

BIMETALLISM,

The Only Safe Monetary
Policy.

RECENT LETTERS OF
SENATOR WILLIAM E. CHANDLER

TO THE

Washington Post

ON THE SILVER QUESTION

AND THE

Financial Schemes of Secretary Gage.

CONCORD, N. H.

The Rumford Press

JAN. 1, 1898.

BIMETALLISM.

THE SILVER QUESTION.

Letters of Mr. Chandler.

[*First Letter.*]

[From the Washington Post of Aug. 12.]

Editor Post: Many of your readers are asking me what effect I think the continued fall in silver will have upon the prospects of bimetallism; of the restoration of silver free coinage by international agreement, or otherwise. I reply to them, through your courtesy, that I think the progressive depreciation of silver ought to expedite bimetallism as a means of preventing the full realization of the injuries which mankind must suffer if all the commercial nations of the world are to continue to move toward and are to fully and finally reach and permanently adopt gold monometallism.

One of the most important facts I have learned in connection with the study of this question is that the progress of great economic changes is very slow, and that the effect of the demonetization of silver by the nations, which began in 1873, was only partially felt during the twenty years prior to 1893, in which year the India mints were first closed to silver, and that such effect has been by no means fully realized at the end of the four years since 1893. This slow propagation of the result of economic shocks is clearly depicted by Prof. Francis A. Walker in his work on bimetallism, and is amplified by me in my remarks in the senate on February 16,

1897, a copy of which I will send to any person upon request.

Present Condition of Silver.

This point is a most important if not a vital one. If the complete results of discarding silver, which lowers prices, and thereby hinders trade, have been already reached, and no future injury from demonetization is to be apprehended, possibly the world may be held to the single gold standard. But if the tendency of the last twenty-four years to a fall in prices caused, as alleged, by stopping the coinage of silver is much longer to continue to prevail, the nations of the world cannot be held to gold monometallism. The renewed coinage of silver will be irresistibly decreed by uncontrollable popular movements. The temporary conditions of to-day or tomorrow will not settle a question so broad and universal as the issue between the new gold monometallism and the old bimetalism.

Under present conditions it is not strange that silver continues to fall in market price. There is no longer any demand for the metal to coin into money; so every year \$220,000,000 worth (at the ratio of 15½ to 1) must find its way into use in the arts, and, in addition, the price is threatened by \$4,000,000,000 worth of silver now constituting the world's coined silver, but which is likely to be precipitated upon the market, as a commodity not needed for money if it is only money because it must be redeemed at all times and places in gold. Paper money will be as good, and even better, than silver, if the latter

is not to be as complete money as is gold. If there is to be no retrograde movement toward remonetization, silver will inevitably fall until it commands only its price as a commodity to use in the arts. Where the lowest price will be no man knows and no man can ascertain. But here is no argument against bimetalism. The principal value of both silver and gold is derived from their use by the nations as money, and the principal argument in favor of the remonetization of silver is derived from the continuous fall in the prices of commodities since 1873, greatly accelerated since 1893.

The Decline in Prices.

That prices are still falling can hardly be denied. The reference to sporadic rises in the prices of certain articles is not a fair argument. For special reasons particular commodities will rise, even when the general average of prices is downward; as wheat when there is famine in India or short crops in Europe. The bimetalist argument is based on the general fall in the average of prices extended over a period of years. Mr. Wharton Barker's tables, reprinted in the American, of Philadelphia, dated July 17, 1897, give his index numbers, based upon the prices since 1891 of 100 articles in common use. In January, 1891, the quantity was ascertained which could be purchased for \$100.

Since 1891 the number of dollars necessary to purchase the same quantity has gone steadily down until it reached, on July 1, 1897, the figures \$76.33. There are notable rises during the period of

Second Letter of Mr. Chandler.

[From the Washington Post of Aug. 25.]

Editor Post:

Pursuing the inquiry suggested in my letter of August 10 whether or not the nations of the world can be held to the discontinuance of any further coinage of silver, to the final rejection of that metal as a part of the measure of the world's values, and to permanent acquiescence in gold monometallism, which question has now become (much as the fact is to be regretted) one of the issues of American politics, the anxious seeker for truth continues to be perplexed by the rapidity with which public opinion, at least superficially, vacillates from one side to the other, influenced by any newly appearing symptomatic facts which may possibly be fixed and controlling or may be only temporary and inconsequential; all the one-sided clamorers seeming to be wholly unmindful of the fundamental principle upon which all reasoning on monetary science must be based, namely, that the test of any system must extend over many years of its operation, and must be applied to many varying conditions, acting and reacting upon each other, many times with confusing and troublesome apparent results.

Thus, when, prior to October, 1896, wheat fell in price to an unprecedentedly low figure, the silver men claimed that the cause was progressive demonetiza-

tion and the gold men were more or less confounded. But when in that month of October wheat rose in price, the Republicans took their turn and claimed that the argument for silver based upon a fall in prices of commodities was refuted, and doubtless many votes were thus saved to Mr. McKinley. Now, again, when in August, 1897, wheat has further risen in price while silver has continued to fall, the gold men renewedly and loudly proclaim that the rise in wheat and the fall in silver have for ever silenced the bimetalists, and that the silver question is a dead issue of which we shall hear no more in our politics. Even the usually acute and sagacious representative in Washington of the Boston Journal, Mr. Louis A. Coolidge, has been so far hypnotised by Director of the Mint Preston as to assert, on August 19, that by December next "very little will be heard of the free silver propaganda." That sounds like the declarations in the platforms of the two political parties in 1852, that the anti-slavery propaganda had been destroyed by the compromises of 1850, and that thereafter there would be no further agitation of the subject of slavery. These predictions were more positive than those of Messrs. Preston and Coolidge, yet something was heard of the abolitionists a few years later.

