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SPEECH

HON. WM. H. FELTON,

OF GEORGIA,

IN

THE HOUSE OF REPRESENTATIVES,

NOVEMBER 14, 1877,

ON

REPEAL OF THE RESUMPTION ACT,

OR

THE EVILS OF CONTRACTING THE CURRENCY.

WASHINGTON.

1877.

SPEECH
OF
HON. WILLIAM H. FELTON.

The House having under consideration the bill (H. R. No. 805) to repeal the third section of the act entitled "An act for the resumption of specie payments"—

Mr. FELTON said:

Mr. SPEAKER: I have but few financial figures. Indeed, I only profess to be able to see and appreciate results, effects. As in nature there are effects that are apparent to the most casual observer, while all the secret springs which produced these effects may not be known. In disease the physician has little to do with names—with the technical descriptions that fill up his books as so much waste lumber. He sees before him only symptoms, and his duty is to battle with those symptoms by all the appliances within his reach. In the financial policy of this country I see and appreciate results, the effects, the symptoms—all indicative of a fatal termination, and demanding the most prompt and efficient remedies. Class legislation is destructive to civil liberty. It engenders resistance, it estranges the class antagonized from the Government, for men cease to respect the laws which oppress them. The government which enacts and enforces discriminating measures must soon expect to find among its citizens one class who are its hereditary friends and another class who are its hereditary enemies. This friendship and this enmity must continue until one becomes the only pillar upon which the Government rests, or until the other culminates in rebellion or slavery.

Every monarchy in Europe and in Asia, whether limited by constitutional law or having no limitations thrown around the will of the ruler, had its origin in personal and class preferences and is maintained by legal favoritism. Divide into classes and then sustain the favored class by every act of the government is the maxim of despotic rulers. They have in general so insidiously accomplished their purpose that the enslaved class did not suspect encroachments upon their political, social, and industrial rights until they were powerless for averting the evil.

In this republican Government we have always resisted the formation of classes." "Equality before the law" has been the recognized position of every American citizen. We have applied this principle not only to men, but theoretically we have applied it to occupations and pursuits in life.

An open path, unhedged by law, has been supposed to open invitingly before every occupation, every species of labor; and the man who had no endowment but his capacity for work—who was willing to work—who remembered that all legitimate wealth was the result of work, has been taught by the theory of our Government that under its fostering care the highest rewards were attainable. Instead

of seeking his impoverishment and degradation, the law was ever supposed to be on his side, kindly in sympathy with his necessities, and disposed to stimulate rather than retard his efforts in bettering his condition.

The good report of our Government in this particular has gone throughout the world. The thousands of emigrants who have built up the West and who are an important factor in the future of our country have been attracted here by our supposed equal laws, unhedged paths of industry, our respect for labor, and the absence of all class distinctions.

I repeat this has been the theory of our Government, and whenever the people become convinced of a departure or a proposed departure from this principle of "equal and exact justice to all men," they will resist it by all the means at their command.

The people are not yet prepared to surrender their rights into the hands of the few. They are not willing that monopolists, corporationists, national bondholders and the money-changers of this country shall become the unchallenged lords of the country, holding the soil and its productions, the manufacturing and mining interests, as tributaries to their wealth.

The formation of classes is to be deprecated. Even the organization of parties in the interest of special industries is to be censured and condemned. Labor or working-men's parties are all wrong, because they are based upon one idea, upon personal advancement, individual gain, to the exclusion of, or even in opposition to, other interests and occupations entitled to Government sympathy and protection equally with themselves.

Labor has no right to make war upon capital, because capital is as necessary to productive industry as labor. Labor strikes and combinations on the part of employes against capital are unwise and destructive to the interests of capital and labor. When these combinations resort to violence they are criminal and are deserving the condemnation of every good citizen, though we are not surprised that men who are dependent upon their labor for bread, whose families have no security against starvation but their daily wages, who have not always the safeguards of intelligence and virtue thrown around them, should occasionally take counsel of their passions and foolishly and criminally resist the colossal combination which has for the last few years waged an exterminating war upon the labor of this country.

