

J. G. Guignard

A STABLE STANDARD ESSENTIAL FOR PROSPERITY.

March 2nd 1878

S P E E C H

OF

HON. THOMAS FRANCIS BAYARD,

OF DELAWARE,

IN THE

SENATE OF THE UNITED STATES,

FEBRUARY 4, 1878.



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The Senate having under consideration the bill (H. R. No. 1093) to authorize the free coinage of the standard silver dollar and to restore its legal-tender character—

Mr. BAYARD said :

Mr. PRESIDENT: I ask for the reading of the pending bill as reported by the Committee on Finance.

The **VICE-PRESIDENT.** The bill as reported by the Committee on Finance will be read at length.

The **CHIEF CLERK.** The bill will read, if amended as proposed by the Committee on Finance :

That there shall be coined, at the several mints of the United States, silver dollars of the weight of 412½ grains troy of standard silver, as provided in the act of January 18, 1837, on which shall be the devices and superscriptions provided by said act; which coins, together with all silver dollars heretofore coined by the United States of like weight and fineness, shall be a legal tender, at their nominal value, for all debts and dues, public and private, except where otherwise provided by contract. And the Secretary of the Treasury is authorized and directed, out of any money in the Treasury not otherwise appropriated, to purchase, from time to time, silver bullion, at the market price thereof, not less than \$2,000,000 per month, nor more than \$4,000,000 per month, and cause the same to be coined into such dollars. And any gain or seigniorage arising from this coinage shall be accounted for and paid into the Treasury, as provided under existing laws relative to the subsidiary coinage: *Provided*, That the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed \$5,000,000.

SEC. 2. That immediately after the passage of this act the President shall invite the governments of the countries composing the Latin union, so called, and of such other European nations as he may deem advisable, to join the United States in a conference to adopt a common ratio of legal tender as between gold and silver, for the purpose of establishing, internationally, the use of bimetallic money, and securing fixity of relative value between those metals; such conference to be held at such place, in Europe or in the United States, at such time within six months as may be mutually agreed upon by the executives of the governments joining in the same, whenever the governments so invited, or any three of them, shall have signified their willingness to unite in the same.

The President shall, by and with the advice and consent of the Senate, appoint three commissioners, who shall attend such conference on behalf of the United States, and shall report the doings thereof to the President, who shall transmit the same to Congress.

Said commissioners shall each receive the sum of \$2,500 and their reasonable expenses, to be approved by the Secretary of State; and the amount necessary to pay such compensation and expenses is hereby appropriated out of any money in the Treasury not otherwise appropriated.

SEC. 3. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

Mr. BAYARD. Mr. President, a careful, prolonged, and conscientious examination of the measure now before us, has but confirmed my apprehension that a crisis has arrived in our affairs, in which the step now contemplated, will be found to lead the American people into still greater suffering and disaster than they have yet experi-

enced. We have reached that point of our painful but hopeful journey back to specie payments and normal values when a single false step or blunder may lose our people the fruits of all their past sufferings and present patient endurance. I fully appreciate the present distress of our people, and am anxious to strain every nerve to procure their speedy relief, and will omit no effort that may possibly assist them; but just in proportion to my perception of their present dangers and distress, is my sense of the necessity of courage and fidelity to oppose all measures which, according to my clear convictions, will only revive and intensify in greater severity and wider extent, the very evils and sufferings from which they now seek relief. And there are no troubles which so permeate the daily affairs of men, and destroy the happiness and deteriorate the character of a people, as those which accompany a false and disordered system of money—the currency of a people, which has so close and controlling a relationship to capital and wealth in the mutual exchanges of mankind, and upon which the value of labor and of all commodities ultimately depends.

No historian of the last two centuries, no statesman of our own or any other country, but has borne testimony to this truth; and, in the growth of commerce and multiplication of transactions which the wonderful development of natural science has brought about in our day, the need for a commercial and industrial people of the most convenient, stable, and universally acceptable money and measure of values and exchanges grows more and more imperative, and the consequences of its absence more and more disadvantageous.

I have been a careful auditor and reader of the debates of Congress and the discussions in the public prints, and it has been with a sense of profound sorrow, that I have seen a subject, which from its very nature demanded serenity and calm intellectual treatment, subjected to the heats of passionate declamation until it has become clouded with unworthy and hostile suspicions, and stained with crimination and recrimination. Nay, sir, that sentiment which we as citizens of this great Republic should especially dread and discourage, which is so peculiarly dangerous and fatal to our system of united States, as a short and sorrowful retrospect will warn us, the sentiment of sectional animosity and antagonism, has been appealed to, and I fear sometimes too successfully for the welfare of us all, to control a question in regard to which there is and can be no sectional or local advantage. A wise arrangement of our finances will benefit and bless every human being in every State and every corner of every State in the Union; and the bitter fruits of un wisdom must be eaten by all classes, all races of our population, and no portion of the country may hope to escape. The good or evil effects may apparently fall sooner on some than on others, but will sooner or later with certainty and impartiality reach us all.

I propose nothing to-day but a candid expression of judgment upon the proposed measure, and shall not intentionally comment unkindly or disrespectfully on those who differ from my methods of reasoning or the conclusions at which I shall arrive. A distinguished statesman of our own time has said, that one of the greatest moral dangers that can visit the politics of a self-governed country is having a great question insincerely dealt with. That danger at least I shall avoid.

Tested by our own experience and by the light of our present condition and dangers, the wisdom of the men who founded this Government grows more and more manifest, and in nothing is it clearer than when they sought to imbed in the rock of the Constitution, a restric-

tion of money to coined precious metals of gold and silver as having intrinsic value of their own, with no dependency upon the solvency of any credit, whether individual or public. It was the simple but all-important rule and principle, that value should be given for value, and labor, being the great creator of values, should receive its proportion. How essential does such a proposition seem in a Government that was intended to be popular in form and popular in its very essence! Such money, having intrinsic value, was the best, because it had the universal acceptance of the world, and had possessed this at all times of its history. It could never, therefore, become redundant; and if it had that single virtue, in addition to its chief function of money, to be also a commodity of intrinsic value, that would cause it to flow to and from points of demand and supply, and thus regulate its own volume by natural laws unembarrassed by the sciolisms of legislation.

Its function was and is to measure values, to balance exchanges, between nations; and therefore it is, that any nation which enters the world's great field of industrial competition suffers infinite disadvantage when its money is not everywhere acceptable at its full, relative, nominal value, in regulation of its exchanges and in payment of the debts of its citizens, without discount, deductions, or brokerages caused by its want of real value and its fluctuations from a stable standard.

It is plainly for the interest and advantage of the American farmer, mechanic, and producer of every class, to have the best tools for his trade, a currency of fixed, accepted value, which gives him simple and direct communications with these markets whose prices fix his rewards for all he produces, avoiding the profits of middlemen and the confusion of varying calculations, and just as improved agricultural machinery enables the farmer to make larger crops at less cost of production, so a stable currency that will circulate everywhere, and retain a fixed value everywhere, is a necessity to prosperous competition in the struggle for the commercial supremacy which is going on in the family of nations.

Why, sir, brought closely together as the nations of the world are under the great invention and application of steam; informed as we are from moment to moment of what is passing at all quarters of the globe; how close and important becomes the competition to which we are subjected, and how close is the calculation that shall turn the scale in favor of profitable industry or unprofitable idleness?

Eminent authority has told us that the trade in cotton cloth, that fabric most extended in its use among all the nations, can be and will be controlled by the excess in cost of production of one farthing per yard; and the nation that can secure the manufacture at that close calculation will find itself a humming hive of industry when those who shall fall short in capacity to supply even at that small difference in price will find their looms idle and their workmen in poverty and despair. Modern invention in labor-saving machinery is presenting to us of the present day the great problem of distribution of productions as almost equal in importance to production itself.

Here in the United States, with a labor-saving machinery and a skilled labor unsurpassed by any in the world, we have reached, say the statisticians, a productive power equaling the wants of one hundred millions of people. Our home markets give us custom for forty millions. Where shall we find markets for the other sixty million? It must be in foreign markets, or we shall find a glut of production here at home that will bring disaster and ruin to all who are engaged in manufactures. And is not this equally true in regard to our vast

agricultural products? Are we not to-day becoming the granary and garden of the world far, far beyond the consumption by our own population? And the question arises, how shall we distribute this valuable surplus, and how shall we compete for the control of the markets where this surplus must find its way?

Mr. President, I hold that the great mistake, the terrible mistake of those who had charge of this Government in 1862, was the resort to the issue of irredeemable paper money by the Government and insisting that it should be received as legal tender for all existing debts, public and private. Sir, this has been called a Government of limited powers; but if the ingenuity of definition can describe an act of more unlimited, arbitrary, and merciless power than that, it has so far been out of my capacity to see it. I hold that our sufferings to-day in this land—and I do not in this comparison underrate the anguish, the sorrow, the distress that an internecine war created—but our present sufferings are chiefly caused by the results, and are a necessary sequel, to that terrible departure from wisdom in finance and overthrow of constitutional limitation upon congressional power.

