

## CHAPTER IX.

### McKINLEY AND MONEY.

Nominated for Governor—The sound money battle—A full dollar—  
Not willing to chance it—Two yard-sticks—Struggle against  
inflation—A high compliment—Opposed to unlimited coinage  
—Treasury Report.

IN 1889 James E. Campbell, in the Ohio Gubernatorial race, defeated Joseph B. Foraker, who, against his judgment, yielded to solicitations to run for a third term, and when Campbell's term was waning, he was nominated for re-election on a silver platform. There were some timid people of the Republican persuasion who thought it would be disastrous to nominate McKinley for Governor—he was so "extreme" and "high" a protectionist, and could not win in putting that before the people. McKinley was nominated, however, and then came the crisis of his career as a public man. He had become famous in Congress, and he had to be Governor or step aside.

What did he do—evade the money question? The Democrats had presented themselves as for free and unlimited coinage of silver. Did McKinley fail to meet that issue? On the contrary, he met it fairly

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and squarely. His opening speech in this campaign of 1891 was at Niles, Ohio (his birthplace), August 22d, and he put the money question to the front, saying:

"The Democratic platform declares for the free and unlimited coinage of the silver of the world, to be coined, as freely as gold is now, upon the same terms and under the existing ratio. The platform of the Republican party stands in opposition to anything short of a full and complete dollar. The legislation of the last Congress is the strongest evidence which can be furnished of the purpose of the Republican party to maintain silver as money, and of its resolution to keep it in use as part of our circulating medium equal with gold. The law which the Republican party put upon the statute books declares the settled policy of the government to be 'to maintain the two metals upon a parity with each other upon the present legal ratio, or such ratio as may be provided by law.'

"The free and unlimited coinage of silver, demanded by the Democratic Convention recently held in Cleveland, amounts to this: That all the silver of the world, and from every quarter of the world, can be brought to the mints of the United States and coined at the expense of the government; that is, that the mints of the United States must receive 412½ grains of silver, which is now worth but 80 cents the world over, and coin therefor a silver dollar, which, by the fiat of the government, is to be received by the people



of the United States, and to circulate among them as worth a full dollar of 100 cents.

"The silver producer, whose 412½ grains of silver are worth only 80 cents or less in the markets of this country and the world, is thus enabled to demand that the government shall take it at 100 cents. Will the government be as kind to the producer of wheat, and pay him 20 cents more per bushel than the market price? The silver dollar now issued under a limited coinage has 80 cents of intrinsic value in it, so accredited the world over; and the other 20 cents is legislative will—the mere breath of Congress. That is, what the dollar lacks of value to make it a perfect dollar Congress supplies by public declaration, and holds the extra 20 cents in the Treasury for its protection. The government, buying the silver at its market value, takes to itself the profit between the market value of 412½ grains of silver and the face value of the silver dollar. Now it is proposed to remove the limit and to make the government coin, not for account of the Treasury, but for the benefit of the silver mine-owner.

"It does not take a wise man to see that, if a dollar worth only 80 cents intrinsically, coined without limit, is made a legal tender to the amount of its face value for the payment of all debts, public and private, a legal tender in all business transactions among the people, it will become in time the exclusive circulating medium of the country. Gold, which is 20 per cent. more valuable on every dollar, will

not be paid out in any transactions in this country when an 80-cent silver dollar will answer the purpose. Nor will the greenback be long in returning to the Treasury for redemption in gold. We shall do our business, therefore, with short dollars, rather than with full dollars, as we are now doing. The gold dollar will be taken from the circulating medium of the country and hoarded, and the effect will be that the circulating medium will not be increased, but reduced to the extent of the gold circulating, and we will be compelled to do the business of the country with a silver dollar exclusively—which, under present conditions, is confessedly the poorest—instead of doing our business with gold and silver and paper money, all equal and all alike good."

