

C O N T E N T S.

1. Instructions to the Delegates of Great Britain and their Report: Together with the Proceedings of the Conference. 1893. (International Monetary Conference, Brussels 1892. (C.6885.) pp.1-118.
2. Note from the Belgian Minister in London Relative to the Monetary Conference. 1894. (C.7249.) pp.119-120.
3. Copies of Reports of the Delegates of India at the Brussels Monetary Conference, 1892. 1893. pp.121-123.

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INTERNATIONAL MONETARY CONFERENCE, BRUSSELS.
1892.

INSTRUCTIONS

TO THE

DELEGATES OF GREAT BRITAIN.

AND THEIR

REPORT:

TOGETHER WITH THE

PROCEEDINGS OF THE CONFERENCE.

Presented to both Houses of Parliament by Command of Her Majesty.



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INTERNATIONAL MONETARY CONFERENCE.

Memorandum of Instructions for the British Delegates appointed by Her Majesty's Government to attend the International Monetary Conference at Brussels.

The Government of the United States, having taken measures to promote a Conference of the European Powers in order to take into consideration the present condition of silver, expressed a wish to Her Majesty's Government that a ratio might be established by the leading nations for the coinage of silver at their several Mints.

It was intimated in reply that Her Majesty's Government would not be able to accept an invitation couched in such terms.

The Government of the United States have now proposed a Conference of the Powers for the purpose of considering what measures, if any, can be taken to increase the use of silver in the currency systems of nations.

Her Majesty's Government have accepted the invitation conveyed in these terms, taking note of the statement of the Government of the United States that it does not interpose any conditions which will embarrass any Government willing to confer generally upon the subject of the proper and most advantageous relation of silver to the coinage of the world.

The Honourable Sir Charles W. Fremantle, K.C.B., the Deputy Master of the Mint;

Sir William Houldsworth, Bart., M.P.;

Sir Charles Rivers Wilson, K.C.M.G., Comptroller of the National Debt;

Bertram Currie, Esq.; and

Alfred de Rothschild, Esq.,

have been appointed Delegates to represent the United Kingdom at the Conference.

Mr. Babington Smith, of Her Majesty's Treasury, will accompany the Delegates as their Secretary.

The Government of India has appointed two Delegates who will represent India, as distinct from the United Kingdom, and who will act under separate instructions issued to them by the Secretary of State in Council of India.

The Conference will meet at Brussels on the 22nd day of the current month of November.

The invitation to the Conference contemplates the study of any measure for the extended use of silver which may be proposed.

Under it a Delegate may suggest a scheme for a double standard, but it admits also the discussion of any scheme for promoting the use of silver as currency.

Her Majesty's Government do not limit the powers of the British Delegates in the first instance by any prohibition to enter on such field of inquiry as the members of the Conference may desire to cover. The British Delegates are therefore permitted to agree, if the Delegates of other nations should also agree, to the following mode of proceeding, viz.: that each Delegate should speak and vote on any defined plan proposed for the extended use of silver, on the understanding that he does not thereby in any sense commit the Government which has delegated him to the Conference, but that in the event of the adoption of such a plan or plans by the Conference, the Conference is to adjourn in order to enable the respective Governments to study the plans so adopted, and that, after such examination, the Delegates will be instructed by their respective Governments as to the adoption, rejection, or modification of the plans.

It is of the essence of the question that the ideas of the Delegates should be reduced to working plans, and should thus be subjected to practical criticism. For that purpose it is neither necessary nor desirable to exclude any particular idea from discussion, provided always that it is put forward in practical form.

The British Delegates are authorised to declare that Her Majesty's Government are prepared to adopt now the measures which their predecessors offered in 1881 as regards action in the United Kingdom in order to promote the use of silver, but under the conditions which were then laid down as the basis of the offer; and it should be clearly stated that this declaration is made on behalf of the United Kingdom only, and not on that of the Government of India.

Above all things the Delegates should study with the greatest care every measure suggested to insure a wider use of silver in currency, before they come to the conclusion that matters must be left as they are.

The Government of India will give its own instructions to its Delegates. British Delegates may, if invited by the Government of India, join the Delegation of India in warning the Conference that India cannot and must not be expected to open her Mint open for the free coinage of silver if no other leading nation does the same.

The British Delegates will report, as they may think it necessary, the Proceedings of the Conference to the Lords Commissioners of Her Majesty's Treasury.