It is wrong and criminal for productive labor to conspire against corporations, against bondholders, against capital. It is equally wrong and criminal for capital to combine and to conspire against labor and by its superior power make labor a mere serf to minister to its exorbitant demands; to seek by unhallowed and fraudulent combinations to rob agricultural, manufacturing, mining, and all the wealth-making industries of their legitimate rewards.

I submit that the financial legislation of this country since 1870 has been the result of a deliberate conspiracy on the part of the *creditor* class to rob, defraud, and impoverish the *debtor* class.

I submit that the act forcing resumption of specie payments in 1879, by contracting the circulation of legal-tender notes, and the act of 1873, demonetizing the silver dollar, were as unjust and wicked as the labor strikes which have recently startled and alarmed all good citizens.

The only difference was, the last was illegal and violent; the other sought to cover the outrage they perpetrated by the forms and sanctions of law.

The only difference was, one was speedily and justly suppressed; the other, panoplied in gold and protected by political influence, smiles in its bloated security upon the wrecks of fortune—the blasted hopes and the suffering poverty it has created.

The act demonetizing silver, in my opinion, was the most deliberate and inexcusable fraud upon labor known in the legislative history of the world.

The scheme for demonetizing one of the metals throughout the western world originated soon after the discovery of gold in California and Australia. It was supposed that the production of gold would be enormous and the governments of the world were invoked to prevent the anticipated decline in the value of gold by its demonetization. Germany and Austria did in 1857 demonetize gold, and other nations would have followed their lead but for the resistance of France. It was changed in 1865 into a movement for the demonetization of silver. This movement was likewise resisted by France. Here I may remark, that France has at all times managed her finances with an ability unequalled among the nations of Europe. Her war with Germany increased her debt \$2,000,000,000, besides the loss of two of her finest provinces. She appeared to be wrecked. Germany, her conqueror, looked on exultingly; believed she was crippled for a half century; but France has taught her that well-managed finances are more powerful than well-managed armies. To-day, while Germany, crazy about a single metallic standard and the resumption of specie payments, sits shivering on the verge of national bankruptcy; France, with every dollar of her war fine canceled, with all her industries prosperous, is now, seven years after her crushing defeat, the superior of her conqueror.

The French government made paper money a legal-tender for all debts, public and private—honored its own money. The banking establishments of the country loaned to the people money in sufficient quantity to carry on their industries, and the people were so prosperous that they in turn tendered to their government the loan of four times the amount of money necessary to pay their war-debt.

Such is France, that resisted the one-metallic-standard folly; such is the nation that inflates rather than contracts her currency, that never worries about resumption, and at the same time has in the vaults of her banks more gold and silver than there is in the combined banks of England and Germany.

Germany and the United States demonetized silver in 1873, both Governments being influenced by one motive: to protect and enrich the creditor class and those having fixed incomes against a fall in the value of money.

This is the secret of this one-metallic-standard movement. They feared a decline in the purchasing value of silver. They knew if they could shelve one of our metallic standards it would quadruple the value of the remaining standard.

Enjoying "fixed incomes," which are never affected in volume by the uncertainties of trade, by fickle and unreliable seasons, by sickness and the amount of work performed, they knew they would thereby quadruple their wealth; that it was the certain means of making the rich richer and the poor poorer; it would send down the wages of labor and the prices of commodities.

So then, silver, the money of the Constitution, the coin which had been a legal-tender for all dues, public and private, from the origin of the Government, was deliberately set aside, retired from circulation, practically driven out of the country. The chances for resump-

tion lessened; indeed, made impossible; debts contracted when gold and silver were both legal-tenders, now to be paid only in gold; all for what?

To benefit that "small part of capital which has ceased to labor and is at rest, in the form of fixed and permanent investments."

But, sir, this "money power" was not content with the demonetization of silver.

This did not *contract* the currency sufficiently. This did not shrink values in proportion to their greed. This did not quite transfer all the property of the country into their hands. This did not quite make New York and commercial New England the owners in fee simple of the cotton-fields of the South and the grain-fields of the West.