Governor McKinley quoted President Cleveland and the Hon. M. D. Harter, a Democratic Representative in Congress, and proceeded:

"My competitor (Governor Campbell) has said in his reported interviews that in sentiment, upon this subject, 'The Democrats of Ohio are very much divided; that the vote in the convention was a very close one.' This close vote only emphasizes the danger of the free coinage declaration in the minds of a large number of the Democrats in the State, but enjoins the importance and necessity of the friends of honest money standing together, as in all the contests of the past they have been forced to stand together for an honest currency. Governor Campbell declared in one of his interviews that, while he had



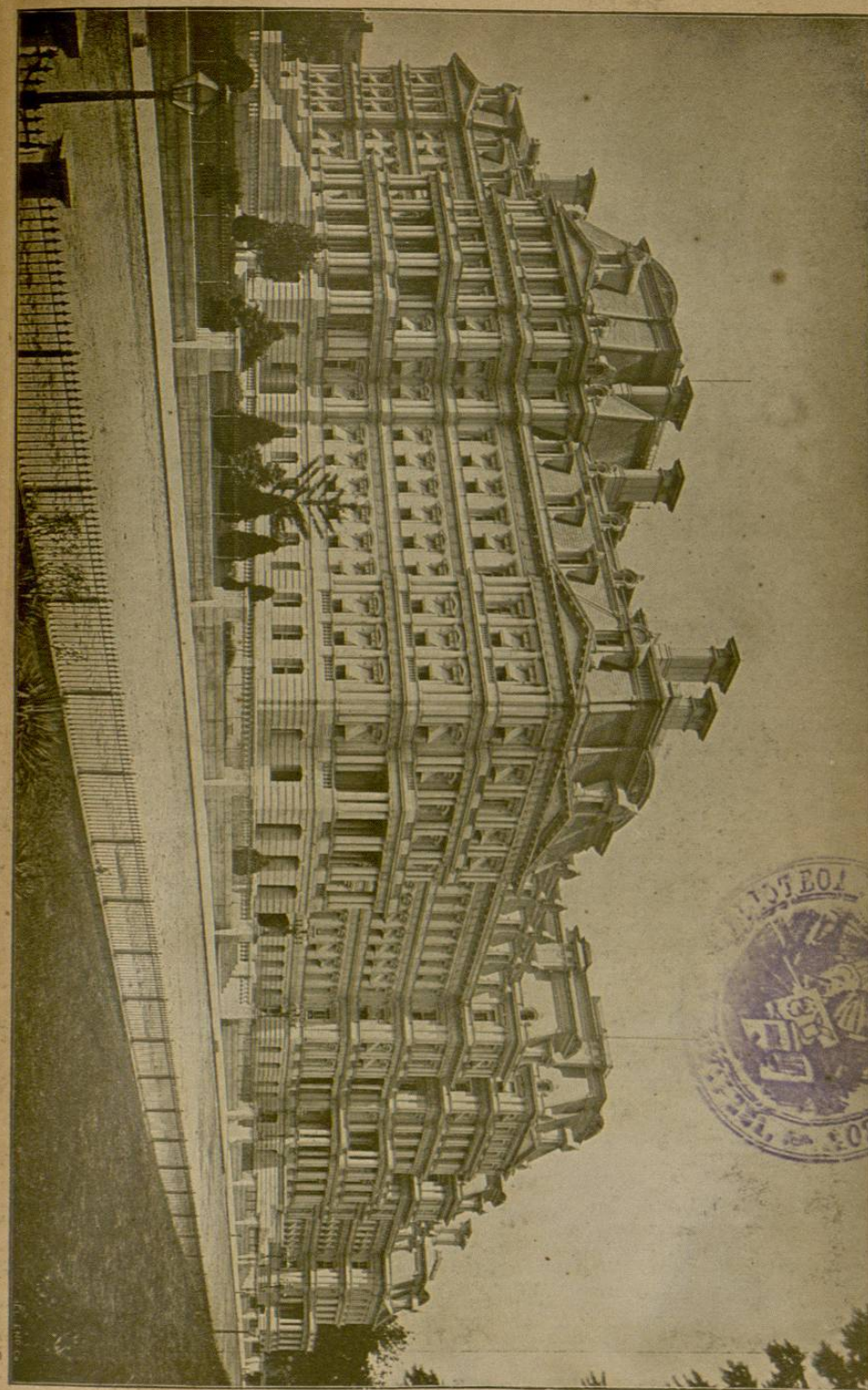
doubts about it, he was willing 'to chance free and unlimited coinage of silver.' I am not willing to 'chance' it. Under present conditions the country cannot afford to chance it. We cannot gamble with anything so sacred as money, which is the standard and measure of all values. I can imagine nothing which would be more disturbing to our credit and more deranging in our commercial and financial affairs than to make this the dumping ground of the world's silver. The silver producer might be benefited, but the silver user never. If there is to be any profit in the coinage of silver, it should go to the government. It has gone to the government ever since the Bland-Allison law went into effect. The new declaration would take it from the government and give it to the silver producer.