What do we mean by "war prices," which are vainly sought to be maintained long after war has ceased? What caused war prices, and what are they? In the first place, the diversion of productive industry from the creation of values to that of destruction. War drives labor from its occupation of production, and thereby, of course, production being lessened, prices are increased, under the rule of supply and demand. But that was not all. That would have been enough to create sudden emergency; but the trouble would have soon ceased when the cause had ceased. But to-day this nation groans under the effect of having resorted to false and fictitious measures of value in our transactions. Never was worse money, or more fatal to a people, than the paper which is issued by Government and made irredeemable. The temptations for its excess are obvious and irresistible, and they proved themselves so in our experience in 1862. Having no intrinsic value, how could money that had intrinsic value compete with it? Will men ever give value when they can procure their needs without it? The answer is that when the cheaper money of paper was created by law, gold and silver, the valuable money of the world, was banished from our circulation and use, and from that day to this, (with the exception of the subsidiary use of silver coin begun about one year ago) gold and silver have been relegated to the category of mere merchandise, commodities, and have not served as money or measure of value in the United States.

What was the consequence of this issue? Depreciation in its purchasing power followed the shadow of discredit. One citizen found himself in possession of a large amount of paper money growing in discredit and depreciating in value. He knew that in itself it had no value, that in itself it contained no intrinsic security; and so it became the creature of hopes and fears and fluctuated with those emotions. Being insecure, the holder of this currency desired to convert it into commodities of value or to get something that had value in itself, real or personal property. He sought the owner of this property having intrinsic value, and between the desire of one to get rid of that which he distrusted, and the unwillingness of his contracting party to receive that which he also distrusted, the result was to fix the price of the property in question, at a high rate in this false and discredited measure of value. That is "war price." Every man having it wanted to get rid of this currency; each man having property preferred to retain it as having value in itself, and between the

two there was a false and exaggerated measure. That was a "war price."

Mr. President, can such things be sustained? Is it not manifestly beyond the power of human legislation to sustain a false value when the excitement and its cause have passed away? Shrinkage is inevitable; the normal value must be reached, and no contrivance of man can create values except according to that divine decree that came with his creation. It can be produced only by labor; and by the sweat of his face alone shall man create values or eat bread. Acts of Congress making things of no value legal tender for things of value, are but shifts and contrivances which in the end are doomed to disappointment, as history tells you they always have been.

The fixing of high prices at home closed foreign markets to all our productions and manufactures, and the result was a glut in our home markets which was followed by a fall in prices and ruin to those who were engaged in the production. Sir, we drove gold and silver out of circulation in 1862, and, with the exception of the use of subsidiary coin in 1876 and 1877, both metals have since been merchandise only. Now, under the operations of the laws of commercial exchanges, by force of our power of production under the beneficent presence of peace, the United States have gradually increased the balance of trade in their favor, and the credit of their Treasury demand notes has grown nearly to a par with gold until there is but a transparent barrier between the demand note, the certificate of indebtedness of the Government, and the gold coin recognized everywhere as the standard of value. I have good authority for saying, that, but for the present agitation caused by the introduction of this measure, the minor gold coins of our country would by this time have made their appearance as money and the Treasury notes would have been exchanged for them, and very soon for gold coin upon demand in all denominations, and so all doubt, uncertainty, and fluctuation would have ended.

Why, sir, it seems to me that we are in the position of travelers who after a long and weary journey have nearly reached the top of the mountain which formed the great barrier between us and a land of plenty. We can almost see, nay, we can see, the fertile slope of prosperity that stretches now beyond us, when here comes this ill-timed, ill-omened new cause of trouble in the sudden discovery that silver has reached the lowest price ever known in the history of the world. The authority for that statement is Mr. Ernest Seyd, of London, one of the most forcible, certainly one of the most impressive advocates for the remonetization of silver throughout the world, one of the strongest advocates for the use of both metals as a standard of value, and he makes this declaration at page 67 of his late pamphlet upon the causes of the fall of the price of silver.

Now that silver has reached the lowest point known in the history of the world, that moment is taken advantage of to construe the wording of the act under which certain bonds and obligations of the Government of the United States were issued, to insist at once upon a declaration that it is proper and right and honest that, in the hour of this extreme depression, it shall be brought in as a means of payment of certain public debts. This was embodied in the resolution of the honorable Senator from Ohio [Mr. MATTHEWS] that I have already discussed, and do not propose now to repeat it. Some reasons I gave were satisfactory then, as they are now to my own mind, and to which as yet I have failed to hear any reply whatever. I hold that those bonds were the obligations of this great Republic, and I know they have but one security—no property, no possibility of co-

erced collection—only one thing and nothing more, the sentiment of honor of the people of this country. It may be deemed a mere abstraction; but those who so consider it have read the history of the human race to very little purpose. Give me but the sentiment of honorable obligation in the hearts of a people and I will ask no better or other security for the payment of all their just debts in full. It will be found indeed “the cheap defense of nations.”

Now, sir, this bill proposes to coin pieces of silver of a standard nine-tenths fine, weighing $412\frac{1}{2}$ grains, and to call them dollars and units of value in the American currency, and make them unlimited legal tender for all debts. This is called in debate, a restoration of the silver dollar, “the dollar of our fathers;” and yet it seems to me that the consequences of such an act can scarcely be comprehended or it would not be so unhesitatingly urged. Can we be unmindful of the combined action of the leading nations of the world since the United States ceased to use gold and silver as a double standard for their money? The same writer I have cited makes this very sensible remark, that “so long as the United States remain on the paper basis, they cannot themselves judge of the practical effect of these resolves for the future.”

I believe there is good sense in that. If our people had continued upon the metallic basis, no such law as this could have been suggested. It is because it is presented theoretically to our people, who being still on a paper basis and not in a condition to appreciate it, that this cry which we hear all over the country, and which has been so echoed upon the floor of both Houses of Congress, is heard at all. Controlled by a policy which has been gradually but steadily adopted, the gold valuation was begun by England very nearly a hundred years ago. In 1784 the English government limited payments in silver to £25; in 1816 they reduced that to £2 or forty shillings; and other nations have followed in their track, the last accession by formal proclamation being the consolidated Empire of Germany. Chili had long since adopted the sole valuation of gold; the vast colonial governments of Australia also. Holland has already stopped her silver coinage and is preparing for a gold valuation. France is preparing for the same thing and has stopped her coinage of silver absolutely, and by a unanimous vote of her assembly, within the last month.

Mr. MATTHEWS. Will the Senator allow me to interrupt him a moment to ask him a question upon that point?

Mr. BAYARD. If the Senator would let me get through my remarks I would prefer it. However—

Mr. MATTHEWS. Upon that point I wish to know whether the Senator's information is not inaccurate; whether the vote the other day in the French assembly was not simply to restrain the coinage on private account and not on government account? I have the authority of the London Economist for saying that it was only to restrain the coinage on private account and not on government account.

Mr. BAYARD. Oh, no, Mr. President, the Senator does not apprehend the facts. Under the monetary treaty between the four Latin countries, so called, the public coinage of silver was restrained by agreements made between them annually. But I will read to the Senator the telegraphic dispatch of the 29th January, referring to the proceedings of the French parliament:

The senate on Monday unanimously approved a bill renewing the temporary suspension of the obligation of the French mint to coin any silver taken thither. Dur-

ing the discussion M. Léon Say, minister of finance, said that the measure was made necessary by the American situation, international commerce with India, and the condition of the German money market, and that the Latin monetary standard would have to be discussed and settled hereafter. In this view M. de Parien, the eminent statesman, senator from Cantal, agreed, while urging a speedy adoption of a gold standard.

But Belgium and Switzerland have given no uncertain note of preparation in this case. Already Russia and Italy and Austria, who are under paper systems, still recognize the necessity of this preparation, so that the duties upon imports in Russia are now made payable in gold, and the interest upon her foreign debt is payable in gold; and that is the case with Austria. The result of this combined demonetization, and preparation for continuing the demonetization of silver, has created a great fund of silver coin and bullion which may be swollen, according to the testimony of this earnest bimetalist and advocate of silver, to the enormous amount of two hundred million pounds sterling, or a thousand million American dollars, which will await a favorable market, and this bill proposes it shall be the United States.

Mr. President, the act of February 12, 1873, has been denounced, altogether unjustifiably, as the cause of the decline in the price of silver. Bishop Latimer in one of his sermons told of an old man who alleged Tenterden steeple was the cause of Goodwyn sands, because before the steeple was erected the sands were not known. Just as reasonable is the *post propter hoc* argument, that because in 1873 the Government of the United States simply recognized as a fact, that we never actually were under a double metallic standard of values in the United States, therefore you are to say that that law passed in 1873 was the cause of the remarkable fall in the price of silver which we have since witnessed. This law of 1873, under which the gold unit of value was adopted, was enacted only after a careful preliminary examination of the proposition as unusual as it was commendable.