The simple truth of recent events seems to be that wheat has gone above the prices lately prevailing only because of short crops in certain countries, as it always will under such conditions, while silver continues to go down because it is yet in process of demonetization, as

every human being knew it would. But the great question still remains for solution whether, through the years to come, with silver demonetization still progressing, there will not be as a consequence thereof a steady fall in the average prices of the commodities and the lands, buildings, and ships which make the wealth of the world.

If this question is to be answered in the affirmative the remonetization of silver is sure to follow. The world cannot be held to the single standard of gold merely because of the rise in wheat, which helped the election of McKinley in the autumn of 1896, and the continued rise in wheat and fall in silver, which has caused the temporary confusion and silence of Mr. Bryan in the summer of 1897. The presidential election settled the tariff question, and also decided that the United States would not by immediate free silver coinage at once break the parity between silver and gold money; but it did not decide against bimetallism. On the contrary, it pledged the Republican party anew to efforts to establish that monetary system, and President McKinley is faithfully, steadily and courageously laboring to make good his own and his party's pledges.

It is true that a small class of Republican gold monometallists, and also the Cleveland Democrats, insist that Mr. McKinley should break his solemn pledges, cease to make efforts for bimetallism, and commit himself and his administration unreservedly to permanent gold monometallism. Hon. E. J. Phelps, Mr. Cleveland's minister to

England, hopes that before long "the administration will be ready to take the side they were elected to take on this question." The constant wail of the gold Democrats, who deserted Mr. Bryan and by voting for Palmer and Buckner, or by direct ballots, aided in the election of Mr. McKinley, is that the latter, as president, is bound to advocate the single gold standard. They seem wholly to forget that the Republican party has affirmed that the use of both gold and silver as standard money is important to the world and that the free coinage of silver ought to be adopted by international agreement, while both the great parties, the one casting 7,300,000 votes and the other 6,500,000 votes, declared by law in 1890 that it was the policy of the government steadily to pursue the object of bimetallism by any other method than international agreement, which would insure the maintenance of the parity between the two metals at a fixed ratio. Only 135,000 voters declared in 1896 for the single gold standard and the leaders of this handful can hardly expect to rule according to their peculiar ideas either of the old parties. They were patriotic in their action and were cordially invited to ride in the McKinley wagon, but they were not asked to take the reins and drive. The propaganda of bimetallism by McKinley Republicans will be heard of after next December, the opinion of Messrs. Phelps and Coolidge to the contrary notwithstanding, as long as silver continues to go steadily downward, however often wheat may leap up and down according to the variations in the

annual product the world over. The Republican party, as a whole, with Mr. McKinley in the lead will continue to stand for bimetalism as well as for protection.

There is one powerful reason why the Republican party and the McKinley administration will not abandon bimetalism and that is a reason of policy as well as of principle. Overwhelming party defeat will follow such an abandonment. There is danger of disaster from even the existence of the many current suspicions, however unjust, that abandonment is intended; suspicions caused in part by reported utterances, probably incorrect, of Secretary Gage, and by proclamations by Director Preston, of the United States mint, whose real business is to coin money and not to formulate a party policy.

This question is close at hand to be tried in November, in the state of Ohio, the home of President McKinley, where Senator Hanna is then to be elected or defeated as United States senator. The close connection, even to unity, of these two statesmen is complete. The latter organized with consummate skill and limitless powers and resources the two canvasses which nominated and elected the former. The prolonged success of the Republican party, and the course of politics generally on the prevailing modern lines, will require Mr. Hanna's election as senator, and an endorsement of him by the people of the state of Ohio at the polls in 1897 will be a most appropriate sequel to the nomination and election of Mr. McKinley, guided by Mr. Hanna and aided by the vote of Ohio

in 1896. In order to make certain an easy Republican victory in a contest which is to be so significant, the Republican side should stand firmly by bimetalism and not surrender to the single gold standard. The late Ohio convention reaffirmed the St. Louis platform of 1896, which pledged the party to promote bimetalism—the free coinage of silver equally with gold—by rational methods and without cessation in the pursuit of the desired object. As already stated, President McKinley holds firmly to these pledges. It will be unwise for the Republican managers in Ohio to treat them with indifference or to countenance the idea in any form that they are to be abandoned. If they do, there is imminent danger of defeat for themselves and for Senator Hanna as well; to whom it is due to acknowledge that on all occasions and in spite of all solicitations he has proclaimed that he adheres to bimetalism, and that he favors securing the use of the two metals as money by all practicable and honorable methods.

Adherence to bimetalism by the Republicans of Ohio is also of special and national importance at this time, because this is the principal affirmative good which the Republican party can, at this moment, promise to give hereafter to the masses of the people. There is looming up in the future no issue in connection with which the Republican party will be sure to advocate what the great number of the voters will desire, unless it is to be this issue concerning the standard metal money of the world. To

tort can be made against our motley opponents, showing that it would be absolutely dangerous to trust them with the control of the government; but it is even now seriously inconvenient for us not to be able to point to some new, present, affirmative proposition of positive good to the masses of the people, which good thing they very much desire, and of which the Republicans are to be the leading and powerful advocates. Our opponents are promising almost everything for votes. What can we promise? We cannot possibly accept the issue as they are trying to frame it. If it be really one between the rich and the poor, then, although the rich may be truly right and the poor may be cruelly wrong, we shall be sadly beaten at the polls; and we cannot stem the tide of ballots by injunctions from courts, by calling out the army and navy, and certainly not by the utmost use of money in elections. What I mean is that in any republic with suffrage actually unrestricted, the majority party, in order to remain in power, must not only be right but must be able to satisfy the great body of the people that it is right; it must be continually on the alert, not only to protect the wealthy but to serve, benefit, bless, and improve the condition of the poor and the people of moderate means in the community. This may be called demagoguery. I call it wise party politics in a country where the people rule, and are to continue to rule with a popular sway assumed to be surely beneficent to all the people, rich and poor, money lenders and money borrowers, alike.

