JOHN SHERMAN

JOHN SHERMAN, American statesman, financier, and lawyer, was born at Lancaster, O., May 10, 1823, and died at Washington, D. C., Oct. 22, 1900. He received a fairly good academic education, studied law, and was admitted to the Bar at the age of twenty-one. He early joined the Whig party, and was a delegate to the National Whig Conventions in 1848 and 1852. He took part in the organization of the Republican party, and in 1855 presided over the first Republican Convention held in his native State. He was a representative in Congress from March 4, 1855, to March, 1861, and was the Republican candidate for Speaker in 1859-60. He was called to the Federal Senate in 1861, to succeed Salmon P. Chase, and was reëlected in 1866 and 1872. He was Secretary of the Treasury under President Hayes from 1877 to 1881. On March 4, of the last named year, he again took a seat in the Senate and was reëlected in 1886 and 1892. He was a prominent candidate for the Presidency in several Republican National Conventions. On March 4, 1897, he became Secretary of State in the McKinley administration, but failing health compelled him to relinquish the office a year later, after a career of half a century in the public service. For most of this period he was intimately identified with the country's financial legislation, and to him we owe the resumption of specie payments effected in 1879 and the high maintenance of the national credit.

SPEECH ON THE FINANCIAL SITUATION

DELIVERED IN THE UNITED STATES SENATE, DECEMBER 31, 1895

THE President, in his annual message to Congress, confined himself to two important subjects, one our foreign relations and the other the condition of our national finances.

While Congress has heartily, perhaps too hastily, but with entire unanimity, supported him in maintaining the interests and honor of our country in the field of diplomacy, it has not and will not approve his recommendations on the more important subject of our financial policy and especially of our currency. He proposes a line of public policy that will produce a sharp contraction of our currency,

add greatly to the burden of existing debts, and arrest the progress of almost every American industry which now competes with foreign productions.

The President is supported in these views by Mr. Carlisle, his able secretary of the treasury, in his report to Congress. It is with diffidence I undertake to controvert their opinions; but my convictions are so strong that they are in error that I hope the strength of the facts I will submit to the Senate will convince it that the true line of public policy is to supply the government with ample means to meet current expenditures and to pay each year a portion of the public debt. The gold reserve provided for the redemption of United States notes can then be easily maintained without cost except the loss of interest on the gold in the treasury, but with a saving of interest on United States notes and treasury notes of five times the interest lost by the gold held in reserve. A vastly greater benefit than saving interest is secured to our people by a national paper currency at par with coin supported by the credit of the United States and redeemed on demand in coin at the treasury in the principal city of the United States.

The only difficulty in the way of an easy maintenance of our notes at par with coin is the fact that during this administration the revenues of the government have not been sufficient to meet the expenditures authorized by Congress. If Congress had provided necessary revenue, or if the President and Mr. Carlisle had refused to expend appropriations not mandatory in form, but permissive, so as to confine expenditures within receipts, they would have had no difficulty with the reserve. This would have been a stalwart act in harmony with the President's character and plainly within his power.

All appropriations which are not provided to carry into effect existing law are permissive, but not mandatory, and his refusal to expend money in excess of the revenues of the government would not only be justified by public policy, but would have been heartily approved by the people of the United States. He knew as well as any one that since the close of the civil war to the date of his inauguration the expenditures of the government had been less than its receipts. I have here a table which shows the receipts and expenditures each year from 1866 to 1893. . . .

From this official statement it appears that each and every year during that long period there was a surplus, which was applied to the reduction of the public debt bearing interest. . . .

The President, in his recent annual message, complains that the law of October 6, 1890, known as the McKinley Act, was "inefficient for the purposes of revenue." That law, though it largely reduced taxation by placing many articles on the free list and granted a bounty for the production of sugar, yet did not reduce revenues below expenditures, but provided a surplus of $37,239,762.57 June 30, 1891, and $9,914,453.66 June 30, 1892, and $2,341,674.29 on the 30th of June, 1893, when Mr. Cleveland was President and a Democratic majority in both Houses of Congress had been elected, all pledged to repeal the McKinley Act and to reduce duties. That the McKinley Act did not produce more revenue in 1893 and 1894 is not a matter of surprise. Any tariff law denounced by the party in power, with a promise to repeal it and to reduce duties, would prevent importations under the old law and thus lower the revenue. Early in December, 1893, at the first regular session of Congress during Mr. Cleveland's term, a bill was formulated, and as soon as practicable passed the House of Representatives.

