

REPORT OF THE SECRETARY OF THE TREASURY. XIX

more than 92 per cent. of all our exports. And with most of the countries having silver as a standard, or in nearly exclusive use, where we do the small remainder of our foreign trade, settlements are effected by the gold standard through sterling bills on London.

Gold from the mines of all the world has doubled in quantity within thirty-five years; silver about doubling in the last one hundred years. Gold, like silver, is a principal product of mines in the United States, which have yielded of the two precious metals:

	<i>Gold.</i>	<i>Silver.</i>
For the last 40 years.....	72 per cent.	28 per cent.
For the last 14 years.....	50 + per cent.	50 — per cent.
Lately as 4 years ago.....	50 + per cent.	50 — per cent.
Last year.....	39 — per cent.	61 + per cent.

Who, then, would propose the disuse of gold, or ask the enactment or the continuance of laws likely to promote the expulsion of gold, or its use at a premium instead of as the standard of value, to which, by stopping the coinage of silver now, the legal-tender value of the 215,000,000 silver dollars already coined may be held up and made to conform, until these troubles be overpast.

But our 215,000,000 silver dollars are here, and cannot be expected sensibly to decrease, as our gold may. Nobody will export or melt them. The reasons are plain. They will not flow abroad, for the legal-tender quality given them by act of Congress cannot procure their reception elsewhere; not in Germany, just as her legal-tender laws, applied to her equally depreciated 400 or 500 million silver marks in thalers of unlimited legal tender, cannot promote their reception here or in France; not in France, just as her legal-tender laws, applied to her 600 million five-franc pieces of unlimited legal tender, cannot promote their reception here or in Germany. Ceasing to coin more, our 215,000,000 silver dollars will remain. Nobody will melt them, since the silver melted is worth 20 or 25 per cent. less than the silver minted, while they remain a legal-tender for all sums. Therefore, no silver to be used in the arts or industries, or for exportation, will be drawn from this stock. It is not to be expected that Congress will withdraw from these 215,000,000 silver dollars their full tender quality; it is not to be expected that Congress will redeem and melt them and sell the metal. The fact, then, is that we cannot but be two-metallists.

METALLISM—MONO AND BI.

But do not bimetallists and monometallists agree more than they differ, so far as the known facts of our situation oblige us to be con-

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cerned with them. Both demand mints, which are public institutions for the exclusive manufacture of bullion into coins, open, on the rule of first come first served, to all persons bringing any amount of the one received metal, or in the other case, both of the received metals, all such persons having the right to receive back their metal cut into coins of specified weight, fineness, size and inscription, consisting of the monetary unit itself, and its multiples, (and its fractions,) and being full tender by law in payment of all sums due and payable, the said monetary unit, if bimetallic, in coins of silver and in coins of gold having a uniform ratio of weight. The metal minted and the metal melted having thus an equal value in fact, men of both schools regard the monetary mass of either gold or silver, or in the other case, of both gold and silver, as consisting at any moment, actually, of the whole metallic coinage of the world, (gold, \$3,300,000,000; silver, \$2,200,000,000,) plus potentially all extant stores of the one metal, or in the other case, of the two metals. This *plus* enlarges enormously the great sum to nearly the bulk of the product of all mines of the one, or the two metals, in all past time, computed at not far from the half of, in the other case, the whole of \$16,540,000,000. Not to be varied in amount by legislation, its immense superiority appears as a kind and amount of wealth suited to be the standard measure of all wealth; for it is a mass, of which the annual increment, (four years ago being \$205,000,000, divided about equally between silver and gold, and last year being from both metals, \$220,000,000,) however large or variable, is a petty percentage, say $1\frac{3}{10}\%$ per cent. This relation between the small annual increment and the huge accumulation of the precious metals by mankind in all time is a circumstance of the last importance, especially if all the economists are right in computing the total wealth of the world, stored, saved, and consuming, to be of less value at any moment than five times the world's gross income for the one previous year.

If the facts of our own monetary situation have been correctly ascertained and stated above, then it is now obvious, that gold and silver monometallism may, without prejudice to their high rank as monetary theories, be set aside at once as theories practically inapplicable, at the present moment, for the guidance of the United States. Silver monometallism, though current in India and Mexico, has few advocates among us, and, at any rate, is inadmissible. Gold monometallism has some able advocates among us, but, at any rate, is inadmissible. We are in the presence of 550,000,000 full tender dollars of gold, and 215,000,000 full tender silver dollars, the latter number now practically irreducible.

As metallists of both schools condemn all efforts by laws to manufacture a legal-tender equivalent of any nation's monetary unit out of the paper record of a promise to pay that unit, it here suffices to allude to that episode in our history before showing what the procedure of the Congress of the United States has been in making our monetary unit reside in coin, formerly in two metals, latterly of one metal, and the relation of the bimetallic theory and practice thereto, and to our immediate problem, the silver-dollar coinage. Indeed, the disparity between the two ($285:100=100:35$) in July, 1864, when Congress tried to compel their equality, is comment enough, from a financial point of view, upon the legal-tender laws of February 25, 1862, July 11, 1862, March 3, 1863, and the law of May 31, 1878; though I cannot myself believe the voters of the several States will ever decide that their Federal Government holds as sovereign a power to issue and reissue Treasury notes and make them a legal tender in payment of private debts, as it has to coin money and borrow it.

THE MONETARY UNIT OF THE UNITED STATES.

A complete history of the United States coinage laws would include many unimportant as well as important details. Reference is here made only to those parts which in every principal coinage law have prescribed either a single unit of value, or what weight of fine gold should be equal to what weight of fine silver in the monetary unit and its multiples, so that the least imperfect equivalence, the utmost attainable stability therein, might be had, and every exchange of product or service pass under a convenient and just standard and measure of value. A table given on page XXIII is an analysis of the history of the United States monetary unit, including every coinage act that has dealt with the unit from 1789 until now. Setting aside the exigencies and the errors of the war period when paper expelled coin, that history is a record of proud integrity, of uniform good faith.

Congress has established justice, and maintained it in a chief article and instrument of justice, the monetary unit. The good faith dictating every change is demonstrable. Marked by errors from the first act to the last, none of them is an error without excuse. Perhaps the worst error of all is in the act of 1834 changing the ratio, when Congress omitted to be guided by its ablest living adviser, the most eminent of my predecessors in this office, Albert Gallatin, the friend and peer of Jefferson and Madison, their counsellor in finance, the originator of the Ways and Means Committee, during three Presidential terms Secretary of the Treasury, and the originator of its present system and best traditions.