, exchange their silver for our gold? How long will it be before the Treasury is bankrupt and the gold reserve, which is a mere fiction now, will entirely vanish? The hour has come for action upon this question. This is as great an opportunity as we will ever have to maintain our credit and hold our rank upon the field of finance. Do not let us surrender it, and with it the greatest boon that we possess—a sound and stable currency for the generations yet to come.

Let us look for a moment at the arguments that have been used upon the other side, as it is fair that we should do so. I have already said all I intend to say about the "crime," as it has been called, of demonetization of silver of 1873. I come now to the other suggestions that are made use of. First, it is claimed that the coinage of silver will make money more abundant with the people. How will it do this? Pray, tell me, because I confess ignorance upon this subject. Who will get this money? When a Colorado mine owner sends \$600 worth of silver to the mint and the mint returns him a thousand silver dollars for it, who gets the thousand silver dollars? Do the people get it? Does it increase the wages of the miner who has dug the silver from the earth? I expect not. I expect that the only persons who will profit by this iniquitous transaction will be those who sell the silver and control the product. I ask the Democracy of this House whether they are willing to stimulate an enterprise of this sort that deliberately robs the people to enrich a particular class who monopolize the mines. We who have never favored class legisla-

tion, are we prepared to lock hands with a few silver States to the utter ruin of the balance of our country? If more money is needed, can we not increase our currency upon a legitimate basis? Is there no method known to the ingenuity of man besides a device of this sort to enlarge the circulating medium of the country?

But it is said if we do this and coin silver at the present ratio, the price of silver will be raised to the coinage value. What a shallow pretext that is! A schoolboy would be ridiculed if he asserted any such proposition as this in any college of the land. If the fiat of the Government can create values, what right have we to select silver and convert it from a commodity into a coin? Well, it is claimed that this should be done because the Constitution says so. I have asked you to point me to the clause that says so. You can not do it because it is not there. Not a word about a ratio, not a word about the coinage of either gold or silver for the Government of the United States. Yes, but it is said it will raise prices. I am not in favor of raising prices, on general principles. But how will cheap money raise prices? Is not the producer a consumer when he sells? Will he not be compelled to buy?

Mr. Speaker, there is only one thing that it will do, and I admit that it will accomplish that. It will allow the debtor to scale his debts. It will be a weapon in the hands of a dishonest borrower to break his contract and pay his creditor in a coin different from the one that was impliedly contracted for. To such an arrangement as this I am unalterably opposed, and I would stand here and let every species of legislation go by default before I would favor any system that would sow dishonor through the land, that would humiliate us in the eyes of mankind, and that would cover us with shame in every portion of the country where justice is respected and honor prevails.

One word one before I conclude. I can go to the Treasury to-day and contract with the Government of the United States to furnish it with a better dollar than the Government is coining—a dollar with far more silver in it and better silver in it; and I can make an enormous profit out of the operation. But what would become of me if I should undertake to provide such a dollar. I would be indicted and convicted and sent to the penitentiary. This shows what sort of a system of finance this Government is conducting, when it sends a man to the penitentiary for giving the people a better dollar than the Government itself is coining.

The gentleman from Missouri [Mr. BLAND], for whose integrity of purpose and fearless honesty I have the greatest respect, knows that when he goes to the Treasury Department and in exchange for one of these silver certificates which he has had issued, receives a dollar for which the Government has not paid over 60 cents, that he is deceived and defrauded; and he denounces the iniquity of this operation as I do, and he wants the law repealed that sanctions the iniquity of this operation. The only difference between us is that he wants the law repealed with free coinage, and I want it repealed so that we can force an honest ratio upon the trading nations of the world. I want it repealed, Mr. Speaker, because it stands without an example, without a parallel in the fiscal policy of any solvent nation. I want it repealed because it protects the owners of the mines at the cost, the expense, and the sacrifice of the people.

I ask you, sir, what earthly right have they to haunt these halls demanding protection for their investment? Is the Government bound to guarantee to them a profit upon their investments? Is it under any obligation to make their enterprise a paying one? I deny it. Is the Government in partnership with the mine owners? I deny it. Does the statute bind the Govern-

ment of the United States to maintain the ratio of 16 to 1 when it ought to be 28 to 1? I deny it. There is no contract binding or valid that is not based on consideration and founded on mutuality.

But if there is a partnership, let it be forthwith dissolved, and in the decree of dissolution let there be a clause embodying the cardinal principle of governmental equity that we will never stamp a lie upon our coin to satisfy the greed or avarice of any section of the country or any set of men, no matter what may be their influence or how potent or powerful they may be. [Applause.]

A few months ago the Democracy of the Union, in convention assembled, without a murmur of dissent from any quarter, in the most passionate terms denounced this measure, at the same time emphatically pledging the party to its speedy repeal. I am in favor of keeping this promise according to the strict letter of the instrument.

A MEMBER. All of them?

Mr. RAYNER. Well, every one of them, so far as they can be kept. [Laughter and applause.]

A MEMBER. Why not keep all of them?

Mr. RAYNER. Yes; I know that this particular provision of the Democratic platform has been construed as diversely as the various interests of those who interpret them. But I ask the gentleman, if a man owes a debt of a hundred dollars, and he can not pay to his creditor but \$50, is it not better for him to pay the \$50 that he is able to pay than to defraud his creditor out of the whole amount?

If we have made promises and can not keep them all, let us keep at least a part of them, as far as we are able to keep them. There was something said in the platform, I know, about the parity of the two metals, but you can not keep the two metals, silver and gold, on a basis of absolute parity alone and without an international conference. It is nonsense; it is quibbling with words to say that you can do so. You can not maintain a double standard in the Government of the United States in the face of the action of every other civilized government upon the face of the earth which has adopted the gold standard. That portion of the platform can not be carried out, but you can take a step in the direction of it, and if you can not make your whole promise good, do as the President has said, carry it out as far as you can.

I am in favor of keeping faith in the promises made. To me there is no ambiguity about the terms. Our duty is as plain as the language of man can make it; and from the binding obligation that rests upon us there is no escape or evasion except through an absolute betrayal of the confidence of the people. If, Mr. Speaker, we deceive them now it may be, and doubtless will be, a very long time before we will have another opportunity to deceive them again, because if we attempt it they will deride us with the broken pledges that we have flaunted in their face.

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