So I would keep hold of the move-

ment for bimetallism as a means of good to the people and of safety to the Republican party. If the leading Republicans of the country have any other promise to make to an eager people of something in the interest of the whole community, of all classes together, this is the time to bring it forward and to explain and enlarge upon it; especially making it prominent in the now opening Ohio political contest. We can do much to hold votes by the method of 1896—by a demonstration of the peril into which the success of the incongruous elements of opposition to the administration will bring the country; but it will be most convenient to make promises of some new and positive good to result from continued Republican ascendancy. I propose for one thing, a renewal of the pledges of 1896 to bimetallism; a renewal, open, unreserved, and sincere; a promise to dispel the hard times, to bring on good times, to stiffen prices, to revive business, and to benefit both creditors and debtors; simply by a restoration of the metal money of the good old times; not gold alone, but silver also, the current money of the merchant from the days of Abraham. The president has not abandoned this principle. Mr. Hanna has not abandoned it. The Republicans of their state still cling to it as a saving power with the voters, better than an army with banners—or any amount of money provided for the legitimate expenses of that most important pending struggle in the state of our two recognized and inseparable leaders.

I will make brief allusion at this time to one other point. The St. Louis plat-

form pledged the Republican party to aid in making Cuba free. The breaking of that one pledge would very soon send the party out of power. It has not yet been broken, but its fulfilment proceeds with agonizing slowness. Let us hope that President McKinley will do something after his well earned vacation; certainly after the coming victory in Ohio.

William E. Chandler.

August 23, 1897.

Third Letter of Mr. Chandler.

[From the Washington Post of Nov, 10, 1897.]

To the Editor of the Washington Post:

Since my letters to the Post of Aug. 12th and 25th, two important events have happened, (1) the elections of Nov. 2, and (2) the English refusal to now promise to reopen the India mints to the coinage of silver as an inducement to international bimetallism.

I.

As to the elections, they prove with reasonable clearness that if the Republican party permanently acquiesces in "the existing gold standard" and gives up the struggle for bimetallism, that party will be defeated in the congressional elections of 1898 and in the presidential election of 1900. The silver monometallists will then take possession of all branches of the national government, and a free coinage bill, with silver made the tender for all debts, public and private, domestic and foreign, will pass both houses of congress and be signed by President Bryan.

Greater New York city being in the hands of Tammany Hall, that organization will unite with the National Democracy in the demand for free silver coinage, and it is not within the bounds of possibility that the rural Republican bimetalists will give votes enough up-

on a single gold standard platform to place the state of New York back in the Republican column. There may be infatuated individuals who think, in view of the elections of last Tuesday in Iowa, Ohio, Kentucky, and Nebraska, that the Western Republican states can be kept in line, if future party platforms shall completely yield to gold and give up the effort to remonetize silver, but the wiser and safer view is to assume that with the issue so framed the Republican party will meet with overwhelming political disaster, inflicted by a solid South and a West almost solid, aided by Tammany Hall and the free silver Democracy of the Empire state. This comes very near being a country of free voters, and our elections come very near being honest transactions, and an intelligent people, with their votes freely cast and honestly counted, will never adopt or submit to the permanent demonetization of silver and the fixed ascendancy of the single gold standard prescribed by England. So the pathway of safety is only in one direction. Mr. McKinley was elected only because his platform and his previous utterances promised efforts to secure bimetallicism. We lost the United States senate because those promises were not sufficiently in earnest and were distrusted by many Republican voters. We did not promise to establish bimetallicism if we could, believing it to be a bad thing, but because we believed it to be a good thing. If we now faithlessly abandon the pursuit of that good thing we doom ourselves to political annihilation. So there is no course open to us but to bring together the independent nations

of the Western hemisphere and to unite them in one grand and irresistible demand for the money of the ages, God's money, as Secretary John Sherman devotionally and reverently called it; silver and gold, joined together at a fixed ratio as the basis of all paper money and credits, and as the world's time-honored measure of the world's values.

II.

But the recent English refusal to agree to help bimetallicism by promising to reopen the India mints will be referred to as proving that an international agreement is an impossibility. Since the refusal there have been written innumerable articles pronouncing "the doom of silver," saying that "silver is a dead issue," and jeering at all Republicans who still believe that the pledges of their platform of 1896 and prior thereto are yet living and binding promises. It is impossible to avoid the continued comparison of these prophets to those who, in 1852, in perfect accordance with the platforms of the two great political parties, proclaimed the doom and death of the anti-slavery agitation, yet in ten short years saw slavery doomed and dead on American soil and the world over.

Even a British ministry has been known to change its mind. Lord Salisbury very emphatically declared that he would not arbitrate the vital questions in the Venezuelan controversy, yet with true wisdom and statesmanship, and with no impairment of British prestige, he changed his mind when he realized that one British declaration could not

doom or kill a great living subject; namely, the Monroe doctrine.

