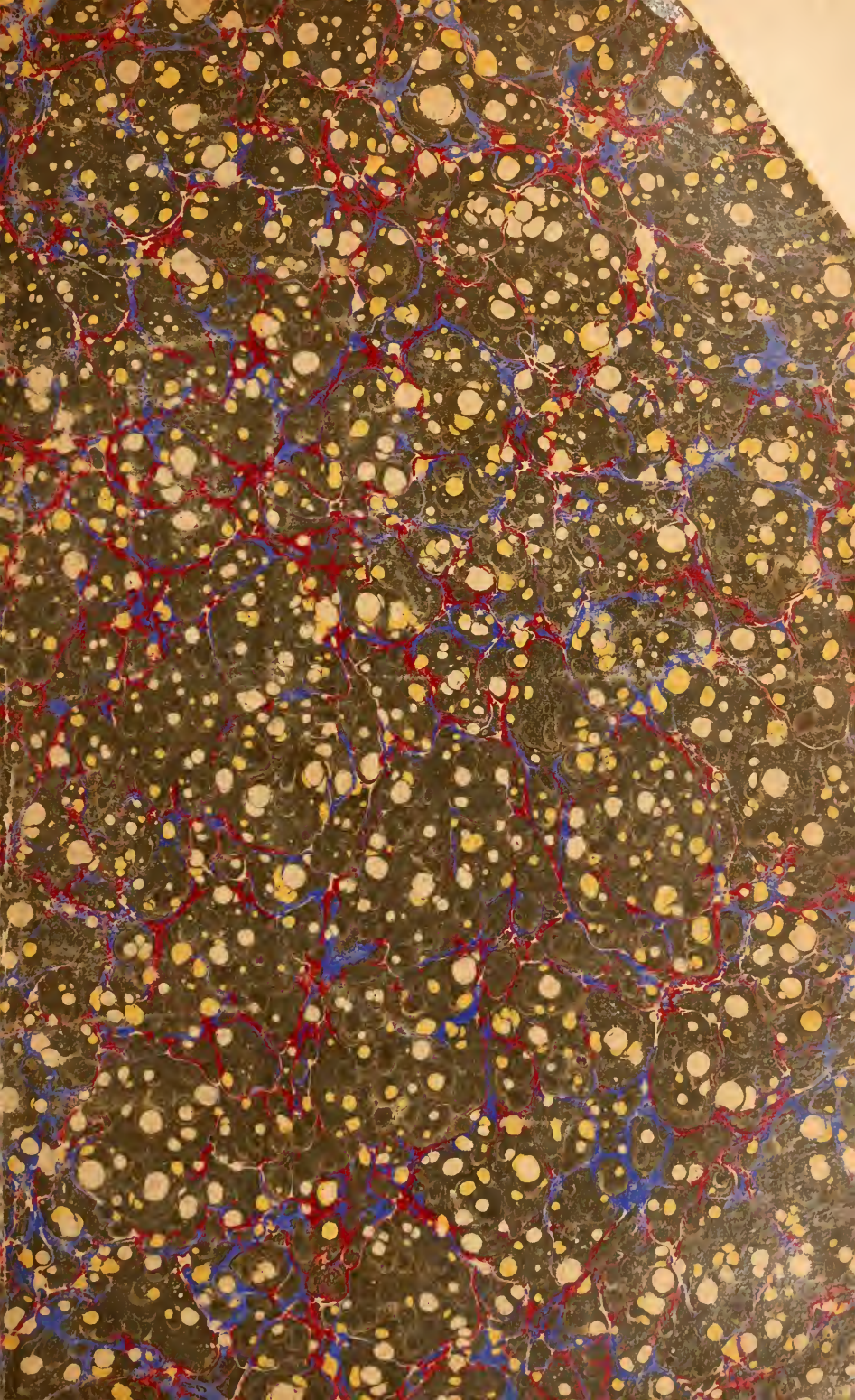
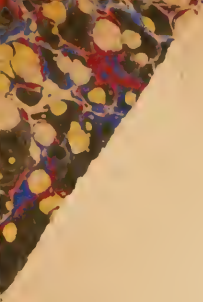


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[FROM THE CONGRESSIONAL RECORD.]

THE NEW SCHEME OF AMERICAN FINANCE.
A REPLY TO HON. W. D. KELLEY.

SPEECH

OF

HON. JAMES A. GARFIELD,
OF OHIO,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

WEDNESDAY, MARCH 6, 1878.

“Capital may be produced by industry and accumulated by economy ; but jugglers only will propose to create it by legerdmain tricks with paper.”—
THOMAS JEFFERSON.

“If there be, in regard to currency, one truth which the united experience of the whole commercial world has established, I had supposed it to be that emissions of paper money constituted the very worst of all conceivable species of currency.”—HENRY CLAY.

WASHINGTON :
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S P E E C H .

The House being in Committee of the Whole on the state of the Union,—

Mr. GARFIELD said:

Mr. CHAIRMAN: It is not of my seeking or according to my desire that any interruption of work on the appropriation bills is made by general debate; but the House, by unanimous consent, allowed the gentleman from Pennsylvania [Mr. KELLEY] two hours and a half yesterday, which he devoted to the criticism of a speech which I made one hundred and nine days ago against the repeal of the resumption act; and if I take an hour to reply I can hardly be charged with a wanton delay of the public business.

Mr. HARRIS, of Virginia. I interrupt the gentleman for the purpose of asking if it is the purpose of the Committee on Appropriations to allow the gentleman from Pennsylvania [Mr. KELLEY] to rejoin to the gentleman from Ohio and let the discussion go on indefinitely. If so, the House must interpose.

