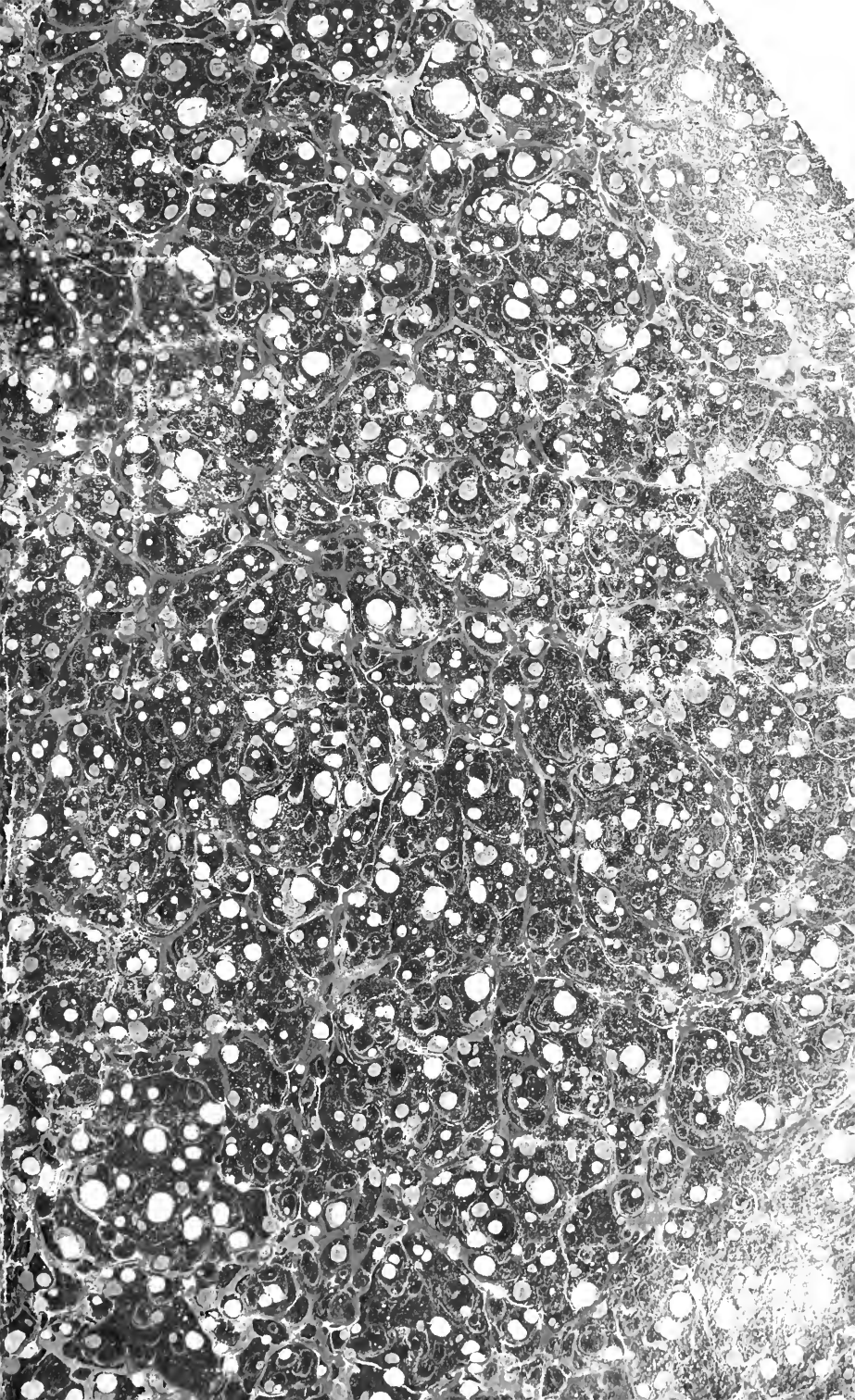
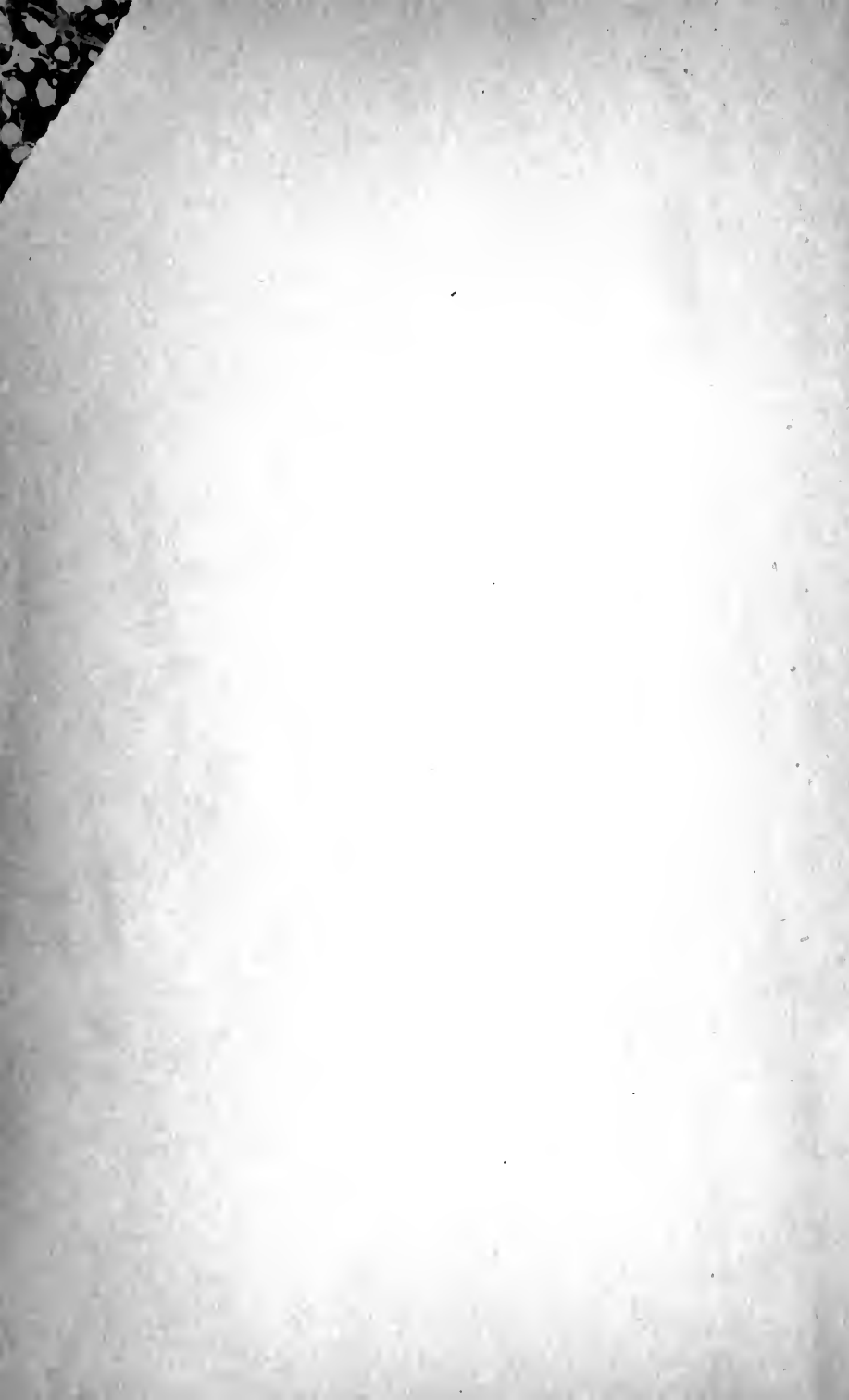


