52D CONGRESS, 2d Session. } SENATE. { EX. DOC. No. 2.

IN THE SENATE OF THE UNITED STATES.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

IN RESPONSE

To a resolution of the Senate July 30, 1892, relative to the currency receipts and payments, the amounts of deposits and reserves in the depositories of various countries, and the possibility of maintaining bimetalism as it was established under the administration of President Washington.

DECEMBER 6, 1892.—Referred to the Committee on Finance and ordered to be printed.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, D. C., December 5, 1892.

SIR: I have the honor to acknowledge receipt of Senate resolution dated July 30, 1892, as follows:

Resolved, That the Secretary of the Treasury is hereby requested to report to the Senate on the first Monday in December next—

First. What proportion of the customs duties and internal-revenue taxes received within the last twelve months have been paid each month in gold coin; in standard silver dollars; in silver certificates; in United States notes, commonly called "greenbacks"; in legal-tender Treasury notes issued under the act approved July fourteenth, eighteen hundred and ninety; national-bank notes, and gold certificates.

Second. The amount of gold coin and gold certificates in the Treasury of the United States, the amount of gold and of gold certificates held by the banks of the United States, and the total amount of gold coin in this country.

Third. Whether, under the act approved July fourteenth, eighteen hundred and ninety, the Secretary of the Treasury has redeemed the notes issued thereunder for the purchase of silver bullion with gold coin or silver coin; what amount of said notes has already been redeemed in gold and silver coin, respectively; what amount of bonds has been sold under the act entitled "An act to provide for resumption of specie payments," approved January 14, 1875, and what amount of gold and silver coin has been accumulated in the Treasury from the sale of said bonds; what amount of United States note shas been redeemed and reissued; what amount of said notes now probably remains in existence, and how much gold and silver remains in the Treasury from the sale of bonds for redemption purposes.

Fourth. To report, as far as may be practicable, the amounts of gold and silver, respectively, held by the Bank of France, the Bank of Germany, and the Bank of England.

Fifth. To report what ratio should, in his judgment, be established between gold and silver in order to preserve a substantial equivalency between the coins of the two metals in the United States.

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Sixth. Whether or not the bimetallic system adopted under the administration of President Washington, and readjusted and maintained under the administration of President Jackson, might again be established upon a stable basis by correcting the ratio, either by increasing the metal in the silver unit or by decreasing the metal in the gold unit, or by dividing the disparity between the two units and standards of value.

In answer to the first question, I have to say that it is impracticable to state what proportion of the internal-revenue taxes collected have been paid in the different kinds of money enumerated. Collectors of internal revenue deposit their receipts in the nearest or most convenient subtreasury or designated national-bank depository, and no attempt has been made, nor is it possible, to classify the kinds of money in which these receipts finally reach the Treasury. Customs receipts, however, which may not lawfully be deposited in national-bank depositories are susceptible of classification.

Of the total receipts for customs duties during the fiscal year ended June 30, 1892, amounting to $176,702,227.44, there was paid into the Treasury in—

	Amount.	Per cent.
National-bank notes	$219,534.00	0.1
United States notes	61,701,702.00	34.9
Treasury notes of 1890	37,868,528.00	21.4
Gold certificates	36,498,986.00	20.7
Silver certificates	27,925,666.00	15.8
Gold coin	11,386,537.00	6.5
Standard silver dollars	1,038,232.00	.6
Subsidiary silver	63,042.44	
Total	176,702,227.44	100

A table showing the receipts for each month is inclosed herewith.

Second. The amounts of gold coin and gold certificates in the Treasury of the United States July 31, 1892, were as follows:

Gold coin	$170,682,622
Gold certificates	17,738,500

The amount of gold coin and certificates held by the banks of the United States on or about July 12, 1892, the date nearest to that of the resolution, is shown in the report of the Comptroller of the Currency to have been, approximately, $191,142,553. Of this amount $96,723,083 in gold coin, and $85,530,100 in gold certificates were held by national banks, leaving only $8,889,370 gold coin as the ascertained holdings of 5,579 other banking institutions from which reports have been received. These institutions, however, held about $187,000,000 in unclassified paper money, specie, and cash items, which no doubt included some gold coin and gold certificates.

The total amount of gold coin in this country July 31, 1892, according to the estimate of the Director of the Mint, was $581,129,982. It will be observed that no mention is here made of the amount of gold bullion in the Treasury or in the country.

Third. In carrying out the provisions of the act of July 14, 1890, this Department has found it advisable to interpose no obstacle to the redemption of the Treasury notes of that act in gold coin when desired by the holders. The amount so redeemed up to July 31, 1892, is $8,447,700. These notes have not been retired, but have been paid out again. The amount redeemed in silver coin is not ascertained.