Mr. ATKINS. The House has already made its order, and it is not in the power of the Committee on Appropriations to change that order, nor does the committee desire to do so.

The CHAIRMAN. The House has limited debate to two hours and twenty minutes, and one hour is allotted to the gentleman from Ohio.

Mr. GARFIELD. There was not in my speech delivered on the 16th of November the slightest touch of personalty. I replied to arguments and criticised opinions; but I was not conscious of saying anything to wound the sensibilities of any gentleman. The gentleman from Pennsylvania [Mr. KELLEY] has been sometimes my antagonist but often my comrade on many a field of debate. We have served together in the same committee nearly five years; and though on a few subjects our differences of opinion have been marked and decisive, yet, so far as I remember, the courtesies of debate have always been observed and the obligations of friendship have been unviolated. During the past month we have spent almost two hours a day together in committee work, consulting on public questions. Nothing, therefore, could excite my surprise more than to find that, after nearly four months of waiting, that gentleman should have delivered a speech of two hours and a half, which from the beginning to the end of it was filled with the spirit of sneering, unkind personalty, closing finally with a statement coarsely irreverent, if not profane, branding me as especially arrogant, conceited, and egotistical in my bearing to my brother members. To all that, I shall make no reply, except simply to say this, that to a charge like that, from a gentleman whose colossal self-conceit has been the theme of pleasant jocularly among all his associates during the seventeen years of his service, no man on this floor need make a reply.

But it is of consequence not only to me but to all those who have an interest in these subjects to know whether the main statements concerning the financial facts on which my speech was based are trustworthy and the conclusions are warranted by the facts. To these alone I shall invite the attention of the House.

I am laboring under the same embarrassment I was under on the 16th November, when I replied to some points made by the gentleman from Pennsylvania. His speech then was withheld from the *Record*, and I was compelled to reply to it as I remembered it. And now, after the speech, which was mostly if not all in manuscript and for aught I know has been many weeks ready for delivery, was read deliberately to the House, it does not appear in the *Record* of this morning; and I am again compelled to trust to my memory of it, to the few notes I made while he read it, and to the brief notice contained in the morning papers. If I shall in any way misrepresent his statements the fault is mainly his own.

I am also embarrassed now, as I was in November, by the fact that the gentleman himself is not here; for I dislike to make reference to a member in his absence. But he sat in the committee-room of Ways and Means for two hours this morning, and he knew that I had the floor, and that I must speak now if at all.

The first forty minutes of his two-hour-and-a-half speech were devoted to overturning a proposition of mine which was incidental and not vitally essential to my argument. The line of my argument was this: that it was generally conceded that 1860 was a time of peace and of general prosperity in this country; that there was fair employment for labor and fair remuneration for the laborer; that it was an era of free banking, and the volume of the currency was \$207,000,000—the largest which the country had ever had, except for a brief period in the panic year of 1857. On that statement I drew the conclusion that it was due to gentlemen who said that we had not now enough currency to show how, after all that has occurred to us in years past, the present depression of prices, which are nearly, if not altogether, as low as in 1860, and the present non-occupation of laborers, three times as much currency now as we had in 1860 was still insufficient.

That was the drift of my argument; and upon the preliminary declaration that the year 1860 was one of peace and fair prosperity throughout the country the gentleman spent forty minutes to show that 1860 was one of our most distressful years, except perhaps the present, that this country has known. In the first place, he denied that it was a year of peace, and for three very curious reasons. First, because during the previous year seventeen men had invaded Virginia at Harper's Ferry! Second, because it was the year of the presidential election! Third, because the year afterward we had a war! Well, if these three facts prove that 1860 was not a year of peace, then the gentleman is entitled to say that our currency was adjusted to a war basis during that year. But he denies my statement that 1860 was a year of general prosperity, and asserts that it was a year of great business depression; and he bases this opinion upon the fact that in 1859 there was a destructive frost in some of the grain-growing sections of the country; that some iron men say it was a disastrous year to the producers and manufacturers of iron; that there were large sheriff's sales in Philadelphia; and that the National Government was compelled to negotiate a loan to meet its expenditures. These and the opinion of Mr. Carey are, I believe, the main grounds on which he relies for overturning my position.

For the purpose of my November speech, I might have taken the whole decade from 1850 to 1860 as the base-line from which to measure the relative amount of currency needed before the war and now, but I chose the year 1860 as the last year of peace preceding the period of war and inflation. I considered it a fact, admitted by almost every one, that 1860 was a year of very general prosperity; but as the gentleman denies it, I

will enumerate briefly a few of the grounds on which I made my statement.

In 1860 the burdens of national taxation were light. All our revenues, including loans, amounted only to \$76,000,000. Our expenditures were \$77,000,000, and our whole public debt but \$65,000,000. In the year 1860 the tonnage of our ships upon the seas was 5,353,868 tons, which was more, by 140,000 tons, than in any other year of our history, before or since. Two-thirds of our imports were then carried in American bottoms, as were also more than two-thirds of our exports.

Our exports that year reached the aggregate value of \$400,000,000, which was forty three and a half millions more than during any previous year. Our imports were \$362,000,000, decidedly more than any other year. And I make the statement on the authority of David A. Wells, that in 1860 we were exporting to foreign countries more American manufactures than in any other year of our history. In a table printed on page 10 of the report of the special commissioner of the revenue for 1869, it appears that in 1860 there came to this country 179,000 emigrants—58,000 more than during the preceding year.