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THE COINAGE ACT OF 1873.

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SPEECH

OF

HON. JOHN SHERMAN,

DELIVERED IN THE

SENATE OF THE UNITED STATES,

MARCH 13, 1888.



WASHINGTON.

1888.

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## The Coinage Act of 1873.

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### SPEECH OF HON. JOHN SHERMAN.

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The Senate having under consideration the bill (S. 8) to provide for the retirement of United States legal-tender and national-bank notes of small denominations, and the issue of coin certificates in lieu of gold and silver certificates, and for other purposes—

Mr. SHERMAN said:

Mr. PRESIDENT: As a matter of course I shall not undertake to reply to the argument of the Senator from Kentucky [Mr. BECK] upon the silver question, but I wish now, before the subject passes from the attention of the Senate, to briefly reply to one or two matters of a personal character which the Senator from Kentucky feels himself justified in lugging into this controversy. I say "lugging" because this debate is but an addendum to the debate had the other day when the Senator from Kentucky started off against a bill intended to grant pensions to certain disabled soldiers of the Union Army. He extended from that point until he got upon the tariff, very naturally, perhaps; he thinks so at least, because every road leads to the tariff with him. When the tariff got to be a little tiresome he commenced talking about trusts and said that the great trusts were caused by the tariff. I ventured in a mild-mannered way to suggest to him a doubt whether trusts were caused by the tariff; whether trusts did not exist in domestic as well as foreign productions, and he answered promptly that the tariff was the great cause of all. I named to him the whisky trust, the oil trust, the cotton-seed trust, and other trusts of that kind, and wanted to know how they grew out of the tariff. Thereupon the Senator changed his ground and got onto the silver question, and then he commenced assailing me for the coinage act, and said I had been responsible for the coinage act of 1873. He spoke of it as having been secretly passed, surreptitiously done, etc., that I did it, that I knew it.

I was very indifferent to the previous part of his speech, but I felt a little sensitive that I was charged with having the management or custody of any bill whatever that was not openly and manfully discussed, and, although my opinions often differ with those of the Senator from Kentucky, I believe that he is as sincere and honest in his opinions as I am in mine. When the heat was over he should have withdrawn his imputation. He will never find me dodging responsibility, or evading or concealing a measure, in whole or in part, as long as I live; and in reply, I think I convinced the Senate that I did not

in this case. And now, Mr. President, his answer, near three hours long, is "lame and impotent" to the last degree. How does he answer? By going to the public records and showing by them whether or not the law was put through the Senate in a secret and suppressed and indefinite way? Not at all. The records are the evidence of our acts here; but instead of going to them, he quotes speeches which have been made on the stump, one by yourself, sir, [Mr. INGALLS in the chair], which he grossly misapplies. He cites what several gentlemen say they did not know.

He quotes from a speech made by Mr. KELLEY, of Pennsylvania, and other members of the House of Representatives, and a speech made by my friend from Iowa [Mr. ALLISON], not one of them bearing upon the question as to whether the bill under my charge was openly and manfully presented and discussed, and now, thank fortune, I am able from the original records of the Senate to show that that bill was more openly discussed, was more fully considered than any bill pending in Congress. It was submitted in every possible form to public opinion inside and outside of Congress, as is shown by the original records here upon my table.