"Now, the people know that, if we had two yardsticks, one three feet in length and the other two and a half feet in length, the buyer would always have his goods measured to him by the shorter stick, and that the longer stick would go into permanent disuse. It is exactly so with money."

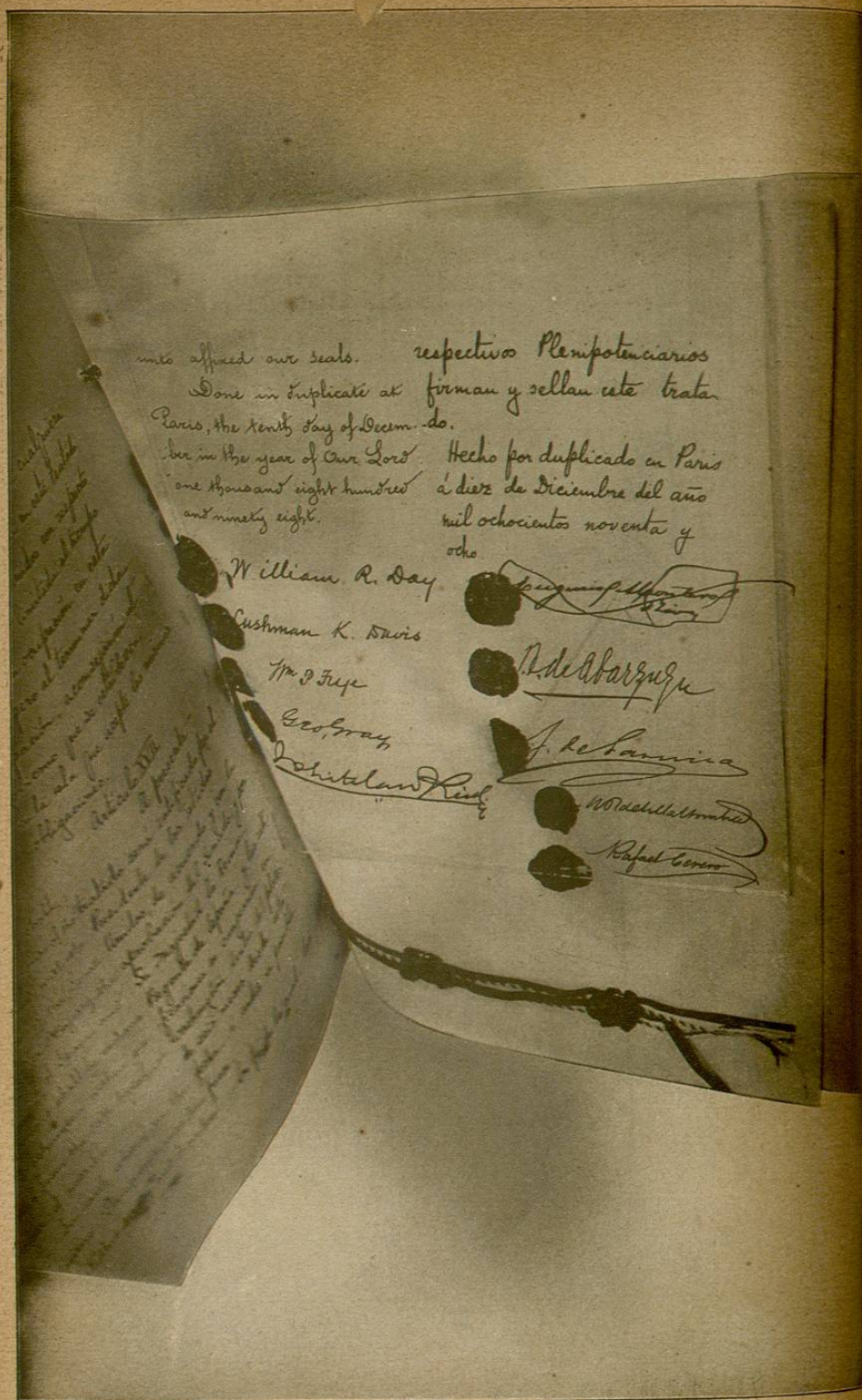
Major McKinley proceeded to argue that the bondholders had been largely paid in 100-cent dollars, and that the pensioners should not be paid in depreciated dollars. He said of the struggle in 1867:

"When the attempt was made at that time by the leaders of the party that now stands in opposition to the Republican party to repudiate the debt to the

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bondholder, or pay it off in depreciated currency, insisting that we never could pay it in full, the soldiers stood with the party which represents good faith to our creditors and the honorable payment of every obligation, and swept back the tide of inflation and repudiation. They said that the Union which they saved from force should have no stain upon its financial honor, but every debt it had contracted to preserve the Union should be paid in the best coin of the Republic, and every obligation should be sacredly kept and observed. They were willing to wait for their pensions until the great money obligation was discharged. The government credit was therefore sustained, and over two thousand millions of that great debt has been paid off, not in a clipped dollar, but in a full dollar. The positions are to-day reversed."

In concluding this branch of his subject, Major McKinley spoke for Ohio in these clear and unmistakable terms, that are as pertinent to-day as then:

"Ohio has never in the past given her vote for a debased currency, and she will not do so in the future. When the country was wild for inflation—in 1875—under pressure of hard times (and they were hard), the sober sense of the people of this State, without regard of party, stemmed that awful tide. The people of Ohio had more to do than any other State or constituency of the Union in keeping the nation upon the rock of honest finance and honest currency. Thousands of Democrats helped in that



great struggle—not through their own party organization, but by leaving their party and joining with the party which represented good faith and honest dealing with the public creditor. They can take no other course this year. And the people of Ohio will take no backward step.”

In the campaign with Campbell there was a joint debate at Ada, October 8th, when the questions at issue had been thoroughly gone over, and McKinley, describing the issues, said he proposed to occupy his time with two of them—the question of silver (giving it the first place again, it will be noticed), and the other question was that of taxation.

This campaign is especially interesting in a study of the Republican candidate for the Presidency, and in view of the prominence given the question of money standards. McKinley had been gerrymandered out of Congress by a Democratic Legislature, because he was the champion protectionist—one of the highest compliments he ever received. He was decorated with the particular displeasure of the Democracy, and, from their party point of view, deserved it. The people of Ohio took him up for enlarged public service, and the Democratic party adopted a free-silver coinage platform. The greater distinction of McKinley was as a protectionist, but he met the silver issue forced by the action of the Democratic party aggressively. At his opening and birth-place speech in this most critical time of his fortunes, he was prompt, thorough, and emphatic in his treat-

ment of money questions, and his remarks cannot be read by one who understands the history and science of money without admiration for the evidence that McKinley has mastered the subject. He employs the right word every time to express his exact meaning, and this precision of phrase is rare in the discussions of the standards. Announcing the matters that were at issue between himself and Governor Campbell, McKinley said there were two prominent points, and “the one relates to the standard with which we shall measure our exchanges and our labor with each other and with the rest of the world, and the other relates to the subject and the method of taxation, by which we shall raise the needed revenues for public purposes.

