

S I L V E R .

S P E E C H

O F

HON. CHARLES TRACEY,

O F N E W Y O R K ,

I N T H E

H O U S E O F R E P R E S E N T A T I V E S ,

S A T U R D A Y , A U G U S T 26, 1893.



W A S H I N G T O N .

1893.

SPEECH
OF
HON. CHARLES TRACEY.

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. TRACEY said:

Mr. SPEAKER: If up to last night any argument for or against the passage of the Wilson bill was overlooked, it would seem that after the eloquent addresses made by the gentlemen who closed the debate to-day, nothing is left to be said, and it will be difficult indeed to do more than call attention to statements already so effectively presented to the House.

One hundred and seventy speeches have been made, and we can congratulate ourselves that this body includes as large a proportion of able orators as has been found in any Congress in the history of the country.

We know that under ordinary conditions new members hesitate to address the House until some time after the commencement of a session, but circumstances have now forced our young colleagues to exhibit at the start all the oratorical powers possessed by them, and with satisfactory results, as the attentive listeners are pleased to testify.

Occasions arise in all countries when, by reason of some great danger threatening the welfare of the general public, partisan feeling is temporarily laid aside, and men ordinarily bitter antagonists in politics join hands in a common effort to avert disaster.

Such a situation presents itself before us in this Chamber to-night. The President of the United States has summoned us to assemble in extraordinary session, asserting that the great distress which exists through the land is due to a statute which

compels the purchase of 4,500,000 ounces of silver a month, and which we are urged at once to repeal.

I doubt not that the President is correct in his belief that a fear of our being thrown upon a silver basis is the cause of the panic. What other conclusion can be arrived at?

Gradually the receipts of gold at the custom-houses lessened until no more came to us. Foreign holders of our securities threw them upon our market, and the climax came when the gold reserve was cut into. By reason of heavy losses met with by holders of securities, the banks of the country were unable to respond to demands of borrowers, and a few weak financial institutions were the first to succumb. Other failures followed; then depositors became frightened, generally, and money was withdrawn and hidden away.

One hundred and ninety-three millions of dollars more were taken from national banks than were deposited in them, and it is estimated that at least as much more was withdrawn from savings banks and State banks.

So, Mr. Speaker, as a consequence, to day we find the country in a condition of panic, and the only check to general ruin the expectation that Congress is to give relief. Indeed, so hopeful are the people of wise action being taken on our part that already a large number of these banks which have suspended have given notice of an intention to resume, and in various quarters of the country manufacturing establishments which were obliged to close down are preparing again to give employment to the laboring classes receiving benefit from them.

Mr. Speaker, in response to these expectations will we give relief? Yes, thanks to the patriotic spirit of the great portion of the Republican members, and to the brave men of our own side who have determined to do their duty, we will give the relief the country demands.

During the progress of this ever to be remembered debate, we have had most ably expounded theories as to the effect of the volume of money on prices; on the necessity of holding sacred the money of the Constitution—gold and silver; on the desire of capitalists to oppress labor; and on the necessity of a double standard. We have listened to the praise of France for main-

taining bimetallism; denunciation of the crime of 1873, and explanations of the Democratic platform of 1892.

To give proper attention to all these subjects in a short speech is impossible, and I will not attempt to do it.

It is not easy to determine how much an increase of volume of sound money has to do with prices. It may enter into such a calculation as a factor, but it is overshadowed by the importance of the question of production, of improvements in machinery, of facilities for exchange by use of checks, drafts, etc. Carefully prepared tables go to show that with the fall in the price of silver, or as some have stated it the rise in the price of gold, wheat has become cheaper year by year. This has been met by equally positive evidence that labor is receiving greater remuneration than ever before, and that the rate of interest has fallen the world over.

Respecting the money of the Constitution, we admit that no State can make anything but gold or silver coin a payment of debts, and we have great respect for those honorable metals. Capital and labor should not be opposed to each other, and there would be less conflict between them if legislators would cease being interested in money-making schemes and demagogues were looked upon as common disturbers of the public peace.

To the question of a double standard I will devote a few minutes. Closely connected with it are the statements made relating to the bimetallism of France and the crime of 1873.

The debate on this bill clearly shows that the opponents of repeal desire it to be understood as believing that the double standard, in any country, is to be maintained by throwing open to all comers the mints of the Government to the coining, as legal tender, of any amount of gold or silver, the holder to be given the coin at the established ratio. But then, Mr. Speaker, they confuse this question of double standard with bimetallism.

