GOV. SHAW AT DENISON

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A MASTERLY ADDRESS.

The Best Speech Ever Delivered From the Opera House Stage.—Holds the Audience Some Two Hours.

The parity between the two coins is now maintained by the government. The fact that the government pays out either coin which the creditor desires upon its coin demands, and receives in the payment of debts due the government any kind of money which the creditor desires to pay, permits any one directly or indirectly to exchange one kind of money for another and so long as a man can thus pay in his silver at will and draw gold at will the parity is maintained.

We are now getting close to the issue. Thus far we have been on common ground. All admit what I have said thus far. All admit that the standard coin is worth the material in it. Nothing more nor less. All admit that the gold coin is the standard coin. All admit that the government maintains the parity. No one claims that the parity would continue if the government were to withhold its protection. Let us go one step further on common ground.

The gold monometalist says make your standard coin of gold then it will be worth the material in it, and you will have the gold standard. The silver monometalist would say make your standard coin of silver and its value will also be determined by the material in it and you will have the silver standard. The so-called bimetalist says do not make your standard coin of gold, do not make it of silver, but make a standard coin of gold and another standard coin of silver; each shall be worth the material in them and we will have a double standard—bi-metalism. We now reach the issue and the sole issue between the parties. The republican party, and the sound money democrats, in fact all monometalists say to do this which the bimetalist demands will require that the same value of material shall be put into each coin, and unless the material in each coin continues to be of the same value we will have two coins of different value. This is such a simple proposition that it seems childlike to state it. And here let me say lies the sole contention. If some plan could be devised by which the two coins should be and remain of the same value, there is not a republican, nor a gold standard democrat, nor a gold monometalist on the earth who would not vote for the free coinage of silver. The sole objection to the free coinage of both metals lies in the fact that thereby two coins are produced of different purchasing power.

Lest someone should think that the proposed free coinage of silver has coupled therewith some plan or method by which the parity of the two metals shall be maintained by the government, I wish to direct attention to a statement made by Mr. Bryan in February, 1896, when he for the first time spoke from this platform. Those who were present will remember that Mr. McHenry, sitting over there in the audience, arose and asked Mr. Bryan "Do you think sir that the two coins under your proposed scheme would maintain parity?" Mr. Bryan, you remember replied: "I don't know sir. You will never know until you try, and you are afraid to try, and I dare try." You will also remember that the silver men cheered this scientific answer of Mr. Bryan. You say, my silver friend, try it and see. We say that England tried it for almost a hundred years and never succeeded. You admit this and answer "try it again." We say that Germany tried it and failed and abandoned the enterprise. You admit this but answer, "try it again." We say that France tried it for a hundred years and in that hundred years, trying to get two coins that would remain of the same value changed the ratio one hundred and fifty times, and then gave it up. She did not change the ratio of coinage a hundred and fifty time; a part of the time she only changed the amount of alloy; made one coin now richer and now poorer, but never for six months at a time did she succeed in making the ratio of coinage correspond with the market ratio of the two metals. Last year at Waterloo a man questioned this proposition. I called him to the platform and showed him the history and in the presence of two thousand people he admitted that I was right. Again your answer "try it again." And this is your only answer.

You propose, it is true, that the government shall make both coins legal tender, and equal in the payment of debts. This the government can do. And here we strike another proposition which it is important to remember. The government can impart to any coin, or paper even, debt paying power but it can impart to neither coin nor paper purchasing power. It was made a legal tender so that if you owed me a debt you could bring me in one hand gold, and in the other hand greenbacks, and the latter discharged as much debt, and afforded you as complete a receipt as did the former. But when I went into the markets with the gold, and the paper, I found that the gold would purchase two and a half times as much as the paper. I want to show you, my democratic friend, that your party in 1892 recognized the destinction between purchasing power and debt paying power; for in your platform of that year it was declared that "Both coins should be kept of equal intrinsic and exchangable value so as to insure the maintenance of the parity of the two metals and the equal power of every dollar at all times in the markets, and in the payment of debts." The government can make two coins equal in the payment of debts by declaring both legal tender, but something more will be found necessary than legal tender to make the two coins equal in the markets.