“The Republicans stood,” the Major said, putting the actual money question in one plain sentence, “for a dollar worth one hundred cents,” and he added:

“You can buy to-day 371½ grains of pure silver, which constitutes the silver dollar; you can buy it in the markets of the world to-day for 76 cents. Free and unlimited coinage invites the silver producers of the world to bring their 76 cents’ worth of silver to the mints of the United States, the government agreeing to coin that silver into a silver dollar, and by its fiat compels people to take it for 100 cents, and the difference between 76 cents, which is the price of silver to-day, and 100 cents, which is the face value of the silver dollar, goes into the pockets



of the silver kings of the world; and if we had had free and unlimited coinage in the last twelve years the \$67,000,000, which was the seigniorage or gain to the government, would have been divided among the silver producers of this country and the silver producers of the world. When we sell our labor or our crops, we want to get for it a money that is as good as the thing we gave for that money, and we want the thing we get to be unvarying in value—not only good to-day, but good every day of every week of every year; not only good in the United States, but good where every trade goes. In a word, we want no short dollar, we want no short weight, we want no short measure. When the farmer sells his bushel of wheat he is required to give a full bushel in measure; when he gets his pay he is entitled to have a full dollar in value.”

But it is said Governor McKinley once thought well of the “double standard.” Well, he and Governor Campbell threshed that over together in their debate, and this is what McKinley said directly upon that subject:

“In 1877 I voted to reinstate the ancient silver dollar a part of the coinage of the United States. Silver had been stricken from our coinage in 1873—stricken by both political parties, the one just as responsible as the other—and in 1878, being in favor of both gold and silver as money, to be kept at parity one with the other, I voted for the restoration of the silver dollar. When I did it we had but 8,000,000

silver dollars in circulation. When I did it silver was more valuable than it is to-day. We have 405,000,000 silver dollars to-day, and that is as much as we can maintain at par with gold with the price of silver that prevails throughout the world. I took every occasion to reinstate silver to its ancient place in our monetary system, because I wanted both metals. I am opposed to free and unlimited coinage, because it means that we will be put upon a silver basis, and do business with silver alone, instead of with gold, silver, and paper money, with which we do the business of the country to-day—every one of them as good as gold.

“I want to tell the workingmen here and the farmers that it takes just as many blows of the hammer, it takes just as many strokes of the pick, it takes just as much digging, just as much sowing, and just as much reaping to get a short dollar as it does to get a full dollar.

“A one hundred-cent dollar will go out of circulation alongside an eighty-cent dollar, which is a legal tender by the fiat of the government. And no class of people will suffer so much as the wage-earner and the agriculturist. If it is the farmer you would benefit, there is one way to do it. Make the bushel measure with which he measures his wheat for the buyer three pecks instead of four, and require the buyer to pay as much for three pecks as he now pays for four. No man knows what the future may be, but in our present condition, and with our present light every consideration of safety requires



us to hold our present status until the other great nations shall agree to an international ratio."

There is no sounder, simpler, more wholesome doctrine offered this day by any professional sound money man than this. More than that, there is no public man who speaks from higher intelligence on this subject. But they say Major McKinley was in favor of the double standard, and we see those words in large type and displayed as if they were criminal. What he meant by the double standard he explained in this luminous passage:

"I am not in favor of the free and unlimited coinage of silver in the United States until the nations of the world shall join us in guaranteeing to silver a status which their laws now accord to gold. The double standard implies equality at a ratio, and that equality can only be established by the concurrent law of the nations. It was the concurrent law of nations that made the double standard; it will require the concurrent law to reinstate and sustain it. Until then for us to decree free and unlimited coinage of the world's silver would be to ordain that our silver dollars must surely depreciate and gold inevitably go to premium."