In 1873 we were put on a gold standard and have been there ever since. The Bland-Allison act of 1878 and the act of July 14, 1890, which we are dealing with at present, are both based on the gold standard. The act of 1873 put us in that position and I doubt that any conspiracy existed or was necessary. Such action was inevitable. Up to that time we had coined but eight

million silver dollars because the silver in each was worth more than the gold in a gold dollar.

Silver and gold had in Europe a coinage and a bullion value of 15½ grains of the former to 1 grain of the latter, and our silver dollar bore a ratio of 16 to 1; all our silver dollars disappeared and no silver came to our mints. When, in 1871, Germany, seeing that silver was becoming cheaper, demonetized it, and in 1873 commenced exchanging it in other countries for gold, thus disposing of many millions of silver received from France as indemnity, Italy, France, Belgium, Switzerland, and Greece found it necessary to form what is called the Latin Union, and in 1874 this was done and a limit was put upon the coinage of silver. Then Germany began sending it to the United States, although we received it at a loss to Germany on its coinage value, and if it had not happened that the coinage act of 1873 demonetized silver here, we would undoubtedly have been flooded with it from Europe and would have been forced to legislate to retain our gold.

The statement of the Bank of France in 1873 and the letter of Minister Washburne, written in 1876, go far, I believe, to warrant this conclusion:

[*Moniteur Officiel*, Paris, 1873.]

Statement by officers of the Bank of France of the form of payment of the indemnity to Germany.

	Francs.
In bank notes of the Bank of France.....	125,000,000
In French gold coins	273,003,050
In French 5-franc pieces	239,291,875
In German bank notes.....	105,039,045
Bills of exchange drawn in thalers.....	2,485,513,729
Bills drawn on Frankfort in florins.....	235,128,152
Bills drawn on Hamburg in mark-bancs.....	265,216,990
Bills drawn on Berlin in reichs-marks.....	79,072,309
Bills drawn on Amsterdam in florins.....	250,704,546
Bills drawn on London in pounds sterling.....	637,349,832
Total francs	4,990,860,349

Equal to \$998,172,069, the dollars reckoned at 5 francs.

The indemnity from France to Germany after the war of 1870-'71, including interest at 5 per cent per annum, amounted to, at the time of payment in 1872, \$1,060,209,015. After crediting France with the value of certain railroads in Alsace and Lorraine, the amount of indemnity due to Germany was \$998,172,069.

The patriotic people of France raised the vast sum by a loan in less than six months from the time the Government appealed to them. The money was deposited in the Bank of France, which drew on even the German

bankers, the debt was paid, and the interest ceased also. Germany expected for years to draw the rate of interest at 5 per cent per annum.

From the above will be seen that Germany received from	
France in gold only, francs in French gold.....	273, 003, 050
And francs in pounds sterling.....	637, 349, 832
Total francs in gold.....	910, 352, 882
Or, in gold.....	£182, 070, 576. 40
Balance, in silver.....	816, 101, 493. 00
Total paid to Germany.....	998, 172, 069. 40

Or 18.2 per cent in gold, and 81.8 per cent in silver and paper.

The Franco-German war was fought in 1871 and 1872, while in reality it began in the middle of 1870, and early in January, 1871, William of Germany was proclaimed in Versailles, near Paris, Emperor of Germany, and the war was thus over.

The Reichstag of Germany passed a law demonetizing silver in 1871, but with the proviso that it take effect January 1, 1873. The indemnity was mostly paid in 1871, a small balance comparatively in 1873.

In 1873, when the law demonetizing silver went into effect, she sold silver at a loss of 50,000,000 of marks, or \$12,503,000.

[Letter from Minister Washburne.]

LEGATION OF THE UNITED STATES,

Paris, March 27, 1876.

Sir: * * * In fact, at that time (1874) silver, which was then and still is a legal tender in France, Belgium, Italy, and Switzerland, could be coined to any amount in those countries; there was no law to prevent a French, a Belgian, an Italian, or a Swiss citizen from carrying to the mint all the silver which he could obtain; the coining of it could in no case be denied him. It would, therefore, have been an easy matter for Germany to have her florins and thalers, which could not be advantageously disposed of in England or the United States, converted into francs and liras, circulating at par with gold.

France hoped to avert this danger—if there were any danger in the case—by promoting the formation of a monetary league, the object of which was to restrict the liberty of coining. This is what is known as the Latin Monetary Union. It was constituted in 1874 by a convention signed at Paris. These countries bound themselves not to produce during the year 1874 more than 120,000,000 francs of silver coinage. Such an agreement was in reality nothing else than a step toward the adoption of gold as the sole standard, since this measure of precaution was against silver alone while leaving the coinage of gold completely free.