Why, Mr. President, I hold in my hand a letter from the Secretary of the Treasury to the Speaker of the House of Representatives, presented on the 29th of June, 1870, and referred to the Committee on Coinage, Weights, and Measures, and ordered to be printed, which discloses this fact, that the recommendation for the discontinuance of the coinage of the silver dollar and the adoption of gold as the sole standard of valuation was submitted to the most intelligent and competent persons to speak with authority on the subject; and here are on the various pages of this document, which was placed in the hands of every member of both Houses of Congress, which was distributed as a public document, was thus announced in advance, that opinions were taken upon it, that it was considered, and after that (as was shown by the Senator from Vermont the other day) the bill proposing this change was eleven times printed by the Congressional Printer and passed upon by committees of both Houses of Congress from 1870 to 1873, when it became the law.

The laws of coinage of the United States from 1792 to 1873 will disclose the fact that while there was nominally a double standard, in reality it never was maintained and practically did not exist. Perhaps at the risk of tedium I had better recite shortly the history of the United States coinage. It is not long. There have been but six acts of Congress which touch the subject since the foundation of the Government. In 1792 was our first act; and 416 grains of silver, at a standard of fourteen hundred and eighty-five parts of pure silver and one hundred and seventy-nine parts of alloy, each to be of the value of a Spanish milled dollar, as the same was then

current, became the unit of value in the United States. There was free coinage for both metals. Both were full legal tender for their declared value when of full weight, and when of less, in proportion. The same act authorized the gold eagle as a unit, of 270 grains standard gold, and the alloy of gold was fixed at eleven parts fine and one of alloy. Part of that alloy was provided to be of silver.

From 1792 to 1834 there was no alteration whatever in the standard or in the ratio of values between these two coins, and I wish now to call the attention of the Senate to some remarkable features to be found in the record of the Mint from the beginning of the Government until the 30th of June, 1877. I refer to the tables at page 28 of the report of the Director of the Mint for the present year, and it will be found that from 1792 until 1805 there were coined of silver dollars less than one million and a half; from 1805 to 1835 there was not coined one. Not a single dollar of the unit and standard of value was coined from 1804 until 1835. The history of that may perhaps be curious, but it does not disturb the force of the fact which I have stated and the inferences which are irresistible, the fact being that the silver unit did not practically exist under the coinage of the United States; that there were but fifteen hundred thousand dollars prior to 1804, and that not one was added to the coinage from that time until 1835 and then one thousand were coined in 1836, none coined in 1837 or 1838. In 1839 three hundred dollars were coined.

Mr. WITHERS. Will it interrupt the Senator too much to call his attention to the fact that, although no dollars were coined, very many millions were coined in parts of dollars, halves and quarters, of the same standard value precisely?

Mr. BAYARD. That is certainly a fact, and the several amounts will be found in the tables referred to; but I am only speaking of this coin of 416 grains, the silver dollar, which has been so clamored for. Why, Mr. President, we have not heard anything about the "half dollar of the fathers." The talk and, not to speak disrespectfully, the bosh of "the dollar of the fathers" has been rung over the country, and I want the American people to know that from 1804 to 1835 their fathers did not coin a single one, and no one will deny that fact.

Mr. WITHERS. I would ask the Senator if two half dollars did not make a dollar then?

Mr. BAYARD. I am answering the Senator that his cry has not been for the half dollars of his fathers. All this cry has been for "the dollar of the fathers." It is that coin which has been discussed and clamored for. I will give the Senator the full history of the half dollar. There is no fact that I desire to suppress or avoid. I am perfectly satisfied that when the people of this country shall understand this question they will see under what a condition of wild misunderstanding this so-called public sentiment has proceeded. The history of the non-coinage of the silver dollar was published the other day, I think at Philadelphia, whereby it seems that Thomas Jefferson, then the President of the United States, whose democracy I believe is unimpeachable, gave an order to the superintendent of the Mint that, learning that the dollars were being taken off by foreign depositors and that this Government was put to the expense of coining silver with no benefit to its own people, the coinage of silver dollars should be stopped. It was a simple direction, given by the President without legal authority, controlling the operations of the Mint, but it was followed for thirty-one years, and after Mr. Jefferson was in his grave the order continued to be obeyed and the dollar was not coined. Now, why was it not coined? If there had been a demand for it would it not

have been coined? If the same clamor we hear to-day for this dollar had existed then, would it not have been coined? Oh, no, Mr. President, the fractional coins, the halves, the quarters, and the dimes, the Spanish and Mexican coins, supplied the want of the country, and the reason it did not stay in circulation, the reason why it was useless to coin it, was because it had been undervalued, and because the silver coins of Europe were stamped at a higher value than the silver coins of America, and of course the silver coin of America went where it was most appreciated and flowed from this country.

Mr. ALLISON. May I ask the Senator a question?

Mr. BAYARD. Yes, sir.

Mr. ALLISON. Is there not to be found also an additional reason in the fact that by all our laws from 1793 to 1827 the silver dollars of Mexico, the Spanish silver dollar, the French crowns and five-franc pieces were full legal tender in our country for the payment of all debts, public and private, and that our own silver dollars from the Mint were exported and these dollars took their place in our own country?

Mr. BAYARD. I have no doubt we had to avail ourselves of foreign coinage; but that does not militate against my reasons. Why was it that our dollars went abroad and we could not keep them? Will not my friend answer at once because they were undervalued?

Mr. ALLISON. Because these other dollars took their place. These new dollars were more valuable for exportation. But it is also a fact that all the gold coinage went out of the country, and our circulation during that period was almost exclusively silver.

Mr. BAYARD. Here comes the admission that I am glad to have made by the honorable Senator. He says that the silver dollar could not be retained in circulation, and that foreign coin did come in and take its place. Now, I ask him why? It was because we undervalued it in our legal ratio to gold, and because foreign coin of a less bullion value was cheaper. Is not that the case?

Mr. ALLISON. And a full legal tender.

Mr. BAYARD. What has that to do with the fact? If the American silver dollar had not been undervalued in our coinage it would have staid here. It was because foreign coin was cheaper, and our Government allowed it to come in, and the people to use it because our own currency flowed away from us. Is not that the case?

But, Mr. President, a glance at this table will show further that the amount of silver dollars coined from the year 1839 to 1853, was utterly insufficient to be considered as an important part of the circulation of the country, amounting to less than \$1,100,000, or not to quite \$79,000 per year. But in 1834 there was an attempt to rectify the mistake, to restore an equilibrium in bullion value between the standard unit of silver and the standard unit of gold. They had been erroneously stated, for you may stamp your coins at what value you please but their currency will be controlled by the amount of bullion they contain, and not by the stamp of the Government.

In 1834 one grain and eight-tenths of gold were taken from the gold unit, the eagle was reduced to 258 grains and the dollar necessarily to twenty-five and eight-tenths. But a section was carefully inserted that, whereas the gold coin had been debased by taking from it a portion of its bullion value, therefore the old coins should not be deprived of their intrinsic value which should be allowed the owners in exchange for the newer coins at the mints. The act of 1837 fixed the standard of both gold and silver anew and at the same rate of nine-tenths fine, and also fixed the weight of the silver-standard

dollar of 412½ grains, which was the equivalent of 416 grains at the standard of 1792. A free coinage for the benefit of depositors of both gold and silver was authorized under that act.

And here, in response to my friend from Virginia, I would say that under the laws of 1792 and 1834 the fractional coins were of the same standard with the unit or dollar itself, and up to 1853 this continued, so that two half dollars contained as much standard silver as a whole dollar, and four quarters as much as a whole, and so of ten dimes, and so on. Up to 1853 the value of the fractional coins was proportioned to the value of the unit, which was the dollar. But in 1853 it was found that there had been still an erroneous adjustment of the relative value of the two units, and that silver had been undervalued then as related to gold, at twenty-five and eight-tenths grains, and that sixteen parts of silver to one part of gold was giving too much silver, as compared to that which other nations were establishing as the ratio and proportion between the two metals. A most intelligent and useful member of this body, a distinguished predecessor of my honorable friend from Virginia, considered this question with his usual care and ability. Some of his reasons are worthy of consideration at this time. I read from the report of Mr. Hunter, of Virginia, of the 9th of March, 1852, from the Committee on Finance, page 8. In speaking of the absence of silver coin from this country and of the necessity of legislation in order to restore its presence here, he says:

This state of things was probably brought about, in part, by the appreciation of silver beyond the mint price under our law. The silver coin left us and stimulated importations from the places where it went. Gold did not immediately replace it in circulation; indeed, for the purposes of small change, it could not; and the banks were thus tempted to issue notes to supply the vacancy in the currency. *Had the market and mint prices of silver corresponded in the United States we should probably have seen nothing of all this.* Although it is possible that the first effects of a large influx of specie might be an increase of bank paper, yet this is an evil which the laws of trade would soon correct. Should, however, the present state of things continue in relation to silver, we shall not only lose the advantage of the more abundant of the precious metals, for the purposes of a standard, but we must lose the specie standard entirely in the smaller exchanges of society. It is doubtful whether the dollar gold piece can maintain its place in circulation, and smaller values in that metal can hardly be used for coins. This vacuum must then be supplied by bank-notes of the very worst kind, the notes of smaller denominations. So much is the value of currency affected by the facility with which it may be counted, and its convenience of transportation, that there will always be difficulty in supplying the place of *small* notes with anything but silver, or that of *large* notes with anything but gold.

