Smith, Charles Emory

The silver question

[S.I.]

[1895]
The Silver Question

SPEECH

OF

HON. CHAS. E. SMITH

Editor of "The Philadelphia Press" and Ex-United States Minister to Russia

BEFORE THE

LEGISLATURE OF PENNSYLVANIA

Wednesday, April 10th

1895
INTRODUCTORY.

The question of the hour which we have come to consider is one of transcendent importance. The maintenance of a sound and stable currency lies at the foundation of national credit, public confidence, business security and progressive civilization. Money is the measure of value and the medium of exchange. It is the tool of trade, the foot-rule of price and wage, the basis of credit which plays so great a part in the modern commercial system. Any variation of the unit of value affects all values. Any debasement of the standard vitiates and disturbs the whole gigantic fabric of national and international exchanges. There is no danger in the political and commercial life of nations so insidious, so subtle and so hurtful as the corruption of the currency. The vital necessity of preserving the integrity and the stability of that which provides the measure of values and expresses the ratio of exchange of all commodities and all labor is axiomatic.

From early days gold and silver have been The Two Precious Money Metals. They have remained in joint use, and have been kept side by side by being exchangeable at their relative value or by limited volume and legal tender. Standard implies unity, and there has been much confusion in many minds because the two metals have both been described as standard money. How two standards and two units of value? This confusion will vanish if we think of gold and silver, when linked together, as constituting a joint standard—one standard of two equivalents, duplex in its substance but single in its purpose, dual in its composition but one as to all other things. Civilized nations with banking systems have also employed paper representatives of coin, redeemable in coin; and thus gold, silver and redeemable paper have made up the monetary system.

During our recent history we have been forced to face and fight repeated and persistent attempts to drift our country upon a boundless sea of unlimited and irredeemable paper. Happily
these dangerous efforts have all thus far been defeated. **Now** we are called to meet the no less baneful scheme to

**Plunge the Country Into the Depths**

of unlimited and unexchangeable silver. The two movements are alike in character, alike in impulse, alike in purpose and alike in peril. We have successfully battled and beaten the first; and, in the interest of public integrity, financial security and business prosperity, it is no less vital to combat and conquer the second.

Let me at the beginning clear away any possible misunderstanding and define the bounds of the discussion. This is not an issue between gold and silver. I am not here as a gold monometallist. On the contrary, I am here to advocate with earnest conviction and by the only practical means the restoration of silver to its full function in the monetary system of the world. Those who assume to be the special champions of silver have a measure of right on their side which ought to be freely and fairly recognized. They are right in deploring the events which dispossessed silver of its position as the partner of gold and in seeking to rehabilitate it and reinvest it with its equality. They are wrong in assuming that this misfortune came through any unfriendly legislation of our government or that it can be remedied by any independent action of our country. They are right in deprecating a constriction of values and in urging a broadening of the monetary basis. They are wrong, woefully and unutterably wrong, in proposing a practical method, which, instead of broadening, would inevitably narrow and degrade it and destroy all stability.

The issue is between independent, isolated free coinage within our own limits, on the one hand, and international bimetallism, on the other. The fair demand is for bimetallism. Who then are the bimetallists? Not the advocates of free coinage, for

Their Policy Would Exalt Gold

and put the country upon the silver basis, and thus they are in reality silver monometallists. The real bimetallists are we who would restore silver and link it with gold, as it used to be, through the concurrent action of the commercial nations. Who are the true friends of silver? Not the advocates of free coinage, for their proposition would restrict its enlarged use to this country which alone could never accomplish its rehabilitation. Its true friends are we who aim at its full reinvestment by the side of gold in the monetary use of the world from which it has been dethroned. They may be the friends of the few thousand silver miners who are eager for quick returns, though even their selfish interests would be better served in the long run by a broader and more enduring policy. We, on the other hand, are the friends of the seventy million silver-users, whose interest lies not in degrading our country to the single and debased standard of Mexico, but in elevating silver to legal equality with gold in the world's commercial arena, and so re-establishing the broad bimetallic basis which would assure stability, quicken confidence, stimulate enterprise and promote prosperity.