The results of this measure, however, did not correspond to what its authors expected. The value of silver still declined, and at the end of 1874 it was 5 per cent below par. In 1875 a second conference of the Latin Union fixed the limit of the coinage of silver in the four states at 150,000,000 francs for that year; nevertheless the decline continued. It had reached 8 per cent when the conference held its third meeting, at the beginning of the present year. No other remedy was sought for than that which had been attempted so far, and the amount of silver coinage was still further reduced for 1876. France was allowed to make 5-franc pieces only to the amount of 54,000,000, instead of 75,000,000, which had been authorized in 1875; Italy, 36,000,000, instead of 50,000,000; Belgium, 10,800,000 francs, instead of 15,000,000; Switzerland, 7,200,-

000 francs, instead of 10,000,000; Greece, which had recently joined the union, was authorized to coin 15,800,000 francs, of which 8,400,000 francs were allowed in the place of old silver specie withdrawn.

* * * * *

I have the honor to be, very respectfully, your obedient servant,

E. B. WASHBURNE.

HON. HAMILTON FISH,
Secretary of State.

It is the opinion of some able financiers that if we had passed no act in 1878, and had remained under the act of 1873, greater prosperity would have been our lot.

I am not going to discuss that question; but in consequence of our legislation we have forced upon ourselves the necessity of a reserve to protect our outstanding paper. This principle was admitted when the \$100,000,000 of gold reserve fund was recognized. It stood us well as a protection for the \$346,000,000 of greenbacks.

The Sherman act sought to both raise the price of silver and to form a reserve for the Treasury notes by piling up the four hundred and a half million ounces in our vaults. How singularly it failed all admit. The wonder is any one even hoped for benefit to silver or safety to paper from such an act. History will record our action as a wonderful piece of folly. To corner the market in any commodity, the entire product must be locked up, but the stored article stands a menace to come out some day and break the pool. The money is made by those who buy early and get out before the crash. We are to hold on as a nation to make ourselves the victims. The Windom bill was a project to give the Government a chance, but the Sherman bill was agreeing to suicide.

As a reserve, what use is the silver if to dispose of it is to break its price? Gold will be accepted the world over. It is plain that for reserve purposes, at present, silver is of little value, the existing law practically causing a constant issuance of unsecured paper.

One might have expected that our financiers would have been cautious, being familiar with the results of the English land bank scheme in 1696, the Rhode Island effort in 1786, the John Law Mississippi scheme in France, which collapsed in 1720.

The Argentine Republic in 1884 was in good financial condition,

its paper on a par with gold. About the time we took up the Sherman act our consul at Buenos Ayres reported the total financial collapse, owing to too great an issuance of paper money. Now their gold reserve is gone, and gold at 325 premium, yet that is a country which was prosperous and has vast resources.

Why must we occupy time in opposing the Sherman act? It is almost universally condemned, and more than 300 of our 354 members say they want repeal; but, Mr. Speaker, a number of members in both Houses of Congress insist that we must couple with the repeal an amendment.

My honored friend from Missouri [Mr. BLAND] leads this host, and proposes a series of amendments. I congratulate him on the strength of his vote, considering the nature of his proposals. He asserts that the act of July 14, 1890, should be repealed; that a free-coinage measure should be substituted for it; that we are so strong in the United States we can, by legislation, raise the price of silver from 76 cents an ounce to \$1.29 an ounce, making the value of 371½ grains of silver, now worth 58 cents, equal to \$1; or, if we can not do that, he proposes to make 62 cents of silver equal to \$1; or, if not able to accomplish that, 70 cents' worth equal to \$1; or, if falling in that, to make 73 cents' worth equal to \$1; or, if not that, he proposes the old Bland act, which would give a larger output of poor money than the present law. And then he states that if all this fails he will be happy on a silver basis.

I firmly believe that no man on earth, but my dear old friend, the chairman of my committee, could rally so many brilliant men under his banner on such propositions. He seems to possess the qualities of a hypnotizer.

But, Mr. Speaker, let any of these amendments pass and the panic already checked by expectation of repeal will break loose again with a force impossible to control. Supposing, by reason of any of these amendments becoming a law or of the repeal failing, we go on a silver basis, what position will we find ourselves in? Prices will undoubtedly advance, nominally, and the man with a mortgage on his house will be better able to pay it off, but the holder of the mortgage will lose a portion of his claim.