As an exhibit of the activity and industry of our people, forty eight hundred and nineteen patents were issued at the Patent Office in 1860—eleven hundred more than the average number for the three years preceding. In that year we built eighteen hundred and forty-six miles of railroad—a slight increase above the preceding year. The people of the United States consumed 332,000 tons of sugar in 1857, and in 1860 they consumed the enormous amount of 464,000 tons—more than in any other year of our previous history. The mean annual consumption of tea in the United States, which was 16,000,000 pounds in the decade ending with 1850, was 27,000,000 pounds in the decade ending with 1860. This certainly is an indication that the people had something to buy with.

From 1831 to 1851 the cotton crop of the United States ranged from one million to two and one-third millions of bales per annum. In the year 1860 it had risen to the enormous crop of 4,675,770 bales; almost a million more bales than were ever grown in the United States in any previous year of our history.

I find from the census reports that in 1850, our wheat crop was 100,000,000 bushels, and in 1860 it was 173,000,000 bushels. In 1850 we raised 592,000,000 bushels of corn; in 1860, 838,000,000 bushels, while in 1870 we raised but 760,000,000 bushels. The crop of 1860 was 78,000,000 bushels more than that of 1870, and three hundred and forty-six millions of bushels more than in 1850. And so with several other of the great cereals. The crop of barley for 1860 was three times that of 1850. The crop of rye and buckwheat in 1860 exceeded those of 1870 as well as those of 1850.

In 1850 the value of the American farms was three and one-quarter billions of dollars; in 1860 it was \$6,645,000,000 by the census, an increase of 103 per cent., while the population increased but 35 per cent. during that decade.

The value of farming implements in 1850, was \$151,000,000; in 1860, it was two hundred and forty-six millions—an increase of 70 per cent.; while during the next decade it increased but 42 per cent. From the statistics of manufactures given in the census I find that in 1850, nine hundred and fifty-seven thousand hands were employed; in 1860, thirteen hundred and eleven thousand. In 1850 the products of manufactures amounted to \$553,000,000; in 1860, \$1,009,000,000—an increase of 90 per cent., while the population increased but 35 per cent. The products

of our manufactures increased in that decade \$870,000,000. But the gentleman tells us it was a year of unusual distress.

He spoke of the condition of the iron interest in that year. Let me tell him what the iron and steel associations say in their report for 1877. I find on page 28 that in 1860 there were brought from Lake Superior to our mills in the East 116,000 tons of ore, 51,000 tons more than in any other year of our history.

On page 47 of the same report I learn that the production of anthracite coal in Pennsylvania in 1860 amounted to 9,807,000 tons, almost 800,000 tons more than in any previous year.

On page 12 of the same report I find that the production of bituminous coal and coke for 1860 amounted to 122,000 tons, which was 38,000 tons more than the greatest product of any preceding year. And how much pig-iron did we produce in that year? I quote from page 302 of the volume of "speeches and addresses" by WILLIAM D. KELLEY—a speech made by him here January 11, 1870, in which he gives the product for seven or eight years; and, according to his speech, in the year 1860 the total product of pig-iron in this country was 913,000 tons. This was 130,000 tons more than the average of the six preceding years, yet he holds that 1860 was a year of unusual distress.

This is an old debate between the gentleman from Pennsylvania and myself—a debate that we had eight years ago, when, to justify his extreme views on the tariff (which, I do not hesitate to say, have done the cause of real protection more harm than the doctrines of the extreme free-traders), it was necessary for his argument to make it appear that, because we then had a low tariff, 1860 was a year of great distress.

We can find ample ground for the sufficient protection of American manufacturers without distorting the history of our country. The gentleman's position lays him open to this dangerous reply, that if the low tariff and insufficient volume of currency of 1860 caused the alleged distress of that year, how will he account for what he admits to be the great distress of 1877, with a much higher tariff and three times the currency of 1860?

The fact is, Mr. Chairman, the decade from 1850 to 1860 was one of peace and general prosperity. The aggregate volume of real and personal property in the United States in 1850 was, in round millions, \$7,135,000,000; in 1860 it was \$16,159,000,000, an increase of 126 per cent., while the population increased but 35 per cent. Yet, to suit a theory of finance, we are told that 1860 was a year of great distress and depression of business, equaled only by the distress of the present year.

I hold that the facts I have recited establish, in so far as anything can be established by statistics, that the year 1860 was a year not only of general peace but of very general prosperity in the United States; and the fact that there were frosts in some fields the year before, sheriff sales in Philadelphia, and unemployed laborers near some of the mills, not only does not overturn the proofs I have submitted, but these proofs show how limited were the disasters of which the gentleman speaks. On this first point which the gentleman made against me he spoke forty minutes. His second point was to deny the correctness of my statements that no President from the days of Washington till now, and no Secretary of the Treasury from the days of Hamilton till now, had ever given his adhesion to the doctrine of irredeemable paper money. This statement encountered the whirlwind of his condemnation. And he deemed it a sufficient answer to say that President Washington and his great Secretary, Hamilton, themselves devised a bill establishing a

United States bank, that Congress passed it and Washington signed it, and that the notes of that bank were made a legal tender, and that thus Washington and Hamilton gave the people a paper currency which would answer their purpose if all the silver and gold should be carried out of the country. The gentleman will find a perfect and overwhelming answer to this criticism if he will read the tenth section of that very law. It is in these words :

And be it further enacted, That the bills or notes of said corporation, originally made payable, or which shall have become payable on demand in gold and silver coin, shall be receivable in all payments to the United States.—
1 Statutes at Large, page 196.

That is, so long as the notes of the United States Bank were payable on demand in gold and silver coin, so long, and only so long, were they receivable in all payments to the United States. They were not a legal tender for private debts, but only for debts due to the United States, and only when they were exchangeable for coin.

That first bank of the United States was created by hard-money men. The law which the gentleman cites was a hard-money law ; and he can find in it no comfort for his doctrine of unrestricted, irredeemable paper money.