What was the coinage act of 1873? Was it a bill of my devising? No, I never saw it until it was sent to me here, in a letter dated April 25, 1870, addressed to me as chairman of the Committee on Finance, from Mr. Boutwell, the Secretary of the Treasury. It was a long bill containing many sections that I had never before seen. With that bill came a history of the bill; that it had been prepared nearly a year before that time. At a time when we hopefully looked for the resumption of specie payments, then faintly in the glimmering distance, Mr. Linderman, not a man of my politics at all, but a leading Democrat, who had held for a long time the office of Superintendent of the Mint at Philadelphia, and Mr. Knox, Comptroller of the Currency, framed a bill to codify or include in one law all the coinage acts of the United States which were then in force. The bill was sent to us with a formal letter and it was printed. Here is the printed letter:

TREASURY DEPARTMENT, *April 25, 1870.*

SIR: I have the honor to transmit herewith a bill revising the laws relative to the mint, assay offices, and coinage of the United States, and accompanying report. The bill has been prepared under the supervision of John Jay Knox, Deputy Comptroller of the Currency, and its passage is recommended in the form presented. It includes, in a condensed form, all the important legislation upon the coinage, not now obsolete, since the first mint was established, in 1792; and the report gives a concise statement of the various amendments proposed to existing laws and the necessity for the change recommended. There has been no revision of the laws pertaining to the mint and coinage since 1837, and it is believed that the passage of the inclosed bill will conduce greatly to the efficiency and economy of this important branch of the Government service.

I am, very respectfully, your obedient servant,

GEO. S. BOUTWELL,  
*Secretary of the Treasury.*

The report and the bill were referred to the Committee on Finance April 28, 1870, and printed, and 500 additional copies printed for the use of the Treasury Department.

The report says:

The method adopted in the preparation of the bill was first to arrange in as concise a form as possible the laws now in existence upon these subjects, with such additional sections and suggestions as seemed valuable. Having accomplished this, the bill as thus prepared was printed upon paper with wide margin, and in this form transmitted to the different mints and assay offices, to the First Comptroller, the Treasurer, the Solicitor, the First Auditor, and to such other gentlemen as are known to be intelligent upon metallurgical and numismatic subjects, with the request that the printed bill should be returned with



such notes and suggestions as experience and education should dictate. In this way the views of more than thirty gentlemen who are conversant with the manipulation of metals, the manufacture of coinage, the execution of the present laws relative thereto, the method of keeping accounts, and of making returns to the Department, have been obtained with but little expense to the Department and little inconvenience to correspondents. Having received these suggestions, the present bill has been framed, and is believed to comprise within the compass of eight or ten pages of the Revised Statutes every important provision contained in more than sixty different enactments upon the mint, assay offices, and coinage of the United States, which are the result of nearly eighty years of legislation upon these subjects.

The Senator says that the silver dollar was surreptitiously and secretly suppressed by the operation of this bill. It did not become a law until three years afterwards, and, as I will show, it was printed thirteen different times, over and over again debated, and the debates upon the bill in the Senate occupied sixty-eight columns of the Globe, and in the House seventy-eight columns of the Globe, probably ten times as many columns devoted to it as the Senator's speech will make, and that is a long standard for debate. It was debated day after day. The first proposition submitted to us was the discontinuing the coinage of the silver dollar. The report of Mr. Knox called special attention to the discontinuance of the silver dollar as a standard, as may be seen from the following paragraph on page 11:

SILVER DOLLAR—ITS DISCONTINUANCE AS A STANDARD.

The coinage of the silver dollar-piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and, assuming the value of gold to be fifteen and one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about 3 per cent. (its value being 103.12) and intrinsically more than 7 per cent. premium in our other silver coin, its value thus being 107.42. The present laws consequently authorize both a gold-dollar unit and a silver-dollar unit, differing from each other in intrinsic value. The present gold-dollar piece is made the dollar unit in the proposed bill, and the silver-dollar piece is discontinued. If, however, such a coin is authorized, it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan and other oriental countries.

This original bill and report were sent, as I have stated, to all the leading specialists familiar with this subject, to the officers of the mints all over the country, to the leading bankers of the country, and to members of Congress, inviting their criticism. In the first bill that was thus sent there was this section, which I will read:

That of the silver coins the weight of the dollar shall be 384 grains (now 412½ grains), the weight of the half-dollar or piece of 50 cents shall be 192 grains; and that the quarter-dollar and dime and half-dime shall be, respectively, one-half and one-fifth and one-tenth of the weight of said half-dollar. That the silver coin issued in conformity with the above sections shall be a legal tender in any one payment of debts for all sums not exceeding \$5, except duties on imports.

That was substantially the form in which that section appeared in the last bill sent by the House here in the spring of 1872, two years afterwards, and that particular section which abolished, as you say, or dropped the silver dollar, was in the bill during all its history from the beginning to the end. The dollar proposed by Mr. Knox, instead of the old dollar of 412½ grains, was a dollar of 384 grains, or just the exact equivalent of two of the minor half-dollars, and reduced the dollar by their proposition to a minor, a subsidiary coin, and he specially called attention to this by saying the dollar was "now 412½ grains," and proposed to make the new coin a legal-tender for only \$5. That was the proposition.

Mr. DAWES. Just what the fractional currency was.