Treasury, November 15, 1892.

INTERNATIONAL MONETARY CONFERENCE AT BRUSSELS.

REPORT.

TO THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY.

MAY IT PLEASE YOUR LORDSHIPS.

We have the honour to report that, in accordance with the instructions which your Lordships were pleased to give us, we attended the meetings of the International Monetary Conference at Brussels.

A full report of the proceedings is contained in the official *Procès-verbaux*, which we have the honour to forward herewith, in the original French and in an English translation.

The Conference assembled at the invitation of the Government of the United States, and was convened, as your Lordships stated in the instructions which you were pleased to give us, "for the purpose of considering what measures, if any, could be taken to increase the use of silver in the currency systems of nations." Origin of the Conference.

The circumstances under which this invitation was given are set out in the "Statement and Programme" submitted to the Conference by the Delegation of the United States, and in the speech which Senator Allison made in presenting it.

"It is generally admitted," the statement begins, "that the very large depreciation in silver as compared with gold during the last twenty years, and the frequent and violent fluctuations in the gold price of silver incident thereto, have been injurious to the commercial and other economic interests of all civilised countries, and have caused, and are causing, serious evils and inconveniences to trade, the full extent of which cannot be measured."

It will be remembered that the last International Monetary Conference, convened for the same purpose, namely, to remedy the evils thus described, met eleven years ago in Paris at the joint invitation of France and the United States, and that it was adjourned without having arrived at any result. Since that period the United States, through various acts of legislation, have acquired a very large amount of both coined and uncoined silver. Notwithstanding these specific measures the price of silver has not improved, but on the contrary has experienced a gradual and considerable depreciation. The United States, however, believing in a general desire for a larger use of silver as money throughout the world, thought the time had arrived for holding another International Conference for the consideration of the same subject. It was recognised by the Government of the United States that some European countries might not be willing to adopt the remedy which the United States would prefer, namely "the establishment of some fixity of value between gold and silver, and the full use of silver as a coin metal upon a ratio to gold to be fixed by an agreement between the great commercial peoples of the world." In order therefore that no nation might be deterred from joining in the Conference by unwillingness to entertain that particular proposal, the invitation was conveyed in the general terms above quoted, and it was expressly stated that the Government of the United States did not wish to impose any conditions which would embarrass any Government that might be willing to confer upon the most advantageous relation of silver to the coinage of the world.

The invitation thus given was accepted by all the most important States, and at the First Meeting of the Conference, on November 22nd, 1892, the Delegates of twenty Governments were present, representing Austria-Hungary, Belgium, Denmark, France, Germany, Great Britain, British India, Greece, Italy, Mexico, the Netherlands, Norway, Portugal, Roumania, Russia, Spain, Sweden, Switzerland, Turkey, and the United States of America. The proceedings were opened by Mr. Beernaert, President of the Council and Finance Minister of Belgium. Mr. Montefiore Levi, Senator and Delegate of Belgium, was chosen as President, and his Excellency Mr. Edwin H. Terrell, Minister of the United States at Brussels and one of the Delegates of the United States, was chosen Vice-President. Meeting of the Conference.

It was naturally to the Delegates of the United States that the Conference looked for the presentation of proposals for carrying out the object set forth in their invitation, and for an indication of the course which it was desired that the deliberations of the Conference should follow. Programme of the United States.

Accordingly at the Second Meeting the statement to which we have already referred was presented by the Delegates of the United States. They frankly stated that the plan which they themselves favoured, and which was supported by public opinion in the United States with singular unanimity, was a plan for international bi-metallism. It was formulated in the following terms:—

- “1. That the re-establishment and maintenance of a fixed parity between gold and silver, and the continued use of both as coined money of full debt-paying power, would be productive of important benefits to the world.
- “2. That these ends can be accomplished by removing the legal restrictions which now exist on the coinage of silver into full legal tender money, and restoring by international agreement the parity of value between the metals which existed prior to 1873 at such ratio as may be decided upon by this Conference.
- “3. That the essential provisions of such an international agreement should be—
 - (a.) Unrestricted coinage of both gold and silver into money of full debt-paying power.
 - (b.) Fixing the ratio in coinage between the two metals.
 - (c.) Establishing a uniform charge (if any) to the public for the manufacture of gold and silver coins.”