That bill met the hearty approval of the President. If it had become a law as originally presented, the deficiency in revenue would have been much greater than now; but conservative Democratic senators with the aid of Republican senators, greatly improved the House bill, added other duties and changed the scope of the measure. With these amendments it became a law. The President refused to sign it, expressing his opposition to the Senate amendments, and yet now supports it when deficiencies have been greatly increased, when the public debt is increasing, and doubts are expressed as to the ability of the government to maintain its notes at par with coin. The President makes no mention in his message of these deficiencies; no mention of the issue of interest-bearing bonds to meet them. The secretary of the treasury is more frank in his statement. He reports a deficiency of $69,803,260.58 during the fiscal year ended June 30, 1894, and for the year ended June 30, 1895, $42,805,223.18, and for the six months prior to December 1, 1895, $17,613,539.24; in all, $130,221,023.

No complaint was made that the McKinley law "was inefficient for the purposes of revenue" when the Wilson bill was pending. The objection to the McKinley law was that it was a "protective tariff," and the Wilson bill was a "revenue tariff." I have a statement showing the receipts and expenditures under each law each month, the McKinley law from its passage to the election of Cleveland, and the Wilson law from its passage to December 1, 1895. During the twenty-five months of the McKinley law the average monthly surplus was $1,129,821. During the existence of the Wilson law the average monthly deficiency was $4,699,603. If the

McKinley law was, in the opinion of the President, inefficient for revenue, he should have said of the Wilson law that it was bounteous in deficiencies. . . .

I could pursue the analysis of these two laws further, but I have said enough to explain the preference by the President of the Wilson bill. He believes in large importations at the lowest cost, without regard to the industries and labor of our countrymen, while I believe in a careful discrimination and the imposition of such duties on articles that compete with home productions as will diversify our employments and protect and foster impartially all industries, whether of the farm, the workshop, the mine, the forest, or the sea. I have not been satisfied with any tariff law made during my public life, though I have shared in framing many. I prefer a law that will impartially protect and encourage all home industries, and regard the McKinley law as infinitely better than the Wilson law, which I believe is the cause of all the evils which we now encounter by adverse balance of trade, by exportation of gold and derangement of our monetary system. The Wilson law has produced a deficiency in every hour and day that it has been on the statute book, while the McKinley law has always produced a surplus until after the incoming of this administration, and if administrated since that time by friendly agents would have furnished the government all the revenue needed.

The deficiency of revenue was the primary cause of the demand for gold for United States notes. The gold hoarded for resumption purposes was not separated from the money received for current revenue, and this revenue being insufficient to meet expenses, the gold accumulated for redemption purposes was drawn upon to make good deficiencies. This created a doubt of the ability of the government to maintain

the parity of United States notes with coin, and led to their presentation for redemption in coin. The draft on the treasury for coin during this administration has been greater than the amount of deficiency of revenue during the same period. In every aspect in which the subject presents itself to my mind I come to no other conclusion than that the deficiency of revenue and the consequent encroachment upon the redemption fund is the cause of our present financial condition and that the only remedies are either a radical reduction of expenditures or an increase of taxation, and perhaps both. I do not believe that the condition requires a suspension of public works or a postponement of measures now in progress to strengthen the army and navy. . . .

Such a deficiency is discreditable to the United States, with its vast wealth and resources. There is no difficulty in collecting for taxation all and more money than is necessary for its expenditures. It is humiliating to read in the newspapers of the day that our government is negotiating for money from associated bankers, and, like a distressed debtor in view of bankruptcy, is offered by a friendly power its accumulated gold to relieve us from our supposed financial distress. The true remedy is to supply additional revenue by taxation in some form, and, until this can be effected, to borrow from the people of the United States enough money to cover past and future deficiencies. This done, gold will readily be exchanged for United States notes, as was done from January, 1879, to the election of Mr. Cleveland. . . .