**AMERICAN TREATMENT OF SILVER.**

With these preliminary observations I proceed to a more detailed consideration of the facts and issues involved in this discussion. At the outset I affirm that the premise of the free coinage advocates, except so far as I have already indicated, is false, their supporting statements incorrect, their arguments illogical and their conclusion wholly erroneous. What is their premise and what their argument? They denounce the law of 1873, which they charge with demonetizing silver, as a crime against the American people; they assert that this alleged proscription of silver has been followed by an era of falling prices, shrinking enterprise, agricultural hardship and widespread depression; they contend that these two alleged facts bear to each other the relation of cause and effect; and they conclude that the remedy lies through the unlimited coinage or purchase of silver, without regard to other nations.

Now, first of all, is it true that we have suffered such inculcable woes since 1873? I leave out of this discussion the past two years. So far as our own country is concerned these two years, with a new Administration and a changed economic policy, involve different conditions and questions. But is it true that prior to that change we were

**In Such an Unhappy State?**

How was it for twenty years before 1873 and twenty years after? From 1850 to 1870 we advanced in national wealth from $7,000,000,000 to $30,000,000,000, an increase of $23,000,000,000. From 1870 to 1890 we advanced from $30,000,000,000 to $65,000,000,000, an increase of $35,000,000,000. Was that growth of more than double so great a hardship? Protectionists have constantly asserted that the twenty years preceding 1893 constituted the most prosperous period in the history of the country. Are some of them prepared to recant and deny that truth
for the sake of bolstering up a misdirected argument for free and unlimited silver?

It is not to be disputed that there has been a decline of prices since 1878. Nor can we resist the conclusion that the world's restricted use of silver has operated to reduce the world's general range of prices. The just and rational view is that the fall is due in part to the international limitation of the monetary basis and in part to cheapened cost of production and cheapened interchange. It has been partly beneficent and partly baneful. The producer has seen falling values; the laborer has seen rising wages.

The Purchasing Power of Wages

is fifty per cent. greater than it was in 1870. If the productive force of the country has suffered some astringency or failed of its full development, the rewards of labor measured in the cost of living have never been so high. The farmer has seen the prices of his wheat dropping and dropping. But in Pennsylvania it is the competition of Dakota, and in Dakota it is the competition of India and Argentina. Twenty years ago it cost 23 cents a bushel to transport wheat from Chicago to New York. Today it costs 10 cents to carry it from Chicago to Liverpool. Twenty years ago the wheat crop of Minnesota, Kansas, and the Dakotas was only 20,000,000 bushels, and India and Argentina were not factors in the world's markets. Today the average crop of these four Western States, to say nothing of others, has increased eight fold, and India and Argentina are supplying from half to two-thirds as much wheat to the markets of the world as we are. It is cheap land, cheap transportation and cheap labor in competition which have brought down the farmer's prices, and he would find

No Remedy in the Free Coinage of Silver

which would enhance the cost of everything he buys and leave him exposed to the same deadly competition in the markets of the world. His interest lies not in going down to the silver level, but in lifting silver up to the normal level.

The whole number of silver dollars coined in the United States from the organization of the Mint in 1792 down to 1878, was only 8,045,538, and for more than twenty-five years preceding 1878 they had not been in circulation at all. I do not stop to give the explanation, which is well understood by all students of the subject. But between 1878 and 1890, under the Bland-Allison act, we coined 421,776,408 silver dollars, and under the Sherman act of 1890 we purchased 108,674,682 ounces of silver bullion represented by $155,031,002 in silver certificates, making altogether $777,707,410 of silver coinage or purchase in fifteen years.

In other words, in a single year since 1878 the Government of the United States has done six times as much for the silver dollar as in all the eighty odd years before that dividing line, and altogether within this period during which silver is represented as proscribed the Government has coined or provided for 72 times as many silver dollars as in its entire previous history! And yet the free coinage advocates first

Draw on Their Imagination for Evils

which are largely spectral and then draw on their misinforma-
tion for an explanation by charging them to an alleged demon-
etization of silver under which silver has been nursed and cod-
dled so immeasurably beyond what it experienced when they
themselves declare the law treated it as full legal tender money!
They conjure up fancifulills and explain them by fictitious
conditions. They are much in the position of Hood’s charac-
ter who
Seemed washing his hands with invisible soap
In imperceptible water!
Their argument breaks down right here at the foundation.
They ascribe the changed conditions to the act of 1873 which is
said to have demonitized silver. Grant that there were rising
prices before and falling prices after; the change clearly cannot
be attributed to our alleged outlawy of silver, when for a quar-
ter of a century before the change we had no silver dollars in
circulation and when shortly afterwards we entered upon the
coinage of over 400,000,000. The silver dollar existed in law
before 1873, but it did not exist in fact, and