But at the same time the United States Delegates desired that other plans for the enlarged use of silver should be considered. They expressed a hope that the Powers represented at the Conference, or some of their Delegates, would submit proposals directed to this end, and suggested for discussion two such proposals, viz., (1) the plan of Mr. Moritz Levy, proposed at the Conference of 1881, and (2) the plan proposed by the late Dr. A. Soetbeer, the distinguished German statistician. We shall refer later to these proposals, and it will be sufficient here to indicate that both of them contemplate an increase in the use of silver by substituting silver coin or notes based on silver for such small gold coins and small notes based on gold as are at present in circulation.

As to the order of the proceedings, the Delegation of the United States desired that the discussion of their own bi-metallic proposal should be postponed till after such subsidiary proposals as might be brought forward had been considered.

General resolution moved by Senator Allison.

Senator Allison concluded the speech in which he introduced this programme by moving a general resolution, “That in the opinion of this Conference it is desirable that some measures should be found for increasing the use of silver in the currency systems of the nations.”

It appeared to us that this resolution was merely a recapitulation of the terms of the invitation which had been accepted by Her Majesty's Government, and accordingly Sir Rivers Wilson, on behalf of the British Delegation, at once declared that we accepted the resolution in that sense, reserving at the same time full liberty of opinion upon the particular schemes which might be brought forward to give effect to it.

Declarations of various Delegations.

A series of declarations followed from the representatives of various Powers. From them it appeared that the Delegates of Germany, Austria-Hungary, and Russia were instructed not to express an opinion or to vote upon any resolution, while the representatives of Roumania, Portugal, Turkey, and Greece, being without special instructions, felt themselves compelled to take up a similar attitude of reserve. The Delegates of Spain, Denmark, Mexico, and the Netherlands accepted the resolution from the same point of view as the British Delegation.

The attitude of the States forming the Latin Union was not so clear. Mr. Tirard (*Delegate of France*) expressed a feeling of disappointment at the programme of the United States. He said that he had expected that it would contain more formal proposals than it did, and that he considered it illogical to postpone the discussion of the bi-metallic proposal till after the subsidiary suggestions had been considered. At the same time he stated that the French Delegates did not oppose the resolution. The Delegates of Italy and Belgium said that they were unable to take up a different attitude from that of their colleagues in the Latin Union. Although no definite opposition was offered to the resolution by the Delegates of these three countries, the general impression given was that the States of the Latin Union, and France in particular, were, at the outset at any rate, disposed to criticism rather than to cordial co-operation with the objects of the Conference.

NINTH
SESSION.Discussion
on bi-metal-
lism.

Mr. Jones.

short space of twenty years. Is it not extraordinary that during such a period—with the world's money wants rapidly increasing—a determination should be reached to demonetise by legislation one of the metals which throughout all time has served the purposes of money, especially that one of them which had been of most general utility; and whose further and continued aid, owing to the rapid exhaustion of the supplies of the other, was so manifestly indispensable to save the world from a repetition of those money famines whose consequences to the human race had been more destructive than all the scourges, plagues, and epidemics of which history furnishes a record? It must be borne in mind that the discarding of one of the money metals benefitted no human being except the comparatively few who belong to the class of creditors, annuitants, and recipients of fixed incomes, while an irreparable wrong was done to the entire body of the producing masses, including not alone the toilers in the field and in the factory, but as well the chieftains of industry, the projectors, managers, superintendents, designers, contractors, merchants, and all other leading and active minds without whose genius and foresight industry, in a complicated system of sub-division, could not be successfully conducted, and large bodies of workmen kept uninterruptedly employed. That all this should have been done in the sacred name of honour and of justice, arouses the suspicion that the money-changers had again entered the temple.

The effect of a diminution in the volume of the metallic money of the world by striking down any portion of it may be illustrated by the case of an incorporated company whose capital, we will say, is represented by one hundred thousand shares. Suppose that on the basis of that number of shares sales for future delivery had been agreed upon to a very large amount, would it not be considered simple robbery on the part of those who held agreements for the delivery of such stock to procure the enactment of laws compelling a reduction of the number of the company's shares by one half, or by any other per-centage, without a corresponding reduction of the number of shares to be delivered? There can be but one answer to this question. Is a similar juggle with money—whose quantity determines its value—any the less a robbery? He who is in debt has, in the language of the stock exchange, sold money "short." It is in effect a transaction for "future delivery." In the first supposed case parties had agreed to deliver in the future that of which they were not then in possession, namely, shares of stock. In the second they had also agreed to deliver that of which they were not at the time in possession, to wit, money. The distinction between the two cases is in the thing to be delivered, not in the underlying principle.