In this connection let me tell an experience which Mr. Bynum recently had in this state. While he was discussing this phase of the question a man sitting over at his left said: "Mr. Bynum, if the government makes both the gold and silver legal tender will they not be equal in the payment of debts?" Mr. Bynum walked over opposite him and said substantially, "My friend, I concede to no man greater admiration for the greatness of his country than I entertain; and I concede to no man greater admiration for the powers and prerogatives of congress than I. I concede, sir, that congress can take a button and make it legal tender for a dollar, and then in the hands of a repudiator this button will discharge a dollar debt. But my friend when you have once discharged a dollars debt with a button, the business sense of this world will see to it that you never get in debt another button's worth" Congress can impart to a button debt paying power but in the markets it will continue to purchase a button's worth.

Let me tell you another instance. I met a man on the train the other day who had heard me the night before, and he said to me: "Of course, you are correct that the material in the coin determines its value, but if the government stands ready to give a dollar in gold for a silver dollar, will not that keep the material in the silver dollar equal in value to the material in the gold dollar?" "Will any one part with 412.5 grains of silver, (the amount of standard silver in a silver dollar) for less than 25.8 grains of gold, (the amount of standard gold in the gold dollar,) when the government stands ready to exchange the one for the other at par?" I assured him that while he was correct in theory, there was no proposition for the exchange by the government. Then said he, "If that is so Good Lord, I am not a silver man any longer." (Applause.)

Lest some one should go away deceived at this point, let me call your attention to what Mr. Bryan said on this subject the first time he was here. In the beginning of his speech, he said, "It is not proposed that the government shall buy the silver bullion or the silver coin after coinage." He further said, "They tell us that the free coinage of silver would make this country a dumping ground for the silver of the world." Then to show the fallacy of such a proposition he used this illustration. "Suppose," said Mr. Bryan, "a man came from England to this country, bringing with him a quantity of silver bullion, and he should have it coined by the government free. The government does not buy the bullion, nor the coin, but the bullion before coinage and the coin after coinage, belongs to the Englishman. He can now" says Mr. Bryan, "do either one of three things. First, he can take his silver coin home with him, but if he does he will be compelled to pay express both ways, and we can stand that as long as he can. Second, he can sink it in the sea, and we can stand that longer than he can. Third, he can buy something with it, but if he does this," says Mr. Bryan, "he will be compelled to find some one who is willing to part with his property for the silver, and then it is a mere business transaction between the two, and none of our particular concern."

My friends, is not that catchy? Do you see the fallacy in it? Do you detect wherein the Englishman could harm us with his money? Certainly he can take it home with him, and it will not harm us. Admittedly he can sink it in the sea, and not harm us with it. But I think I can show you how he can buy something with it, and do us lasting harm. Let us go back for an illustration. During the war we were on a greenback basis. The man who bought goods abroad was then compelled to pay therefore in gold, as he is now, and there was no place for him to get gold, except of the gold broker. He was compelled to pay what the gold broker asked, and because the gold broker demanded a premium, the two kinds of money, paper and gold, parted company, and we used paper only. Suppose now that our English friend, with his newly coined silver dollars, goes down on Broadway, finds again the old gold broker doing business. He says to him, "Have you any gold, sir?" And receiving an affirmative answer, he tells him, "I have some newly coined silver dollars. I brought my silver over here, thinking that the United States afforded an excellent market therefor. I now desire to exchange it for gold." "On what terms do you expect to exchange?" says the broker. The Englishman says, "Of course, at par, dollar for dollar." Do you think, my friends, the gold broker will exchange it that way. He will answer, "No sir, with one gold dollar I can purchase silver bullion enough to make two silver dollars, and rather than to exchange with you, dollar for dollar, I will purchase bullion, and have my silver dollars coined free the same as you have done. I have been in business too long, sir, to be caught in that way. I used to do business on the greenback basis, and I traded then gold for greenbacks at the market ratio. I will now trade, as a matter of accommodation to you, my gold for your silver at the market ratio. I can get gold and silver bullion coined free, and will trade with you at market value of bullion. Gold coin is worth no more than gold bullion; silver coin worth no more than silver bullion, for both are coined free. At the market ratio of gold and silver practically one dollar in gold buys two dollars in silver and I will trade at that ratio." Our English friend, finding that he has gained nothing by having his silver coined, rather than to ship it back with him and pay express charges makes the trade. It is to his advantage to trade, even at the market ratio, for the same value will weigh much less in gold than in silver. What is the result? Suppose now, my silver friend, that you owed me a $20 debt, and had in your pocket a $20 gold piece, and you have read in the morning paper of this transaction between the gold broker and the Englishman. Will you now pay me the $20 debt with the $20 gold piece, or will you send your gold to Wall Street and therewith purchase forty silver dollars, pay me twenty of them, and keep twenty yourself. In fact, you do not need to go to Wall Street; you can with your $20 gold piece purchase bullion enough to make forty silver dollars. If you have patriotism enough, my silver friend, to pay out your gold at par after learning that gold has gone to a premium, will you please hold up your hand? As I see no commotion in the audience, I think you will concede that you are about as mean as the gold broker, and I will concede that I am also. We would all do the same thing. Our gold would retire from circulation instantly as it did retire from circulation when the owner of greenbacks was unable to exchange them for gold at par. Every dollar of gold went out of circulation. Gold then became not a medium of exchange, but a commodity of commerce. This condition existed notwithstanding the fact that both the greenback and the gold possessed equal debt-paying power. A premium between one kind of money and another will invariably drive the more valuable out of circulation, and into the hands of the speculator.

