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## CHEAP DOLLARS NOT CONSTITUTIONAL.

Senator John B. Henderson Affirms that Congress Has no Constitutional Power to Coin Money and Make It a Full Tender in the Payment of Debt Except on the Basis of the Commercial or Intrinsic Values of the Metals Coined—A Clear and Cogent Argument—Convincing Historical References.

BAR HARBOR, Sept. 8, 1896.  
JOSEPH PULTZER, Esq.

My Dear Sir: I now recur to our conversation in which I suggested to you my conviction that to coin silver and invest it with unlimited legal tender character, at a value admitted by the law-making power to be scarcely more than one-half its commercial value, would be an unconstitutional act, and should be so declared without hesitation by the Supreme Court of the United States.

Among the enumerated objects to be attained by the formation of the Constitution are the following, to wit: "To establish justice," to "promote the general welfare" and to "secure the blessings of liberty to ourselves and our posterity."

At the threshold, let us ask if "justice" can in any conceivable way be promoted or "established" among the people of the United States by a legislative edict which plainly and confessedly transfers one half of their property from one class of our people to another class. If it be said that Congress by the enactment of bankruptcy laws may accomplish the same end, I reply that bankruptcy laws are not "bills of attainder." They are not acts of usurpation. They must be administered in the courts and under the forms and sanctions of judicial procedure. Such laws are required by the Constitution to be "uniform"—uniform territorially and uniform as to the classes and persons to be affected by their administration. If, in the execution and enforcement of bankruptcy laws, the debtor is finally discharged from a part of his obligations without actual payment, it is only done after judicial inquiry, and after a finding of the fact in the courts of law that the debtor is unable to pay; that his inability to do so is untainted by fraud, and that his release, while alike beneficial to himself and the community, will not be prejudicial or injurious to his creditors.

If Congress can constitutionally declare that 37½ grains of silver, regardless of its intrinsic value, shall be worth as much as 23 to 100 grains of gold, and that coins containing these amounts respectively shall be accepted as a full dollar in the discharge of debts and in all other commercial transactions among the people, it follows, as a matter of course, that Congress may, in its discretion, declare that 25 grains of silver, commercially worth 34 cents, shall be of equal value with the gold dollar. The enactment of such a law, if conformable to the Constitution, would certainly operate to confiscate by legislative edict about 96½ per cent. of the total indebtedness of the country; or more appropriately I should say it would take that amount from the holders of all subsisting obligations and transfer it, to the debtors. It would enable all banks to pay their depositors in full with 34 per cent. of the amount they agreed to pay. And the same is true in respect of insurance companies and building associations; and the employers of labor would in the same manner be authorized to take acquittance from the honest demands of labor. If this power exists, the Government itself may legally discharge its whole debt by paying to the holder of its bonds 34 per cent. of their par value. The Government debt is all payable in coin, but if the Government can itself make the coins for its discharge and fix by law the value of the coins so made, of course a single hundred dollars' worth of silver may suffice to liquidate the whole twelve hundred million dollars of its bonded debt. All this extraordinary power is claimed to be derived from the authority delegated to Congress "to coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures."

In what sense did our forefathers use the word "regulate"? If we take our old colonial history,

the proceedings of Congress under the Articles of Confederation, the condition of the currency when the above clause was inserted into the Constitution, the speeches and acts of public men contemporaneous with the formation of the instrument, together with the legislation and proceedings of our National Congress from 1793 down to 1878, there can be no doubt about the extent and meaning of this coinage clause of the Constitution.