Ever on the alert, in 1875 they devise and consummate the grandest scheme of contraction known to the history of governments, at a time when the public and private indebtedness of this country was appalling; for there was the national debt, upon which the Government has paid interest, alone, since the war, amounting to \$1,422,057,577; there was the railroad debt, amounting, at the time this iniquitous law was enacted, to about \$5,000,000,000, upon which the labor of the country was paying interest; to which must be added the State and municipal indebtedness of the country, swelling the entire indebtedness of the country to about \$10,000,000,000, upon which labor is paying interest. Then, there is the private indebtedness of the country, absolutely incalculable.

Then, there was the southern section of our country, laid waste by war, with her former immense wealth—about \$7,000,000,000—blotted out; her fields uncultivated; her once happy homes, many of them, in ashes; her farmers without implements of husbandry, without stock, and without credit; all her enterprises prostrate—widowhood and orphanage throughout the land. Just at this time the Government resolves to contract the currency, bringing every commodity and every species of labor down to a gold basis, and unquestionably reducing the debtor class to penury and want.

It has been said that the issuing of our greenback currency was a war necessity. It was intended to sustain the country during the exhausting struggle in which it was engaged. It was successful in doing this; and I submit that a currency which was essential during that period of waste and destruction—the stimulant that preserved the vital forces of the nation during the war—is more a necessity at the close than it was during the excitement of that struggle; that, so long as the sequences of that war continued, so long the stimulant should be applied. The physician who suspends his remedies just as the paroxysm passes off, either ignorantly or criminally, delivers up his patient to death. When the national life demanded a continuance of the stimulant which had borne it through the crisis, just as the wild delirium of war was about to subside into reason, just when our industries most needed help—just then all encouragements were withdrawn and financial ruin ensued.

Like the poor maniac we read of who was wild with rage, the evil spirit was rebuked and its departure left him as "*one dead*;" but fortunately there was "*power and goodness*" at hand. He was commanded to arise, and he sprang into life, health, and happiness. Alas! alas! when our industries were left as "*one dead*" there was no statesmanship with capacity to say, "*Arise.*" There they lay in their helpless exhaustion, and their dying condition was seized upon by interested parties to rob and despoil them.

Sir, it seems to me we should learn something from history, for history is philosophy teaching by example.

In England, it is said, the years from 1797 to 1815 were the most prosperous, industriously and commercially, ever known. Agriculture, commerce, and manufactures had greatly augmented. The landed proprietors were in affluence. Wealth to an unheard-of extent had been created among the farmers. Exports, imports, and tonnage had more than doubled since the war began.

These eighteen years of prosperity were years of suspension of specie payments by the Bank of England. There was no abatement in this prosperity until the moneyed nobility, led on by Sir Robert Peel, began to clamor for resumption. Then all this prosperity of labor, this universal and unheard-of prosperity, ceased.

As soon as contraction commenced prices fell to a ruinous extent. Wages fell with the prices of commodities, and it is said that before the close of the year 1816 panic, bankruptcy, riot, bloodshed, and starvation spread through the land.

The 1st of May, 1823, had been fixed upon by law when the banks should resume, and they contracted their circulation rapidly to meet the gold and silver standards of value. The result was that from 1815 to 1823 more than four-fifths of the land-owners of England lost their estates. The number of land-owners was reduced from one hundred and sixty thousand to thirty thousand, and, in the language of Wendell Phillips, "bankruptcy, the very history of which makes the blood cold to-day, blighted the empire."

Why all this suffering? Why all these tears? Why all this desolation? It was brought about by men who had determined to drive paper money from circulation, had determined to bring down *prices* and *wages*, and had especially determined to bring all the real estate of the kingdom within their possession. They triumphed. To-day the immense fortunes of the English lords and the vassalage of the English peasantry are attributable to the villainies of England's resumption laws. In every panic with which England has been afflicted—in the one just referred to, and also in 1836 and 1839, in 1847 and in 1857, and especially in 1866, relief was only obtained by the repeal of the resumption laws and by inflating the paper currency of the country.

