

Sherman Act Repeal.

SPEECH

OF

HON. JOHN DE WITT WARNER,

OF NEW YORK.

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. WARNER said:

Mr. SPEAKER: I am so well aware, not merely of the importance, but also of the urgency of this question, that I should not allow its decision to be postponed to permit me to make any remarks upon it, except that I have a duty to perform. I have been so reassured, sir, by the remarks of my new-found friend from Colorado [Mr. PENCE], who broke all precedent and, omitting to attack New York, fired his sharpest arrows at Massachusetts, that I am emboldened to rise for the purpose of presenting a memorial of the Chamber of Commerce of the City of New York, in accordance with its request.

And, sir, to avoid any misunderstanding, I beg to be indulged for a moment while I introduce to this House the gentlemen in whose behalf I speak.

NEW YORK AND NEW YORKERS.

It is a mistaken idea, sir, that there are no institutions at New York other than banks. It is a great mistake to imagine that there are no people in New York other than bankers. It is a fact, sir, although gentlemen from the interior may perhaps be pardoned for occasionally forgetting it, that the reason New York City is where it is is on account of the Almighty having put New York Harbor where He put it; and we are there, not because it is a particularly good place to build banks, but because it is the place which we have selected as the best one at which to do business.

The Chamber of Commerce of the State of New York is, as I know some here will be surprised to learn, not composed either exclusively or mainly of bankers. On the contrary, it is composed of business men who stand in the same relation to banks as do the farmers and the business men of the West and South. We are borrowers from the banks, not lenders to the banks. It is to our interest to have money as easy as possible, in order that we may be facilitated as far as possible in doing our business and yours.

The first man upon the committee named in this memorial is

Mr. John Claflin, a man whose business is to find wherever in the broad United States he can sell on credit the greatest amount of dry goods. The next is Henry Hentz, a man who is known as one of the leading, if not the leading, cotton-buyers of America, whose business consists in making as good a market as possible for every pound of cotton that he can find in the South and Southwest. The next is a man engaged in foreign commerce, and whose livelihood consists in the extent to which, by the development of that commerce, a market can be found abroad for the most wheat, the most cotton, the most pork, and the most of the other products of this great country.

Each is engaged in getting from the banks every bit of credit he possibly can, in order that he may be able to extend it to those with whom he deals in every part of the country. Upon your prosperity depends our possibility of prosperity. Whenever there is a State to be developed in any part of the Union it is we who are interested in the prosperity of that State, in order that we may get more trade. Whenever there is an abundance of currency needed to move the crops in any part of the country it is we who are interested in making that currency more abundant. It is we whose business consists in having those crops as great as possible, in order that we may have more business to do with you for your profit as well as ours.

Now, sir, I do not wish to infer that the strictures that have been made against the bankers of the city of New York are in anyway deserved. As a matter of fact, I believe that their interest as well is bound up in the prosperity of the whole country. As a matter of fact, I know that, before the banks of any part of the rest of the country even considered the question, the banks of New York made preparation to advance funds to all parts of the country, in order to keep from coming on—and when it came on, to keep from coming to a crisis—the very situation with which we are now confronted. But at the same time it is not the banks of New York, as such, for which I speak. And if there is any reason why they should be offered up as a sacrifice, not to the golden calf, but to the silver pig, I beg that the Chamber of Commerce at least may be exempted from that condemnation.

THE BUSINESS SITUATION.

Now, sir, we find ourselves in this position. We have exhausted our credit. We can, therefore, no longer extend credit to the rest of the country. We find ourselves unable to sell your merchants dry goods unless they will pay us cash, which they can not raise. We find it impossible to buy your cotton and your wheat, because we can not obtain the funds wherewith to pay for them. We find that, instead of being enabled to do your business to your profit and ours, the situation is such as to enforce a perfect paralysis alike upon the prosperity of the country, upon your opportunities for prosperity, and upon our possibilities in that line.