I now proceed to make good my statement that the fathers of the Constitution and our Presidents and Secretaries of the Treasury approved of no currency except such as was exchangeable for coin at the will of the holder. In the Constitutional Convention, as reported in the Madison Papers, Governor Morris moved to strike out the clause which authorized Congress to "emit bills on the credit of the United States." Mr. Ellsworth said—

This was a favorable moment to shut and bar the door against paper money. The mischiefs of the various experiments which have been made were now fresh in the public mind and excited the disgust of all the respectable part of America.

Mr. Reed thought the words if not struck out would be as alarming as the mark of the beast in the Revelation.

Mr. Langdon would rather reject the whole plan than retain the three words "and emit bills."

The words were stricken out by the vote of eight States "ay," to two "no." Mr. Madison voted to strike out the words, but said their omission—

Would not disable the Government from the use of public notes as far as they could be safe and proper, and would only cut off the pretext for a paper currency, and particularly for making the bills a tender for either public or private debts.

WASHINGTON.

In writing to Thomas Jefferson from Mount Vernon, under date of August 1, 1785, Washington says :

Some other States are, in my opinion, falling into the very foolish and wicked plans of emitting paper money. I cannot, however, give up my hopes and expectations that we shall ere long adopt a more just and liberal system of policy.

This is the opinion of John Adams :

I cannot but lament from my inmost soul that lust for paper money which appears in some parts of the United States. There will never be any uniform rule, if there is any sense of justice, nor any clear credit, public or private, nor any settled confidence in public men or measures, until paper money is done away.—*John Adams, 1786.*

HAMILTON.

In the very letter of Alexander Hamilton to which the gentleman refers, on the subject of establishing a United States Bank, that great Secretary uses these words :

The emitting of paper money by the authority of the Government is wisely prohibited to the individual States by the national Constitution; and the spirit of that prohibition ought not to be disregarded by the Government of the United States. Though paper emissions, under a general authority, might have some advantages not applicable, and be free from some disadvantages which are applicable to the like emissions by the States separately, yet they are of a nature so liable to abuse—and it may even be affirmed, so certain of being abused—that the wisdom of the Government will be shown in never trusting itself with the use of so seducing and dangerous an expedient. In times of tranquillity, it might have no ill consequence.

This is not the opinion of a paper-money man.

JEFFERSON.

The gentleman has sought to make it appear that Thomas Jefferson favored a paper currency not redeemable in coin, and he commends me to the sixth volume of Jefferson's Works. I will read him a passage from one of the three long letters to Eppes, volume 6, page 239 :

Capital may be produced by industry and accumulated by economy, but jugglers only will propose to create it by legerdemain tricks with paper.

[Laughter and applause.]

Mr. TUCKER. What is the date of that ?

Mr. GARFIELD. Eighteen hundred and thirteen.

A single fact will explain all the quotations from Jefferson made by the gentleman. When the Eppes letters were written, the United States was at war with England, with no friendly nation from whom to obtain loans, and our Treasury was empty. Mr. Jefferson had long been opposed to the State banks, and he saw by suppressing them and issuing Treasury notes, with or without interest, the Government could accomplish two things, destroy State-bank currency, and obtain a forced loan in circulating notes. And so he said, in his letter to Eppes of June 24, 1803 :

You will soon be at the bottom of the loan bag. There is one and only one resource for loans. That will always be sufficient and in the power of an honest government punctual in the preservation of its faith. The fund I mean is *the mass of circulating coin*. Every one knows that, although not literally, it is nearly true that every paper dollar emitted banishes a silver one from the circulation. A nation, therefore, making its purchases and payments with bills fitted for circulation, thrusts an equal sum of coin out of circulation. This is equivalent to borrowing that sum. * * * In this way I am not without a hope that this great, this sole resource for loans in an agricultural country might yet be recovered for the use of the nation during war; and, if obtained *in perpetuum*, it would always be sufficient to carry us through any war, provided that in the interval between war and war all the outstanding paper should be called in, coin be permitted to flow in again, and to hold the field of circulation until another war should require its yielding place again to the national medium.

From this it appears that Jefferson favored the issue of Treasury notes to help us through a war; but he insisted that they should be wholly retired on the return of peace.

MADISON.

The gentleman has made quotations from Madison. I refer him to a letter addressed to Jefferson, dated August 12, 1786, in which the evils of irredeemable paper money are strikingly stated, closing with these words :

The value of money consists in the uses it will serve. Specie will serve all the uses of paper; paper will not serve one of the essential uses of specie.—*Madison's Works*, volume 1, page 243.

JACKSON.

Speaking of currency redeemable in specie, Andrew Jackson said :

There never was, nor ever could be use for any other kind except for speculators and gamblers in stock; and this to the utter and action to labor and morals of a country. A specie currency gives life ruin of the the producing classes on which the prosperity of all is founded.

BUCHANAN.

Here is the testimony of James Buchanan :

The evils of a redundant paper circulation are now manifest to every eye. It alternately raises and sinks the value of every man's property. It makes a beggar of the man to-morrow who is indulging in dreams of wealth to-day. It converts the business of society into a mere lottery ; while those who distribute the prizes are wholly irresponsible to the people. When the collapse comes, as come it must, it casts laborers out of employment, crushes manufacturers and merchants, and ruins thousands of honest and industrious citizens.—*Buchanan ; Debates in Congress*, volume 14, part 1, 1837, page 55.

The records of our Secretaries of the Treasury are equally full and explicit.