Perhaps this might be read appropriately in reply to the comments of the honorable Senator from Kentucky, [Mr. BECK,] made before I commenced my remarks, in which he denounced the issuing of silver coins for the reason set forth in this report twenty-five years ago. He denounced it as a fraud upon the people of this country that, instead of fractional paper currency, they should have a silver currency of a standard proposed by Mr. Hunter, and adopted by the American Congress twenty-five years ago.

Mr. WITHERS. I ask my friend to read the sentence following the one he last read of Mr. Hunter's report, as he regards him as high authority on the subject.

Mr. BAYARD. I will read it with pleasure:

We require, then, for this reason, the double standard of gold and silver, but above all do we require both to counteract the tendency of the specie standard to contract under the vast increase of the value of the property of the world.

Does my friend wish me to read further?

Mr. WITHERS. That is the point I wished my friend to read.

Mr. BAYARD. I suggest to my honorable friend that when I was dis-

cussing not the question of the double standard, to which I shall presently allude, and which I trust to do with a candor that will satisfy him, it was scarcely in the line of what I was trying to say that he should introduce a subject which it seems to me was then out of place.

Mr. WITHERS. I will apologize. Certainly, I did not design to impute to the Senator any want of perfect candor in his mode of discussing the question; but I must insist that my interruption was not so much out of place as the Senator from Delaware indicates, inasmuch as the whole tenor of his argument was to show that a monometallic standard, and that of gold, was the best for us; and as he was quoting my distinguished predecessor as authority I thought it perfectly pertinent and proper to call his attention to this authority which he was quoting, in favor of a bimetallic standard.

Mr. BAYARD. Mr. President, I will not object to what my honorable friend has stated; but I think if he had waited a little longer he would have found that I was approaching, after a fashion of my own, the very subject which he requested me to read. Another fact would seem to be implied, that I was reading but a portion with a suppression of the rest. Now I shall presently use Mr. Hunter as an authority against the propositions of this bill, because Mr. Hunter recognized, while ardently desiring the adjustment and maintenance of a double standard of value, the great difficulties that attended it, and in fact the impossibility of doing it, except with the co-operation of those nations, who are our associates in the grand march of industry and commerce through this world. At page 10 of this report he says:

To afford the country the benefit, to some extent, of both metals as a standard of value, it is proposed to diminish the quantity of silver in the half dollar and coins of smaller denomination by about 6.91 per cent. The British government have adopted a still greater seigniorage, and their experience seems to have proved the efficiency of this measure for furnishing metallic coins in sufficient quantities for the smaller transactions of society. But if not made a legal tender—and it is not made so in Great Britain, except for small sums—it can only circulate for such purposes. To make it a legal tender at such rates, rates beyond its bullion value, *would debase the standard and expel the gold.* To secure the use of a silver coin in place of small notes for the minor transactions of commerce, it is proposed to make this coin a legal tender for sums not exceeding \$5, and to receive it in payment of public dues. This, however, does not secure the full benefit of the use of silver as a currency unless we were to adjust its legal value to that which it bears in the market, but as no relation between the market values of the two metals has so developed itself as to promise to be permanent, it might be dangerous to attempt at present to disturb the existing law. *Whenever the relation between the market and mint values of gold and silver shall promise a reasonable degree of stability, there can be little doubt but that there should be a readjustment of the mint values of these metals.* In the mean time, however, the course of our commerce and the convenience of exchange would seem to require some new provisions in relation to bullion. Gold has become an article of export; movements of the precious metals from one country to another are now more frequent and active, and these are regulated—

I call the Senator's attention—

regulated by the value of the metals, not as coin, but as bullion. For all such purposes it would be a convenience to trade and a saving of the expense of coinage to Government if the bullion were cast into bars, either of fine metal or of standard fineness, at the option of the depositor, for a moderate compensation.

And again:

So great a diminution in the amount of silver will undoubtedly preserve a supply of coin for the smaller transactions of society; but if it approached more nearly the true bullion value the silver coin would be much more efficient as a general circulating medium. Indeed, the American coins of a less denomination than a quarter of a dollar would probably be retained in this country even with their present amount of silver. The expense of coining a given value of silver into smaller coins is much greater than into the large, and when coined the great de-

mand for them gives them a higher currency value than that assigned by law. As a proof of this, the demand for silver for exportation has not operated as yet upon these smaller coins—that is to say, the dime and half dime, (the quarter, too, has been partially exempted)—while it has swept the silver dollar and half dollar from the country.

Why, Mr. President, what “swept the silver dollar and half dollar from the country” according to the testimony of that learned and able Senator? A difference of 3 per cent. between the value of American currency in silver and the currency of the standard established by Europe in silver. If 3 per cent. will sweep a coin relatively undervalued, what will 10 per cent. do? If Mr. Hunter’s reasons were sound, and no one can doubt it, for they were those of common sense, experience, and admitted fact, if he could not retain his silver dollars and half dollars because he had undervalued them 3 per cent. relatively to gold, I put it to all sensible men, how can we retain gold coin when we undervalue it 10 per cent. relatively to silver?

But at page 12 Mr. Hunter continues. After deciding upon this resolution of agreeing to reduce its mint value so that it should be lower than its bullion value, he says:

The great measure of readjusting the legal ratio between gold and silver cannot be safely attempted until some permanent relations between the market values of the two metals shall be established.

So it seems that in 1853 there were no “permanent relations” between the values of gold and silver bullion and it was thought wiser to await events, and in the mean time to proceed practically upon the single standard of gold.

That was Mr. Hunter’s judgment in 1852. The same reasonings applied to our own time, will show that there must be an adjustment between the relative values of these two metals, before the attempt is made to coin them into equivalents, for, if there is not, that which is undervalued will not remain in the currency of the country.

So, then, in 1853, that which my friend from Kentucky has denounced in most vigorous, but at the same time most unjust and mistaken, language as being a fraud upon the people was deliberately and, as I believe, wisely and honorably enacted by the Congress of the United States, and that law is in existence to-day; and let me say not only in existence to-day, but in the year 1877, which has just closed, more than double the amount of silver half dollars was coined under it than in any year preceding, and almost as many as in the eleven years from 1862 to 1873.

To-day there are \$45,000,000 of half dollars and quarter dollars and fractional silver coins in circulation, of the standard fixed by the law of 1853; so that the people of this country have not been deprived of that silver coinage at least, there has been no demonetization of silver of such description at least. Nay, it might as well further be said that while the dollar of 412½ grains was stopped, first, as we have seen, for thirty-one years by a mere letter of President Jefferson, and nobody asked for and nobody sought to get one, and after that it was coined up to 1873 in comparative limited quantities, but from 1862 to 1873 not one ever was seen in circulation or touched the hand of any American, except he was the owner of the silver bullion from which he had it coined.

But is there anything just or substantial in this suggestion to the American mind, that there has been wrong done to the people, that they have been deprived of some special property and advantage by the dropping of this silver dollar of 412½ grains from the list of their coins? The record shows that in the history of the Government prior

to 1873 there were but eight million of such dollars coined. The testimony of Mr. Hunter shows you that all of those coined prior to 1853 were "swept out of the country," together with the half dollars. Now, what else appears? That under an application which came from the Senators then here from Nevada a silver coin weighing 420 grains of standard silver, called a trade-dollar, was petitioned for and its coinage allowed, for the purposes of convenient and advantageous trade with oriental countries. I do not know that those gentlemen who petitioned for such coinage knew the opinion men who have considered the question abroad had of their application and of the act of our Government. Perhaps it might be curious to show the opinion of foreign experts on this subject, when Mr. Seyd, the ardent bimetallist and silver advocate, in writing of the coining of the trade-dollar, says:

A more mischievous and wanton proceeding than the coinage of this piece, directly injuring the silver-mining interests in the debased price, cannot well be imagined.

That was his view. But I refer to the fact of this coinage for another purpose and with another view. It is to show to the Senate, and it is to inform those out of the Senate whom my words may reach or affect, that since 1873, 30,708,400 trade-dollars have been coined at the mints of this country under the authority of Congress. I refer to the report of the Secretary of the Treasury for the present year, at page 23:

That is to say, nearly four times as many dollar pieces of silver in the last five years as of dollar pieces during the eighty-one years previous.

Was this demonetization of silver?

Mr. COCKRELL. That covers from the 1st of July, 1877, to the 1st of January, 1878, I suppose.