Mr. SHERMAN. Just what the fractional currency was. So in the

original bill the old dollar was displaced and in its place was put a minor coin equal to two half-dollars coined under the old act of 1834. That was the proposition, and it was sent to California and other gold and silver regions.

It was objected in California that the dollar proposed would not answer commercial exchanges, that they wanted a dollar even larger than the old silver dollar of  $412\frac{1}{2}$  grains, that they wanted a convenient coin into which silver, then being mined largely in that region of country, might be put for exportation. It was said if we would give them a coin of 420 grains, it would be worth about 3 grains more than the Mexican dollar, and that such a coin as that would fill the channels of commerce and enable them to export silver, at that time only valuable to be exported, not used by the people of our country, because we were then using paper and fractional currency entirely.

During this time the officers of the San Francisco branch mint made the following suggestion:

Would not the proposed change in the weight of the silver dollar disturb the relative value of all our coinage, affect our commercial conventions, and possibly impair the validity of contracts running through a long period? Might not the dollar be retained as a measure of value, but the coinage of the piece or circulation be discontinued?

Mr. E. B. Elliot, of the Treasury Department, gave a complete history of the silver dollar and suggested—

The issue of a commercial dollar of nine-tenths fineness, and containing of pure silver just 25 grams, in place of the then existing silver dollar of  $412\frac{1}{2}$  grains; the proposed silver dollar being almost the exact equivalent of the silver contained in the older Spanish-Mexican pillared dollar, established in 1704 by proclamation of Queen Anne as a legal tender of payment and accepted as par of exchange for the British colonies of North America at the rate of 54 pence sterling to the dollar, or four and four-ninths dollars to the pound sterling.

Mr. Robert Patterson, of Philadelphia, long an officer of the mint and an expert, recommended that this dollar of 385 grains be stricken out, and there is here a petition from the California Legislature—I had it in my hand a few moments ago; it is on the Secretary's desk—in which they ask Congress formally to raise the standard of silver and not to use this diminished dollar of 385 grains.

In consequence of this diversity of opinion among experts the Comptroller of the Currency dropped out the silver dollar entirely, said nothing about it, made no provision for it, but instead of that told us that if not omitted entirely a dollar ought to be inserted, as demanded by the Pacific coast, for commercial purposes, containing 420 grains.

Mr. President, from the beginning, from April, 1870, until the passage of the law on February 27, 1873, the provision discontinuing the old silver dollar of  $412\frac{1}{2}$  grains stood in that proposed law, printed here over and over again by both Houses through nearly three sessions of Congress, and yet members of Congress are quoted, forsooth, as saying that they never saw it! Whose fault was it?

Why, Mr. President, I have here the last print of the bill. Here it is, with the old-time appearance of decayed bills, folded away for good. Here it is in the very last print of the bill. Look at the history of it, and see whether there was anything secret about it. Here is the bill:

May 29, 1872.—In the Senate of the United States

Read twice and referred to the Committee on Finance.

December 16, 1872.—Reported by Mr. SHERMAN with amendments, namely: "Strike out the parts in brackets and insert the parts printed in italics."

Then follows:

January 7, 1873.—Mr. SHERMAN, from the Committee on Finance, reported additional amendments: which were ordered to be printed with the bill.

Then, two or three weeks afterwards, I do not know exactly when, although the date can be easily had, I called up the bill for consideration. Here it was, printed in double-leaded type.

I will read what I asked the Senator from Kentucky to put in his remarks, but I will put it in mine. Here is the proposition of the House. I have already read the proposition as it came to us originally. The proposition of the House was:

That the silver coins of the United States shall be a dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five-cent piece, and a dime or ten-cent piece; and the weight of the dollar shall be 384 grains; the half-dollar, quarter-dollar, and the dime shall be, respectively, one-half, one-quarter, and one-tenth of the weight of said dollar: which coins shall be a legal tender, at their denominational value, for any amount not exceeding \$5 in any one payment.

That is substantially as it stood at the beginning of this controversy, and yet the Senator says it was secretly, surreptitiously inserted.

The Senate, on the other hand, in deference to the demands made from the Pacific coast, where the great body of the silver bullion was produced, offered, instead of that, this proposition (and it is now the law), to strike out what I have read and insert:

That the silver coins of the United States shall be a trade-dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five-cent piece, a dime or ten-cent piece; and the weight of the trade-dollar shall be 420 grains troy, the weight of the half-dollar shall be 12½ grams; the quarter-dollar and the dime shall be, respectively, one-half and one-fifth of the weight of said half-dollar; and said coins shall be legal tender, at their nominal value, for any amount not exceeding \$5 in any one payment.

The following section was contained in all the different bills and the coinage act of 1873:

SEC. 18. *And be it further enacted*, That no coins, either of gold, silver, or minor coinage, shall hereafter be issued from the mint other than those of the denominations, standards, and weights herein set forth.

The amendment of the Senate converted the grains of the old half-dollar into the grams of the French. Instead of taking the diminished minor dollar proposed by the House, not the old dollar of the fathers that the Senator has been talking about, but the dollar of 384 grains, we struck that out and put in the trade-dollar of 420 grains, and then we adapted the minor coins exactly to the French grain, so that two half-dollars would be precisely equal to 5 francs in the French currency. That was done by common consent. It only amounted to a change of one-half of 1 per cent., 12½ grams being, I believe, the equivalent of about 193 instead of 192 grains. The precise fraction I will not pretend to state, but that was all.