This will not be an honest settlement. The laborer receiving \$2 a day will not be pleased to find that he can get but \$1.20

worth of goods for it. The holder of money in a savings bank will not thank us for receiving only \$60 when \$100 is turned into gold to send to relations in the old country or in Canada.

The widow's pension, scaled from \$12 or \$8 per month to \$7 or \$5 will leave her short to pay the grocer, and in larger transactions in what position will the borrowers who have agreed to pay interest and principal in gold be found?

During the last Congress we saw our Southern friends, ably led by the gentleman from Tennessee [Mr. RICHARDSON], exerting every effort to prevent the passage of the car-coupler act, because the railroads were so poor that they could not stand the expense. How will these same roads meet the demands of their gold bonds when we are on a silver basis?

The Norfolk and Western has many millions of bonds, nearly all payable in gold; the Richmond and Danville, the Savannah and Western, the Alabama roads, the Columbia and Greenville, the East Tennessee and Ohio, have many millions of gold bonds.

The Chesapeake and Ohio has a very large number of gold bonds outstanding. The Pennsylvania many millions, and also the Jacksonville and Tampa, and many others. A silver basis will bring sure ruin to many of them, but that may be no reason for influencing the members who, I suppose, do not like corporations.

The gentleman from Tennessee [Mr. COX] raised some question as to the wording of the Wilson bill. Since replying to his questions I have examined this act carefully, and have advised with others, and the conclusion arrived at is that it needs no alteration.

Mr. VAN VOORHIS of New York. Do you claim that those \$119,000,000 are protected as legal-tender dollars under this Wilson act?

Mr. TRACEY. I claim that they are as much protected under the Wilson act as under the existing law.

Mr. VAN VOORHIS of New York. Will you tell me, then, what is the office of the words of the bill, "Provided, nothing in this act shall affect the legal tender of dollars heretofore coined."

Mr. TRACEY. I think that language is superfluous; but I understand that it was put in to appease those who might be timid

respecting the legal-tender qualities of the dollars coined under the Bland-Allison act.

Mr. VAN VOORHIS of New York. Is not the inference perfectly plain that while you protect the one class of dollars as legal tender you leave the other class unprotected?

Mr. TRACEY. I do not think so. I do not think that affects anything but the portion of the act that is repealed.

Mr. VAN VOORHIS of New York. Do you not think it is better to save all question by amending the bill?

Mr. TRACEY. If anybody desires to do that I have no objection, but I do not think it at all necessary.

The gentleman from Tennessee [Mr. MCMILLIN] was much concerned lest the passage of this bill would indicate that we intend to coin no more dollars.

I beg to call to his attention the fact that the law provides for coining the \$119,000,000 bullion, and the Secretary of the Treasury can commence doing so whenever he deems proper.

I desire to call attention to some figures showing cost of re-coining, at new ratios, the stock of silver now on hand.

At 17—the number of grains of pure silver in the dollar would be 394.74, which would add $23\frac{1}{2}$ grains to each dollar, or, at present price of silver (75 cents an ounce), would cost on 419,332,000 silver dollars \$15,397,000.

Pure silver in dollar addition:

At 18—417.96, add 46.7 grains, would cost \$30,598,000.

At 19—441.18, add 69.93 grains, would cost \$45,818,000.

At 20—464.40, add 93.15 grains, would cost \$61,037,000.

Actual weight of the silver dollar (with the copper alloy added) at each ratio:

At 17—438.6 grains, or 16 to the pound (avoirdupois).

At 18—464.4 grains, or 15 to the pound (avoirdupois).

At 19—490.2 grains, or 14 to the pound (avoirdupois).

At 20—516 grains, or 13 to the pound (avoirdupois).

Mr. Speaker, immediate action is absolutely necessary to prevent disaster coming to our beloved land. The time has arrived when the danger point has been reached. We must stop the increase of silver purchase until it can be resumed without danger.

France has often been spoken of as a bimetallic nation during this debate.

Mr. Speaker, when France found itself in danger as we are, it stopped coining silver. I will read an extract from the address made at the Brussels Conference by Monsieur Tirard, the French minister of finance. * * *

For instance, our legislation has aided France to procure a very considerable quantity of money; and I believe that I may state, without fear of contradiction, that France of all the nations of the world is the one which has the largest quantity of money both in gold and silver.

Do you believe, gentlemen, that this situation is the result of chance? No, it is the natural consequence of the manner in which labor is organized with us. In France riches are infinitely divided; real estate is cut up into smaller holdings from day to day, and personal property also. We find the proof in the growing number of real estate sales, and of the subscribers to the public funds, and to investments of every description which at the time installments fall due may be counted by millions.