They concur with Secretary Guthrie, who said in one of his annual reports :

The Constitution of the United States was framed by the men who had felt all the evils thereof ; and when provisions were inserted in that instrument that no State should emit bills of credit, nor make anything but gold and silver a tender in payment of debts, and the coinage of money was given to the General Government, they believed they had provided for a hard-money currency against the evils of a depreciated one.

His third point was this : He denied my statement that the legal-tender law was passed with reluctance, under the pressure of overwhelming necessity, and that the men who enacted it, from Stevens to the humblest member of the House, and from Fessenden to the humblest Senator, were at that time in favor of returning to specie payments as soon as possible, and that the law creating greenbacks provided for their redemption. He declared that my statement is discredited by the whole course of the debates. His speech burned with special indignation because I mentioned Thaddeus Stevens as one of the distinguished men who in 1862 believed in a coin standard. Let me read a sentence of Thaddeus Stevens, uttered in the midst of that debate :

This bill is a measure of necessity, not of choice. No one would willingly issue paper currency not redeemable on demand and make it a legal tender. It is never desirable to depart from the circulating medium which by the common consent of civilized nations forms the standard of value.

Let Mr. Stevens' words answer the gentleman. I mentioned Mr. Fessenden, chairman of the Senate Committee on Finance. I now quote from his speech of February 12, 1862, on the legal-tender bill. He said :

It proposes something utterly unknown in this Government from its foundation ; a resort to a measure of doubtful constitutionality, to say the least of it, which has always been denounced as ruinous to the credit of any government which has recourse to it ; * * * a measure which, when it has been tried by other countries, as it often has been, has always proved a disastrous failure.

With extreme reluctance he supported the bill, but said that the committee was bound—

“ That an assurance should be given to the country that it was to be resorted to only as a *policy* ; that it was what it professed to be, but a *temporary measure*. I have not heard any man express a contrary opinion, or, at least, any man who has spoken on the subject in Congress. * * * All the gentlemen who have written on the subject, except some wild speculators on currency, have declared that as a policy it would be ruinous to any people ; and it has been defended, as I have stated, simply and solely upon the ground that it is to be a single measure standing alone, and not to be repeated. * * * It is put upon the ground of *absolute, overwhelming necessity*.”

Mr. Sumner, who supported the bill, said :

“ Surely we must all be against paper money, we must insist upon maintaining the integrity of the Government, and we must all set our faces against any proposition like the present except as a *temporary expedient*, rendered imperative by the exigency of the hour. * * * a remedy which at another moment you would reject is now proposed.”

Whatever may be the national resources, they are not now in reach except by summary process. Reluctantly, painfully, I consent that the process should issue. And yet I cannot give such a vote without warning the Government against the dangers from such an experiment. *The medicine of the Constitution* must not become its daily bread.

And so said they all; it was the voice of the Congress. The legal-tender clause passed the Senate by but 5 majority, with such reluctance did the men of 1862 consent to make anything a legal tender but gold and silver, the recognized money of the world. Their speeches are full of the purpose to return to that money as soon as the necessities of the war would allow.

But the gentleman denies this. Listen to the declaration of Secretary Chase, in his letter of January 20, 1862, to Thaddeus Stevens, when he said:

It is not unknown to the committee that I have felt, nor do I wish to conceal that I now feel, a great aversion to making anything but coin a legal tender in payment of debts. It has been my anxious wish to avoid the necessity of such legislation. * * *

Then, speaking of the necessity of passing the bill, he points out that its saving clause is found in "the provisions for funding these notes in interest-bearing bonds," and then adds:

Such legislation, it may be hoped, will divest the legal-tender clause of the bill of injurious tendencies, and secure the earliest possible return to a sound currency of coin and promptly convertible notes.

In his annual report of December 4, 1862, he argues against the plan of increasing the volume of legal-tender notes, asserting that direct issues by the Government are always dangerous. He recommends the establishment of the national banks, and then says, on page 21:

The Secretary recommends, therefore, no mere paper-money scheme, but, on the contrary, a series of measures looking to a safe and gradual return to gold and silver as the only permanent basis, standard, and measure of values recognized by the Constitution, between which and an irredeemable paper currency, as he believes, the choice is now to be made.

I leave it to the judgment of the House whether these citations do not amply sustain my assertion, which the gentleman attempts to controvert.

The next point which he made (and in it he develops his favorite theory of finance) is this: He denies that greenbacks are a debt; he denies that they are a "forced loan," and he specially challenged, with all the emphasis of which he was capable, my statement that they have been so recognized by the leading men at that time, and by the courts. He challenges me to find any such decision of any court in the United States or of any State court, and he completes the vehement denial by saying that if any one in 1862 had called the greenbacks a "forced loan," the statement would have been denounced as the hissing of a venomous copper-head. "Now mark how plain a tale shall put that down." On the 4th of December, 1862, the then Secretary of the Treasury, the late Chief Justice of the United States, said, on page 17 of the Finance Report, that when receipts do not equal the expenditures—

"The Government may create a debt in small notes, and these notes may be used as currency. This is the way in which the existing currency of the United States is supplied. That portion of the expenditure not met by the revenue or by loans, has been met by the issue of these notes. Debt in this form has been substituted for debt in other forms."

Did anybody hiss Secretary Chase in 1862 as a "venomous copper-head" for saying that the greenbacks was a debt?

More than this. A venerable gentleman from Massachusetts—Mr. Thomas—when the legal-tender bill was under debate and about to pass,

said he "regarded the legal tender clause in the bill as in the nature of a forced loan." I quote from page 77 of Spaulding's Financial History of the War. Here are the very words that the gentleman turns upon me with such vehemence for using; yet Thomas was not hissed as a "copperhead" for the utterance.