A Law Which Was Not Operative
had no influence whatever upon prices. I shall have occasion
father along to deal with broader causes and influences; but if
the argument as applied by the free coinage advocates to our
country alone had any force, it would be against silver, for it
has been during the period of falling prices that we have done
most for the white metal. Never has any interest been so well
treated as the silver interest has been by our Government
during the past twenty years. No measure of protection or foster-
ing care extended to any other interest has been equal to the
approach the extraordinary degree of favor vouchsafed to silver or the
tremendous effort to support and uphold it. Since 1878 the
price of silver has fallen from $1.20 to 60 cents an ounce. The
bullion value of a silver dollar has fallen from 93 to less than 50
cents. Yet during this time we have purchased and coined
nearly $600,000,000. We have given it a market in the Treas-
ury when every door of Europe was closed against it. We
have gone on buying it, though the bullion value of the silver
we hold is worth at least $150,000,000 less than we paid for it.
We have not only bought this enormous quantity of depreciated
silver, but have given it to the people in circulation and for circu-
lation purposes have held it at par with gold, notwithstanding
its commercial decline. We have pledged the public credit; we
have maintained redemption and exchangeability; we have
raised the gravest dangers to maintain its parity so that every
dollar of the people should be as good as every other dollar.
And yet we are told that we have done nothing for silver!

FREE COINAGE MEANS THE SILVER STANDARD.

All this is made to count for nothing, and we are now again
confronted with the demand for independent, free and unlim-
ited coinage without regard to other nations. To this demand,
having thus cleared the way, I now address myself. What is
free coinage? The standard silver dollar is now worth about
50 cents. Free coinage means that the government shall re-
ceive all the silver which may be presented, and upon every 50
cents’ worth put the stamp of one dollar. As nobody, however,
expects it to be coined, it really means that the government
shall issue its note for one dollar in exchange for 50 cents’
worth of bullion, and that this note which the favored bullion
owner gets for 50 cents’ worth of his commodity shall be made
a legal tender for one dollar in current circulation. Now, what
would be the result? It would be

The Forced Circulation of a Dollar
worth one half its face. It would be the debasement of the
unit of value, and so the violent disturbance of all values. It
would be the destruction of stability, and so the overthrow of
confidence, security and prosperity.

Let me be entirely frank. I know the advocates of free
coinage claim that their measure would raise silver to the stand-
ard of gold, or perhaps they would prefer to put it, reduce gold
to the standard of silver—that, in a word, it would establish
parity. They point to the fact that the silver or silver certifi-
cates already in circulation have been kept at par, having been
bought 15 to 1, notwithstanding a far different market ratio. This
is true because we have limited the coinage or purchase, because
we have maintained the gold reserve, because we have pledged
the whole credit and power of the government to sustain parity.
But when we enter upon unlimited coinage under present condi-
tions we embark upon

A New and Dangerous Sea.

The free silver champions contend that our silver policy
has failed because we haven’t gone far enough and they insist
that free coinage would bridge the divergence and remove the
disparity of the two metals. There is no other pretense upon
which it can be defended for a single instant. If it does not
establish the equivalence of gold and silver at the determined
ratio it is rank repudiation and dishonor. It is the wilful adop-
tion of a debased standard and the compulsory circulation of a
depreciated dollar, with its robbery of labor, its unsettlement of
all values, its derangement of all finance and trade, and its incalculable wrong and dangers in every direction.

But what possible hope can there be, in the light of the facts already before us, that free coinage will re-establish parity? It was claimed just as confidently that the purchase act of 1890 would do it. What was the fact? Its first temporary effect was to raise silver so that the bullion value of a dollar which was 7½ cents in 1890 advanced for a short time to 84 cents; but it soon dropped back to 72 cents and

Has Been Falling Ever Since.

We were then buying pretty nearly the entire silver product of this country. It must be remembered, too, that India, the great sink of silver, in the east, was still under free coinage. While we were coining or purchasing nearly $600,000,000 of silver India was coining over $800,000,000, and during all this time and in spite of this great market silver kept on falling. India has since stopped her free coinage, and how, then, can we hope to do alone what the two together could not do?