The governor of the Bank of France said to me recently that during the last few years the number of shareholders of that great establishment, the shares being registered, had noticeably increased.

It is the same with the condition of labor. There are in France, as elsewhere, great workshops and important manufactories; but there is also a multitude of humble artisans who work in their own homes, some singly, others with an apprentice or with one or two journeymen at the most, and who do a very small business, with very small transactions, with an extremely limited capital, which, by its very smallness, imposes upon them an almost daily liquidation of their affairs.

It will be understood that these modest workers can not, like the manufacturers of countries where riches are very centralized, have recourse to payment by bill or check—methods which require not only a deposit of capital, but also bookkeeping and operations out of proportion with the total value of their business. These operations can not be carried on except with currency.

With our agriculture it is the same. The land is so minutely divided in France that the greater part of those who cultivate it can not adopt the conditions of business which are in use in countries with great estates.

For these reasons we have in France that quantity of money which, however considerable it is, incommodes no one and renders, on the contrary, important services to everybody.

And from that, gentlemen, you see the difficulty which France would have in the wide extension of the processes of which Mr. de Rothschild and Sir Rivers Wilson speak. Our honorable colleagues tell us that in England the greater number of transactions are settled in the banks by means of checks. That is true of England, but in France it could not be the same. And given these profound differences which are revealed between these two countries, would there not be some temerity.

* * * * *

The silver reserve of the principal banks of issue of Europe amounted in the aggregate some weeks ago to about 2,220,000,000 francs. Of that total figure the Bank of France alone holds as much as all the other banks together. Consequently, I have the right to say that she has quite enough.

In spite of that she would consent perhaps to do what it is asked of her if there was any reciprocity, if those powers also which are wedded to monometallism should decide to adopt the free coinage of silver. But otherwise what would happen? If France and the Latin Union—I believe that for the

moment I may speak in its name—should alone open their mints to the free coinage of silver, all the surplus silver of the United States and of Mexico would go to France, to Italy, to Belgium. And where would these countries be able to use it? Nowhere, since in the rest of Europe none wish to admit it as legal tender.

As a matter of fact, France is still bimetallic.

If we ceased to coin silver, simultaneously with the other States of the Latin Union, it was because we were face to face with a continually increasing volume of silver not only from the growth of its production, but also in consequence of the transformation of the monetary system of Germany. All the silver extracted from the mines or demonetized elsewhere arrived in France and in the mints of the Latin Union, and from this superabundance of metal came its depreciation.

We have ceased to coin it and I think that our course was perfectly right.

From what Monsieur Tirard asserts, it will be seen that conditions in this country are not the same as in France, and that we have no necessity for using so much money per capita. France stopped adding to its supply of silver when it reached \$700,000,000. We have now just about the same amount.

After the repeal, what are we to do? Members in conversation ask me what position the President will take regarding the future use of silver. I have replied to them that, without being in the confidence of the President, I have no doubt that he is entirely free from prejudice in the matter, and that, knowing the desire of the silver States to see their favorite metal in use, the President, who has the welfare of the workingman at heart, will gladly accept any legislation which will safely carry us along without danger of our currency being depreciated. It is the hope of many that owing to the scarcity of gold silver will be in demand. Just as soon as that time arrives, the metal will be useful as a reserve, and not until then. The President, while conservative, has no prejudice against silver.

Remove the cause of trouble, and in some way, either by international agreements or by gradual renewal of purchases, silver may come into sharp demand again.

The finances of the country are in good hands. The Secretary of the Treasury, Mr. Carlisle, is recognized the world over as one of America's greatest statesmen. He is known to be much in sympathy with the desires of the South and West, and he has also shown himself proof against yielding to any unsafe suggestions. [Applause.]

The Comptroller of the Currency, Mr. Eckels, who is respon-

sible for the safe conduct of the national banks of the country, has, during these trying times, proved himself capable to meet and solve with exceptional ability the most intricate problems which our banking system can present. [Loud applause.]

Mr. Speaker, surely no Democratic member of this House should hesitate to take the responsibility of following the advice given by the President of the United States. He was nominated by the people in spite of a vigorous resistance from many prominent politicians, and was elected by the people, who knew as well at that time as they do now his views in opposition to any unsafe financial legislation; and any Democratic member of this House who believes that he will curry favor with his constituents by endeavoring to oppose and break down the Administration of this man, who was the people's choice, will, I have no doubt, find that he has misjudged the temper of the voters in his district.

217

O