The President complains that the notes are presented and paid, reissued, and paid again and again, making a continuous circuit. When did this circuit commence? The only answer is, when this administration, supported by the last Congress, created a deficiency. Why does the circuit continue? It is because the deficiency continues. The government resorts to the financial policy of Micawber. It gives its bonds and thinks the debt paid. But the circuit continues. The money received for current revenue is paid to cover deficiencies and is returned for gold, and then more bonds. The secretary hopes that in two or three years there will be no deficiency. What is the ground for this hope? It is that a new administration will provide more revenue, and then the circuit will be broken. Why not apply the remedy now?

If deficiencies occur Congress should immediately supply the means to meet them, and Congress, and not the administration, must be the judge of the mode and manner of relief. The invasion and misapplication of the resumption fund is of infinitely greater injury to our people than the imposition of ten times the amount of taxation.

It is said that the law for their continued reissue is mandatory. That is not a fair construction of the law. The plain meaning of it is the redemption of the notes shall not cause their cancellation. They are placed on the footing of bank notes. What solvent bank would reissue its notes when there was a run upon it? It would hold them until the demand ceased. The government ought to exercise the same prudence. The President is of the opinion that the United States notes and treasury notes should be retired and give place to bank notes. This is a question for Congress to decide. It is certainly not of that opinion now, nor was the last Congress of that opinion. Outside of a few large cities where banking facilities are abundant and business is conducted by checks and commercial paper, there is no desire for the retirement of national paper money. It is not right for the executive authorities to discredit this money by using it for current deficiencies. It was the use and dispersion of the

redemption fund that created the circle of which he complains.

I believe that under existing law the aggregate sum of United States notes and treasury notes issued under the act of 1890, amounting to about $460,000,000 can be easily maintained at par with coin if the two amendments I have mentioned are adopted by Congress. These notes are a legal tender for all debts, public or private. They are a debt of the United States without interest and without other material cost to the government than the interest on the cost of the coin or bullion held in the treasury to redeem them. They are preferred by the people to any other form of paper money that has been devised. They have all the sanctions of law and all the security that has been or can be given to our bonds. They have the pledge of the public faith that they will be redeemed in coin. The substitution of these notes for State-bank paper money was one of the greatest benefits that has resulted from the Civil War. These notes have all the sanction, protection, and security that has been or can be given to our national bank notes, with the added benefit that the large saving derived from them inures to the people of the United States instead of to the bankers.

Another reason, founded upon belief, is that the national banking system could not long endure if the United States notes were withdrawn. I will not on this occasion discuss this, nor any other of the numerous financial questions involved, such as the policy of requiring the duties on imports to be paid in gold Imports are purchased with gold, are paid for in gold, and we may require gold for duties. The disposition of silver certificates is a much more serious problem. They are in express terms redeemable in silver dollars. Ought they not to be redeemed by silver dollars? While the silver dollars are maintained at par with gold it would seem that there was no injustice in paying the silver dollars for silver certificates. Then comes up the question of free coinage of silver, which I regard as the most dangerous policy.

All these are vital questions I do not wish to mingle with the pressing recommendation of the President in his last annual message "that authority be given the secretary of the treasury to issue bonds of the United States bearing a low rate of interest payable by their terms in gold for the purpose of maintaining a sufficient gold reserve and also for the redemption and cancellation of outstanding United States notes and the treasury notes issued for the purchase of silver under the law of 1890." He recommends the exchange of gold interest-bearing bonds for the legal-tender notes of the United States, and the substitution of national bank notes as our only currency.

He is supported in this by large and influential classes of our fellow citizens, most of them engaged in banking or classed as capitalists. Their arguments mainly rest upon the difficulties encountered by this administration in maintaining a reserve in coin to redeem United States notes. They forget that during a period of fourteen years when the revenues of the government exceeded expenditures and when the public debt was being reduced with unexampled rapidity there was no difficulty in maintaining our notes at par with coin. There is scarcely a doubt but that in all conditions of trade or finance, except the contingency of war, the whole mass of United States notes and treasury notes now in circulation can be maintained at par with coin if it is supported by a reserve of gold coin or bullion or silver bullion at market value in due proportions equal to one third or one fourth of the amount of such notes.