Under the resumption act of January 14, 1875, United States 4 per

cent and 4½ per cent bonds were sold to the amount of $95,500,000. The proceeds, $96,000,000, were paid into the Treasury of the United States in gold, of which $4,000,000 was subsequently sold and the proceeds used to retire United States notes, leaving $92,000,000 in gold, which was the amount January 1, 1879. From January 1, 1879, to July 31, 1892, United States notes to the amount of $43,623,351, were redeemed in gold and reissued, and the amount of such notes outstanding is $346,681,016, of which it is believed about $340,000,000 are still in existence.

The question as to the amount of gold derived from the sale of bonds for redemption purposes which remained in the Treasury July 31, 1892, might be answered by stating that it was $48,376,649, that being the difference between the amount of gold received from the sale of bonds and the amount paid out in redemption of United States notes; but the amount of gold in the Treasury July 31, 1892, available for redemption of the public debt, not including that held for the redemption of gold certificates, was $110,444,391, which is $18,444,391 greater than the amount originally obtained from the sale of bonds for redemption purposes.

Fourth. On October 1, 1892, the Bank of France held $264,120,000 in gold and $251,460,000 in silver.

At the same date the Imperial Bank of Germany held $168,041,250 in gold and $56,013,750 in silver. This latter figure is an estimate based on the most reliable data obtainable, as the annual reports of the Imperial Bank give only the stock of the precious metals in possession of that institution, but do not say what part of it is silver.

On October 1, 1892, the Bank of England held $125,466,680 in gold. The amount of silver it holds is a matter of conjecture, its weekly accounts stating only the amount of "gold and silver coin" in the banking department, without saying how much of it is gold and how much silver. It may be worth mentioning, however, that according to a silver census of the United Kingdom, undertaken by the council of the London Institute of Bankers in July last, the amount of silver in the Bank of England and in English private and joint stock banks on the 20th of July, 1892, was £3,289,797, or $16,009,797.10.

This sum undoubtedly includes nearly all the silver held by the banks of England, returns having been received by the institute from 2,959 bank offices out of a total of 3,051 in the country, all but 92 reporting No other statistics as to the amount of silver held by the Bank of England or by English banks are published.

The two concluding questions contained in the resolution are not susceptible of any answer which would be considered definite or conclusive. There is no concensus of opinion as to the ratio which would establish and preserve an equivalency between the coins of the two metals in the United States, or whether it is practicable by correcting the ratio to again establish in this country the bimetallic system adopted under the administration of Washington. Any answers which I may make to these questions will be purely speculative, simply the expression of my individual opinion upon a complex subject respecting which men widely disagree. I am not prepared to say that my own opinion is fully formed as to all phases of the subject; therefore, in submitting the answers which follow, I desire to make it known that they express only my present personal views.

Fifth. In my judgment, it is impossible to establish any ratio whatever between gold and silver which would permanently, or for any great length of time, preserve a substantial equivalency between the coins

of the two metals, in the United States, except on one of the following conditions:

(1) It is probable that a limitation or suspension of the coinage of silver in the United States might accomplish this purpose.

(2) The adoption by the United States and the principal countries of Europe of a monetary convention, similar to that of the Latin Union, before the countries composing it limited the coinage of silver.

That the proper limitations of the coinage of full legal-tender silver, while that of gold remains unlimited, will enable silver, for many years at least, to maintain its equivalency with gold, is apparently proven by the experience of the Latin Union as well as by our own. Under the first convention of the union, that of 1865, the free coinage of both metals was allowed. When silver began to depreciate, the union limited the amount of full legal-tender silver to be coined annually by each of the contracting States, and while that limitation lasted silver coins maintained their equivalency with gold coins in France, Italy, Switzerland, Belgium, and Greece, as they have since these countries have totally suspended the coinage of silver. Our own experience demonstrates the same principle. Our gold and silver coins have remained at par since the limitation of the coinage of full legal-tender silver beginning in 1878 and doubtless would continue at par if the United States should entirely suspend the coinage of silver.

I need scarcely endeavor to show that under the second condition the equivalency of gold and silver coins would be preserved, since that is universally conceded.