Here was a proposition printed which lay upon that table for three months. Yes, the bill came over to us in the session before. It lay over through a vacation and was then taken up, and after some days, probably with considerable debate upon other questions, this proposition was put and carried almost *nem. con.*

Can any Senator say that he did not see this bill? No, Senators; no man would plead the baby act in that way. I never would. I did see it. I did see that the original proposition of the House was to convert the silver dollar into a minor coin, and I did not believe in that. I did believe that it was better to have a coin according to the desire of the California people; to give them a coin of commerce, a trade-dollar into which they might convert their silver bullion, mined from the American mines, to be exported in the best form for the Oriental markets.

That is what I thought; and every Senator and Member had the same

opportunity to see it, and no doubt did see it. But there is one thing which, it seems, some did not see, and the Senator from Kentucky did not and does not seem to know, and that is, the difference between seeing what is past and what is to come in the future. We did not see into the future, and it is not given to man to see into the future. We did not know that while we were acting here upon the official statement that a silver dollar was worth over 3 per cent. more than a gold dollar, by changes of production and other causes that position would be reversed. If any man had then said to me that within twenty years, yea, within fifteen years after that time the silver dollar would only be worth 70 cents on the dollar, I would have thought him crazy. All there is about it is that we did not foresee the great change in the value of silver bullion.

But when any one in the light of these facts will say of the members of that Senate or the members of that House, that they sought to do anything by indirection or by secrecy, he does injustice to himself; he can not do injustice to me, because the records are there, and the Senator has seen them.

Now, Mr. President, let us go a little further. I answered promptly to the Senator from Kentucky, and made this statement, not so clear as I have now made it, because I have the documents before me. He brings a collateral witness to prove that after all I was a secret conspirator, because at one time or another I proposed to make gold the single standard. There again he misrepresents my position. I did not make or propose to make it the single standard. I proposed to make gold an international coin, and to so change the coinage and the gold coins of all the peoples of the world that one would be easily converted into the other.

As these coins now exist, a franc is worth less than one-fifth of a dollar, and yet the dollar only passes for five francs, and the loss falls upon our people. So a pound sterling is not worth \$5, and yet in common account we call the pound sterling \$5. It has been the desire of scientists for more than a hundred years, commencing with Newton when he was director of the mint in England, that this difficulty of exchanges among peoples should be abolished, and it was the common sentiment of all the men who met in Paris, of all the nations, you may say, of Europe and Asia, that this difference should be in some way or other got rid of, so that the traveler might start in America and cross two oceans, traverse the world, with one American coin of unchangeable value.

What was the proposition? The proposition was that we should take the franc, which was the lowest standard or unit of value, as the unit, and then change our gold coins so as to make 5 francs of French coin exactly equal in size, in material, in shape, in form, to the five-franc gold piece. But as gold coins could not be readily issued in such small sums, it was proposed that we should take what is called the international, a gold coin of 25 francs, as a standard, and we recommended that the United States should make the half-eagle a coin of the exact commercial equivalent of 25 francs, and that England should make her pound sterling conform to this standard, so that 5 francs should be equal to \$1 and \$5 would be equal to £1. Austria, then greater even than Germany, was to make her 10 florins equal to 25 francs. So we should have an international coin of commerce which would go over the world.

Mr. President, that was the proposition. I was there, a citizen of the United States and a member of this body. I was not a member

*per se* of what is called the Paris conference, but I was invited. I went there. They published what was said in different languages. They gave me no special compliment in publishing what I wrote in two languages as if it was an extraordinary thing. All the proceedings were published in two languages. I read them, and after reading them all and finding a concurring opinion that what they meant to do was a good thing to do, I wrote the letter, not one word of which I now withdraw; not one word of which, fairly interpreted under the circumstances which then surrounded me, would bear the meaning that is now suggested. The Senator from Kentucky uses this letter, which I will ask to have put in the RECORD. It is not very long, not one-half as long as some of the schedules attached to the speech of my friend from Kentucky.

What we intended to do is plain and manifest. The Senator introduces this to prove what? That I was wrong in seeking to get an international coin? No; that was not it, but in some way or other that I wanted to conspire against silver; that it was silver I was striking at. Why at that time the silver dollar was worth over 3 per cent. above par. It was shortly before that time that Chevalier proposed to demonetize gold, and take the better metal, as he called it, silver, as the single standard. It was because silver had been practically abandoned for circulation, and every country in modern Europe and our own had been compelled to lower the standard of our coins in silver in order to prevent their exportation.

Does the Senator from Kentucky know that Tom Benton and the men of 1834 and 1837 who met this difficulty in the first place demonetized silver, and from that time to this we have been practically upon the unit of gold coin? Although nominally in law the silver dollar stood as the unit of value, yet in fact and in practice gold was the only standard of value. But the silver was coined freely into what are called minor coins, 50 cents and 25 cents, and there was 7 per cent. less silver put in them, so that they would not be exported. The whole object of this demonetization of silver was to prevent the silver dollar from being exported, as it always was exported, because it was worth more in the mints of Europe than in our own.

One difficulty grew out of the difference between our ratio in this country and that in Europe. In France it was 15½ ounces of silver to one of gold. In our country it was 16 ounces of silver to one of gold. The result was, as we undervalued silver according to the market value, our silver dollar, whenever coined, went abroad, and therefore for forty or fifty years there was none of it coined, although any man had a right to carry silver bullion to the mint and have it coined. Therefore, so far from intending any reproach or dishonor or depreciation of silver, we were trying to meet a difficulty entirely outside of the scope of that controversy between the two ratios.