It is true that the present answer of Lord Salisbury is disappointing. It is contrary to previous ministerial assertions upon which bimetallics everywhere had the right confidently to rely. In the letter to the London Times, of Oct. 4, of Lord Aldenham and Mr. H. R. Grenfell, there is brought out in vivid colors the English promise. On March 17, 1896, the house of commons unanimously declared that the best interests of the country had been injured by silver's demonetization in 1873, and urged the government to do all in their power to secure an international agreement. In the debate, the chancellor of the exchequer (Sir M. Hicks Beach) promised that the government would obey this injunction. The first lord of the treasury (Mr. A. J. Balfour) made the same promise in many words, among them these: "We will reopen the India mints. We will engage that they shall be kept open, and we shall therefore provide for a free coinage of silver within the limits of the British empire for a population greater in number than the population of Germany, France, and America put together."

These were strong and apparently sincere words. They were the basis and the hope of the new movement for bimetallicism, which began with the nomination of Mr. McKinley upon a platform pledging him to inaugurate such a movement. The three steps thus far taken have been as follows: First, the action of congress last winter, and the mission to Europe of the envoys, Messrs. Wolcott, Paine, and Stevenson;

second, the prompt and willing action of the French ministry taken even when their people were excited over the passage of a rigid tariff bearing severely upon products of the French republic; third, Lord Salisbury's declaration that at present the government will not agree to fulfil its promise to open the India mints.

Like many other stout ministerial declarations, that of Lord Salisbury is subject to reconsideration and reversal, and he invited a continued discussion of the subject, which with dignity and wisdom the French ambassador and our ambassador and envoys decided not to immediately pursue. Equally with Lord Salisbury, possibly they desired to be enlightened by public sentiment. Or, possibly, as Secretary Sherman has charged the English ministry with having acted in bad faith about the seals of Bering sea, they thought he might like the opportunity of also charging them with bad faith in revoking the promise to open the India mints, which charge our ambassador, Colonel Hay, and our envoys very wisely omitted to make, reserving that opportunity for their official superiors.

It was the proper privilege of the English ministry, in considering a great question like the present one, to vacillate somewhat. At first, they were undoubtedly inclined to listen favorably to the French and American proposals, and induced the Bank of England to promise to contribute to remonetization the holding of a portion of its reserve in silver bullion, as the bank law allows. But the money power of England was aroused and expressed its disapproba-

tion. The potent Mr. Robert Benson tried to convince the ministry, by impressive facts, that the American movement was not in earnest, and that Secretary Gage's proposed method of currency reform and the self-constituted currency reform commission were conceived in hostility to the remonetization of silver, and that President McKinley was not sincerely in favor of an international agreement. The council of administration for India advised against reopening the India mints. This was not the voice of the people of India, suffering from plague and starvation, with the value of their immense accumulations of silver ornaments and money cut down more than half by the heavy hand of their government. It was the voice of the money power of London; but it had its weight.

So we got the negative decision for the present. Perhaps Lord Salisbury will be instructed by new events. Already one by-election to parliament has been lost on this issue. The bimetallicists of the world are aroused, and the third step of the new movement, a step backward indeed so far, is likely at any moment to be reversed and a forward step taken in the interest of the prosperity and happiness of the whole great empire of Great Britain and of all the civilized world beside. Many debtor nations of the world cannot pay Great Britain what they owe her, interest and principal, in gold. It will be part of wisdom for the empire to aid in remonetizing silver. The words of Mr. Justice Joseph P. Bradley in the legal-tender cases are lucid and powerful.

"But the creditor interest will lose some of its gold. Is gold the one thing needful? Is it worse for the creditor to lose a little by depreciation than everything by the bankruptcy of his debtor?"

At all events, the duty is clear of all Republicans who desire the continuance in power of their party, and who do not propose to bolt their party platform. Renew the pledges to bimetallicism and devise ways and means for fulfilling them. Only those who were never at heart for bimetallicism will stop on account of the British ministry's temporary negative. The people of the whole Western hemisphere, by immense majorities, are in favor of the remonetization of silver. They need only to be aroused and organized by the powerful influence of the United States. A Pan-American remonetization congress may be held and a united request of all the governments of North and South America may be presented to the European powers. It will be heeded. China and representatives of the people of India will join in the request. It will be heeded even by England. For myself, I desire to be guided by the counsels of Senator Wolcott, after he has submitted to the president the report of the envoys. Mr. Wolcott has given means, time, and exhausting labor to his great work thus far. Others might possibly have done it, but no one came forward to do it. Associating the inspiring name of the friendly republic of France with that of the great American republic, he has asked the British ministry whether they were sincere in their explicit and unqualified promises of March 17, 1896, to reopen and to keep

open the India mints in aid of international bimetalism, and the ministry have said they are not now prepared to do it. It was worth much more than all it has cost, not to let the promises stand unchallenged, but to thus put this question and get this answer. The answer will not stick. Lord Salisbury will not kill the goose that lays the golden egg.

William E. Chandler.

November 9, 1897.

DANGER TO PARTY.

Senator Chandler Opposes Secretary Gage's Financial Ideas.

PRESIDENT ASKED TO STOP HIM.

Halt Must be Called or Dire Results Will Follow.

[Washington Post, Dec. 20, 1897.]

"What of the Republican party and its prospects in 1898?" was the question propounded by a representative of the Post to Hon. William E. Chandler as he was about to start to New Hampshire to stay during the recess of congress. The senator said that this was too important a question to answer orally and off-hand, and that he would give a reply in writing, which he did, subsequently, as follows:

"The Republican party, as a whole, has gone on very well during the year 1897. Having carried the congressional and presidential elections of 1896, it went to work at once to perform its promises.