Now, sir, there have been presented to this House, too ably to leave any excuse that I should repeat them, some of the arguments to account for the present situation. I will omit them. I will only attempt to tell you the facts, with the sense of the responsibility that comes from knowing that upon the correct solution of the situation with which we are faced depends our commercial prosperity—the very existence, indeed, of the business of New York. If we are mistaken, we are mistaken upon

a matter which most directly and most vitally concerns our own interest. If we fail in our efforts, the result will be that we shall be the first and the worst sufferers.

The situation is not one which has come upon us without warning. Three years ago we began to be questioned by prudent investors in our own country, and more generally by investors from abroad, as to whether or not American investments were entirely safe. With the passage of the Sherman act this uncertainty and distrust increased. We saw signs of it in the growing insistence that all contracts should be made payable in gold. We saw signs of it in the abnormal return of American securities; we saw signs of it in the falling off in investments in those securities in quarters where they had been most favored.

These symptoms have steadily increased from that day to this. Our friends upon whom we depend for the money to enable this country to be developed have grown more and more suspicious and distrustful. Last winter, when they saw the free gold in the Treasury, having already dropped more than \$75,000,000, go towards the vanishing point, there came a new wave of distrust; and more and more of our securities were returned. And now, just as we need money to market our crops, just as the solution of this question is forced by the action of India, the crisis has at last come. With a full sense of the responsibility under which the appeal is made, we ask you to repeal the act providing for the purchase of silver bullion.

OBJECTIONS ANSWERED.

Now, sir, there are certain objections made, certain suggestions made in answer to what I have said, which it is proper, perhaps, to note.

THE ACTION OF INDIA.

In the first place, we are told that this crisis has followed the demonetization of silver by India. I myself am not disposed to exaggerate the importance of India. I believe that the effect of the Indian demonetization of silver is exaggerated. But it is a fact that until lately India and the United States were suffering steadily increasing embarrassment in their endeavor to sustain the silver standard against the civilized world.

It is a fact that within the last few weeks, by the act of that Government which rules her destiny, India has been withdrawn from that task. Since that time we have staggered worse and worse toward what seems an inevitable fall. If we attempt to carry that burden alone, such will be our fate.

MONOMETALLISM.

It is also suggested that this repeal involves monometallism. Now, sir, there may be some people in this world, or in this House, who care particularly about the theories of monometallism and bimetalism. But I tell you frankly that the Chamber of Commerce of the State of New York do not care anything about either. What they want is whatever system may make money most abundant, currency most sound, confidence most widespread—this to enable them to do the most and most profitable business.

We are perfectly willing to go on under bimetalism, if that is the condition under which there will be most confidence and our currency will be most plentiful and most sound. We are willing to go on under monometallism, if that is the condition

which will give us these results. But, sir, what we object to is this: Those among us who are Republicans consider it the most indefensible business policy; those among us who are Democrats consider it an undemocratic use of governmental power to sacrifice the interests of this great country in order to bring about either one system or the other.

We believe, indeed, that bimetallism would be better secured had not our Government put its meddling hand into this business; but we are perfectly willing to go on with monometallism or with bimetallism, provided our Government does not force upon us an unsound currency, provided our Government does not so intermeddle with the good faith of contracts that business men throughout the world will be led to lose faith in the honesty of American finances and the soundness of American securities.

INDEPENDENCE.

The suggestion, however, is made in answer to this, that we should ignore other nations, and we are twitted with being dependent upon the "money sharks" of the East and the money-lenders of Europe. Mr. Speaker, the one man who is independent in this world is the man who has nothing. Take a man who lives upon a rugged mountain side, which no amount of cultivation can coax into productiveness, and he is independent alike of the money market and of the labor market. There is nothing under heaven that he can do with money, and there is no excuse for any labor to develop his estate.