Mr. BAYARD. The table of the Director of the Mint gives the coinage up to the 30th of June, 1877, of trade-dollars at \$24,581,350; and the report of the Secretary of the Treasury gives the figures from that date up to the time he made his report, the first Monday of December of the present session. So we find that, if there had been the use and demand by the people of this country for this coin there was no reason on earth why it should not have been gratified to an extent four times as great as at any other period of our history prior to the alleged demonetization of silver in 1873.

Now, I am aware that the trade-dollar was included in our list of coins only to the 22d of July, 1876. The act of 1873 made it a coin of the country, gave it a debt-paying power to the extent of \$5 in any one payment. The act of 1876, section 2, providing for the use of silver coinage, took from it any legal-tender power and declared—

That the trade-dollar shall not hereafter be a legal tender, and the Secretary of the Treasury is hereby authorized to limit from time to time the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same.

Nevertheless there has been a practical free coinage of trade-dollars at our mints for the owner of any silver bullion, and we have some reason to know that they have taken advantage of it. Within the last thirty days one million and a half of trade-dollars have been brought from the Pacific coast into the Atlantic States. They have been sold at a profit to the owner of the bullion of 3 per cent. net. They have been subjected to an additional commission of 2 per cent. more, and 5 per cent. above its value, I mean now above its actual and intrinsic value, has been paid for by this community to some private speculators in bullion; \$75,000 profit has been made by the transportation and sale

and introduction into our currency of trade-dollars which cost the owners of the bullion about ninety-two or ninety-three cents and which cost the people who get them one hundred cents. Here I hold in my hand the two dollars, one struck as an illustration lately at 412½ grains and the other struck not by way of illustration but upon speculation of 420 grains.

The four-hundred-and-twenty-grain dollar has given to the broker, to the dealer in bullion, an unlawful profit of \$75,000 upon that amount of the issue, and who has paid it? Has any laboring-man been the gainer? It has cost him five cents every time he received such a dollar. I took some of them in change. You may say there was not the right to compel me. There is that law of convenience which forbids a man in the smaller dealings of life to stop to question and haggle over an unsettled currency. That is one of the minor troubles, but certain it is that the people of this country, so far from being deprived of that which was of value and use to them by ceasing to coin dollars at 412½ grains and giving them a mint value of one hundred cents when they had a real value of but ninety—so far from their being wronged by it, they have been only wronged by the introduction of a dollar of 420 grains which has been injected into the veins of the business of this country and put into circulation at a nominal value of one hundred cents, when in fact worth but ninety-six or less.

In February, 1873, when the law omitting the silver dollar was passed with all the deliberation and circumspection to which I have referred, when the opinions of experts had been received and published, there was another slight alteration made in the standard of the half dollars, and they were increased in value one and eight-tenths grains. By the statute of 1873, the one-dollar gold piece of 25.8 grains was declared to be the unit and standard of value and a full legal tender. The silver coins were then provided, and two silver half dollars were decreed to contain not 484 grains, as they had contained since 1853, but 385.8 grains, or five grams silver. The object of thus slightly increasing the value of these fractional coins of silver was to make the half dollars a bullion equivalent of the five-franc piece of the Latin union. The object was to produce interchangeability, and to create as far as we could a correspondence between our silver coin with the silver-standard coin of Europe. Such is the present condition of our silver coin.

Remembering the lesson of 1853 and the history of our coinage prior to that time, and the results of our legislation as depicted by Mr. Hunter, I ask what will be the result if we shall pass a bill coining legal-tender dollars, not at the ratio of sixteen parts of silver to one part of gold, but at the ratio of seventeen and three-quarters parts of silver for one part of gold, wholly disregarding their relative bullion value, which, as Mr. Hunter says, will always control their mere mint value? I ask what will necessarily follow? If this thing shall be done, if a silver coin worth to-day in the world's markets ninety cents shall be issued by our mints as if worth one hundred cents, and the compulsory obligation to take it as a legal tender for all debts accompany it, what must be the necessary consequence? If 3 per cent. undervaluation of your silver coin swept it from your country prior to 1853, what will 10 per cent. undervaluation of your gold do in 1878? Sir, such a measure may be called a decree for the remonetization of silver, but it is more certainly a decree for the demonetization of gold.

That is the first result. It cannot be avoided. If all the lessons of history, if all the methods of reason can teach us anything, then that result is inevitable. No man will use the more expensive instru-

ment. If the dollar of ninety cents shall enter your currency as full legal tender, the dollar of one hundred cents will be useless; it will go where it is most valued. Then what follows? Silver will come in a flood to this country from Europe. Already demonetized, it is held by the parties who own and control it, simply waiting for a market, and the market of the United States will certainly be open to them. Do gentlemen say, "Yes, but the coinage will be conducted for the benefit of the Government wholly, and the mints will not be open for coinage on private account, and the amount must be limited to four or five millions of dollars a month." I say to such persons there are certain laws in this country which seem to have been overlooked.

Section 3506 of the Revised Statutes provides that—

The superintendent of each mint shall receive and safely keep, until legally withdrawn, all moneys or bullion which shall be for the use or the expenses of the mint. *He shall receive all bullion brought to the mint for assay or coinage; shall be the keeper of all bullion or coin in the mint, except while the same is legally in the hands of other officers; and shall deliver all coins struck at the mint to the persons to whom they shall be legally payable. From the report of the assayer and the weight of the bullion, he shall compute the value of each deposit, and also the amount of the charges or deductions, if any, of all which he shall give a detailed memorandum to the depositor; and he shall also give at the same time, under his hand, a certificate of the net amount of the deposit, to be paid in coins or bars of the same species of bullion as that deposited, the correctness of which certificate shall be verified by the assayer, who shall countersign the same, and in all cases of transfer of coin or bullion, shall give and receive vouchers, stating the amount and character of such coin or bullion.*

Mr. President, I hold in my hand two of the forms of certificates of the deposit of silver bullion under this law. The first paper is a receipt dated at the assay office certifying the receipt from ———, the owner, of a deposit of silver bullion, for assay or weighing, weighing so many ounces, the net value thereof to be ascertained, and paid to the said depositor or order, agreeably to law. The next certificate here obtained is after the assay has been made.

Certificate of silver deposit No. ———, payable as follows.

And then follows the description of the bullion which he has deposited, in silver bars or silver dollars or gold dollars or gold bars. This certifies that the net amount of a deposit of silver bullion made at this assay office on the — day of —, by ———, for which receipt No. so-and-so was issued, is so many thousand so many hundred dollars, payable to the said depositor or order, as per memorandum on the return of such receipt.

That may be filled up for any amount or any number of amounts of separate deposits of silver bullion by any one. Any foreigner, any American, no matter who, who presents his bullion at the assay office, has a right to receive a certificate of deposit for so much of silver valued at so much in dollars. With these papers, which he may transfer by simple indorsement, special or general, what have we? Do I state the case too strongly when I say that this works an absolute revolution of the whole theory under which mints were established and for which they were intended? They were intended to coin metals; they were intended to certify their weight and fineness, and no more; they were intended to protect honesty against dishonesty; but they never were intended to become banks of unlimited paper issue. Yet that is precisely what they are to-day and what they will be, should this country be opened by this bill as a receptacle for all the vast hoards of demonetized silver in Europe. Already trade-dollars may be coined for any owner of bullion. Prince Bismarck

has the same legal right to have trade-dollars coined at the mints of the United States as I have.

No, Mr. President, I would state to my associates upon this floor, I would state to all to whom my opinion shall be conveyed, that the very best hope that can be had of the workings practically of this measure is to put the American people upon a silver basis for all their valuations. In other words, if this bill shall operate as it seems to me it must, according to its present provisions and adjustments of value, we shall take our rank with the Asiatics. Are we ready for that? Why, sir, if even that was the case and we could procure stability of values, there would be something comforting at least in that result. The great thing for honest dealing is not to settle present contracts; it is to fix future contracts; it is to give the unknown future certainty and to so fill the possibilities of justice. It is the want of fixity in the future that makes capital timid and which to-day deprives this country and the people of this country of that confidence which is essential for the restoration of their prosperity. But even if upon a silver basis, passing by the fact of its cumbersomeness, passing by its inconvenience in counting and transportation, passing by the fact that we must turn our silver money into merchandise whenever we approach an international transaction, yet I cannot pass by the fact that silver will not be a stable standard, but that as in the past so in the future it will fluctuate in its relation to the world's standard of value, which is gold.

Why, Mr. President, what a curse is this element of fluctuation and uncertainty of values. Owing to fluctuations in paper money there has been taken from this country in every year of the last decade more than it would have cost us to resume actually at any day during that period. It may be accepted as an axiom capable of demonstration *that all losses which arise from a fluctuating currency fall upon the producing classes of the country whose currency it is.* My friend from Mississippi [Mr. LAMAR] the other day put that statement in the form of a forcible apothegm when he said that every production of the people whom he represented, and chiefly cotton, the great staple of the Southern States, produced gold for every man except him whose labor brought it into existence. It is not only cotton; it is corn, tobacco, wheat, coal, whatever may be the commodity to which human labor is addressed for production. In America all of them have their price fixed in the gold standard of the English market.