"First, during the ensuing winter it passed, with the consent, almost unanimous, of congress, a bill for reopening

conferences with other nations tending to secure the free coinage of silver equally with gold as standard money. Immediately after the 4th of March President McKinley sent envoys to open negotiations in Europe, which are still pending, with a fair prospect of success, and meantime the agitation of the proposition that the United States should proceed alone to free coinage has been substantially suspended. It entered very slightly into the few elections which took place in November, 1897.

"Second, it passed without serious opposition at an extra session of congress, and made a law by the signature of President McKinley, a protective tariff measure admirably conceived in its general scope and fairly well framed in its details, thus fulfilling the most important pledge of the party by reason of which it obtained its overwhelming national victory.

"Concerning the future of the party, either of two results may happen.

"If the secretary of the treasury and his single gold standard associates will cease their demand for impossible currency legislation, congress will pass the necessary appropriation bills, probably take care of Hawaii and Cuba, there will not be a serious party division during the session, and there will be an adjournment in May. Business will revive, the treasury receipts will equal the expenditures, the balance of trade will continue in our favor, and the Republican party will in November, 1898, elect a majority of the house in the Fifty-fifth congress.

"On the other hand, if Secretary Gage continues to press upon congress

a bill, the object of which, he says, is, 'First, to commit the country more thoroughly to the gold standard,' and the immediate effect of which is to throw doubts upon the sincerity of the president's declarations in favor of continued efforts to secure bimetalism, a political turmoil will arise in congress which will split the now united Republicans into fragments, while it will unite and consolidate the now incongruous opposition. It is not feasible to retire the greenbacks; there is more probability that a bill will be sent to the president to increase their amount. It is not possible to secure the passage through either house of a bill making the greenbacks into gold notes or authorizing bonds payable in gold. The effort to do either thing will probably result in the passage of a bill for the redemption of the greenbacks in silver dollars, and for the payment of all United States bonds in gold or silver coin, in the discretion of the president, who will be commanded to exercise his option for the advantage of the government and not for the advantage of the creditor.

"With such an uproar in congress as these proceedings will create, with Western congressmen embroiled therein, with presidential vetoes, as threatened by Secretary Gage, under angry discussion, it will happen that all business enterprises and funds and stocks will be disturbed, prices will fall, insolvencies will increase, and the Republicans will lose the congressional elections in 1898 as disastrously as they did in 1890, and beyond a hope of a favorable reaction in 1900, at which time, therefore,

a Bryan Democratic president and congress will be chosen.

"Whether we are to have one of these results—political safety—or the other—political destruction—depends entirely upon the course to be pursued by Secretary Gage and those who are pressing him forward, namely, the Gold Standard League of New York, and the self-constituted National Monetary conference. How much Secretary Gage cares for the Republican party is not known. Whether President McKinley, whose good faith toward bimetallism is coming to the test, will stop his secretary in his insane career, is not known. It is to be hoped he will. But no political situation has been clearer than the present to sound eyes since the Republican party began its marvellous career forty-two years ago. There are times for all things. There is a time to move and a time to keep still, and now is the time to so keep.

"It is simply political suicide for the Republican party in this congress to affirmatively open the discussion of the money question and to bring on yea and nay votes upon currency legislation. We ought to await the progress of international bimetallism, the advent of business prosperity, and the filling of the treasury by the normal workings soon to be seen of the new tariff law. Shall we wait for these things or rush on to self-destruction? President McKinley must decide. Will he act for his people or for his plutocrats? Upon his answer will depend the events of 1898.

"William E. Chandler.

"December, 18, 1897."

SILVER.

SPEECH

OF

HON. CLIFTON R. BRECKINRIDGE,

OF ARKANSAS.

IN THE

HOUSE OF REPRESENTATIVES,

FRIDAY, AUGUST 25, 1893

WASHINGTON, D. C.:
PRESS OF GEO. R. GRAY,
1893.

SPEECH
OF
HON. CLIFTON R. BRECKINRIDGE,
OF ARKANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Friday, August 25, 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. BRECKINRIDGE, of Arkansas, said :

Mr. SPEAKER: Up to within a few months ago it was my hope and expectation that when Congress met the whole question of our currency and coinage would be taken under consideration and settled by a comprehensive bill. Since the resumption of specie payment the earnest thought of our country has for the most part been directed to other subjects than those of coinage and currency. To meet phases which have appeared from time to time there has been adopted, however, some tentative laws, and the result is that we have lived during this period under a system of expedients and patchwork. During this time warnings have not been lacking of our exposed condition, and we have recognized that it was only a question of time when the entire subject would have to be taken up and settled upon sound and philosophic principles. But, sir, events have not waited our necessities or convenience, and a sudden emergency has arisen in our monetary affairs which has occasioned the present extraordinary session of Congress.

Whatever difference may exist among Democrats as to what else should be done, all are agreed that the purchasing clause of the Sherman law should be repealed. It seems to me that no prudent and thoughtful man can deny that in the light of recent events, both at home and abroad—events going to the very root of the whole monetary question, especially as concerns a great nation with a vast international trade, like ours—all additional legislation should be preceded by exhaustive inquiry and careful consideration.

The real question now before us, then, is, shall we meet the pressing necessity of the hour, or hold all in abeyance for certainly some months to come? Sir, when I consider the present condition of our country, the peculiar cause of the present stringency, the present state of divided opinion upon all other phases of the question, the consciousness that any immediate legislation upon those features would be, under recent and only partially understood conditions, a step in the dark, and the probably ruinous effects of delay, I am brought clearly and irresistibly to the conclusion that it is our duty at this time to repeal the purchasing clause of the Sherman bill, without limitation or amendment. [Applause.]