Would an
international
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Would an international agreement secure a fixed relation between the metals?

Some persons entertain the idea that if silver were remonetised even by international agreement at the relation so long maintained by French law, there would be a sudden jar which would be generally felt throughout business and commercial circles. This is a wholly groundless fear, and arises from misapprehension. All the silver in the world is now coined and in full use as money. There is not in existence any stock of uncoined silver to be presented at the Mints. Hence all that could come would be from current production after supplying the demand for the arts. Last year's production was about \$180,000,000. Were even all of this coined and none used in the arts, how trifling would the amount be when divided among the fifteen hundred millions of people of the world. They took that amount of gold forty years ago, to their great advantage. Under an international agreement for free coinage, the amount of silver to be added to the world's money stock would have precisely the same effect as if the amount added were so much gold, yet no one would openly deny that the increase of the money volume by that amount of gold would be a great advantage to the world.

The population of France at the time of the enactment of the bi-metallic law was less than twenty-eight millions, not one-half the present population of the United States. The foreign trade of France in 1880, including imports and exports, amounted to but one hundred and fifty-five million dollars. If such a population, with so slight a foreign trade, were able to maintain the equivalency of relation between the metals, who can doubt that were silver remonetised by international agreement, even if but one or two of the commercial nations of Europe joined the United States, the metals could be permanently bound together on the long-established ratio?

In the United States we have had a practical illustration of the varying movements of the metals when both had unrestricted access to the Mints though at different legal valuations. Upon the organisation of our Mint in 1792, the relation between silver and gold was fixed by law at 15 to 1. This rated silver at a figure higher than the legal rate in France, which was 15-1/2. Gold accordingly left our country and went

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The attitude of the States forming the Latin Union was not so clear. Mr. Tirard (*Delegate of France*) expressed a feeling of disappointment at the programme of the United States. He said that he had expected that it would contain more formal proposals than it did, and that he considered it illogical to postpone the discussion of the bi-metallic proposal till after the subsidiary suggestions had been considered. At the same time he stated that the French Delegates did not oppose the resolution. The Delegates of Italy and Belgium said that they were unable to take up a different attitude from that of their colleagues in the Latin Union. Although no definite opposition was offered to the resolution by the Delegates of these three countries, the general impression given was that the States of the Latin Union, and France in particular, were, at the outset at any rate, disposed to criticism rather than to cordial co-operation with the objects of the Conference.

It was evident after these declarations that it would be of little use to take a vote upon the resolution, seeing that a large number of Delegates would be compelled to abstain. Senator Allison said that under these circumstances he would not press for an immediate vote, and the resolution was allowed to drop. Resolution withdrawn.

In the course of the meeting, Mr. de Rothschild, in response to the invitation contained in the programme of the United States, laid upon the table a proposal for the consideration of the Conference.

At the Third Meeting, then, the first business before the Delegates became the consideration of the two subsidiary schemes mentioned in the programme of the United States Delegation, and of Mr. de Rothschild's proposal. It was evident that so large a body as the full Conference could not effectively discuss proposals involving many technical details, and accordingly a Committee was appointed for the examination of these and other schemes which might be brought forward by members of the Conference. It consisted of the following members:— Appointment of a Committee to consider proposals.

Mr. Cannon	-	-	-	United States.
Don Joaquin D. Casasus	-	-	-	Mexico.
Mr. Cramer-Frey	-	-	-	Switzerland.
Mr. de Foville	-	-	-	France.
Mr. de Osma	-	-	-	Spain.
Mr. Forssell	-	-	-	Sweden.
Sir C. Fremantle	-	-	-	Great Britain.
Sir G. Molesworth	-	-	-	British India.
Mr. Raffalovich	-	-	-	Russia.
Mr. Sainctelette	-	-	-	Belgium.
Mr. Simonelli	-	-	-	Italy.
Mr. Tietgen	-	-	-	Denmark.
Mr. van den Berg	-	-	-	The Netherlands.

And the President and Secretary of the Conference.

Mr. Alfred de Rothschild was also invited to attend the Committee during the discussion of his scheme.