He holds that the greenback is not a debt, but is money, the people's money; and he defied me to find any respectable court which calls the greenback a "forced loan." I refer him to the court of appeals of the State of New York, 27 Barbour, and read from the decision of the presiding justice of that court, rendered in 1863, page 522, in the case of the *Metropolitan Bank vs. Van Dyke* :

The issuing and paying out of Treasury notes.

That is in 1863, remember—

may be a forced loan to the Government.

Call the issuing of these Treasury notes borrowing money or a forced loan and the quality, making them receivable in payment of all debts, enhances their value and enables the Government to realize from them a greater amount of supplies.

I refer him also to a decision rendered also in 1863 by the Supreme Court of New York in the case of *Hague vs. Powers*, 39 Barbour, in which Chief Justice Smith says, on page 459 :

There is probably not a government in Europe which has not been compelled in time of war or national distress to suspend specie payment and make *forced loans* of the people by making paper promises to pay in some form, lawful money and a legal tender in payment of debts. * * * Money being an indispensable agent and necessary to carry such powers into effect, the power is implied to command, obtain, and secure it by any practicable means known or practiced among civilized nations; and that the issue of Treasury notes, making them a legal tender in payment of debts, is a proper and lawful means to that end, a process of borrowing from the people or making from them a *forced loan* to meet the governmental necessities, and is entirely within the legitimate power of Congress, as the sovereign legislative authority of the nation.

I refer the gentleman also to a case in 49 N. H. reports, 434, where the same expression is used. Now what will the gentleman say to his taunting challenge to produce anything from any of the courts anywhere calling it a forced loan?

But I do not need to go into the courts of the States to answer the gentleman's challenge. I read from the opinion of our Supreme Court in the case of *Bank v. Supervisors*, 7 Wallace, 30, where the Chief Justice, delivering the unanimous opinion of the court, says :

These notes are obligations of the United States. Their name imports obligation. Every one of them carries on its face an engagement to pay to the bearer a certain sum. The dollar note is an engagement to pay a dollar, and the dollar intended is the coined dollar of the United States; a certain quantity in weight and fineness of gold or silver, authenticated as such by the stamp of the Government.

But the gentleman may say this was before the decision which affirmed the validity of the legal-tender law. I will read from the *Legal Tender Cases*, 12 Wallace, in the argument of which you, Mr. Chairman, [Mr. POTTER.] bore so honorable a part.

Justice Strong, delivering the opinion of the court, said, on page 553— and I wish this remembered in answer to another point made later in the gentleman's speech :

We do not rest their validity upon the assertion that their emission is coinage or any regulation of the value of money, nor do we assert that Congress may make anything which has no value money. What we do assert is the Government's promise to pay money shall be, *for the time being*, equivalent in value to the representative thereof. * * *

It is, then, a mistake to regard the legal-tender acts as either fixing a standard of values or making that money which has no intrinsic value.

Mr. Justice Bradley says in the same cases, pages 560, 561 :

This power is entirely distinct from the power of coining money and regulating the value thereof. * * * It is incidental to the power of borrowing money. * * * It is the pledge of the national credit. It is a promise by the Government to pay dollars; it is not an attempt to make dollars. The standard of value is not changed. The Government simply demands that its credit shall be accepted and received by the public and private creditors during the present exigency.

Every government has a right to demand this when its existence is at stake. * * * It is an indirect way of *compelling* the owner of property to lend to the Government; he is *forced* to rely on the national credit.

Is not there a forced loan ?

He is forced to rely upon the national credit. No one supposes that these certificates or notes are never to be paid; that the day of specie payment is never to return. * * * Through whatever changes they may pass their ultimate destiny is, *to be paid*.

Now, Mr. Speaker, if the greenback¹ was not a promise to be kept, a debt—a compulsory debt—a forced loan to be paid, then these are declarations of the Supreme Court which have no meaning. I leave the gentleman to wrestle with the courts.

The gentleman says I misrepresented his criticism of Mr. McCulloch, late Secretary of the Treasury; and to my utter astonishment he stopped to comment on the fact that I said he quoted three lines from McCulloch's article in the North American Review, while he says he quoted fourteen! I had not the advantage of the gentleman's printed speech when I spoke; but I remembered about the length of what he read and upon which he first commented, and that it appeared to be about three lines. Now, this morning I had the curiosity to examine his speech; and in his printed speech, which appeared after the speech I made, it is just two lines and a-half, to be accurate! The passage in controversy is this: The late Secretary said: "All the great financial troubles which have occurred in the United States, have been the result of the plethora of paper money; and the crisis have always been reached when its volume was the largest." And it was for this statement that the gentleman from Pennsylvania denounced him as "conspicuously ignorant or conspicuously mendacious." I expressed the opinion that the Secretary was entirely right, and it was simply a naked truth that all the great crises in this country had been preceded by inflation of paper currency, in some form or another.

The gentleman now gets over all that by saying Mr. McCulloch had no business to use the term "paper money," for the reason that there had never been any paper money in this country until the "legal tender" was adopted; that before that there were only bank notes, which were not money. And so, for this use of a word to which the gentleman attaches a peculiar meaning of his own, he denounces the late Secretary as ignorant or mendacious. I concurred with the Secretary not only in the truth he asserted but also in his use of the word. The whole world has used the word "paper money" to describe the various paper currencies that America has had from the beginning until now. And yet the gentleman says that but for this misrepresentation of his speech he would have made no reply to my speech! Behold on what a slender thread hang all our destinies!