What a striking contrast between England at the close of her Napoleonic wars and France at the close of her war with Germany. The latter power, instead of contracting her currency expands it; makes her notes a legal tender, pays her debts, sends thrift and prosperity through all her provinces, abolishes the empire, and establishes a republican form of government. The finances are managed in the interest of the people and not in the interest of an aristocracy, and the result is, monarchy gives place to a government by the people and for the people.

While the difference between England and France is striking, the resemblance between the financial policy of this Government and that of England is also impressive. During our late civil war the people of the North and West were never more prosperous in all of their industrial pursuits. Every department of industry was stimulated to the utmost capacity; farmers and manufacturers, merchants and bankers, all were richly rewarded for their labor and investments. In 1865, at the close of the war, this prosperity was still in existence.

This prosperity extended in part to the devastated South and enabled her for a brief period to restore her waste places and gather supplies to feed her houseless population. The circulation of money

among the people at this time amounted to \$58 *per capita*. The facts assure us that if this volume of currency had been continued until this time the burdens of taxation would have been well-nigh removed, the debts of the nation, of States, of corporations, and especially of individuals, would have been well-nigh canceled, "*tramps*" would never have been heard of, riots would never have disgraced Pennsylvania and other northern States, all sectional strife and class supremacy would long since have been submerged under a tide of unrivaled public and private prosperity.

Alas! as in England, so in this country, during the war the commercial centers, notably New York and New England, from their superior advantages, gathered in the "*bonds*" of the Government: the crystallized tears, blood, losses, and poverty of the nation—these exponents of a nation's travail.

Every dollar that the speculators and bankers of New York and Boston could accumulate in this time of prosperity, and which was not expended in hiring substitutes to take their places in the field, where brave men were battling for the Union, every dollar that the camp-followers and bomb-proof office-holders could command, was invested in Government securities at about fifty cents on the dollar.

Europe with its unemployed capital bought up these *bonds*—men who had no sympathy with the labor and struggles of this country, antiquated Shylocks, who stood sharpening their knives and soliloquizing with themselves:

I'll have the heart as forfeit of the *bond*. I'll cut near the heart.

"I'll have my bond. I will not hear thee speak.

I'll have my bond; and therefore speak no more.

I'll not be made a soft and dull-eyed fool,
To shake the head, relent, and sigh, and yield
To Christian intercessors. Follow not.

I'll have no speaking; *I'll have my bond!*"

At the close of the war, these American and European Shylocks, as they did in England, became clamorous for *contraction*! They cared nothing for specie payments. This was a mere pretense to accomplish their ultimatum, *contraction*.

Specie was a mere "decoy" to lead the unsuspecting, productive classes into their meshes. Their capital was fixed, and they desired to convert it into products of labor, and they must first shrink the value of those products to bankrupt rates.

They have triumphed! The agitation of the question sent labor down, sent real estate down. Then, through their influence, came the demonetization of silver; then the resumption law; each with a view to contraction; and as the coils of the anaconda tightened a wail went up throughout the land—a wail rivaling the wail that went up throughout England, and which is described as making the "blood run cold."

The failures in business have been innumerable; the loss from shrinkage in values has been incalculable; the suffering from reduced wages has been appalling.

Homes, comforts, and even the necessities of life, have passed forever from once happy families. Hard and grinding poverty is pressing our citizens in every section of the country; in every avenue of trade and production. Railroads and banks are being wound up by receivers; savings institutions are disappearing; furnaces and factories are suspended; mining property is a burden to the owners; merchants are being driven, by the thousands, into voluntary or in-

gamblers, and bankrupts, the worst elements of society, favored the repeal of the resumption law.

Is the gentleman already designating the classes of society which favor or oppose this repeal, putting the rich on one side and the poor on the other side? I know not whether these characters advocate or oppose repeal. One thing I do know, every millionaire, every man who owns two or three hundred thousand dollars in Government securities is opposed to repeal and advocates a system of hard and grinding poverty for the debtor.