But take the man of brains, who sees an opportunity for the development of a great, rich, growing neighborhood, and he needs all the money that, from every part of the world, confidence in the future of that neighborhood—confidence in the honesty of that neighborhood—confidence in the security of investments in that neighborhood—can bring. We are the greatest borrowing nation of the world, simply because the star of our promise shines brighter than that of any other nation in the world, and we shall best fulfill our grand destiny by getting as much help as we can from all parts of the world to develop these United States of ours.

Mr. Speaker, I am not one of those who believe that we are, in any strict sense, dependent upon Europe. I have no doubt if we should build a wall about this country that, after a generation perhaps, there would still be found a very large number of very healthy people here. I have equally little doubt that, if we should build a wall about Colorado, that State would find itself, after a generation, still inhabited by people speaking the English language.

But, sir, the folly that would suggest that we repel the investments which Europe has sent to assist in developing this country, if carried to its logical result, would repel from Colorado the investments that New York and Boston and Philadelphia have sent there, with faith in the future of Colorado, to help to develop that State. And, sir, just as, in direct proportion to its present prosperity, no Western State could for one moment afford to have withdrawn from its borders the investment of Eastern capital that is now employed in building it up, so, equal would be the fatuity of these United States if we should break down the confidence of the world and cause the withdrawal of all the foreign capital which, on account of their confidence in us, the people of other nations have sent us for our upbuilding.

FREE COINAGE.

It is suggested, however, by some of our friends on this side of the Chamber that we should try free coinage. One hundred years ago Alexander Hamilton established the free coinage of silver and gold in this country at a ratio of 15 to 1. The result demonstrated that he had made a mistake, and silver being overvalued in our currency, we went right straight to silver monometallism, and we stayed there for forty years. In other words, the fact that our Government was carrying on the coinage of these two metals at a fixed ratio did not suffice to raise the price of silver the 3 or 4 per cent which, during that time, separated it in the market from the price of gold; and under the lead of a Democrat or Democrats, under an Administration than which none was ever more Democratic, in view of the fact I have mentioned, expressly stated as the reason for its action, we changed the ratio in order to drive out silver and bring us to a gold basis.

During the next forty years the free coinage of those two metals at the rate of 16 to 1 did not raise gold the 3 per cent necessary to make it equal with silver. That brought us to 1873. For these last twenty years we have tried one juggling experiment after another, each announced in advance as a grand panacea calculated to keep the two metals together. Yet to-day they are farther apart than ever.

So, sir, when you ask us to accept the free coinage of silver at the ratio of 16 to 1, with the assurance that this will bring the two metals together, we say to you that for forty years we have seen a slight overvaluation of silver in the ratio fail to raise it to the mark of gold; that for forty years we have seen a slight overvaluation of gold fail to raise it to the price of silver; and that now, when the two metals are 40 per cent apart, the last thing that a man of common sense would expect another man of common sense to agree to is an attempt to try again these old experiments under the present aggravated conditions. In other words, you are asking us to justify the fears of the very ones whose lack of confidence in our present situation has brought us to this pass. [Applause.]

OTHER RATIOS PROPOSED.

It is suggested, however, that we compromise; that we adopt some other ratio than 16 to 1; that we try 18 to 1 or 20 to 1. Now, Mr. Speaker, if these gentlemen had not so often and so eloquently explained to us that it was our duty to stand by 16 to 1, that the power of this Government is sufficient to put the two metals together at that ratio, we might have more confidence in their consistency, even if not in their judgment. But the very moment that they admit it is necessary to bring the ratio of coinage to coincide with or to approach the commercial ratio, they have convicted themselves of fallacy in the very ground of their argument.

If we are going to have any ratio, Mr. Speaker, for Heaven's sake give us 16 to 1. If you put the ratio at 16 to 1 we know exactly what will happen so far as financial prescience can prophesy anything. This ratio is so low that we know that it will immediately depreciate our currency to the present ruling commercial basis of silver; and we shall know how to prepare for it.