Do you realize what free coinage by the United States alone involves? It involves one of two things—either the lifting up of the entire volume of silver in the world to the standard of gold, or else the dragging down of the United States to the single standard of silver. There is no possible escape from one horn or the other of this dilemma. The visible stock of silver in the world is about $4,000,000,000. Europe has over $1,000,000,000. The product of the United States in 1893 was 60,000,000 ounces. The annual product of the world has grown from an average of 40,000,000 ounces between 1860 and 1870 to an average of 1800,000,000 ounces. For the United States alone to enter upon free coinage means that we must stand ready to buy all of this vast stock that may be attracted by our open hand and open mint, and that, while it is now at a ratio of 32 to 1, we must undertake

The Stupendous and Impossible Task

of lifting it to equivalence with gold at the ratio of 16 to 1. It might not only that we shall stimulate and inflate our own pro-

duction, but that Europe will dump its surplus silver on us. I know the silver extremists deny this truth. I know they allege that the silver of Europe is in use as coin and that it could not be gotten here without a loss. But this answer will not bear exami-
nation, as a moment's consideration will show.

Ever since bimetallism was abandoned Europe has been struggling for gold. With the adoption of independent free coinage in this country that struggle would gain new force be-

cause it would be notice that the re-establishment of bimetallism had been indefinitely postponed. The Bank of France has $250,000,000 of silver, not in circulation, but locked up in its vaults. The Bank of Germany has over $150,000,000. The Bank of Spain has about $50,000,000, the Bank of the Netherlands $35,000,000 and others varying amounts. There are over $450,000,000 stored in the nine banking houses. This silver is worth nothing to them beyond its bullion value. It serves as a part of the metallic reserve for their paper money; but they could better sustain more paper on gold, and if they could make the substitution by sending this silver to the United States and exchanging it for gold, why wouldn't they do it? Let me give you commanding authority. Henry Cernuschi is the ablest champion in Europe of the restoration of silver and the recog-
nized leader of the bimetallists. In his pamphlet on "The Great Metallic Powers" he says: "As soon as the coinage of silver by the United States was free, Europe would set towards the United States just as Germany acted towards France, so long as France coined silver.

Europe Would Demoutotize Large Masses of Silver

and send them to Philadelphia to get them made into dollars, with which dollars she would get gold dollars despatched to her." And again: "Why is not the coinage of silver free in France? Because, were the coinage free, all the gold would emi-
grate, and France, deprived of gold, would no longer have a monetary medium either with England, or with Germany or with the United States. Very venturesome would be those who should recommend the United States of America to undertake single-handed what France will undertake only triple-handed." Wise counsel and admonition from the greatest of the friends of silver!

Let me add another impressive warning. And in order to make it specific will you pardon a personal allusion, and a state-
ment which I have never publicly made before and in making which at the present time I hope I am not altogether indiscreet.

In 1890 when the bill for the free coinage of silver was pending in the United States Senate, I had the honor of being the Amer-
ican Minister at St. Petersburg. The Russian Minister of Fi-
nance was Mr. Vishnegraski, who died only last Saturday—a statesman of extraordinary capacity and perhaps the ablest fi-
nance minister in Europe at the time. I had occasion one day to call upon him, and I found him with a copy of the

American Free Coinage Silver Bill,

then under debate in the Senate, lying open on the table before
His first expressions revealed his profound interest in the subject. He had studied the details of the bill to the minutest particular. He did not hesitate to pronounce it a most remarkable measure involving a most disastrous policy which, as a friend of the United States and of safe finance, he hoped she would not undertake. He inquired carefully after its prospects, and when in earnest words came the pregnant climax, which, as others were involved, I shall not in this public declaration venture to repeat in as specific a form as he gave it in that more confidential talk. But he said in substance: "If this bill becomes a law the United States will expose herself to dangers of which she has perhaps little idea; there is a great deal of silver in Europe; we have some in Russia; already the proposition has been made to me to join in a movement, in the event of the American adoption of free coinage, to unload a part of Europe's silver on the United States; but I believe this measure and this action would bring calamity and I hope the United States will make no such mistake." It was the clear vision and the weighty remonstrance of a statesman looking on with the truer perspective of distance and speaking with direct personal knowledge of dangers which the silver extremists profess to scout and deride.

With free coinage the surplus silver of the world would flow toward our shores as infallibly as the dropping apple seeks the ground. It would flow here because this would be its one great market.

At a Price Not Offered Anywhere Else.