I stood a year or more ago in that wonderful scene of activity, the corn and grain exchange of the city of Chicago. I saw a large number of excited, quick-witted, keen-eyed, vigorous business men buying and selling enormous quantities of grain at that great center. What was the dial upon which their eyes were fixed when a purchase or sale was to be made? Upon a large blackboard stood marked at intervals of every hour the price of American grain fixed in gold in the city of London. When the farmer of Minnesota or Wisconsin or Michigan or Illinois came to ask what he could get for his product the factor consulted London and then, and then only, informed him. Talk to me about our not recognizing our relations to the other nations! Where could there be a more practical illustration than your grain markets afford? Talk to me about our setting up a standard of values that shall not be affected when they come in contact or comparison with the standards of other nations! Why, sir, it is not reasonable, it is not just, it is not true. Therefore I repeat that if we shall choose that metal as our standard which fluctuates in its relations to the standard used in the market where the prices of our prod-

ucts are fixed, then every loss in the shape of brokerage or insurance against fluctuation will be borne by every producer in our country. I believe it can be shown that every year that we have delayed the resumption of specie payments, and a return to the standard value of the world, has cost this country more than would actual resumption at any time during those years.

Mr. President, the remonetization by the United States of silver single-handed and alone will not restore its value to an equality with gold, nor I fear prevent a further decline. Indeed, I have the strongest apprehension that the best we could expect would be to retain these metals at their present relations of value, because if other nations shall release their silver it will inevitably cause a fall in the price of that metal which unaided we cannot prevent.

But, Mr. President, I wish to consider the consequences to the people of this country of this arbitrary declaration of values in disregard of other nations, and the stamping of our coin at a rate which we know is in contradiction of its intrinsic bullion price. If the present relative values of the two metals, as it is now proposed to declare them, shall be carried out in this country, what will be the result? At once 10 per cent.—for such is the margin between the two, perhaps a fraction more—but 10 per cent. is stricken from the value of all the paper money now in existence in this country, because it is very obvious that no paper currency, no money of credit, can be more valuable than the metal into which it is reducible. The stream cannot rise higher than its source, and the promise to pay in a certain metal cannot be more valuable than the metal in which it is to be paid. Nay, further; what gives to the paper issues of the United States their value of 98 per cent. as compared with gold? It is the belief and confidence of the community, the owners of the currency, that they will be paid in gold within a short period, and that they will approximate and be fully worth their face, because they will be convertible into gold. But it is not to be supposed that a resumption in silver is any nearer at hand than in gold. The hopes which may keep our paper currency within 2 per cent. of gold now would be very fortunately maintained if it sufficed to keep it within 2 per cent. of silver when silver should be declared to be the standard of value. But the truth is that the reduction in the value of the paper currency seems to me the smallest injury of all. I know it will enter the pockets of every man in the community. I know it will take from every man 10 per cent. of the value of the money which he has. That is unavoidable, and that seems to me to be the smallest part of this unwise measure. It not only affects that which he holds to-day, but it affects every contract of every nature except those few which are expressly exempted by their terms, the great body of the contracts of this country, contracts for the delivery of products at a certain price. Take, for instance, the contracts for the delivery of last year's crop of cotton or of corn or of wheat or of tobacco, contracts which were made in dollars and will be paid in dollars worth ninety cents, at a loss to the farmer and the producer of just that sum. Nay, sir, every investment in the country which is not by its terms expressly excluded from this operation, must be shorn just so much of its principal and its interest. Every bond, every mortgage, every dower of a widow, every portion of an orphan will be paid in precisely so much less.

We have had a system in this country of over-extended life insurance, but still one that embraces a vast body of our fellow-citizens who demand our sympathy, our consideration, and our protection. I

am informed that there are policies of life insurance representing the hard earnings and savings of a most meritorious class of people, to the amount of \$2,000,000,000. This measure will take from the widow or the orphan 10 per cent. of what it was intended they should receive. The fire-insurance policies of this country represent a still larger amount, and \$5,000,000,000 is represented as being under protection of policies against fire throughout this country. Therefore, every man whose farm buildings, or whose homestead, or whose commodities are protected by fire insurance should recollect that a loss by fire will deprive him under this law of 10 per cent. of that which he had a right to expect. The savings-banks of this country, containing the results of thrift and self-denial, of industry and economy, not of strong men only, but of weak women and industrious children, amounting to \$1,000,000,000, are now in institutions paying low rates of interest, and all of them to be subjected to the shears of this most unjust measure.

I have spoken of the dower of widows, of the pensions of the veterans of our wars, to their widows, to the maimed, and to the crippled—all these are to be diminished, and in the same proportion; and, last of all, the holders of the bonds of the Government of the United States. Now, we have struck precisely the object of horror that has been held up to the American people and of constant denunciation, that this measure is to be justified because there is a debt amounting to about \$1,700,000,000 which can be forcibly and arbitrarily diminished to the amount of 10 per cent. That, it seems, is the great point of attack; that is the great justification. In order to strike 10 per cent. from those obligations in the hands of their present holders, this bill has been justified or sought to be justified.

I have not heard an advocate of this measure on the floor of the Senate launch his anathemas against any creditor half so fiercely and relentlessly as against the bondholder, and it is to strike off \$170,000,000 from his debt that we would strike down all else; and where one bondholder lost his 10 per cent., it is not going too far to say that one thousand homes of American laboring-men would feel still more harshly the pinch of poverty and the greater privation and suffering that will follow. Who hold these bonds? About one-half of them are held abroad by foreigners, and they have nothing, if it be nothing, but American honor and faith to protect them. They have no votes, and they have no representatives, and they have no influence here, and they have no remedy. They have no security except that contained in whatever there is of honor in the American promise. And it seems that the letter of the contract according to the belief and construction of a great many Senators provided for its optional payment in a metallic coin which has lost more than 10 per cent. of its value since the contract was made. But on this head my views have already been given to the Senate.

Mr. President, in this country a system of national banks exists and they are the chief holders in the United States of the bonds of the Government. Have Senators reflected for a moment how it came that all the banking capital in this country has been founded upon bonds of the United States? Was it a voluntary subscription? Did the stockholders of the banks or their officers go forward voluntarily and subscribe to those bonds? I remember it well. By a very ingenious and thoroughly successful stroke of policy, they were told to "subscribe to our bonds, for, if you do not, you go at once out of business," and that was secured by putting a tax of 10 per cent. upon all the circulation of banks who did not arrange themselves under

the Federal law and subscribe to the bonds of the United States. I will not stop or stoop to consider with what intention or what object, or who was the original holder and subscriber to these bonds. Perhaps the motive that led to their subscription was as pure and patriotic as ever influenced a human heart. Perhaps it was as full of greed and dishonest desire. That does not matter. The fact remains that according to the act of Congress the whole banking capital of the United States was compelled to array itself under the forms of subscription as guarantors of the credit of the Government; and now, having driven these men into this investment, it is proposed to shear them in the same way that the foreigner is to be. But let it not be forgotten that the banking capital of the United States to-day almost wholly, with the rare exception of State banks of discount and deposit here and there, is based upon the bonds and credit of the United States Government. The stock of the banks of course depends upon the security of the bonds. It does not stop there. The business of the country, the accommodation to the borrowers, all the circulation has this ultimate dependence upon the credit of the bonds which lie at the foundation of security for every bank in the country. You cannot strike down that interest without striking men who never saw a bond, who never owned a bond of the United States Government.

If a bank is crippled can it continue accommodations? And if it cannot who shall suffer? If stringency and distrust shall mark at once our business, who shall suffer? The men engaged in business, and not simply the banks, which are the instruments and the instrumentalities for distribution and discount and of currency. Oh, no, sir. A blow so blindly leveled will reach objects it never was intended to strike; it will prostrate interests of which we now can have but slight comprehension. For better or for worse, the fate of the banking capital of the country is rooted in the prosperity of the communities in which the banks are organized.

Now, sir, few men in the country can speak on this subject with less degree of bias growing out of personal pecuniary interests. Neither a bond of the United States nor a share in the stock of any bank ever belonged to me, nor had I a particle of interest in any of them; nor among those who own chiefly this bonded debt have my associations or connections been. The political party to which I belong does not embrace the wealth of the country, but, on the contrary, it has been my fate, my duty, and my honor to follow the standard of a party that has been politically arrayed against the grant of unjust privileges to special classes in the United States, so that when I speak of these banks, and when I detail the manner in which they have their interests interwoven with those of the entire community, it is quite as much and perhaps more out of consideration for the community, for the feeble and unprotected individuals throughout the land, who are not considered in this wholesale and sweeping measure, rather than for any body of aggregated capital, powerful by reason of its corporate and combined influence.