The Senator from Kentucky must take notice that I say this letter, which I will ask to have printed in this place in my remarks, expressed my opinion better and more carefully than I could do now in anything that I would say.

The letter referred to is as follows:

HOTEL JARDIN DES TUILERIES, May 18, 1867.

MY DEAR SIR: Your note of yesterday, inquiring whether Congress would probably in future coinage make our gold dollar conform in value to the gold five-franc piece, has been received.

There has been so little discussion in Congress upon the subject that I can not base my opinion upon anything said or done there.

The subject has, however, excited the attention of several important commercial bodies in the United States, and the time is now so favorable that I feel quite

sure that Congress will adopt any practical measure that will secure to the commercial world a uniform standard of value and exchange.

The only question will be, how this can be accomplished.

The treaty of December 23, 1865, between France, Italy, Belgium, and Switzerland, and the probable acquiescence in that treaty by Prussia, has laid the foundation for such a standard. If Great Britain will reduce the value of her sovereign two pence, and the United States will reduce the value of her dollar something over three cents, we then have a coinage in the franc, dollar, and sovereign, easily computed, and which will readily pass in all countries—the dollar as five francs, and the sovereign as twenty-five francs.

This will put an end to the loss and intricacies of exchange and discount.

Our gold dollar is certainly as good a unit of value as the franc; and so the English think of their pound sterling. These coins are now exchangeable only at a considerable loss, and this exchange is a profit only to brokers and bankers. Surely each commercial nation should be willing to yield a little to secure a gold coin of equal value, weight, and diameter, from whatever mint it may have been issued.

As the gold five-franc piece is now in use by over sixty millions of people of several different nationalities, and is of convenient form and size, it may well be adopted by other nations as the common standard of value, leaving to each nation to regulate the divisions of this unit in silver coin or tokens.

If this is done, France will surely abandon the impossible effort of making two standards of value. Gold coins will answer all the purposes of European commerce. A common gold standard will regulate silver coinage, of which the United States will furnish the greater part, especially for the Chinese trade.

I have thought a good deal of how the object you propose may be most readily accomplished. It is clear that the United States can not become a party to the treaty referred to. They could not agree upon the silver standard; nor could we limit the amount of our coinage as proposed by the treaty. The United States is so large in extent, is so sparsely populated, and the price of labor is so much higher than in Europe, that we require more currency per capita. We now produce the larger part of the gold and silver of the world, and can not limit our coinage, except by the wants of our people and the demands of commerce.

Congress alone can change the value of our coin. I see no object in negotiating with other powers on the subject. As coin is not now in general circulation with us, we can readily fix by law the size, weight, and measure of future issues. It is not worth while to negotiate about that which we can do without negotiation, and we do not wish to limit ourselves by treaty restrictions.

In England many persons of influence and different chambers of commerce are earnestly in favor of the proposed change in their coinage. The change is so slight with them that an enlightened self-interest will soon induce them to make it, especially if we make the greater change in our coinage. We will have some difficulty in adjusting existing contracts with the new dollar; but as contracts are now based upon the fluctuating value of paper money, even the reduced dollar in coin will be of more purchasable value than our currency.

We can easily adjust the reduction with the public creditors in the payment or conversion of their securities, while private creditors might be authorized to recover upon the old standard. All these are matters of detail to which I hope the commission will direct their attention.

And now, my dear sir, allow me to say in conclusion, that I heartily sympathize with you and others in your efforts to secure the adoption of the metrical system of weights and measures.

The tendency of the age is to break down all needless restrictions upon social and commercial intercourse. Nations are now as much akin to each other as provinces were of old. Prejudices disappear by contact. People of different nations learn to respect each other as they find that their differences are the effect of social and local custom not founded upon good reasons. I trust that the industrial commission will enable the world to compute the value of all productions by the same standard, to measure by the same yard or meter, and weigh by the same scales.

Such a result would be of greater value than the usual employments of diplomats and statesmen.

I am, very truly, yours,

JOHN SHERMAN.

SAMUEL B. RUGGLES, Esq.

Mr. SHERMAN. There I stand, and would to God this day that a spirit might exist among the nations of the world that we should agree not only upon a ratio between silver and gold, but that we should agree upon a coin which, bearing the image of every nation according to its own devices, should be of equal and exact weight, value, and metal, travel over the world, and be the supreme standard of value among the nations.

The Senator from Kentucky says he does not know how the plan for an international coin was dropped out. He seems to think there was something suspicious about it. I can tell him. He need not have explored ancient history to have found it. It is true when this question came before the Committee on Finance we substantially agreed, with the single exception of Senator Morgan, of New York. He thought it might derange affairs in New York, the profits of exchange, the effect upon existing contracts, and perhaps it would; and he presented some difficulties in reducing our coins down to the standard proposed by the French ratio.

It would have created some trouble, but still the Senate would have passed it without much debate, and Senators around me were continually complaining of me for not bringing up that bill. The reason why it was not brought up was because Great Britain took ground against it, though her representatives had given a qualified assent. They said they would not change their pound sterling to conform to the proposed coin, because, in the first place, it was a matter of pride; in the next place, it would disturb the value of the shilling and farthing; that it would disturb the current of their money in the smaller payments of human life; that it would disturb to a slight degree the value of the farthing. When England had thus refused to enter into this international union, this international coin, as it may be called, it was found not to be feasible to proceed any further in the matter.