From the portion of this history which precedes the adoption of the Constitution, it is clear that the coins expected to be made and used under the Constitution should consist of gold, silver and copper. This is gathered from the report of the great financier of the Revolutionary era, Robert Morris, made in 1783, on the subject of foreign coins and the establishment and regulation of an American mint. Mr. Jefferson's "Notes on the Establishment of a Money Mint and of a Coinage for the United States," prepared and published about the same time, clearly demonstrates the same fact. The report of the Grand Committee of Congress on the subject of the "Money Unit" in 1785 and the report of the Board of Treasury in 1786 fully confirm the statement not only that coins of gold, silver and copper were contemplated, but that these coins were to be so made, constructed, "regulated," if you please, as to express their commercial value. The idea of coining money on a false or fictitious value was not then entertained by anybody. It seems not to have occurred to the authors of these papers that such a thing as legal value, separate and apart from commercial value, could exist. Mr. Morris, indeed, simply predicated the superiority of stamped coins as money over bullion upon the fact that "the standard of coins is presumed to be just,"—that is, based on intrinsic or market values, and consequently, he said, "they are received without the delays and expense of assaying." And Mr. Jefferson, to make the conclusion still clearer, declared that in coining money justice demands that we "disregard legal proportions altogether," and that we must ascertain the "market price" of the metals to be coined in the "several countries with which we shall be principally connected in commerce and take an average from them." In the report of the Grand Committee of Congress in 1785, the first of the four propositions discussed is the comparative commercial values of gold and silver.

In the celebrated report of Mr. Hamilton, the then Secretary of the Treasury, in 1791, made at the special instance of Congress, concurred in and approved by Mr. Jefferson, and on which report our first coinage act of April 2, 1793, was predicated, it became necessary, of course, to give practical interpretation to this clause of the Constitution.

In this report it is said: "There is scarcely any point in the economy of national affairs of greater moment than the uniform preservation of the intrinsic value of the money unit. On this the security and steady value of property essentially depend." It will be remembered that Mr. Hamilton recommended in this paper, and Congress, in its legislation, followed the recommendation, that the exact commercial value of both gold and silver be ascertained and that the unit be affixed to both metals. He realized and stated, with his usual ability, the superiority of gold both as money and as a standard of value, but the comparative value of gold and silver throughout the world had then been uniform for so great a period it was hoped that the double standard could be safely adopted. This was clearly and confessedly a concession to the extensive use in the United States of foreign silver coins already received from Spain, France and England, with the current values of which the people had become familiar.

It was feared, and so stated by Mr. Hamilton, that, in the future, changes might take place in the comparative value of the two metals, to be occasioned probably by the fluctuations of silver. But it was suggested that no great harm could result from such changes in value "if care be taken to regulate the proportion between them with an eye to their average commercial value."

This language shows that the word "regulate" was not then used, in the

sense of arbitrarily establishing or fixing values by law, but only in the sense of ascertaining and declaring the quantity of each metal necessary to make equality of commercial or market value in the respective coins. It points out and enforces the necessity, under this power to coin money, of keeping constant guard against depreciation in the market value of the metal coined, and of so changing the laws from time to time as to adjust or "regulate" the coinage values according to bullion values as ascertained in the markets of the world. An abundant and sufficient reason for such action is explicitly stated by Mr. Hamilton as follows: "One consequence of overrating either metal, in respect to the other, is the banishment of the one that is undervalued." And the corollary is equally well stated as follows, to wit: "It is evident that as often as a country which overrates either of the metals receives a payment in that metal it gets a less actual quantity than it ought to do, or less than it would do if the rate was a just one." He therefore necessarily concludes that the legal and market value must be the same.

In the light of contemporaneous history, therefore, it seems clear that the Constitution did not intend to authorize the proposed coinage of silver at double its intrinsic value.

I put aside the newly discovered claim that the present disparity in commercial values of the two metals is rather the result of appreciation of gold than depreciation of silver. Mr. Jefferson's rule for determining values is the only rational or reliable one, to wit: "The market price of the metals (the bullion price) in the several countries with which we shall principally be connected in commerce." If we take the established and admitted market value of to-day, the silver dollar proposed to be coined is worth only 51½ cents, while the coined gold dollar is worth a full dollar in the form of bullion.

We annually sell to England from two to three hundred million dollars' worth of our products over and above the value of products purchased from her, which compels her to pay us this excess in coin or its equivalent. If we should provide by vicious legislation that this balance can be paid in silver at double its commercial value, our loss, of course, is equal to the half of this total excess, thereby making true the quoted statement of Mr. Hamilton that "as often as a country which overrates either of the metals receives a payment in that metal it gets a less actual quantity than it ought to do, or less than it would do if the rate were a just one."