But, sir, if you put us on a ratio of 18 or 20 or 24 to 1, or any ratio which in your judgment seems to approach, or which does approach, the commercial ratio, we are then face to face with this dilemma. Should silver rise 3 per cent, or 2 per cent, or

even 1 per cent, in its commercial value as compared to gold, it would destroy the efficacy of your ratio and would bring us to gold monometallism.

If silver should fall in value 2 or 3 per cent so as to change to that extent the relation between the market values of the two metals, we would immediately be driven to silver monometallism. We would be exposed to the alternation of silver monometallism and gold monometallism with invariable depreciation. If you are going to break down the present status, if you insist upon breaking up our business and yours, for Heaven's sake let us die in peace with the paralysis from which we are now suffering. Do not first stretch us upon the rack of silver monometallism and then upon the rack of gold monometallism—the two constantly meeting and passing each other—first doubling, and then halving, the metallic currency of the country. If you are going to give us anything in the line of a free coinage ratio give us something that, when we have taken the plunge, will assure us we have struck bottom.

THE CHICAGO PLATFORM.

It is suggested that we must carry out the Democratic platform. I agree to that; but, sir, there appears to be a misunderstanding about that platform. I thought I knew what it was. It was my good fortune to hear it read to the convention which adopted it. I have a copy of it here. I had supposed that it was an authentic copy. I find the pledges in that platform upon the financial matter to be these: First, for a repeal of the Sherman silver-purchase provision; next, the use of both silver and gold as the standard money of the country, and the coinage of them both without discrimination. I think that means free coinage; I will admit that it does.

But it is also provided that the dollar of coinage of both metals must be of equal intrinsic and exchangeable value, and be adjusted through international agreement or by such safeguards of legislation as will insure the maintenance of the parity of the two metals and the equal power of every dollar at all times.

Then follows a solemn assertion that we do this in order that the farmer and the laboring man may be spared from the evils of unstable money and a fluctuating currency.

Mr. Speaker, if there was ever a pledge made by man that was sacred, I think we have it here. But these gentlemen come to us without any pretext that an international agreement has been arrived at, without any suggestion of legislation, except such as has been discredited by the experiments of the past, and ask us to help them to inaugurate a new and worse series of financial experiments than any which have damned their inventors during the last hundred years in the nation's history. Whenever, sir, there shall be made a reasonable international agreement—although in this personally I have little faith—yet as a Democrat I will vote for it for the purpose of trying the experiment. Whenever any legislation shall be proposed which has not already been discredited by the experiments of the past, I will try to sink my doubts as to the probable value of it. But until one or the other condition is fulfilled, the Chicago platform expressly forbids free coinage.

It may be, however, that I have wrongly read the Democratic platform; and my respect for the gentlemen who agree with me in loyalty to the grand old party permits me to assume for a mo-

ment that they are right and I am wrong—and either that there is some twist of language that will put an entirely different construction upon that paragraph from what appears on its face, or else that the copy I procured from the national Democratic committee is not a correct one. But, sir, suppose that they are right. They appeal to us to carry out the whole platform; and with their hands on their breasts they appeal to their consciences in behalf of this suggestion.

Now, sir, I find a great many other planks in the Democratic platform, and I fail to appreciate the consistency of gentlemen who stand in their places and say they will fight the Democratic party in behalf of their consciences, and yet do not insist on carrying out the other planks of the platform to which they profess loyalty and allegiance. There is a tariff plank in that platform, which is, as far as possible, the representative of that issue upon which we went to the people; and yet no one on the Democratic side of this question has been so conscientious as to say we have got to have a repeal of the McKinley bill tacked on to the repeal of the Sherman law. There is also in the same platform a proposition for the repeal of the tax on State-bank notes, which my friends seem entirely to have forgotten.

Now, Mr. Speaker, I may have a poor conscience, but at all events it is not of the elastic kind, and if it occurs to me that I must insist on the whole platform being put into a single bill before I will help to carry out any plank of it, I shall be careful not to omit the leading provisions of the platform to which I appeal.

Mr. COX. You will vote for it all, then?