He assails my opinion that we need not only a national but an international currency. I went on to state that we had a vast volume of foreign trade; and, by the way, either by my mistake or the printer's, it was stated to be fifteen hundred millions, but my notes said twelve hundred millions, as the aggregate value of our exports and imports, and

the gentleman convicts me of conspicuous inaccuracy in that regard. He is right in the correction. I was right in my notes, but I humbly bow to his correction of my print. But the gentleman denies there is any such thing as international currency. Did he suppose I was talking about a common coined piece of money, agreed upon among the nations, such as he was trying to secure in our coinage some years ago? Not at all. It was plain, I think, to every one who heard me, that I was speaking of coin which the whole world recognizes as money, and that all our foreign trade is measured in that coined money of the world.

Now, the gentleman did not need to tell us that only balances were paid for in actual money. Any one who has looked into the horn-books of finance knows that. But while only balances are paid for in coin, the value of every pound of merchandise imported or exported is measured in coin; and that is the ground on which I based my demand for a coinage for America, a money for America which can be used for international as well as for national exchanges.

The next point the gentleman makes is this: He thinks my reference to resumption in England was exceedingly unfortunate, and my citations of authorities inaccurate. He has consulted Allibone to find a three-line notice, how great a financial writer Doubleday was—and would have us believe that because Alison wrote a history, his views of finance must be sound.* But I notice that neither the gentleman nor his "coach," Mr. Schuckers, who addressed to the gentleman not less than twenty pamphlet pages on the subject of my November speech, has been able to argue away the stubborn fact that in 1821, and again in 1822, the House of Commons, by a vote first of 5 to 1, and then of 6 to 1, declared that the resumption act of 1819 did not cause the distress which then prevailed. When they have proved that they know more on the subject than the House of Commons, it will be in order to appeal to Alison and Doubleday, and to assail me for supposing that the Parliament of Great Britain is a fair index of British opinion.

I referred to a chapter of Martineau's History of England, in which the causes of the distress were set forth as being those I alleged, and stated that Thomas Tooke in his History of Prices held the same opinion. The gentleman from Pennsylvania denies that Tooke holds the opinions I attributed to him; and Mr. Schuckers disposes of Miss Martineau by saying she was "of all human animals the most forlorn, a woman atheist—whose narration is a mere reiteration of Mr. Tooke's, whose follower she was."

In answer to the gentleman's denial I quote from volume 2, page 76, of Tooke's great work:

Never indeed was there a measure dictated by a sounder policy than that by which Parliament determined in 1819 that the trifling divergence which then existed between the paper and the gold should, as speedily as was conveniently practicable, be remedied, and the convertibility restored with the strongest sanction against its being again suspended. So loudly was that measure called for by every consideration of justice and good faith, and of the most comprehensive view of the public interest, that if, for the purpose of carrying it into effect, some actual derangement of prices and of credit had been distinctly contemplated, the effect would have been amply justified by the object. But there is not the vestige of a ground for supposing that the smallest part of the fall of prices, or of the derangement of credit in 1819, or from 1819 to 1822, can according to any evidence of facts, or any consistent reasoning, be traced to the operation, direct or indirect, of that measure. The sufficiency of the causes, without reference to Peel's bill, of the fall of prices between 1818 and 1822, can hardly it is presumed admit of a doubt in the mind of any person who, unbiassed by a preconceived theory, will examine carefully the facts as they will appear in evidence in connection with the fall of prices.

*Judge Kelley, in quoting Allibone's notice of Alison's works, has mistaken "8 to" for eight volumes, and so has expanded a small pamphlet into "a magnificent treatise in eight volumes."

For Tooke's analysis of the corn laws, and their effects on prices and panics, I refer him to the first sixty-seven pages of volume 3.

The main facts to which I referred in regard to resumption in England remain unchallenged. My statement that no writer of eminence could be found who takes the opposite view was doubtless too broad. I have never said that resumption was accomplished or ever can be accomplished without some hardship. The process is always more or less severe.

And perhaps I understand the strength of British opinion that the resumption act of 1819 produced some distress. But what I did say remains unanswered, and I will venture to say unanswerable. It was that the opinion of Parliament, the recognized official opinion of England, expressed in the most decided and emphatic terms, was that the resumption of cash payments was a great blessing, a wise and necessary act of restoration after war.

The opinion is now held and has been held for more than half a century by a great majority of Englishmen.

The gentleman criticises me on another point: he says there are not \$65,000,000 of coin reserve in the Treasury available for resumption, and that there are not \$5,000,000 a month coming into the Treasury to add to that reserve. Does he forget that what I said was spoken one hundred and nine days ago? What I said was true on the day I uttered it, by the authority of the Secretary of the Treasury. But I also said that here in Congress was the storm-centre of danger. Will the gentleman deny that agitation we have had here since November has increased the public distress and retarded our progress toward resumption.

I do not revive the discussion of the silver bill. I hope that question is now settled; that the agitation is calmed, and that we may go forward into whatever of prosperity is possible for us; and I shall be glad if that measure turns out to be wise. But it is a poor answer to my facts stated one hundred and nine days ago, to say that the \$5,000,000 of coin are not now being added to the resumption fund each month, as they were then.

The gentleman says that the great trouble with all our affairs is and has been the fatal contraction of our currency, begun outrageously by Hugh McCulloch in 1865, and continued in 1866.

Mr. Chairman, here is a little history which I wish to read. The years he named were 1865 and 1866. On the 18th day of December, 1865, the following resolution was introduced into the House of Representatives:

Resolved, That this House cordially concurs in the views of the Secretary of the Treasury (Hugh McCulloch) in relation to the necessity of a contraction of the currency, with a view to as early a resumption of specie payments as the business interests of the country will admit; and we hereby pledge co-operative action to this end as speedily as practicable.

Here are the yeas and nays recorded upon the Journal of the House: 144 yeas, and 6 nays; and among the yeas I read the name of WILLIAM D. KELLEY. [Laughter and applause.]