Realizing the danger of this deluge some of the silver radicals have proposed to limit free coinage to the American product, but none of the free coinage bills has ever embraced that limitation. And if you tried it how could you do it? With a temporary artificial and exaggerated price here how could you prevent foreign silver from finding its way across our borders, as it has done in the past? Besides, suppose it were possible to succeed in such a restriction, that would not be free coinage at all. It would not lift silver in the markets of the world; it would not remove the disparity between the two metals; it would not, therefore, carry the only condition upon which free coinage could possibly be justified; it would simply enable anybody who has fifty cents worth of silver bullion to take it to the mint and have it stamped one hundred cents, or take it to the Treasury which would issue its note for it and force you and me to receive it for a dollar.

Are the American People Ready for that Amazing Folly?

Free coinage, I repeat, means that we must be prepared to buy the silver of the world. What would be the effect? Gold coinage would immediately stop. Who would bring gold to be coined when it was undervalued one-half? We should pay for the great influx of domestic and foreign silver in notes redeemable in coin. The notes would be presented and gold demanded. If gold were paid by the Treasury how long under this great demand would the reserve last? If gold were refused we should be instantly on the silver basis, and the Treasury notes and the whole circulation of the United States would fall to the silver level. Under such conditions gold and silver would not circulate side by side. Gold would go to a premium. Every dollar would be locked up or exported. The Government, stripped of its gold, would be forced to pay its creditors in silver, and that payment would reduce us at once to the silver standard. There is thus under free coinage no escape from one of the two alternatives, either that we must by our action alone raise the silver of the world to the gold standard, which is manifestly impossible, or we must drop to the silver standard.

Effect of the Silver Standard.

This then being clear, we come to the next question. What does the silver standard mean and what would be its effect? This question involves such broad considerations and such tremendous consequences that time will permit me to touch on only a few of them. The silver dollar is now intrinsically worth fifty cents. It passes for a dollar because, by limited coinage and full exchangeability, the Government has kept it up with gold. Under free coinage it would be worth whatever the world would rate the silver in it as worth. It might be fifty cents; it might be more; it might be less. It would follow all the fluctuations of a varying commodity, going up with the demand and going down after the deluge. It would be called a dollar, but only because the real dollar unit of value had been expelled; and it would be a dollar in fact just as much as if we were to lock up all the present yard-sticks and were to make a new unit of length consisting of a foot and a half, and were to assume that calling it a yard would make it a yard. If it takes ten yards of cloth now to make a robe, ten yards under the new unit would leave...
than the American dollar. Yet the American silver dollar will buy twice as much in Mexico as the Mexican silver dollar. The American silver dollar is quoted in London at 100 cents and the Mexican silver dollar at about 50 cents. Why? Because Mexico has free silver coinage and we have not; because Mexico is on the silver basis and we are not. But the free coinage advocates would put us there, and so put our dollar down to the level of the Mexican dollar.

The serious menace of such a change would bring on a great financial convulsion, and its accomplishment would involve a complete economic revolution. It was the apprehension of going to the silver standard that largely caused

The Monetary Panic of 1893,

and any real impending danger of such a catastrophe would produce a financial cataclysm that is appalling to contemplate. It would excite alarm at home and abroad; it would tumble our American securities back upon us; it would dry up the springs of credit, restrict loans, paralyze enterprise, cripple trade and industry, halt investments, and repeat on a larger scale the bitter experience of that disastrous crisis of two summers ago. Even if the silver standard presented the advantages which some extremists profess to think, the pathway to it would be strewn with too many wrecks and darkened with too much sorrow and sadness to be prudently undertaken.

But suppose, running these risks and making these sacrifices, we had plunged to the silver standard, what then? Practical object lessons are more vivid and convincing than theoretical discussions. Let us take a few object lessons. The amount of deposits in the savings banks of the United States is $1,747,461,280 and the number of depositors is 4,771,687. The average to each depositor is $365.86. The silver standard means that on an average every one of these nearly five million people deposited $665, each dollar worth 100 cents in gold, and would draw out $365 in silver, each worth 50 cents.