It has been much mentioned, and McKinley speaks of it freely, that he voted to reinstate the ancient silver dollar—and was for it until we had demonstrated by coining four hundred millions and more, that this nation could not alone, and in opposition to the great moneyed nations, reinstate silver. Many

have denounced this action who should know that if it had not been for the coinage of silver by the hundred millions, and the policy of the parity of the precious metals insisted upon by the Republicans, the silver flood would have broken over all bounds and we should have been on the silver basis long ago. It was the very policy McKinley stood for that prevented our money from being Mexicanized. It was right and true and strong then, and right and true and strong now.

The Treasury report for May gives the following figures of cash in the Treasury of the United States:

Gold—		
Coin . . . . .	\$118,644,283 02	
Bars . . . . .	32,662,859 89	
		\$151,307,142 91
Silver—		
Dollars . . . . .	\$376,572,499 00	
Subsidiary Coin . .	15,637,424 37	
Bars . . . . .	119,989,914 36	
		\$512,199,837 73

This would seem to show that there is a good deal of bimetallism in our country. Of the full legal tender "demonetized" silver dollars we have on hand 376,644,283, forty-seven times the amount of dollars coined under the free silver system in the eighty years that it prevailed. That is the way this precious metal has been refused its right, and robbery of the people ensued. The silver storm still rages, notwithstanding this demonstration that one nation cannot restore silver except at an expense that would be ruinous. It is clear, however, to the calm and impartial student of our history, that with-



out this effort to reinstate silver when it stood almost at a parity in the markets at the old ratio with gold, the constant decline of the price of the white metal would have been charged to the omission of the dollar from the coinage orders—and all financial troubles charged to the decline, and all the misfortunes of the people traced to the same source—and the result would have been the overwhelming election of a free silver President and Congress, and we would have been Mexicanized as to money.

If McKinley did make the mistake in his friendliness to silver of overvaluing it, he repeated an error of Alexander Hamilton, who fixed the original ratio in our coinage at 15 to 1. We have heard of the crime of the century in the demonetization of silver. Well, the man who first committed it was Thomas Jefferson, and here is the record:

“DEPARTMENT OF STATE, May 6, 1806.

“To ROBERT PATTERSON, Esq., Director of the Mint.

“*Sir*: In consequence of a representation from the Director of the Bank of the United States that considerable purchases have been made of dollars coined at the mint for the purpose of exporting them, and as it is probable that further purchases and exportations will be made, the President directs that the silver coined at the mint shall be of small denominations, so that the value of the largest pieces shall not exceed half a dollar. I am, etc.,

“JAMES MADISON.”

This was issued by President Jefferson. The coinage of dollars was stopped on this order for thirty years. Many writers do not seem to have noticed this, to give it full weight and consideration. Silver was exported because it was the best money.

There was great difficulty also in keeping our gold coin in use, and Thomas H. Benton said on the floor of the Senate in 1834:

“The valuation put upon gold has rendered the mint of the United States, so far as the gold coinage is concerned, a most ridiculous and absurd institution. It has coined, and that at a large expense to the United States, 2,262,177 pieces of gold, worth \$11,852,890, and where are the pieces now? Not one of them to be seen! All sold and exported! And so regular is the operation that the Director of the Mint, in his latest report to Congress, says that the new-coined gold frequently remains in the mint uncalled for, though ready for delivery, until the day arrives for a packet to sail for Europe. He calculates that two millions of native gold will be coined annually hereafter, the whole of which, without a reform of the gold standard, will be conducted, like exiles, from the national mint to the seashore and transported to foreign regions.”

This was followed by the law that reduced the quantity of gold  $1\frac{1}{2}$  grains to the dollar. It will be observed that we had about as much trouble with gold as with silver coin.