A careful study of the systems of banking currency and coinage adopted by the principal nations of Europe convinces me that our system, when cured of a few defects developed by time, founded upon the bimetallic coinage of gold and silver maintained at par with each other, with free national banks established in every city and town of importance in the United States, issuing their notes secured beyond doubt by United States bonds or some equivalent security, redeemable on demand in United States notes, and the issue of an amount of United States notes and treasury notes equal to the amount now outstanding, with provision for a ratable increase with the increase of population, always redeemable in coin and supported by an ample reserve of coin in the treasury, not to be invaded by deficiencies of revenue, and separated by the sub-treasury system from all connection with the receipts and expenditures of the government — such a system would make our money current in commercial circles in every land and clime, better than the best that now exists in Europe, better than that of Great Britain, which now holds the purse-string of the world.

It is not given to man to foresee with certainty the future; but if we may judge the future by the past, the growth and progress of our country will continue, the diversity and extent of our industries will expand, the vast plains of our broad territory will be teeming with population. The rapid growth of our cities, unexampled in the history of mankind, will continue. A century spans the life of this Republic; what will the next century do? I have seen great changes in my life, but those who come after us will see greater changes still. I may on some proper occasion hereafter give the reasons for my faith in our present financial system. All I ask now is that you will not disturb it with your deficiencies, you will not rob it of its safeguards, you will not return to the days of wildcat money, you will not lessen the savings of prudent labor or the accumulations of the rich. Time makes all things even. Let us give to the executive authorities ample means to meet the appropriations you have made, but let us strengthen rather than weaken our monetary system, which lies at the foundation of our prosperity and progress.

THOMAS F. MEAGHER

THOMAS FRANCIS MEAGHER, Irish American soldier, orator, and revolutionist, was born at Waterford, Ireland, Aug. 3, 1823, and was drowned near Fort Benton, Montana, July 1, 1867. After obtaining an education at the Jesuit College of Stonyhurst, Lancashire, he proceeded to Dublin in 1844 with the intention of studying law, but speedily relinquished it for politics. As a Nationalist, he espoused the cause of Ireland with enthusiasm, and in a fiery speech once deprecated the idea that the use of arms was immoral, and declared the sword to be a sacred weapon. For this he was styled by the novelist Thackeray, "Meagher of the Sword." About this time he was greatly influenced by the oratory of Daniel O'Connell, and was sent to Paris bearing an address to the provisional government of France (in 1848), from the Irish Confederation, and on his return he made a fiery, seditious speech while presenting the citizens of Dublin with an Irish tri-color. In the same year, he made a vehement harangue before a meeting of the Irish Confederation, asserting that Irishmen were justified in saying to the government, "If you do not give us a parliament in which to state our grievances, we shall state them by arms and force." He was arrested for sedition a few days later and tried at Dublin, but no verdict was returned. Undeterred by this warning, Meagher travelled about Ireland in the following summer exciting revolution, and was again arrested. In October he was brought to trial at Clonmel, and was adjudged guilty of high treason and sentenced to be hanged. His sentence being commuted to penal servitude for life, he was banished to Tasmania, where considerable liberty appears to have been allowed him. In 1852, he escaped to the United States, where for two years he came frequently before the public as a lecturer, his fiery eloquence and fine personal appearance making considerable impression upon his hearers. He took up the study of law again and was admitted to the New York Bar in 1855, but at the opening of the Civil War promptly abandoned his professional duties, and, organizing a company of Zouave volunteers, known as the "Irish brigade," served at their head in the Federal army. In 1862, he was appointed brigadier-general and distinguished himself by bravery at Antietam and on other battle-fields. He was also present at the two battles of Bull Run, in the seven days' fighting before Richmond, as well as in the battles at Fredericksburg and Chancellorsville. Meagher was twice wounded and had his horse shot under him, while at Chancellorsville his brigade was almost decimated. He resigned from the army in 1863, and in 1866, was appointed provisional Governor of Montana, and while occupying this office was accidentally drowned in the Missouri River. Meagher was an extremely impulsive, courageous character, whose oratory was fiery to a degree. His writings include "Speeches on the Legislative Independence of Ireland" (1853); "Recollections of Ireland and the Irish"; "Last Days of the Sixty-Ninth in Virginia" (1861).