The Savings of the Working People of Pennsylvania go largely into Building and Loan Associations. Nevertheless, there are in this State 248,344 savings bank depositors with an aggregate deposit of $66,025,821 and an average individual deposit of $365.97. The silver standard means that every one of these 248,344 Pennsylvanians put in 265 hard-earned 100 cent dollars, and would draw out 265 50 cent dollars. Pennsylvania has 1530 Building Associations, with assets amounting to $105,943,564, and a total membership of 272,580. All of these members are in their organized capacity lenders, and each is in turn a borrower. Each is a capitalist and belongs to the much-denounced “creditor class” to the extent of $851. These Associations received last year $4,469,660 and divided $12,983,970. The whole system depends upon the value of the assets in the shape of mortgages, and collapses unless that is sustained. On the silver basis these 272,580 persons, all wage-earners, would find their $103,943,564 cut in two, and the only persons who would get any compensation would be the fraction of borrowers at that particular time. Take another illustration. The aggregate pension disbursements last year were $140,772,183.78 and the number of pensioners 999,542, of whom 734,382 are the gallant invalid veteran defenders of their country and 215,162 are the widows or orphans of Union soldiers. The payment to each pensioner thus averaged $114. The number of pensioners on the roll of the pension office at Philadelphia was 57,749 and at Pittsburg 45,774, a total of 103,523, nearly a ninth of the whole number in the Union. Under the silver standard the $114 going on an average to each of these nearly million pensioners would be 50 cent dollars, worth 72 real dollars. Take still another and impressive illustration.

On January 1, 1894, the life insurance policies in this country numbered 7,805,817, representing insurance of $5,391,821,000, and assets of $919,810,131. Considering wealth and population together, at least an eighth of this insurance is held in Pennsylvania, or say 1,000,000 policies—sometimes more than one for the same person—representing $650,000,000 of insurance and $120,000,000 of assets. The average amount of a policy is $700, and so the great mass of policy-holders are persons of moderate means. The security for the payment of this vast insurance is two-fold: first, existing assets, either mortgages or shares and bonds, and their value or income would be cut in two by going to the silver basis; second, fixed annual premium payments, and their purchasing power in investments would be halved, since the amount was fixed on the gold basis and would be paid on the silver basis. Of life insurance assets 75 per cent are mortgages or shares and bonds, and this colossal contract for the future, involving in Pennsylvania alone nearly 1,000,000 policies and $650,000,000 of insurance, would by the silver standard be depreciated one-half in value. There is yet another and momentous danger.

The amount of American securities owned abroad is generally placed at about $2,000,000,000. Speaking in the House of Commons in 1893 of the volume of British Investments outside
of the United Kingdom, Mr. Gladstone said: "One thousand million pounds would probably be an extremely low and inadequate estimate. Two thousand millions—that is, in round numbers, ten thousand million dollars—or something even more than that, is very likely to be nearer the mark." Burdett’s Official Intelligencer for 1894 places the aggregate of foreign securities held by British investors, based on the income tax returns, at $3,810,095,000. The United States has one-half the railroads and telegraphs of the world, and it has a fifth of the British foreign trade. It is therefore a reasonable presumption that some fraction between a fifth and a half of the British foreign holdings are American—some figure between $800,000,000 and $1,900,000,000. Add other European holdings and the aggregate will reach $2,000,000,000 or over, on which from $10,000,000 to $100,000,000 are paid in dividends and interest. This amount is now paid in dollars worth in London 100 cents. On the silver basis it would be paid in dollars worth in London 50 cents. Under such circumstances, how long would it be before these securities would be precipitated upon the market with all the consequences of such a movement? The stock of the Pennsylvania Railroad aggregates $129,215,000. Of this amount 46 per cent., or about $60,000,000, is held abroad. Imagine the effect of having even a half of this vast proportion or a quarter of all the shares of the Pennsylvania thrown on the market! This would be inevitable.

Unless the Dividends Were Paid in Gold,

and to do that would require either doubling the amount set apart or halving the dividends. Not a few hold this specifically payable in gold. In every such case it would take just as much money to pay the premium on gold as would be available for the dividend or interest. The effect on all railroads may be shown by a single illustration. The Illinois Central pays 5 per cent. dividends. This takes $2,500,000. Last year the road had $2,963,275 available, leaving a surplus of $465,275. Of the stock about 40 per cent. is held abroad. To pay the foreign stockholders requires $1,000,000. If they are paid in gold $1,000,000 would be required, and so the whole dividend must be cut down. If they are paid in silver the value abroad will be cut in two and the foreign holder will sell. How can such a situation fail to bring a crash?

These are a few illustrations of what isolated free coinage and the silver standard involve. But it is claimed that if we were on the silver basis we should enjoy great advantages in foreign commerce and command the trade of the silver countries.