Sixth. I am of the opinion that the bimetallic system adopted by the United States, under the administration of President Washington, by the law of April 2, 1792, and readjusted and maintained under the administration of President Jackson, by the law of June 28, 1834, and January 18, 1837, can not again, without the coöperation of the principal countries of Europe, be established in this country on a stable basis in any way. The conditions of the precious metal market and the monetary legislation of European countries which then made it possible for these laws to establish a stable bimetallic system and give equivalency to the coins of the two metals in the United States, no longer exist, and have not existed since 1873. The relative stability of the commercial ratio between gold and silver, the consequent relative stability of the price of the latter metal in the London market, and the fact that the mints of nearly every country in Europe were then open to its coinage into full legal-tender coins at a legal ratio which did not depart greatly from the commercial ratio—such were the causes that enabled the laws above mentioned to establish and maintain on a firm foundation the bimetallic system of the United States. These causes are no longer operative. Between 1792 and 1873 the commercial ratio of gold to silver never declined below 1 to 15 and a fraction, and the price of the latter metal was, therefore, subject to no great fluctuations. The average commercial ratio for 1873 was 1 to 15.92. For the months of January to October, 1892, it was 1 to 23.52. Since 1873 it has varied more in a single year than it had previously in two centuries. Between 1792 and 1871 the mints of every country in Europe, except England and Portugal, were open to the unlimited coinage of full legal-tender silver coins. Now, there is not a country in Europe in which coinage of silver is free. In 1792 silver was as much sought for coinage purposes as gold. Even England at that time had the double standard, and in 1834 and 1837 it was the only gold monometallic country, Por-

tugal not having adopted the single gold standard until 1854. At present silver is proscribed by the legislation of Europe.

Should the International Monetary Congress now in session in Brussels result in an agreement between the United States and the principal European states to restore the condition of things which gave stability to our bimetallic system in the past, that is to open their mints to the unlimited coinage of full legal-tender silver at a fixed ratio, to which I have no doubt the commercial ratio would readily conform, a stable basis for a bimetallic system would be found for this country as well as Europe. Such a basis can be supplied only by a monetary union of the great commercial nations of the world.

Respectfully, yours,

CHARLES FOSTER,
Secretary.

The PRESIDENT OF THE SENATE.

Receipts on account of customs for the fiscal year 1892.

[As per Form 544.]

	National-bank notes.		United States notes.		Treasury notes.		Gold certificates.		Silver certificates.		Gold coin.		Standard dollars.		Fractional silver coin.	Total.
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.		
1891.																
July	$16,941.00	.1	$6,806,974.00	42.9	$3,270,348.00	20.6	$2,048,746.00	12.9	$2,616,574.00	16.6	$1,027,303.50	6.5	$61,368.00	.4	$2,529.23	$15,850,783.73
August	15,202.00	.1	6,554,609.00	44	3,375,335.00	22.7	1,725,570.00	11.6	2,097,029.00	14	1,062,686.50	7.1	69,913.00	.5	7,140.49	14,907,484.99
September	27,641.00	.2	6,954,806.00	49.8	3,037,107.00	21.8	1,501,807.00	10.7	1,510,628.00	10.8	868,428.50	6.2	70,389.00	.5	4,331.38	13,975,137.88
October	24,198.00	.1	5,519,802.00	40	3,170,622.00	23	2,204,634.00	16	1,778,667.00	12.9	1,021,204.00	7.4	77,638.00	.6	3,591.74	13,800,356.74
November	20,635.00	.1	4,128,000.00	32	2,141,806.00	16.6	4,191,389.00	32.5	1,398,306.00	10.8	155,999.50	7.4	70,507.00	.6	4,444.83	12,911,087.33
December	20,786.00	.1	2,586,829.00	19	1,786,621.00	13.2	6,487,140.00	47.8	1,668,123.00	12.3	913,051.50	6.8	103,289.00	.8	8,654.99	13,574,494.49
1892.																
January	18,169.00	.1	3,462,416.00	19.9	2,003,752.00	11.5	8,408,314.00	48.1	2,356,247.00	13.5	1,071,451.00	6.1	139,884.00	.8	8,321.10	17,468,554.10
February	16,624.00	.1	5,579,004.00	33.5	3,629,615.00	21.8	3,456,861.00	20.7	3,027,774.00	18.1	857,606.50	5.2	98,069.00	.6	7,746.43	16,673,299.93
March	15,916.00	.1	6,260,326.00	37.8	3,888,996.00	23.5	2,434,294.00	14.7	2,721,482.00	16.4	1,119,512.00	6.8	104,730.00	.7	6,364.06	16,551,620.06
April	16,749.00	.1	5,508,883.00	39.7	3,170,767.00	23	1,815,337.00	13	2,461,019.00	17.7	812,995.00	5.9	82,756.00	.6	2,309.36	13,870,815.36
May	13,937.00	.1	4,446,684.00	34.8	3,264,546.00	25.6	1,070,484.00	8.4	2,942,633.00	23	938,526.00	7.4	86,995.00	.7	5,357.67	12,769,162.67
June	12,736.00	.1	3,893,369.00	27.1	5,129,013.00	35.7	1,154,410.00	8	3,347,184.00	23.3	737,773.00	5.3	72,694.00	.5	2,251.16	14,349,430.16
Total	219,534.00	.1	61,701,702.00	34.9	37,868,528.00	21.4	36,498,986.00	20.7	27,925,666.00	15.8	11,386,537.00	6.5	1,038,232.00	.6	63,042.44	176,702,227.44

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