The entire legislation of our National Congress from 1792 down to 1878 tends to illustrate and enforce the views I have already expressed in regard to the extent and meaning of the coinage provision of our Constitution.

The coinage acts of 1834 and 1837 followed directly in the line of Mr. Hamilton's suggestions that whenever the relative proportions in the value of bullion (what is now familiarly known as the ratio of values) shall be disturbed by fluctuations in the markets of the commercial world, the coinage laws must at once recognize and accept the fact. It is generally believed that the act of 1792 when passed properly adjusted the ratio of market value between gold and silver at 15 to 1, and that the admitted disparity between them had increased to nearly 16 to 1 before 1834. But whether the difference arose from a mistake in 1792, or in a change of market values occurring since that time, the difference was intended to be thoroughly adjusted, that is, "regulated" by these acts. The sole object was to readjust these commercial values in order to prevent the expulsion of gold.

In this legislation the most diligent efforts were made to find beyond the possibility of fractional error the market values of gold and silver bullion, and strictly to adapt the respective coins to their intrinsic values, for otherwise it was now clear, as Mr. Hamilton had predicted in 1791, that the double standard, the experiment of 1792, could not be maintained. The ratio of 1 to 15.98841, usually known as 16 to 1, was adopted as the result of long and careful investigation, based as supposed on a construction of the Constitution such as I now present. It took only sixteen years more of ex-

## WASHINGTON LETTER.

From our Regular Correspondent.

WASHINGTON, Sept. 21.—The better the news the harder we'll work, is the motto which governs Republican headquarters, and it is being lived up to. The silver men are on the retreat in every state in which the Republican National and Congressional committees has made a real fight for McKinley and honest money, but as yet the retreat is orderly. By redoubling their efforts, the Republican managers believe they can make it a complete rout on the 8th of November. So complete that the free coinage of silver by this country alone will never again be made a national issue, and nothing less will satisfy them. They are working with all the vim and energy they could put into the campaign if the chances for Republican victory were doubtful instead of the victory being assured as it is. This pleases all the visiting Republicans, as it enables them to go home and tell their friends that there is no danger from overconfidence on the part of the men who are managing the campaign.

Chairman Babcock, of the Congressional committee, is now giving special attention to the Congressional districts, and by the middle of October he will know about what the size of the Republican majority in the next House will be. Two years ago when Mr. Babcock gave out his figures, they were hooted at by the Democrats and many Republicans were disposed to smile at them, but when the returns came in, it was seen that they were based upon direct information from every congressional district. Mr. Babcock is proud, as he has every right to be, of his record as Chairman of the congressional committee. He doesn't believe in the wisdom of making big claims based on nothing but hope, as the Popocrats are now doing. He thinks it possible always to obtain information as to how at least 90 per cent of the districts will go, several weeks in advance of the election, and he wants the public to take his figures as careful estimates and not as a mere bluff for effect.

The using of the official organ of the Knights of Labor as a campaign document by the Bryanite managers has been quickly followed by ugly charges against prominent officials of the K. of L. These charges are made by responsible parties and allege that drafts have been drawn on Mr. J. L. Norris, Assistant Treasurer of the Democratic National Committee, in favor of Master Workman Sovereign and Gen. Secretary-Treasurer Hayes, who are in immediate charge of the Journal of the K. of L., published at Washington, and that similar drafts have been drawn in favor of officials of the K. of L. at Chicago, Cincinnati and St. Paul, and paid through a Washington Bank. The stir created by these charges is by no means confined to the members of the K. of L. who do not approve of the selling of the influence of the organization to Bryan, but extends to all who are opposed to bribery as a political agent, and may result in a rumput of large dimensions in the K. of L.