Then soon came on the war between France and Germany, and then these two nations were in no condition to negotiate with each other about coinage or anything else. This was the reason why this great effort at reform failed, for which Mr. Ruggles is fairly entitled to credit by the people of the United States. It was because England, from her exclusive pride and supreme selfishness, would not enter into this arrangement, and it fell dead. But I hope the time may come yet, in the lifetime of some of us at least, when this idea, so honorable to all the nations represented in that conference, so useful to mankind at large, so beneficial to every one who travels or trades, to every one who emigrates or migrates, will be finally adopted by the common consent of the great nations of the world. So much for that.

Now, what else is there that I care to answer in the speech of the Senator from Kentucky? He said we insisted upon paying our bonds in coin. So we did, and I thank God we did. If we had not paid our bonds in coin during the war, or promised to pay them in coin, what would have become of our credit? Even as it was, with the interest fairly secured by revenues collected in coin, our bonds went at one time in the markets of the world at about 40 cents on the dollar. Suppose we had not supported our credit, and maintained the standard that we had proclaimed, that we would not only pay the principal but the interest in gold? In the direst times of the war we bought coin and paid untold premiums almost to get it, in order to pay the public creditor. But that was to sustain the public credit and maintain the public faith.

The Senator said some harsh words—he will find them when he looks over his remarks, if he does so—about the men of business during the war, that they were grabbers, seeking something more than they deserved. My countrymen, it required patriotism, heroism, courage, and hope to take the bonds of the United States during that fearful war. All of you know how severely at times we were pressed, and how dangerously our credit was affected, and yet without that strong anchor of coin interest our bonds would have disappeared like the Confederate bonds into thin air, dishonored and unsung.

But, sir, thanks to the courage of the people of the United States, they stood by that policy, and by that means we are able now to legislate for a restored and advanced country of untarnished credit and to borrow money at a less rate than any country in the world.

Let us go a little further to illustrate the wisdom of the financial policy of the Senate. Senators may now be forgetful of one fact which I will state, not for the purpose of criticising any one—perhaps it may be new to the Senator from Kentucky, and yet he was here at the time it was done. When it became necessary to refund the public debt, after the first five-twenties had matured, everybody demanded a refunding act to lessen the burden of our debt. It was a very difficult thing to do. The Senate of the United States, after more care and deliberation than, so far as I know, it has ever bestowed on any bill, finally reported a bill to fund the public debt, to aid in the resumption of specie payments, and to advance the public credit.

On the 3d day of February, 1870, I was directed by the Committee on Finance to report Senate bill No. 380, “to authorize the refunding and consolidation of the national debt, to extend banking facilities, and to establish fixed specie payments.” The Congressional Globe shows that this bill received the most careful consideration. Its first form is printed on page 1587, Congressional Globe, part 2, second session Forty-first Congress.

The first section authorizes the issue of four hundred million of bonds redeemable in coin at the pleasure of the United States at any time after ten years, bearing interest at 5 per cent.

The second section authorizes the issue of bonds to the amount of \$400,000,000, redeemable at the pleasure of the Government at any time after fifteen years, and bearing interest at  $4\frac{1}{2}$  per cent.

The third section authorizes the issue of \$400,000,000 of bonds, redeemable at any time after twenty years, and bearing interest at the rate of 4 per cent.

The proceeds of all these bonds were to be applied to the redemption of 5-20 and 10-40 bonds and other obligations of the United States then outstanding.

It will be perceived that this bill provided for the issue of securities all of which were redeemable within twenty years and two-thirds of which were redeemable within fifteen years; so that if the bill as reported by the Committee on Finance had become the law no such difficulty as we now labor under would exist, but four hundred millions of these bonds would be within reach of the Government at this moment, and the four hundred millions would be due within two years.

The bill passed the Senate in substantially the form reported from the Committee on Finance by the large vote of 33 to 10, and was perhaps the most carefully prepared of any of the financial measures of the Government. In opening the debate I called the attention of the Senate to the great advantage the Government had derived from making its bonds redeemable at brief periods like the 5-20 bonds, the 10-40 bonds, and the Treasury notes. I also called attention to the fact that the same principle of maintaining the right to redeem had been ingrafted in the bill then before the Senate, that the duration of the bonds was divided into three periods of ten, fifteen, and twenty years, during which time, by the gradual application of the surplus revenue, the whole debt might be paid. This was the bill sent by the Senate to the House of Representatives, and if it had been adopted by the House there would be no trouble now about the application of the surplus



revenue, but by common consent it would be used in the speedy extinction of the public debt.

The bill was sent to the House of Representatives on the 11th of March, 1870, and there seems to have slept for nearly three months without any action on the part of the House.

On the 6th day of June, 1870, the Committee on Ways and Means reported House bill 2167, covering the same subject-matters as were contained in the Senate bill. The consideration of this bill was commenced by sections on the 30th of June, 1870. The material part of the first section of this bill is as follows:

That the Secretary of the Treasury is hereby authorized to issue, in a sum or sums not exceeding in the aggregate \$1,000,000,000 coupon or registered bonds of the United States, in such form as he may prescribe, and of denomination of \$50 or some multiple of that sum, redeemable in coin of the present standard value at the pleasure of the United States after thirty years from the date of their issue, and bearing interest payable semi-annually in such coin at the rate of 4 per cent. per annum.