Mr. Speaker, there is a difference in the minds of some gentlemen as to the cause of the monetary panic which now afflicts our country. There has been an export movement of gold, and when that movement began there was an impression that money might become scarce in this country; but at no time has that movement reached the extent that money was hoarded at former periods in the Treasury, and, therefore, no considerable alarm was manifested upon that point.

But, Mr. Speaker, the alarm continued to grow, and public attention was directed it matters not how, to our existing monetary condition and system. What did the people find? They found that we are now floating credit money in this country aggregating more than \$1,000,000,000, and that the whole of it is upon a basis that

was provided in former years as adequate, and as the least that was adequate, for floating \$346,000,000 of credit notes.

When they consider the wealth and resources of the United States they know that this is no guarantee of the power of the Federal Government to sustain or redeem credit moneys unless power is vested in the Treasury to utilize the wealth and resources of the country.

The provision of which I speak is the \$100,000,000 of gold commonly known as the redemption fund. It is true there is the provision of law authorizing the sale of coin bonds for redemption purposes; but that operates in a very different manner now from what it did at the time it was enacted. There was no coin then, practically speaking, but gold. Now our vast stock of silver dollars, a part of the very money to be sustained by public credit, is receivable as coin the same as gold. To sell bonds for this coin when gold is needed would be revolving in a circle, and would impart no power of redemption to the Treasury.

It is true there is a departmental construction that the Secretary of the Treasury can elect between receiving gold or silver coin in selling these bonds; but I affirm, Mr. Speaker, that we have no instance where bonds have been placed in the financial world to any considerable extent upon only a legal assurance of this kind. This is sufficient to protect a Secretary, but not to satisfy a creditor. Before investors will meet our needs the provision must be either explicit in the law or finally decided by the court of last resort. But to raise this dispute would be fatal to our wants at the time of need. So I think it clear that in a most substantial sense our present stock of gold is the only reliable part of the basis that we rest upon, and to the present volume resting upon that narrow basis we are adding about \$50,000,000 of notes of credit yearly.

Mr. Speaker, here is the condition of our accounts of moneys to be redeemed and kept at a parity with each other. Here is the basis and extent of the Government's power. Here is the state of the law. Here are the exports of gold, indispensable for that parity. Take them all together, and who can conceive of a condition more perfectly devised to create distrust, not of the volume, but as to the character of our money.

Now, let us look briefly at some of the effects of this distrust. In a recent report concerning the national banks, made by the Comptroller of the Currency, I find that in that class alone of our public depositories, in the short period of scarcely sixty days from the earlier part of June, there was withdrawn by distrustful depositors nearly \$200,000,000. We know that this hoarding is of gold. Gold disappeared as if by magic. Recent exports of gold were solely from the stock held by the Government. Forehanded depositors everywhere clutched gold. If we had reports from all the other classes of depositories, who can tell how many hundreds of millions of dollars were withdrawn from the channels of trade in this way?

But this is not all. The banks are in debt to their depositors. All classes of depositories are so in debt. The less-desired kinds of money are legal tender for deposits, and the banks and other depositories, in turn, fearing a general run upon them by their depositors, clutch all forms of money. The second effect of distrust of the character of our money has set in. The general public has taken fright from the first fright.

A new phase sets in, but it is the logical result of the first phase. Men who have money on deposit cannot draw it out. We are told upon high authority that if the national banks complied with the law to pay depositors on demand and not to invade their reserves, not one of the thousands of those institutions would be out of the hands of a receiver to-day. Gold is first withdrawn by depositors fearful of a change of standard. That is taken out of the channels of trade, and then the banks refuse to pay even to depositors the balance of the money, and substantially all the money is gone. Any kind of money taken in by the stores in the course of trade brings a premium in exchange for checks by depositors who cannot get their money out of the banks.

I am told that there is not a bank in this city that will cash the check of any gentleman here upon any bank in any other city in the Union. They will take it for collection, but they will not cash it. Under that condition of things we naturally witness the distress which pervades all parts of our land, and this is said to be the case all over the country.

In addition to this contraction of money there is a greater contraction of credit, that basis upon which far the greater part of trade rests, and ever will rest, in every progressive country. Even such credit as cashing a check from bank to bank is denied. Money, the blood of commerce, is withdrawn. The channels of trade are blocked and clogged. All over the country the soundest institutions, almost without number, have gone to the wall. The armies of the unemployed are gathering in the cities. The wail of distress ladens every wind that blows from the country. By mistaken efforts to procure expansion there has been precipitated enormous contraction. We issue \$1 of money in a way that contracts \$10 of money. In the midst of plenty our people are in want. Our people are brought to a condition where they can not trade. Can we doubt the cause? I have tried to make it plain. It is distrust. Its origin is distrust of the character of our circulating medium; distrust of the stability of our standard of value; and for this there are two remedies, either of which will at once give confidence and afford us time to consider more intricate matters now relating to the currency and coinage questions, and which are not greatly needed except to provide for the future necessities of the country.

One of these remedies is to clothe the Federal Government with power to sell gold bonds whenever necessary to replenish the gold reserve, and then to go on and issue against silver bullion the \$50,000,000 of Treasury notes a year. The other is to repeal the law which increases monthly and arbitrarily the volume of credit money now being issued by the Government, but which, where it now gives \$1 to circulation, costs \$10 dollars in the way of contraction. Neither of these policies would be a final settlement of the matter, but either would impart immediate and perfect confidence in the stability of our unit of value.