About the most notable thing connected with the appearance of Mr. Bryan in Washington Saturday night, and his speech upon that occasion, was his gall in making the farewell address of George Washington the basis of his speech which endorsed the Chicago platform. "Even the heavens weep" said a gentleman present when the rain storm put a sudden stop to Bryan's speech. Washington said: "In contemplating the causes which may disturb our union, it occurs as a matter of serious concern that any ground should have been furnished for characterizing parties by geographical discriminations, Northern and Southern, Atlantic and Western; whence designing men may endeavor to excite a belief that there is a real difference of local interests and views." Designing Mr. Bryan is seeking the presidency through arraigning class against class and section against section. Again, Washington said: "As a very important source of strength and security cherish public credit." Mr. Bryan's principal business is the advocacy of a depreciated currency, which will injure both private and public credit.

There have been some more or less amusing stories in connection with Mr. Bryan's coming to Washington to make a speech. In the first place

there was no end of trouble in getting a place for him to speak; then there was more trouble about the distribution of tickets for seats and about music—the local committee seemed to fear that some unauthorized band might get into the baseball park in which the speaking took place, and which, by the way, was paid for by two saloon keepers whose places are opposite the main entrance, and play some pieces of music that would give Mr. Bryan the razzle dazzle right before the crowd. There was a crowd just as there would have been at any other free show, and the proprietors of the bar rooms who paid for the park made a good speculation, even if the crowd was not up to expectations in size.

## ELECTORIAL FUSION EFFECTED.

Five Democrats, Five Populists and One Silver Party Man—Congressional Fusion Probable.

The Democratic and Populist executive committees effected fusion at Raleigh Monday night on the basis of five Democrat and five Populist electors and one Silver party man—B. F. Keith, of Wilmington. The division is as follows: At large, Locke Craig, Democrat; R. B. Davis, Populist. By districts: First, Theo. White, Populist; second, H. E. Freeman, Populist; third, C. R. Holmes, Democrat; fourth, W. S. Bailey, Populist; fifth, William M. Merritt, Populist; sixth, B. F. Keith Free Silver party; seventh, T. F. Klutz, Democrat; eighth, Tyre York, Democrat; ninth, R. D. Gilmer, Democrat. Keith and free silver Democrat electors will vote for Bryan and Sewall and the Populists will vote for Bryan and Watson.

The Populist committee informed the Democratic committee that it does not regard its contract with the Republicans as to Congressmen as binding and is open to an arrangement with the Democrats if one can be made. It is asserted that both committees appointed sub-committees to confer on the matter.

## 80,000 CHEER McKINLEY.

Biggest Crowd in Canton Ever Seen in Ohio.

CANTON, Ohio, Sept. 18.—The largest political gathering ever seen in Ohio assembled here to-day. Conservatives estimates place the number of people on the streets of Canton this afternoon and evening at more than 80,000. Pretty much the whole of Eastern Ohio, Eastern West Virginia, and Western Pennsylvania sent large delegations to Canton. The railways were taxed to their utmost capacity, and every vehicle in the county seemed to have been brought into service. The crowd was almost twice as large as the organizers of the meeting had expected, but it was orderly, and the people were well cared for. Notwithstanding the other attractions in the city, the home of Major McKinley was the centre of interest, and people clung about it till 11 o'clock at night. They filled the yard, took possession of the porches, and peered in at the windows.

The streets and houses of the city were handsomely and very generally decorated. No party lines were drawn, and the Democrats were as active as the Republicans in their efforts to dispense hospitality and give cordial greetings to the host of strangers.

Major McKinley began speaking directly after breakfast and kept it up until late this evening. He also made half a dozen speeches.

## SPEECHES BY GEN. HARRISON.

The ex-President to Take the Stump in October.

CHICAGO, Sept. 18.—Ex-President Harrison will make some campaign speeches in October. The Republican National Executive Committee at the Chicago headquarters learned of this to-day through a letter from the ex-President, now in the Adirondacks, to Committee men Durbin of Indiana.

Mr. Durbin would only say that the letter contained a promise to make some speeches. The dates and cities will be fixed after Mr. Harrison has communicated with Mr. Durbin.

One of the speeches will be made in Indianapolis. Mr. Harrison will go to New-York in a day or so to remain a week or ten days, and the speaking engagements will be made as soon as the ex-President shall return home.

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