Thus it will be perceived that instead of the three series of bonds provided by the Senate, the House proposed to authorize the issue of \$1,000,000,000, redeemable in coin after thirty years from the date of their issue, with 4 per cent.; and this difference in the description of the bonds was the chief difference between the proposition of the House and the Senate. To emphasize this difference I will read what was said by the chairman of the House committee reporting the bill:

It is a proposition to refund a portion of the public debt of the country at a very much lower rate of interest. It is a proposition that \$1,000,000,000 of that debt shall take the form of bonds, upon which the United States will agree to pay only 4 per cent. per annum. But in order to make those bonds acceptable to capitalists at home and abroad, further provision is made that the bonds themselves shall have a longer time to run, not merely for thirty years, but that they shall only be redeemable after thirty years; thus giving them, without the objections, the advantages which in a great degree attach to a perpetual loan.

This bill, with a very limited debate, passed the House on the 1st of July, 1870, and then immediately was offered as a substitute for the Senate bill and was adopted.

Those two rival propositions, differing mainly upon the question of the character of the bonds to be issued, were sent to a committee of conference composed on the part of the Senate of Messrs. SHERMAN, Sumner, and Davis. It appears that the chief controversy in the conference was as to the description of funding bonds to be provided for. After many meetings it was finally agreed that the bonds authorized should be \$200,000,000 5 per cent. bonds, \$300,000,000 4½ per cent. bonds of the character described in the Senate bill, and \$1,000,000,000 of 4 per cent. bonds, as described in the House bill. In other words, it was a compromise which, like many other compromises, was in its results an injury of great magnitude, but it was an honest difference of opinion between the Senate and the House, in which, tested by the march of time, the Senate was right and the House was wrong. But it is perfectly manifest that without this concession by the Senate to the House the bill could not have passed, and even with this concession the first report of the committee of conference was disagreed to by the House because of certain provisions requiring the national banks to provide the new bonds as the basis of banking, as circulation. This disagreement by the House compelled a second committee of conference, in which the contested banking section was stricken out and the bill agreed to as it now stands on the statute-books.

And thus thirty-year securities now at a premium of more than 25 per cent. were forced into the law by the determined action of the

House. Where the Senator from Kentucky stood on this question, or other gentlemen who now make complaint, I have not stopped to inquire, because I wish to make no personal issue. No doubt the members were honest in their convictions that long 4 per cent. bonds were best for the Government, better than the issue of short bonds bearing  $4\frac{1}{2}$  or 5 per cent. interest, but certain it is that the then House of Representatives is responsible for the terms of these bonds, and that I at least am free from this blame, if there be any, and am rather entitled to the credit, whatever it may be, of forming a better estimate as to what was best for the interests of the people of the United States.

Every man now who can see backwards can see what a terrible mistake that was. It makes a difference of one or two hundred millions of dollars. But does any man reproach those in public life who honestly believed that the time would never come when the Government of the United States could borrow money at less than 4 per cent.? They thought so, and I never would reproach them. I do not mention a name; I will not quote their language, because they were as honest as I was in insisting on other terms and conditions.

Mr. President, these are the three things about which I have been arraigned, and a kind of personal attack has been made upon me. The Senator talked about resumption. I do not want to say anything about resumption. Who does not feel that that great work of courage, not only in Congress but in the Departments and among the people, was one of the proud triumphs of our age and generation? I have no apologies to make for it.

As to the silver question, I am perfectly willing to debate it. I am not opposed to silver. I wish to God I could add more than 30 per cent. to the value of every grain of silver in the mines and in the world. The interest of our country is to have both gold and silver. You never can keep them at the present ratio except by doing one of two things, and that the Senator from Kentucky wants to break down. You must maintain the silver dollar at the gold standard by receiving them as gold and hoarding them when they are not readily taken by the people. If you would force the silver dollars now in the Treasury out among the people, you would break down their credit so that they would fall more and more. You therefore have either to maintain them at the gold standard by redeeming them at par with gold or you have got to put more silver in them to make them equal in market value to gold. I do not want to precipitate this question, and do not care to discuss it. The arguments are old. I do not care to have them repeated and printed at every session.

Whenever I can see the way clear, by general consent of the people interested in this product, with the consent of Colorado and Nevada and California, to take any steps to deal with the silver question, I am willing to do it. I think the time may come when we can make the silver production in our country the basis for coin certificates; but then we must buy it at market value; we must not take it at an artificial value. But after all the efforts of our silver friends, by these fierce attempts to get their money into circulation, silver has gone down steadily under this process. I should like to see it advanced, and I believe I can see my way clear to measures which if agreed to by them—reasonable in their character—would bring up silver nearer to its old standard.

When finally a fair ratio is fixed by the commercial nations of the relative value of silver and gold in the world, all we can do is to adopt

that ratio and base our action upon it. This Senate and this nation are powerful in many things, but they have not the power to fix the value in anything. You may hold a thing up to a standard of value by receiving it and redeeming it, but you can not make the value of a plate or a bar of iron or a grain of wheat. That is beyond the power of man. It must be fixed by the general market value among commercial nations. I do not intend to be led off into that discussion. Whenever the time comes when a bill of this kind, such as the Senator has introduced, shall be taken up and discussed in an orderly way, so that we can present our views to each other, not in the presence of a captivating audience, not for the purpose of filling the tomes of our RECORD, but for legitimate debate to convince each other as to what is best for our country, I shall be present with my friend from Kentucky prepared to consider the question.

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