Mr. WARNER. I will vote for it all, altogether, or seriatim.

Mr. CANNON of Illinois. If I understand the gentleman aright, if this bill passes without an amendment, and if the repeal of the purchase clause of the Sherman act be stricken from the statute books, then the gentleman stands ready to keep the next plank in his platform and to repeal the tax upon State-bank issues?

Mr. WARNER. I do. I voted for it in the last Congress. [Applause on the Democratic side.] I want to say right here, in answer to the gentleman, that while it is not peculiarly to the interest of the section from which I come—and I am glad he has brought it up just at this time—while we are not particularly troubled with a dearth of circulation, yet we recognize that the present system of currency is a financial straight-jacket into which no free country ought to be pressed. [Applause on the Democratic side.]

And more than that, sir, while my friends, although they are so conscientious, have forgotten that plank of their own platform, this memorial of the chamber of commerce asks not merely for one thing, but for two. It asks for the repeal of the purchasing clause of the Sherman act, and also that measures be taken for the maturing of a plan for a safe and an elastic currency—an entirely different one from that with which we are cursed to-day.

FRIENDS OF SILVER.

Now, Mr. Speaker, I have explained, I hope intelligibly even if not convincingly, that the people of the city of New York, the members of the New York Chamber of Commerce whom I represent, are borrowers instead of lenders of money; that their interests are the same as that of the rest of the country; that

their prosperity depends upon that of other parts of the country, and that therefore your cause is theirs.

I ought to mention, sir, that there are others in the State of New York who do not come within that category. They are the people who withdraw their funds from banks, not because they have any doubt as to the soundness of the banks, but in order to ruin the merchants who are straining their credit in order to increase yours, men who are going about damaging the reputation and killing the fame of sound institutions, human hyenas who stab reputations in order that they may fatten upon the ruin they hope to produce. Every one of them is listening with eagerness to every word of my friend, the gentleman from Missouri [Mr. BLAND], who, indeed, does not sympathize with them, but with whom they sympathize. Every one of them is endeavoring to convince the business public of New York and the financial authorities of Europe that the President's recommendation will not be carried out, and that the plans of the gentlemen on the Democratic side whom we oppose here will succeed.

We have such men there—only a few of them, however, and God be thanked for that—the bears of Wall street and the Shylocks of Europe: and we wish you joy of your friends; they are not ours. On the other hand, sir, we are interested in having a plentiful currency of sound money; and, as I called to your attention, we ask not merely for a repeal of the Sherman act, but for a plan to be matured for a sound and elastic currency.

THE TROUBLE AND THE REMEDY.

I believe that there is no need of longer dwelling upon the causes of tight money. Gentlemen in this House have taugt for years and years that it depended upon the action of Congress in issuing a few millions, more or less, of silver or of notes. If this country has learned anything from the present crisis so that it has been burned into its memory as with a red-hot iron, it has learned this, that while the currency has been increasing as fast as gold can be brought from Europe, and as fast as Government notes can be printed, money has been getting scarcer than before. Men are beginning to learn that the real money of commerce, the real currency for the transaction of business, does not consist in silver or in gold, but in the confidence of business men.

That, sir, is the matter in which the chamber of commerce is primarily interested. We want the Government, not to help us to do business, but to let us alone, so that we can have facilities to do business. This law is a destroyer of confidence, an interference with the development of this country; and we ask to have it repealed. We want that repeal, not as an end, but as a means; as a means to the reinstatement of the public confidence, so that, as in former flourishing times, every bale of cotton as it reaches the press, every bushel of wheat as it reaches the elevator, every ton of ore as it lies on the dock, shall be a basis of credit and be current money throughout Christendom. If that law, which puts it out of our and your power to restore that confidence, is once repealed we can cooperate with you in helping on what will be the greatest reaction of prosperity that this country has ever seen—in which, from Texas to Maine, from Florida to Washington, all will be blessed, and we with you will share in the benediction. [Loud applause.]