Here Governor Shaw exhibited a card, constructed in different sections, representing the kinds of money, the gold, the silver and the paper money of the country, so arranged that it could be folded; first to exhibit the volume of currency remaining after the gold had been retired from circulation, then to show the purchasing power of the remaining money after silver had gone to its bullion value, and the paper had become redeemable in silver rather than gold. In this way, he demonstrated that within twenty-four hours from the time the first man bought gold at a premium over silver, there would be left in circulation a volume of currency, the purchasing power of which would be less than one third of the volume now in existence.

He further said, a man sitting near the platform in the audience the other night, asked me to explain the reason why the government now gives the creditor his choice in the kind of coin he will receive upon his coin demands; why it is that the government pays out gold in redemption of its greenbacks, rather than to compel the creditor to accept silver. I explained to him that it was for the sole purpose of maintaining the parity between gold and silver, and illustrated it, as I have illustrated Mr. Bryan's proposition. The man dropped his head, and I was unable to catch his eye again. I walked over in front of him and said to him, "When you were in school, and you were unable to solve an example, and you asked one of the other boys to solve it for you, did you hang your head because he was both able to solve it and also to demonstrate the correctness of his methods? Did you take your books and go home, or did you thank him and adopt his method?" He didn't tell me, and if he ever sends me word, I'll let you know.

This card, my friends, represents the proportion of gold, and silver, and paper, in circulation in 1896. Since 1896 however, we have been in business. Our factories have been running; our laborers have been employed; our farms have been producing; our merchants have been in business; and the owners of our ships have untied them from the wharf, loaded them with the products of the farm, and the factory, taken them across the sea, and into the foreign ports; and as a result of the restoration of confidence, and the resumption of business, we have sold in the last year six hundred millions more goods in the foreign markets than we have purchased abroad. This balance of trade the foreigner has been compelled to pay, and we now have in circulation practically one-half more gold than we had in 1896, and it is still coming in waves. There is more gold in this country today, my friends, than in any other country on the face of the earth. The problem is no longer, what shall we do for gold, but the problem is likely to be what will the world do with the great volume of this metal now being produced in this and other countries in excess of what the channels of trade will absorb. Gold is now piled up by the million in the big cities, and is piling up in all our small towns in excess of all needs. If any one desires gold, I will take the contract on telegram to bring to this town ten, twenty, thirty, or a hundred millions of gold, on condition only that it be paid for.

Now, my friends, I think you can understand why it was that Mr Cleveland between 1893 and 1896, told Mr. Carlisle, his secretary of the treasury, to write a letter, and to say that before he would permit gold to go to a premium, and our volume of currency to shrink two-thirds, he would redeem silver in gold. That he would bond the country to the last dollar of its capacity rather than betray the trust imposed by the platform upon which he was elected. Much criticism has been indulged in because the government during Mr. Cleveland's administration bought gold with which to redeem its greenbacks when it had in its vaults a large amount of silver. The sole reason for this was to maintain the parity between the two metals. Any other course would have compelled any one needing gold for foreign commerce, to purchase it at a premium, which would result, as we have seen, in the retirement of every dollar of gold, and the shrinkage of every dollar of silver and paper to the bullion value of silver.