We should, indeed, put ourselves financially upon the level of Mexico and China and India, but with what result? The imports of the gold standard countries amount to over $8,000,000,000. Year, and those of the silver standard countries to less than $1,000,000,000. The exports of the gold standard countries reach annually $7,000,000,000 and those of the silver standard countries only $1,000,000,000.

Why Should We Abandon the Advantages of the former in a struggle for the latter? During the last fiscal year our exports to Europe amounted to $690,000,000 and our imports to $274,600,000. Here was a balance in our favor of $415,000,000, which was paid or credited to us in gold value. During the same time our exports to the silver countries amounted to $432,000,000 and our imports to $170,000,000. Here was a balance against us of $262,000,000. We should continue to pay this sum in silver or its equivalent as we do now; but why should we be so idiotic as to put ourselves on the silver basis in order that Europe may pay us $415,000,000 a year in silver values instead of gold values? Why should we upset our monetary medium with the great commercial nations, and subject our commerce to the incautious tax and burden and depression of a constantly uncertain and fluctuating exchange?

We hear talk loosely of the debtor class and the creditor class, and flippantly reason that so-called "cheap money" would help debtors at the expense of creditors.

Who are the Debtors and Who are the Creditors? The creditors are every depositor in a savings bank, every member of a Building Association, every pensioner, every holder of an insurance policy, every workingman who has saved anything out of his earnings and put it into institutions or investments dependent upon public security and honesty. Borrowing requires credit. It is the well off, not the poor, who borrow most. The borrowers would be found more on the stock-market than on the farm or in the work-shop. If a man seeks loans for legitimate enterprise or needed development, he is most interested in maintaining the public credit and confidence which makes easy terms and low rates. What he wants is not cheap money, but cheap loans. Repudiation is most costly to borrowers. It multiplies the risks and hardens the conditions. Depreciate the unit of value and you cheat every member of the industrial classes. The great body of workingmen would be the worst sufferers. Prices on a silver basis would advance because they would be paid in debased money, but the last thing to rise would be the wages of labor, and the sons of toll
to whom the false appeal is most cunningly made should be the most determined to resist and reject it.

The depreciated currency which is called "cheap money," but which in reality is the dearest, is the most insidious and deadly to all public perils. It deceives and deludes the unwary. It comes in attractive guise. It is, as has been said, like the cub of the liones, described by the Greek poet, which was rashly taken by the hunter into his home. When it was young it was fonderled by the children; but when it grew and felt its strength

IT Delayed the House With Blood.

There are those who unthinkingly fondle this young financial folly; but let it develop and it will fill the country with sorrow and ruin. The dangers of the silver delusion are so clear that some of the extremists recoil from the abyss. They tell us they have not advocated independent free coinage. I do not wonder that they shrink from their own conclusion. But their record confronts them. They have voted for free coinage. They have sustained and upheld those who voted for it. They have denounced those who did not accept it. Their argument means free silver coinage, or it means nothing. If they renounce the conclusion, let them renounce the contention. If they hesitate to plunge into the chasm, let them not lend up to the brink.

INTERNATIONAL BIMETALLISM.

What, then, is the true remedy? To find the remedy we must find the cause. The free coinage extremists mistake the one and so misapply the other. They begin wrong, argue wrong and end wrong. They charge the fall of silver to the act of 1873 which is said to have demonetized it, and they say it has not been restored to its position because we have not done enough for it. But the act of 1873 had no more to do with the fall of silver than the last eclipse of the moon. We hadn't any silver to demonetize. We had coined only 8,000,000 silver dollars from the foundation of the Government, and for a quarter of a century before 1873 there hadn't been a dollar in circulation. As to our subsequent treatment of silver, I have shown that since 1873 we have done 72 times as much for the silver dollar as we did in all our previous history, and, in spite of this, silver kept on falling.

What, then, has caused the great monetary dislocation of the past twenty years? It was not the demonetization of silver in the United States, but the overthrow of bimetallism in Europe. We had practically no silver coinage, and our act had no effect. Europe had $1,000,000,000 of silver coinage and her proscription of silver and the stoppage of her demand brought the derangement. For nearly two hundred years gold and silver had maintained a practically steady ratio. The production of the two metals had fluctuated in the most remarkable degree. During the first forty-five years of this century the output of silver enormously exceeded that of gold. During the next twenty-five years

The Conditions Were Reversed.

and the output of gold enormously exceeded that of silver. Within the quarter of a century following 1856 the mines of the world poured forth as much gold as during the entire preceding three centuries and a half from the discovery of America by Columbus.