The Report presented by this Committee at the Fourth Meeting of the Conference (December 2nd) is an important document. It first records information furnished by members of the Committee upon certain preliminary points, viz.: (1) the possibility of restricting the production of silver by legislative means; (2) the probable future of silver production; (3) the policy of the United States as to silver purchases; and (4) the policy of British India as to silver coinage. Report of Committee.

It then discusses in detail Mr. de Rothschild's plan. This plan had been indicated by its author in the following words, in the statement which he had submitted to the Conference:—

"The American Government are purchasers of silver to the amount of 54 millions of ounces yearly, and I would suggest that, on condition these purchases were continued, the different European Powers should combine to make certain yearly purchases, say to the extent of about 5,000,000^l. annually; such purchases to be continued over a period of five years, at a price not exceeding 43 pence per ounce standard, but if silver should rise above that price, the purchases for the time being to be immediately suspended."

The criticisms made in the Committee rendered it apparent that in order to meet objections raised in various quarters, some modifications were necessary; in particular, that provision would have to be made for the monetary use of the silver bought, and that there might be difficulties as to the exact limit of price suggested by Mr. de Rothschild, especially in view of existing silver legislation in America. The proposal was therefore somewhat modified, with Mr. de Rothschild's assent, and formulated by the Committee in the following shape:—

1. The European States, which agree upon the basis of this proposal, will buy in each year thirty million ounces of silver on condition that the United States agree to continue their present purchases and that unlimited free coinage be maintained in British India and Mexico.
2. The proportion of the purchase to be made by each country will be determined by agreement.
3. The purchases will be made at the discretion of, and in the manner preferred by, each Government.

4. These amounts of silver will be devoted in each country to the monetary uses authorised by the legislation of that State; and the silver will be either coined or made the guarantee for an issue of ordinary or special notes as each Government may think fit.
5. The arrangement will be made for five years. The obligatory purchase of silver will be suspended should the metal reach, in the London market, a price determined by agreement between the Governments. The purchases may be resumed if the Delegates of the different countries interested should agree upon the fixing of a new limit of price. They should be resumed in any case if the price falls below the original limit.

As to the other plans before the Committee, the Soetbeer plan was abandoned—merely another version of the Levy plan, with added and undesirable complications; and the Levy plan was drawn up in the following form:—

1. The withdrawal from circulation, within a period of of gold coins containing a weight of less than 5·806 grammes of fine gold (20-franc pieces).
2. The withdrawal of notes of a less value than the coin of 20 francs or its equivalent, an exception being made of notes representing a deposit of silver.

The Committee was unanimous in thinking that both these plans, viz., the Levy plan, and also that of Mr. de Rothschild, should be brought before the Conference for discussion; but as to the merits of the plans there was considerable difference of opinion. A large majority were in favour of the Levy plan, but it was felt that if it were adopted its effects, though beneficial, would not be of great importance. Moreover, as it would entail considerable inconvenience for Great Britain, Sir C. Fremantle declared that he could only support it if it were joined with a scheme such as that of Mr. de Rothschild, or some other scheme tending in the same direction, by which other countries would make some effort to assist the common object. On the other hand, to Mr. de Rothschild's proposal there was considerable opposition. Its opponents desired to express their objections, but at the same time in such a form as would not prevent the plan from being brought before the Conference. With this view, the representatives of the Latin Union on the Committee, while accepting the above-mentioned recommendation that the plan should be discussed by the Conference, presented a motion declaring that if the plan were adopted by the Conference they would be unable to recommend it to their Governments.

This motion was opposed by Sir C. Fremantle on the ground that it was premature and illogical on the part of a Committee, appointed to report to the Conference, to declare what their action would be in the event of certain proposals being adopted by the Conference. The motion was, however, carried by seven votes to six, Messrs. Forssell (Sweden), Raffalovich (Russia), and Tietgen (Denmark) joining with the four representatives of the Latin Union to support it, and the remaining members of the Committee, viz., Sir C. Fremantle (Great Britain), Sir G. Molesworth (British India), Mr. Cannon (United States), Mr. de Osma (Spain), Don Joaquin Casaus (Mexico), and Mr. van der Berg (The Netherlands) opposing it.

Discussion
upon the
Report.