I suppose the gentleman means by "bankrupt" a man who is unable to pay his debts, which inability has been brought about by this system of *contraction* which he advocates. Still the ruinous work of contraction goes on and millions of "greenbacks" are being retired and destroyed by the Government monthly and the national banks are likewise retiring their circulation by millions, in preparation for the proposed day of resumption. Still the ruinous work must go on until 1879; and false comforters assure us that "*light is ahead*," that the margin between greenbacks and gold is very small, that the chasm is almost filled up, and that all these things will "*right themselves*."

Yes! I know these things will right themselves.

Look at that storm-driven ocean. Darkness and hurricane are upon the deep. Signal-guns of distress are heard through the gloom. Ships are going down by the hundred, and thousands of precious lives are being engulfed.

In the midst of this ruin there stand the "*wreckers*" [pointing to Mr. CHITTENDEN, who was standing near] awaiting their prey and comforting themselves with the words: "these things will right themselves." [Applause.]

Yes, sir; I know that the morning sun will rise brightly upon a calm sea. Every wave shall have subsided. The fragments shall have floated off to some neighboring shore and the dead will have been forgotten. Things have righted themselves on that sea. [Great applause.]

voluntary bankruptcy; employés are standing "all the day idle," because no man is able to hire them. The farmers—the strength of the country, the primary source of all wealth—have been reduced to the greatest straits. The farmers of the South are not realizing from the sales of their cotton the cost of production. In many of the States after paying for labor and fertilizers and other expenses, they find themselves inextricably in debt. Georgia, the leading southern State in all the elements of agricultural and manufacturing wealth, and whose citizens, in every industry and enterprise, are without a superior, decreased in taxable property last year \$15,902,134. Tennessee decreased over \$31,000,000; and these are the most prosperous in their material industries of all the Southern States, Texas alone excepted. It is much worse among the productive classes in the West and in the North. The shrinkage there has been greater and the suffering more intense. For while the South is not accumulating, and cannot until contraction is arrested or until it touches its lowest depths, yet there is no one starving there as in the North. There are no riots there; there are no strikes there; every man, white or black, can, if he will, have "food and raiment;" but there is financial distress there, and as in the North and West, this distress must continue while contraction of the currency continues. Why all this distress? Why all this forced poverty? *Simply to enrich the few.*

It is said by the friends of resumption that the panic of 1873 came before the resumption act passed, but these special pleaders must remember that during the Forty-first Congress, in March, 1869, an act was passed in these words: "And the United States also solemnly pledges its faith to make provisions at the earliest practicable period for the resumption of the United States notes in coin," and also all other obligations of the United States except where it is expressly provided to be paid in lawful money or other currency.

Here was an assurance of speedy resumption which destroyed confidence in the paper money of the country, and the contraction which had been going on since 1865, now went on more rapidly until all confidence was lost in the panic of 1873. Here was a repudiation by the Government of its own lawful money; and can we be surprised that all men discredited that money?

Confidence! We hear continually about the restoration of confidence. Confidence in a ship while the scuttlers are at work to send it to the bottom! Confidence in a "promise to pay," while the sappers and miners are removing the foundations of *value* upon which that promise is made!

The following extract from the report of the "silver commission" should be remembered:

It is maintained by many that existing evils are the results of a loss and lack of confidence and that the sufficient remedy would be found in its restoration. On all occasions they portray in glowing phrase the abounding prosperity which would follow if moneyed and other capitalists would freely exhibit confidence by inaugurating industrial and commercial enterprises. But it is to be observed that they content themselves with recommending confidence to others while they are careful not to make a practical exhibition of any on their own part. They seem to be unconsciously influenced by the view, that while they might profit by the confidence of others confidence on their own part might involve them in losses.

The real mischief is not the lack of confidence, but the lack of any legitimate grounds for confidence; and there neither will be *nor ought to be* any revival or extension of confidence so long as the volume of money continues to shrink and prices continue to fall.

The gentleman from New York [Mr. CHITTENDEN] on yesterday from his *perch* [Laughter and applause] [Mr. CHITTENDEN stood at the Clerk's desk while speaking] announced to the country that *loafers*,