In parts of the state they have been injecting into this campaign an imaginary issue; one based upon the socalled McCleary bill. In order to discuss this I think it is necessary to go back to the history of the greenback. During the war we were unable to pay cash and we issued greenbacks. You and I may have some difficulty in getting people to take our paper, but the government is not troubled in that way. It can offer you a greenback on a past due obligation and you have to take it. You may say it is unconstitutional but you will have to wait until the government wants to buy something of you, and then you can get even with the government, by charging twice what the article is worth. During war times, and until the resumption of specie payment, we did business on a paper basis. Gold remained stationary, but the greenback fluctuated with the fortunes of war. When we, standing on the greenback basis, were far from gold we called gold high. As the greenback approached parity we called gold low. All this time the greenback was a government obligation and it remains a government obligation until this day. Let me illustrate. I knew a man who had trouble in his family. His wife commenced divorce proceedings against him. He was unable to pay cash and his paper became an object of merchandise. The note broker said, "It will be sometime before he will be able to pay cash; I will give only seventy-five cents on the dollar for his paper." They commenced taking evidence in the divorce case, and at first it was strongly in favor of his wife, and the note broker would only pay sixty cents on the dollar for the man's paper. They took more evidence; it was still prejudicial and the note broker bid but fifty cents. Then there was a suit commenced against him for trespass, and the broker would only pay forty cents for his note. Finally this trespass case was settled and dismissed and the broker offered fifty-five cents on the dollar for his paper. More evidence was taken which now appeared favorable to my friend and the note broker bid sixty cents or his paper. Finally the Supreme Court decided there should be no divorce, and consequently no alimony, and the note broker bid seventy cents for his paper. They commenced living together; quarreled some but yet surprised their neighbors with the rapidity with which they commenced paying off the expenses of the litigation, and the note broker paid seventy-five cents on the dollar for his note. They commenced accumulating property, paid off more debts and the note broker bid eighty cents on the dollar for his paper. Finally one day my friend and his wife made a loan on their land; put the money in the bank and said to their creditors, "Bring on my notes and you shall have cash therefor." And ever since that day that man's note has been at par with gold, because he has ever since had gold in the bank, and has been able to give his creditors their choice between his paper and the gold. In the sixties this government had a divorce case commenced against it. It looked for a while as if the southern confederacy would get quite a portion of our territory as alimony. We could not pay cash. We were compelled to issue paper obligations and the gold broker said. "It will be sometime before the United States will be able to pay cash;" and he only offered seventy-five cents on the dollar for our greenbacks. We commenced taking evidence, and lost battle after battle from Bull's Run to Gettysburg and the gold broker bid less and less for the greenbacks. Many of you will remember the capture of Mason and Slidell, and the demand of England that we let them go; and you remember also that we said, "Not today; we will consider the matter," and the gold broker and all the world thought there would be a judgment for trespass against us, and we would have a war on our hands against old England, as well as the southern confederacy, and the gold broker offered but forty cents on the dollar for our paper. Then we released the Englishmen, settled the trespass case, and the gold broker paid fifty cents for our paper. The fortunes of war turned in our favor in July 1863, and the gold broker paid higher for our paper. Finally the Supreme Court at Appomattox said that there should be no divorce, no alimony, no division of our territory; and the war was over, and the gold broker recognized the probability that the United States would be able at no very distant day to redeem its paper, and he bid seventy-five cents on the dollar. The north and south commenced living together, quarreled some, yet surprised the world with the rapidity with which it paid the expenses of the recent litigation; and with every fresh evidence of success and prosperity the broker bid higher and higher for our paper. Finally the government made a loan, issued its bonds, borrowed a hundred millions of gold and placed it in its treasurer's hands, and said to all the world, "Bring on my paper and you may have your choice between greenback and gold, dollar for dollar;" and from that glad day to this, thank God, and evermore, let us pray, the paper of the United States has been kept as good as gold and the creditor has been given his choice between the two.

But while the greenback has been worth its face in gold because exchangeable at par for gold it has been and is still a government debt. I am not urging that they shall be retired. I am only urging that their real character be at all times recognized.

In 1878 there was passed what is known as the Bland-Allison act, under which the government agreed to purchase not less than two million, and not more than four million ounces of fine silver per month. Under this law we purchased bullion and coined silver dollars two-hundred and sixty times as fast, on the average per annum, as silver dollars had been coined under free coinage