At the Fourth Meeting of the Conference this Report was presented and the discussion upon it began. It was evident from the first that the inconveniences foreseen by Mr. Tirard as to the order of the discussion were not imaginary. Mr. Boissevain (Delegate of the Netherlands), the first speaker, assumed that the hostile vote of the Committee upon Mr. de Rothschild's scheme implied its rejection, and urged that the discussion upon bi-metallism should at once begin. The Conference, however, decided to adhere to the order of proceeding which it had adopted, and the discussion upon the Report was continued. It became evident that in such a discussion it was impossible to confine speakers strictly to the matter in hand, and that general arguments must necessarily be admitted; and at the end of the meeting it was decided that in continuing the discussion at the next meeting the liberty of speakers to treat the question from the general point of view should be fully recognised.

At the opening of the Fifth Sitting the position with regard to Mr. de Rothschild's scheme was this: The Committee had recommended the Conference to consider it, but had, by a majority including all the representatives of the Latin Union, declared that, even if the Conference accepted it, they could not recommend its adoption. At the Fourth Meeting Mr. Boissevain had declared that there were insurmountable obstacles to its adoption by the Government of the Netherlands; General Strachey had said that unless it received more favour than was indicated by the Report he would be unable to support it; Mr. Allard, one of the Belgian Delegates, had declared that it was insuffi-

cient; and Mr. Bertram Currie had spoken in the strongest terms against any attempts artificially to raise the price of silver. In these circumstances it appeared clear that the plan would not receive an effective measure of support; and Sir Rivers Wilson declared, on behalf of himself and Sir Charles Fremantle, that, recognising that this want of support would prevent them from recommending the plan to their Government, they would refrain from taking part in a detailed discussion of it, although they did not consider it inconsistent with the mono-metallist opinions which they held. Mr. McCreary (*Delegate of the United States*) then stated that he did not consider Mr. de Rothschild's proposal, as it stood, equitable to the United States, and therefore that he would be unable to support it. In view of these various declarations Mr. de Rothschild stated that he considered it respectful to the Conference to withdraw his plan.

Withdrawal
of Mr. de
Rothschild's
plan.

The discussion continued nominally upon the Levy plan; but it was evident that though this proposal was regarded with favour, it was not considered important enough to receive really vigorous support.

At the Sixth Session the discussion upon the general bi-metallic proposal of the United States was formally opened and lasted till the end of the Ninth Session. This discussion was of wide range, and of great interest from the theoretical and, in some of its aspects, from the practical point of view. We do not consider it necessary to recapitulate it here, since it will be found in full in the Minutes of the Proceedings of the Conference which accompany our Report. As a practical contribution to the solution of present difficulties, its interest mainly lay in the information which it gave as to the opinions entertained in various countries on important monetary questions, and such information we propose to summarise in a later part of this Report.

Discussion
upon bi-
metallism.

In the course of the discussion a general desire was felt that some statement should be made on behalf of France. The attitude of the French Delegates had been one of great reserve, and their precise views on the bi-metallic question were unknown. Great interest, therefore, was felt in the speech which Mr. Tirard made at the Seventh Session, a speech which acquires additional importance from the fact that since that time he has become Minister of Finance. He declared, with the greatest clearness, that he could not advise his Government to open the French mints to the free coinage of silver, unless there were a general agreement on the part of other countries to open their mints also. He therefore considered that unless there should be a decided change of opinion on the part of Great Britain, Germany, Austria-Hungary, the Scandinavian countries, and other mono-metallic States, the question of returning to the free coinage of silver in France must be looked upon as settled. With regard to the subsidiary plans which had been proposed, he anticipated objections from the French public to the withdrawal of the 10-franc piece, and did not expect any increased use of silver in consequence of such a measure; while, with reference to Mr. de Rothschild's plan, he expressed strong objection to any measure which would add to the French stock of silver.

At the Ninth Session the discussion upon the bi-metallic proposal was brought to a close. After the declarations which had been made in the course of the debates, it was felt that it was unnecessary to proceed to a division, and Senator Allison declared, on behalf of the United States Delegation, that in the circumstances they would not press for a vote upon it.

No Vote
taken upon
the bi-
metallic
proposals.

It was now generally felt that it would not be useful to prolong the discussions of the Conference. At the same time some members of it were anxious not to give up all hope of a more fruitful result, at a later period. It was thought possible that consideration of the proceedings by the various Governments concerned might incline them to view more favourably at any rate some of the subsidiary proposals which had been or might be put forward, and accordingly, on December 17th, the adjournment of the Conference was moved in the following terms by Baron de Renzis (*Delegate of Italy*):—

Adjournment
of the Con-
ference.