Sir, let me note another result of this bill. Instantly the revenue upon imports will be diminished 10 per cent. This bill proposes that silver, and not gold, shall be received at the custom-house. Of course there is a reduction of revenue at once of 10 per cent. upon the whole amount of imports.

Then there comes another fact, that while you may shear 10 per cent. from the interest which your foreign bondholder expected to obtain, there is nothing in the bond which has been so critically and sharply construed that compels him to retain it; and I say now,

Senators, that one of my gravest apprehensions of the results of the passage of this bill is the return from Europe for sale in the United States of a large proportion of the United States bonds now held abroad.

Reason as you may here about your rights in regard to insisting on the letter of this law, I tell you that the verdict of the commercial world will be, that you treat those creditors unjustly when you pass such a measure as is now proposed. The reasons for that I have heretofore given, and I shall not repeat them; but if that be their feeling, then remember there is another factor not so measurable, but equally powerful and dangerous, the factor of distrust, the factor of betrayed confidence, the factor of fears which cannot, as I say, be measured, but which influence men potently even if in an undefined degree, which may cause them to feel that, if 10 per cent. can be taken from them because of an emergency in financial affairs, perhaps the diminution may be 50 per cent. when another emergency shall arise, and they may well fear that some future Senator from Ohio may come here with some new construction to declare that the right to stamp money falsely to the amount of ten cents' debasement is not much exceeded by stamping it at 50 per cent. debasement; for, Mr. President, this measure is a debasement of the coin of the United States. It would be no worse, but rather better if you took two grains of gold from your standard dollar and said that those 23.8 grains should represent the 25.8 grains. You would in fact be giving your creditor just as much in gold as to-day you propose to give him in silver, and at the same time there is enough in such a proposition to shock the confidence of any man.

Now, I ask if we had no public debt would this thing be done; would we commit this assault upon the property of our own people? And if we would not, in the name of simple justice and honesty ought we to stab ourselves in order to strike down somebody who has been guilty of trusting us? Can we afford on the coldest and lowest basis of calculation to do such a thing as this now?

Sir, there has been sometimes in this debate an assault not simply upon one form of accumulation, but upon all. Capital has been denounced on the floor of the Senate as a monster, tearing its gains from the very heart of industry and oppressing all its debtors.

Surely, Mr. President, this is unjust. What is capital? It is but the accumulation of labor. The very highest instincts of humanity are exercised in procuring and amassing it. It is the glory of our institutions, and nowhere have I ever heard that more resoundingly pronounced than on the floor of the Senate that the institutions of this country offer no impediment to the poor man or the poor man's son rising to place and power and property; that all the avenues are thrown open to him; and does not this Senate Chamber itself proclaim the fact? How many men who hold their seats here to-day, how many of those men who have held seats here in times gone by, have known youths of poverty struggling against adverse fortune, and who have triumphed and have gained place and gained fortune and power by the liberal, generous, equitable institutions of American Government. Sir, the people of this country are not downtrodden. The history of this country proves by the men who have been your Presidents, your rulers, yes, your millionaires to-day are men who started at the lowest round of fortune's ladder and have had their upward path impeded by no obstacle whatever.

Why, sir, there is not an apprentice in the land who does not hope to become a journeyman; there is not a journeyman in the land who

has not his visions of becoming an employer of men; there is not an employer of men who is not struggling daily to better his condition and to place himself in a position of independence pecuniarily. What becomes of the virtue of thrift which we so commend; the virtues of self-denial, of self-control, and of industry? They are all meant for one purpose, to lift men beyond the risk of temptation and place them where every good man would wish to be, in a condition of being able to help others less able or fortunate than himself. The man who overvalues money is simply unwise, but the man who undervalues it cannot be said to be wiser.

It seems to me that, by assaults general and undefined but ever violent upon capital, we are making war on the virtues which create it and we are teaching ill examples to those whom we invite to cultivate and practice those virtues. Who shall be benefited, therefore, by these assaults upon capital; who shall be benefited by a law which seems to have for its chief recommendation that it cuts off a certain percentum of the accumulations of labor? Is it the laboring-man or the farmer or the mechanic? It cannot be, because as they are paid so they pay. Each man becomes a creditor as well as a debtor, and it is a certain fact that every laboring-man in the country when he has performed his day's labor is a creditor, and if he be not paid by the day but is paid at the end of the week, then he is simply a creditor for a larger amount. It cannot be that the laboring class are the debtor class. On the contrary, as I say, there is not a day in the year when the sun goes down when they are not the creditors of capital for the amount of their wages for that time. Now, are they to benefit from this bill? Surely not, because they will be paid in this dollar of lessened value.

So I say, considering the great fact that each man in the community sustains the relation of creditor as well as debtor, that if he can pay his debts in this depreciated money he will be paid himself in the same money, nothing can be made of it that I can understand, excepting that a class of people who having purchased property at exaggerated prices and finding it now shrinking in value may have an opportunity of scaling their debts to the injury, the injustice of their creditors; but I can see no other class aided in any way, because it is plain that the number of yards of cloth in this country is not increased by cutting off two inches of the yard-stick, and it is just as reasonable to say you make men richer by giving them a dollar of less value than the one they had before, for the dollar is the measure of value as the yard-stick is the measure of cloth.

But, Mr. President, can you resume specie payment in silver any better than in gold, because if what I have said is true you cannot have both? On the 1st of February of the present year the best estimate and the most authoritative which I have been able to find, placed the amount of gold coin and bullion in the United States at \$187,000,000. The amount of silver coin and bullion was \$50,000,000, which included \$45,000,000 of the subsidiary coinage. The total annual production of silver and gold altogether in the United States is about ninety millions, of which fifty millions are of gold and forty millions are of silver. Now, leaving out the fact that the expense of coining silver is according to the authority of the Director of the Mint about four times as great as of gold, let me ask upon what reasonable basis it is supposed that we can resume better with fifty millions of silver than we can with nearly four times fifty millions of gold? Is it not indisputable that resumption must be delayed, and that if it be impossible to resume with gold with this large amount in the country,

it is still more impossible to resume with silver in a much smaller quantity. You must wait until enough is coined and put into the Treasury afterward. It costs just as much to hoard silver as gold, and more to coin it, and let me here ask is there any reason why if gold is kept out of circulation because it is 2 per cent. higher than paper, silver should come into circulation when it is 2 per cent. higher than paper. The same amount of premium that keeps gold from circulation with paper would keep silver from circulation, and as I have before shown, paper must hold the same relative relation of value to silver, when it is once made convertible into silver under the promise to convert it into silver, as it is into gold under the promise to convert it into gold.

Now in regard to the double standard, I do not propose at this time to fatigue the Senate or myself by considering this exceedingly difficult problem. It is known to the Senate that for many years it has baffled the investigations of men who are trained for the consideration of such topics, that on either side of this question, the single or the double standard, there stand arrayed strong intellects and earnest hearts differing widely as to the feasibility of maintaining a double standard. When the English people in 1691 found themselves in sad distress by reason of the disorder of their currency, they did not subject it to the violent test of popular discussion. Plans there were; opinions there were, as many as there were men. But finally in the calm, philosophic intellect of two of her greatest men, her scholars, her philosophers, she found the avenue of escape and relief. It was not to the noisy demagogue; it was not to the ambitious politician; it was to the calm minds of John Locke and Isaac Newton that this great question was relegated and by the suggestions of Locke chiefly was it decided.

Locke, in his essay upon the value of money, which from the time he wrote it until now has been accepted as containing truth enough to guide the considerations of this subject, declares, at page 151, that:

Two metals, as gold and silver, cannot be the measure of commerce both together, in any country; because the measure of commerce must be perpetually the same, invariable and keeping the same proportion of value in all its parts. But so only one metal does, or can do itself: so silver is to silver, and gold to gold. An ounce of silver is always of equal value to an ounce, or the other, of double the value to an ounce of gold; and two ounces of the one, or the other, of double the value to an ounce of the same. But gold and silver change their value one to another: for supposing them to be in value as 16 to 1 now, perhaps the next month they may be as 15½ or 15¼ to 1. And one may as well make a measure, *v. g.* a yard, whose parts lengthen and shrink, as a measure of trade of materials that have not always a settled, invariable value to one another.

One metal, therefore, alone can be the money of account and contract and the measure of commerce in any country. The fittest for this use, of all other, is silver, for many reasons, which need not here be mentioned. It is enough that the world has agreed in it and made it their common money, and, as the Indians rightly call it, measure. All other metals, gold as well as lead, are but commodities.

Commodities are moveables, valuable by money, the common measure. Gold, though not the money of the world and the measure of commerce, nor fit to be so, yet may and ought to be coined to ascertain its weight and fineness; *and such coin may safely have a price as well as a stamp set upon it by public authority, so the value set be under the market price.*

For he knew that if the value put upon the gold was *over* the market price it would drive out the corresponding metal which had been undervalued proportionally. That which Locke contributed to this most important question was accepted by the genius of Mirabeau in the legis'lation of the French Republic. After the standard in 1803, the Latin standard, so called, of 15½ to 1, was adopted by France, they have maintained it until now.