Yet through these extraordinary changes in the relative quantity of gold and silver there was substantially no change in their relative value. The steady influence was the bimetallic system. Not all of the nations, indeed, had bimetallism. England had the gold standard; Germany and Austria had the silver standard; France and her associates of the Latin Union had the bimetallic standard; and with Germany's silver balancing England's gold, France and the nations of the Latin Union served as what Walter Bagehot called "equalizing machines," and upheld the monetary equilibrium. In 1871, two years before our much-abused and unimportant act of 1873, Germany abandoned the silver and adopted gold standard, and began to accumulate gold and sell her silver coin. Within seven years she sold $150,000,000 worth which flowed across the borders of France and Belgium. France and the Latin Union became alarmed and closed their mints to silver. Holland and other nations followed. The European outlet for silver was cut off. At the same time the imports of silver into India fell from 100,000 rupees a year to 30,000,000. While the demand was thus largely reduced the supply was largely increased. The annual production of silver was more than doubled just as this restriction of its use began, and it kept on until it was more than quadrupled. Here then is

The Cause of the Monetary Disturbance

and here lies the remedy. The uniformity in the relative value of gold and silver prior to 1873 was maintained by the bimetallic system; it was broken by the general abandonment of that policy; and it can only be reinstated by a general return. The restoration of silver must come through the concurrent action of
the commercial nations. The enlightened opinion of the world recognizes these truths. The entire twelve members of the British Gold and Silver Commission agreed that it was the bimetallic system which preserved the stable ratio between gold and silver down to 1873. The six gold monometallic members agreed that bimetalism is practicable and desirable for other nations, though they hesitated to recommend it for England. The remaining six members declared themselves unreservedly for bimetallism by international agreement. Germany, perceiving the great mistake she made in 1871, has declared for an international conference. England, impelled by the distress among her producing classes, is advancing towards this policy. France has been for it from the beginning. The depression of Europe urges it. And now what is

**Our True American Policy?**

We do not want to rest upon gold alone or upon silver alone. We want the joint use of the two metals upon conditions which will make every dollar as good as every other dollar in the pockets of the people, and in the markets of the world. We want the re-establishment on a broader scale of that bimetallic system which for seventy years, through the severest storms, through periods when the silver output was three times as great as the gold and through periods when the gold output was nearly five times as great as the silver, still kept them at a stable ratio and maintained the monetary equilibrium of the nations. To accomplish this result it is our duty to set our faces like adamant against the independent free coinage which would indefinitely postpone bimetallism and simply plunge us upon the silver basis. We ought to learn from our own experience. We have done more to promote the growth in Europe of a demand for international bimetallism since we stopped the purchase of silver in 1893 than we did during all the years when we were buying $600,000,000 of silver. So long as we alone were carrying the burden Europe smiled and remained passive. When we had sense enough to stop Europe began to be aroused to the necessity of action. Let us emphasize that lesson. Let us say to Europe by our acts as well as by our words:

**We Desire International Bimetallism:**

We believe the business of the world will be better for the broadest use of both metals, but the initiative now rests with you. Bad as the present situation is, we can stand it as long as you can. We know the German agriculturists are crying out for relief. We know the Lancashire cotton spinners are in distress and all the Indian exchanges are in confusion. We are ready to join you in an international agreement for the restoration of bimetallism; but if you are not ready and if it is to be a struggle for gold we are going to meet you on that ground.

Your London market was shaken when Mr. Vishnegradski boldly went in and bought $75,000,000 of gold to build up Russian credit. You were watchful and solicitous when Austria began to buy gold to rehabilitate her finances. You replaced that treasure by drawing on us. We know that France has wisely acquired $200,000,000 of gold while we have foolishly parted with that amount. But we are richer and stronger, more self-sustaining and more powerful in resources than the greatest of your nations; and if you are not prepared for bimetallism and if it is to be a contest for the accumulation of gold, then we give notice that we are going into the markets of the world to buy $100,000,000 or $500,000,000 if necessary, in order to take care of ourselves. Such a notice would settle the question inside of six months. Europe would seek a conference and international agreement would follow. That is the solution of the question. Independent free coinage is the pathway to the single silver basis and to untold calamity. The restoration of bimetallism through International agreement is the pathway to honor, safety and prosperity.