Mr. BROWNE. Do you find the name of VOORHEES on the list?

Mr. GARFIELD. I did not look, but a gentleman near me has the Journal, and says it is among the yeas.

This reminds me of a little scene that occurred here not many months ago, in the beginning of the silver agitation, when we heard the voice of the titular "father of the House" denouncing the demonetization of silver in 1873 as a legislative tr-r-r-ick. [Laughter.]

And yet, when that bill was before the House for action, that same gentleman, then chairman of the committee that framed the bill, assured the House that the committee had considered its provisions carefully and were satisfied that it ought to pass, and that it was useless to attempt to continue the coinage of the silver dollar; that they had dropped because gold fluctuated so continually that the double standard could not be maintained. Doubtless every man is entitled to change his opinions, and it is often wise to change them. But these examples ought to teach the gentleman, when he assails his brethren here for their opinions, to look well to the house in which he lives and see how many glass windows it contains. [Laughter and applause.]

Mr. Chairman, his speech from beginning to end was a mere criticism of the little details of my speech. If everything he said were granted, it does not touch whatever of small strength there was in my argument. In the main he busied himself with a fact here and there, a quotation, a citation, or reference; but it did not touch the marrow of what I tried to present.

The central proposition of my speech was that the greenback currency was a debt to be paid; that by all the solemn sanctions of law, of honor, of duty, we are bound to make these notes equal to coin, to redeem them. And it is precisely that which displeased the gentleman. It does not answer my proposition to ramble over the speech and pick up a morsel here and there; to leave the line of debate and become what the Grecians called a *spermologos*—a picker-up of bird-seed, a snapper-up of unconsidered trifles.

In my opinion, Mr. Chairman, the essence of this whole matter will be found in this: The gentleman from Pennsylvania is not content with the legislation we have had. He denounced silver when it was first proposed as a subsidiary coinage in place of paper scrip, and sought to laugh it out of the House. But it so happens that the wind now sits in another quarter. He and some other financiers of the new school accept the silver bill only as a step to the next stage of controversy. It is not the silver dollar but the unlimited, irredeemable paper dollar to which they cry "All hail! that shall be king hereafter." The programme of these advocates of "fiat money" is beginning to appear. We had it in a powerful speech made by the gentleman from Massachusetts [Mr. BUTLER] a few days since, in which he said:

I want that dollar stamped upon some convenient and cheap material of the least possible intrinsic value, so that neither its wear nor its destruction will be any loss to the Government issuing it.

I also desire the dollar to be made of such material for the purpose that it shall never be exported or desirable to carry out of the country. Framing an American system of finance, I do not propose to adapt it to the wants of any other nation and especially the Chinese, who are nearly one-quarter of the world.

I desire that the dollar so issued shall never be redeemed.

This is the new battle-line on which these champions of the new system of American finance challenge all men of both parties who believe in gold and silver coin and paper exchangeable for coin, to join issue. They wish to strike from our law the nation's promise and pledge to redeem its notes. They wish to supersede the "barbarism of gold and silver" by a coinage of paper; and in the kingdom to be, when paper, wild, shoreless, bottomless, and worthless, has become the currency of this country, then will the time arrive, welcomed by the apostles of the new finance, when our bonds will not only come back to this country but will depreciate to fifty cents on the dollar. This is the very essence of communism.

For years the gentleman from Pennsylvania has advocated a non-exportable currency. "Non-exportable?" Every damaged manufacture is non-exportable. They want our currency to be made so bad that no nation under heaven will touch it. This doctrine of the non-exportability of paper money was born in the brain of John Law and announced by him one hundred and seventy years ago, as clearly as it has ever been announced by the gentleman from Pennsylvania [Mr. KELLEY] or the distinguished gentleman from Massachusetts [Mr. BUTLER.]

If I read aright, the signs in the political horizon the time is just at hand when men who love their country, its honor and its plighted faith, men of both political parties, will stand together against this new heresy known as "American finance." It was in the spirit of this same doctrine that the gentleman from Pennsylvania two years ago went to Ohio, to the borders of my district, to the leading town in the district of my colleague here [Mr. MCKINLEY] and at a time of strikes in the centre of that great iron region, when the question between capital and labor, between employers and employed, had been pushed to the verge of violence, addressed an excited throng; and, if the papers did not report him incorrectly, he warned the mill-owners, the capitalists, that the time was not far distant when labor would take capital by the throat. We came near having scenes of riot awakened by the wild flash of his communistic torch.

He sought not only to destroy his party in Ohio, but to elect to our governorship a man who denounced gold and silver coin as a barren idealty. The people of the gentleman's district were not inclined to forget these things when the elections of last year were coming on; and there are men now on this floor who courteously and tenderly, because of his years, ability, and long service, wrote to his people advising them to trust him again, and expressing the belief that the scenes of 1876 would not be repeated. And on those assurances he is here to-day; here to-day to assail those who believe in redeeming the plighted promises of the nation.

On the issue which he and his associates raise, my choice has long since been made. It is an issue of such transcendent importance that it may render all others obsolete. It is the struggle of honor against dishonor; of law against anarchy; a struggle in which the peace and safety of both employer and employed, Government and people, are involved.

In such a contest I care not into what party the issue lands me, or in what company it finds me; when it comes I shall stand with the men who defend the money of the Constitution and the faith of this country. [Applause.] And we cannot be a moment too soon in understanding the nature and designs of those who are preparing the conflict.

Mr. Chairman, I beg the pardon of the committee for delaying them from the appropriation bill by this speech, and I specially regret the necessity which compelled me to make it. [Mr. GARFIELD resumed his seat amid great applause.]



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