No one has advised—I would not advise—that we increase the public debt in order to provide a reserve for the circulating medium that is now being issued. The proposition before the House is the wiser proposition of the two. But some gentlemen hold that if this be done there will never be any further legislation upon the silver question. Upon what ground can gentlemen maintain that position? Is there anything in your pledges, gentlemen, that should make you unwilling to have such legislation? Is there anything in the principles or past attitude of our party that would prevent its being taken up? Are we not now in control of all branches of the Federal Government? Is there anything coupled with this bill that shackles the people or diminishes their rights and liberties, so that if they want further silver legislation they can not get it? I can see no real reason for that argument, unless it be an inner consciousness on the part of gentlemen that they themselves will insist upon something that will not be approved by intelligent public opinion or stand the test of discussion. [Applause.]

Some gentlemen say gold is returning from abroad and the trouble is over. Mr. Speaker, the return of gold is salutary of course, but how is it procured?

In the first place the returned gold is largely obtained by sales to Europe of American securities and farm products at bankrupt prices. Shall we perpetuate bankruptcy as a means of maintaining our standard of value?

Then, again, this gold is said to be largely the proceeds of loans placed in Europe. Our institutions of deposit are refusing to lend money upon any security, it matters not how good. Naturally the banks of Europe will lend in some of these cases; but that means that soon the gold must be returned, and hence this movement may be largely delusive.

No, Mr. Speaker, this policy of issuing bills of credit without making some adequate provision for their redemption has come to an end. The idea that America is exempt from the operation of the ordinary laws of nature is no longer entertained. The waste of this most resourceful country has almost equaled that of the prodigal son. The dissipation of this young giant has at last brought, even him to his knees.

Yes, the delusion that America is a law unto herself is dispelled, and from this time forth we must conform to the eternal principles of wisdom and right, or our recovery will be but for the moment, if, indeed, we are not kept for a long time in our present state of prostration.

Mr. Speaker, there are some curious features developed in this debate, and coming as they do from able and studious gentlemen, expressed as they are by numer-

ous prominent journals, entertained as they are by vast numbers of our people, they show conclusively how unprepared the country is at this moment to inspire and how unprepared at present this body is to enact such additional legislation as, I trust, will be carefully matured and duly enacted into law during the course of this Congress.

Gentlemen say there is danger, if the present bill becomes law, that we shall go to the gold standard. Why, Mr. Speaker, we have already a gold standard, and have had since 1834, except during the period of disturbance caused by the war, when we were in the air, and not upon any standard. Are not all our moneys taken and kept at par with the gold dollar? The bullion value of the silver dollar is less than 60 cents, that of fractional silver coin, of nickels, and coppers is still less, and the value of the material out of which our paper money is made is almost nothing, yet all are kept at par with gold. This is the standard at which they now are, not a lower one. This, also, is the standard and unit expressly named in the law, and yet gentlemen continually speak of our "going" to a gold standard.

Some say they want the bimetalism and free coinage we had before the war. What was that bimetalism? What was that free coinage? It was a bimetalism under which we had no silver in use except fractional silver. Who ever saw a silver dollar before the war? I never did. The few that were coined left the country, because we required so much silver to be put into a dollar that it was worth more as bullion than it was as coin. It went into the melting pot. Is that what you want? We then considered the bullion value of silver and provided for its free coinage, but at a ratio that prevented it from being coined. Is that what gentlemen want?

I prefer a coinage law that will coin, and a bimetallic arrangement that will be bimetallic and not monometallic. No single nation ever has, and from the very nature of the case it is absolutely certain that no single nation ever will or ever can maintain what is called a bimetallic "standard" of value. It may have, as we have, a bimetallic basis. Indeed, we have a quadru-metallic basis, every element of which is now at the gold standard, where, of course, it will stay, unless the world should come to what is termed international bimetalism, of which I shall not now speak, or unless we, from some cause, change from the present standard to a different one.

But, Mr. Speaker, what really concerns us is not the name or color, but the value of the standard. That is where the battle between debtor and creditor is really joined, and either of them, if seeking an advantage, cares but little for any feature that does not affect the matter of value. But with a suitable ratio this value is regulated under one name as well as under another by the amount of basic money, whether coined upon individual or upon Government account, that there is in the country and in the world.

It is also affected by all good credits. What we want, then, is the largest possible use of silver as money consistent with prudence and fair dealing. In a dispute about methods and terms there seems to me to be a heated devotion to forms that obscures thought and tends greatly to defeat the very ends of those, like myself, who are more especially concerned about justice in the standard and the actual use of the metals.

I have argued, Mr. Speaker, that the heart of this question is the value of the standard of value, and that this can be affected in various ways. If all the functions of money had to be performed by simply the coin that constitutes the standard of value, then that coin and that standard would be enhanced beyond all reasonable conception. But if we have stability in the standard of value the cash and other credits that are granted for and against products and all forms of property have their full play, and they far exceed—they exceed many times—the functions that can be discharged by all the money in the world.

The standard must be jealously guarded against appreciation or depreciation; but destroy confidence and credits and you paralyze the world. Good money comes easily or hard into our possession or to our credit according to the supply and demand of the products of our labor. This will regulate prices. With doubt, we have the conditions which have existed for the past few months.

But gentlemen, instead of repealing this law, so fruitful of evil, would amend it. Amend it how? Is there a clear discernment of just what ought to be done that finds expression in a definite and simple policy? No. There is a list of policies, each in conflict with the other. If one is right, all the rest are wrong. What confusion of thought! We should take no step in the dark.—We should take no step that checks, nay, that does not increase the employment and prosperity of our people; but these amendments are cast out like a drag net, to catch every crude and thoughtless vote that may be around.

But let us look at the amendments a little in detail.