"The International Monetary Conference, recognising the great value of the arguments which have been developed in the Reports presented, and in the discussions at the meetings, and reserving its final judgment upon the subjects proposed for its examination, expresses its gratitude to the Government of the United States for having furnished an opportunity for a fresh study of the present condition of silver.

"The Conference suspends its labours, and decides, should the Governments approve, to meet again on the 30th May 1893.

"It expresses the hope that during the interval the careful study of the documents submitted to the Conference will have permitted the discovery of an equitable agreement, which shall not infringe in any way the fundamental principles of the monetary policy of the different countries."

For ourselves we are unable to share these hopes. It appeared to us that the discussions had shown such divergence of interests that there was little more prospect of an agreement after an interval of a few months. We did not, however, think it politic to oppose a wish generally entertained by the Conference, and therefore contented ourselves with expressing doubts as to the advantages to be gained from further meetings, and urged that under no circumstances should the Conference be called together again except for the consideration of a definite proposal emanating from the Government of the United States or some other Government.

At the same time we thought it right to say that, pending any adjournment of the Conference, Her Majesty's Government must retain its absolute liberty of action; and, what is perhaps more important, in view of the present state of the silver question, as affecting India, a formal declaration to similar effect was made by General Strachey on behalf of the Government of India.

Other subsidiary schemes considered by the Committee.

The terms of Baron de Renzis' motion expressed the general feeling that in order that any proposal might have a chance of acceptance it must be of such a nature as not to infringe the fundamental principles of the monetary policy of the countries concerned. Several proposals claiming to have such a character were brought before the Conference, besides those of Mr. de Rothschild and Mr. Moritz Levy, to which we have already referred, and formed the subject of a Second Report by the Examining Committee. They did not meet with any serious support in the Committee, and the Report expressed no definite opinion upon their merits. It states that the proposals were too closely allied to the general debate before the Conference to enable the Committee to pronounce an opinion upon the opportuneness of their discussion in full Conference. At the same time, the Committee suggested that they should form the subject of later study by the Delegates and their Governments; and it may therefore be useful to indicate briefly their nature.

Mr. Tietgen's plan.

MR. TIETGEN (*Delegate of Denmark*) submitted to the Committee a plan for the creation of an international silver currency. The weight of the coins was to be fixed by the market price of silver, with a deduction of 10 per cent. for seignorage; and if the market price should vary considerably, re-coinage might be decided upon by agreement.

The coins would be unlimited legal tender in the country which had coined them, and every bank of issue would be allowed to hold the coins without distinction of country as part of its metallic reserve, and would have the right of demanding from any country repayment in gold for the coins of that country which it held.

The Committee recorded two objections to this scheme: one, that it would not necessarily follow that every country would be able to pay in gold when the demand came; the other, that re-coinage, and the consequent simultaneous circulation of coins of the same denomination and different weights, would be very inconvenient; but it did not attempt to remodel the scheme so as to meet these objections, which indeed appear to be fundamental.

Sir William Houldsworth's plan.

SIR WILLIAM HOULDSWORTH'S proposal, which was originally suggested by Mr. Huskisson in the year 1826, was intended to provide a means by which those countries where there was strong objection to an increased use of silver coin, or to changes in the monetary habits of the people, would be able to join, to some extent, in a bi-metallic union. Such countries would issue receipts or certificates for amounts above a certain minimum limit against deposits of silver, to circulate as full legal tender at a fixed ratio to gold. Given that a bi-metallic régime were established in some other countries, Sir William Houldsworth expected that such certificates as these would pass into circulation at par, and would be used as bank reserves.

The Committee did not discuss this plan beyond pointing out that if these certificates were to be full legal tender, the general objections entertained by some countries to bi-metallism would apply equally to this modified form of bi-metallism.

Mr. Allard's plan.

Finally, there was the proposal of MR. ALLARD (*Delegate of Belgium*). It was of a complicated character, but it may be briefly described as providing for the creation of international silver notes representing the silver value for the time being of a certain sum expressed in gold. Any profit on these notes, from a rise in the price of silver,

would go to the issuing State, while any loss would be divided among the States joining in the scheme.