Mr. President, at this time this question is undergoing the most careful and elaborate examination in Europe. Not now only, but for years past it has agitated that small circle of profound thinkers who are continually studying causes rather than effects. There is before me an address to the King of Holland from the Society of The Netherlands for the Promotion of Industry, which recognizes this fact, that Holland had been prosperous under a silver standard, but that under the late legislation of leading governments of Europe, to use the words of this society, being forced to "change its monetary legislation," most unwillingly were they yielding to a pressure on this subject which they could not avoid, and they say in conclusion :

We nevertheless admit the possibility that every effort for a general understanding may fail, and that it may therefore become necessary to give up all hope of seeing the double standard with a uniform proportion between the intrinsic value of gold and silver money generally adopted. If such should prove to be the case the Society for the Promotion of Industry, without entering into details, ventures to express the opinion that it would be then desirable to put an end to the present transitional state of our monetary system, and to adopt definitively the gold standard.

This is not done voluntarily ; it is the result of the overpowering coercion of neighboring legislation which that country was unable to resist. And here I will say, in the presence of my honorable friend from Iowa who has this bill in charge, that I think he will agree with me, and that he will so state to the Senate, that unless there shall be a correspondence between the adjustment of the relative values of these two metals under the laws of the United States and an influential number of foreign nations, we shall become necessarily a nation upon a silver basis only ; that in order to maintain a double standard we must have co-operation to that end ; and that this is the admission of the strongest and most decided advocates of the double standard in the United States as well as in Europe.

I say in the presence of one who has conscientiously studied this question with as ardent desire as I am actuated by, to prevent the demonetization of silver—I say in his presence, that there can be found no respectable authority that will tell you that, without co-operation and what they call "general understanding" between the leading commercial nations of the world, can the relative values of these two metals be permanently fixed, or fixed sufficiently to justify the erection of a double standard in one country, and that in our present condition, if the undervaluation of the silver dollar of 16 parts to 1 of gold prior to 1873 swept from us our silver, *a fortiori* the undervaluation in 1878 of gold 10 per cent. relatively to silver will sweep from us our gold still more rapidly and just as certainly. Is there a doubt of the truth of that proposition? There can be none.

It would perhaps be an affectation, a parade of examination, to read the list of those whom I have consulted on this subject, men of known authority, who have illustrated the whole of the last century, and many of them who are the controlling minds of this, who say that nothing but the common consent of leading nations can suffice to maintain an accepted, agreed relative value between the two metals of gold and silver and their use as equivalents as a standard. Therefore, I shall with great pleasure vote for the section moved by my honorable friend from Iowa, proposing at the earliest moment an international conference on this subject in which the United States shall be represented by the broadest and most acute minds which we can employ. In my judgment it should be done at once. There is not a day to be lost. It should have been done long before this, because I cannot look without a great degree of apprehension upon the

cessation of the use of this great and excellent material for money, the silver metal of nature as money by the people of the world. It is a vast problem. I think it has been stated by Mr. Seyd in language that may hardly be considered extreme as—

A question of human, intelligent decision for good or evil, and this problem falls under this head with far greater weight than any problem that has ever occurred in the history of commerce and civilization.

Sir, when an intelligent man of high character has made this subject the study of his life and he can present such grounds for grave apprehension of danger from discontinuing the use of one of these metals, it seems to me that we should give his counsels weight, and should pause for the reasons given by him, and for other reasons that will suggest themselves to our less well-informed minds, before we should definitely agree to abandon that for the use of money which has had the sanction of all times and of all countries. But do not let us suppose that by our passing a law single-handed and alone, without the co-operation of those with whom we are in association in industry and commerce, we can fix a standard which shall be maintained abroad and here. Gentlemen might just as well tie up the vane, the weathercock, and fix it in a certain direction, and believe that the wind will forever blow from that point. The relative value of the two metals must be justly fixed, otherwise one of them will be lost from the circulation in which they are sought to be placed.

Therefore I say I shall vote with pleasure for this amendment of the honorable Senator from Iowa, and in the mean time I shall be most willing to see coined freely this dollar of 412½ grains, provided it shall not be used in a way to disturb our measures of value and account. In other words, as it is of lower bullion value than the dollar which we call it, we shall give it a limited power in the payment of debts.

In the mean time and while this process of coinage is going on we can propose the co-operation and general agreement of other nations to a ratio between the metals. If the amount is limited to a legal tender of \$10 in any one payment, so as not to interfere with gold payments, then when this commission shall have made its return to us, when we have by treaty established some means of fixing and maintaining a double standard by force of the combined legislation of other nations with our own, then we shall be in a condition to take advantage of any result that may follow. If we have undervalued the coin we shall call it in and stamp it with the value that shall be agreed on. If we have overvalued the coin then we shall simply add to it, call it in and stamp it according to the new arrangement.

In either case we simply should have added to the currency of our own country, and for amounts which we have the power to control and for payments which will not interfere with the great business of exchanges between our own and other countries. It will be an honest currency of intrinsic value, and should it be that experience shall show us that we shall have to give it up as an international currency it still will be of use for our own people within our own boundaries. And the quantity that would be coined within time to ascertain this will not be in any degree inconvenient or excessive.

Nay, further, if the people of this country shall find that this disk, larger than those which they have been accustomed to, shall be needed in vast and increased amounts for their domestic uses, so be it; but do not let the producing classes of this country—and when I say them I mean the laboring classes, for labor alone produces—do not let them suppose that they will not be at a serious disadvantage, when they

are dealing with a measure of values that shrinks up in distortion the moment that it touches the standard of those nations with whom they deal.

Mr. President, there is a clear advantage in resuming in gold as soon as it is possible. It procures for us a certainty, a simplicity in our dealings. In the first place, the banks of this country have a very large amount of gold as their reserve, which, at present, they are unable, owing to the premium on gold, to exchange in their clearing-house arrangements. The premium upon gold ceasing to exist, at once the necessity of hoarding it will cease, and it will flow to and fro, making the exchange of balances between the banks far more easy and bringing renewed facilities to those who are the customers of the banks. This will give at once an increase to the volume of the currency of \$200,000,000. With this addition to the volume of the currency which has value in every hand, another thing will come: it is the *confidence* that capital will then feel in respect of the fixity of future contracts; then will come the era when men will loan at low interest at long dates, convenient dates, which those who have agricultural enterprises particularly need.

It will come then freely, because the owner of the money will feel sure that he will receive that which he lent according to the same measure. It will lower the rate of private interest, it will lower the rate at which the debt of the United States can be refunded. The figures have been placed before the country, showing the large amount that will be annually saved to the people of this country by refunding the debt at a lower rate. We all know that refunding has been arrested for the present; that whereas we are paying to-day very nearly an average of 6 per cent. upon our present loans, we could have readily gone on to refund the whole at a rate of 4 per cent., and should the debt of this country continue even for thirty years for which the bonds run, refunding for what then remained due would take place at the rate of 3 per cent. All that has been arrested by the untimely and ill-omened agitation of this silver question.

By resuming on a gold basis, we should not only prevent our bonds from coming back upon us from Europe and breaking down the market for all securities and producing a panic, the result of which no man can fully measure, but we should encourage other capital to come to us from Europe. It was only the other day that I saw in a newspaper of the South the proposition that the honorable Senator from Georgia, not now in his seat, [Mr. GORDON,] should be sent abroad for the purpose of procuring loans of capital from European sources for the purpose of developing the resources of the South. Sir, such a result is most devoutly to be desired; but I would say to my friend and to those who propose to send him that it will be utterly idle to propose to the owner of any capital an investment the measure of value of which shall be a fluctuating commodity. One thing capital will and must have, certainty, security; and that being given, then the money becomes cheap because interest is low. Bad security means high interest, and good security means cheap money; and every man knows that who has ever enjoyed good credit.

Benefit to public credit is benefit to private credit. Confidence will fill the atmosphere that surrounds all transactions; the creditor will feel more secure, and be more easy and liberal with his debtor, and the productive industry of the country will thrive in connection and with the ready aid of the capital of the country. Tariff reformation comes in an important element to unfetter the trade of this country, and let us deal more directly and more upon the principle of reciproc-

ity with those countries whose prosperity is so consistent with our own. All this it seems to me plainly within sight; and I ask shall the adoption of this unwise measure turn us back? As I said, it may enable some overburdened holder of unimproved lands or other unproductive real estate to scale his debts; but where it helps one such man, it will bring new privations unto thousands of homes; and I say candidly that I fear that this measure will prove but the entering-wedge of renewed discredit and depreciation of our currency. As you shall diminish the purchasing power of the currency you create necessity for the increase of its volume, and there lies the danger which it seems to me necessitates a renewal of the events and legislation of 1864, and 1865, and 1866, and a reinflation of paper issues, the weaker in credit the greater in amount; and a reinflation of paper issues of this Government means national bankruptcy and nothing else.