You say you would change the ratio. We have lost the support of Austria; we have lost the support of India; and in other important particulars there have been very great and recent changes. Are we prepared to say now, without investigation, before a single bill upon the subject has gone to the appropriate committee, what the proper ratio is under these conditions? You would change the ratio even to 20 to 1.

Do gentlemen not see that if they cast the weight of America into the scale in favor of a ratio of 20 to 1 they bring all the power that we possess to make that the ratio for all the world? As you increase the amount of silver in a dollar you tend to increase the standard and value of every dollar in every debt now due from man to man. I can not now argue this in all its bearings. But you propose now to forestall the future. There may be infinite confusion and there may be well-nigh infinite contraction of our money and of the world's money in this. I strongly incline to the opinion that your action would tend greatly to defeat the ultimate end we entertain. See, gentlemen, the effect of the Sherman law. Silver mine owners expected benefits and have reaped only disaster, and take fresh warning against hasty expedients.

If that policy is successful it contracts the volume of the world's money, not only as regards the future output, but also as regards the world's entire present stock of silver. Such a colossal proposition for contraction I have never heard of before.

And gentlemen say they would revive the old Bland law. We all know that so long as the issue of credit notes or the continuation of a depreciated coinage is kept up by the credit of the Government our position becomes more and more exposed. That law is eminently better than the present one, but you do not couple with it a grant of power to the Secretary of the Treasury to recruit by any means our redemption fund. No amendment, under the order, can be offered.

If you couple the re-enactment of the Bland law with this power I would vote for it, but otherwise I must vote for straight repeal. The essence of the trouble is that we have collapsed under the effort to float credit moneys at par without some plain and sufficient provision for maintaining their parity. Under another form you would continue this same feature, the one from which we are now suffering, which gives us \$1 at one end and contracts the currency \$10 at the other end of our financial system. [Applause.]

Mr. COX. Will the gentleman permit a question?

Mr. BRECKINRIDGE of Arkansas. Yes, sir.

Mr. COX. Your proposition, as I understand it, is that we cannot maintain the parity between the two metals unless—

Mr. BRECKINRIDGE of Arkansas. I did not yield for an argument, Mr. Speaker, but for a question.

Mr. COX. I have not risen to make an argument. I simply want to put my question in an intelligible form. Now, after you have put in circulation your five or six millions of silver and undertake to maintain it—for your proposed bill says that you will undertake to maintain the parity between gold and silver—how do you propose to maintain that parity with the money that is already outstanding in silver?

Mr. BRECKINRIDGE of Arkansas. Mr. Speaker, I know of no way on earth of maintaining the parity between the different kinds of money except for the public Treasury to stand ready to receive them interchangeably over the public counter. [Applause.] That is honoring silver; and the moment the Government does not honor it, it falls to its bullion value. And when the people are satisfied that the Federal Government is no longer both able and willing to maintain it, then it falls to its bullion value. [Applause.]

Mr. COX. Then as to the silver dollar that is outstanding and is put in circulation and maintained in circulation at present, you maintain that it is the duty of the United States to provide that every dollar of that shall be redeemed in gold; that that is what the Treasury must do in order to maintain its parity?

Mr. BRECKINRIDGE of Arkansas. I say that in carrying out that instruction of the law it is his duty, or if it were not his duty, then when he fails to do it as a matter of practice, our silver dollar is no longer a par dollar in this country. [Applause.]

I know, Mr. Speaker, there are a good many who entertain the view indicated by the gentleman from Tennessee; but I consider that view one of the most deeply rooted but absolute fallacies that can take possession of the public mind. The principle is that there must be power to redeem, or honor, I care not what you call it, any piece of paper or any coin that is of less material value than that which constitutes the standard of your country, or such paper or coin must inevitably fall in value. No token or money of less bullion or other material value is floated at par with the standard except by credit kept good by readiness to redeem it. With a greatly contracted volume of all money and of the legal-tender circulating medium this would not manifest itself; but if you approach an adequate supply and do not do this you are subject to a panic from every breath of adverse wind, and when you clearly exceed the imperative demands of a crippled commerce parity is gone.

[Here the hammer fell.]

Mr. COX. I ask that the time of the gentleman from Arkansas be extended.

Mr. BRECKINRIDGE of Arkansas. I can finish in two minutes.

The SPEAKER *pro tempore*. The gentleman from Arkansas desires two minutes further time. Is there objection? The Chairs hears none.

Mr. BRECKINRIDGE of Arkansas. The House has been very kind to me in previously extending my time, and I thank the House and my friend from Tennessee [Mr. Cox], and will close with only a few words more. I wish to say only this in conclusion: That the question before this House now is not whether you are in favor of unlimited coinage, not whether you are in favor of carrying out the other provisions of the Chicago platform. This is a distinct part of that platform, and the other parts are still before you. I surrender none of the hopes I have entertained, and I surrender none of the expectations that can reasonably be entertained.

But the question now is whether you will cause the present distress and trouble of this country to continue until we can make the necessary investigation in regard to these additional matters. The platform does not call upon you to deal with them in one measure. The present emergency, which has arisen since the adoption of that platform, forbids your practicing delay in order that you may do so.

At this time, when you get beyond the plain proposition of the repeal of the purchasing clause of the Sherman act, there is not a gentleman, I believe, in this House who does not feel in his inner consciousness that he is legislating in the dark.

Sir, when you come to legislate upon the monetary affairs of the country, I care not how great the evil may be under which we suffer, it must always be done thoughtfully and cautiously. When we come to deal with the standard of value and all the complicated questions connected with it, we must remember that we are not here as the representatives either of the debtor or the creditor class, but we are here to hold the scales of justice evenly. Remember that the standard of value is a sacred trust committed to the representatives of all the people. [Loud applause.]