There were other suggestions also, one of them by Mr. de Foville, one of the French Delegates, for the creation in one form or another of silver warrants for commercial purposes in order to facilitate dealings in silver. Some members of the Committee held—and in this we agree with them—that the consideration of such measures did not fall strictly within the province of a Conference which had been assembled to consider means for extending the *monetary* use of silver. Other plans.

The Conference did not succeed in finding any definite and practical scheme upon which a large number of the Delegates could agree; but it must not therefore be considered that it did not produce any results of importance. Valuable information upon the monetary question generally has been obtained and recorded; and, in particular, the declarations made of the views of various countries have given some indication of the limits within which a remedy must be sought, if it is to be sought anywhere, for such evils as there may be in the present situation. Results of the Conference.

Certain countries declared themselves frankly as adherents of the mono-metallic faith. The representatives of Germany, Denmark, Sweden, and Norway were clear in their declarations that no change would be made in the gold basis of the currency of those countries. Switzerland, though a member of the Latin Union, declared explicitly that she was an unshaken adherent of the mono-metallic principle, and the Delegate of Austria-Hungary was equally explicit in his statement that his Governments had every intention of abiding by the gold standard which they are in course of adopting. On the bi-metallic side the lead was taken by the United States. The Netherlands were prepared to join a bi-metallic union, provided that Great Britain formed a part of it; and Spain and Mexico were ready to adopt bi-metallism or other measures which would have the effect of raising the price of silver. No declaration of policy was made on behalf of Russia, though one of her Delegates, speaking personally, was an active supporter of the gold standard. The Roumanian Government did not consider bi-metallism a practical possibility, and Turkey and Portugal expressed no opinion. Views of various countries on the monetary question.

There remained the four States which, with Switzerland, form the Latin Union, viz.: France, Italy, Belgium, and Greece. Upon their attitude to a great extent the situation turned. A partial bi-metallic agreement might have been within the range of possibility, had these States been willing to enter it. But Mr. Tirard (*Delegate of France*), as we have stated above, declared himself opposed to any union for the adoption of bi-metallism, unless such union included among its members Great Britain, Germany, Austria-Hungary, and Russia.

Belgium, Italy, and Greece having announced that they could not take up an attitude different from that of their colleagues of the Latin Union, the result clearly is that unless an event should take place, which, in our opinion, is highly improbable, unless, that is, there should be a radical change in the declared monetary policy of Great Britain, Germany, Austria-Hungary, and Russia, an international agreement for fixing a ratio between the values of gold and silver must be regarded as beyond the range of practical politics. Without such radical change there is no prospect of the realisation of the conditions which, in the opinion of bi-metallists themselves, are necessary for the establishment of an efficient bi-metallic system by international agreement.

We have indicated in the course of this Report the various subsidiary proposals which were brought forward with a view to increasing the monetary use of silver. We gave to all such proposals the careful examination which our instructions charged us to give; but in spite of the desire to arrive at some practical compromise which animated a large number of the Delegates present, it was found impossible to discover any ground of agreement. One great difficulty which was experienced with regard to these proposals was that in each case they were thought to involve disproportionate sacrifices on the part of certain countries. This is perhaps inevitable, but it is a most serious obstacle to the adoption of any compromise. It was the recognition of this fact which led us to express the opinion that further meetings of the Conference would not be productive of practical results.

Your Lordships will now readily understand how great the difficulties were which had to be contended with, and how unlikely, if not impossible, it was that any practical result should have been arrived at. The silence of both Germany and of Austria-Hungary was merely broken for the purpose of giving vague and general assurances. The attitude of France was nearly as reserved, although Mr. Tirard made two very

eloquent speeches, the principal point of which was that he expressed himself perfectly satisfied with the present monetary situation in France. Italy and Belgium might have been disposed to take a more active part, but their adhesion to the Latin Union, from financial and other considerations into which it is unnecessary for us to enter, prevented them from taking up any independent attitude of their own, and led them to endorse in every respect, in pursuance of an arrangement previously entered into, the policy and views of France. Holland and Spain gave frequent proofs of great good will, but found themselves in a minority.

As regards the Delegates of the United States themselves their position was very peculiar. Since their appointment the Presidential Election had taken place, with the result of placing the Democratic party in power instead of the Republican, and great uncertainty necessarily prevailed as to the attitude and intentions of a new President and Congress. In these circumstances it soon became evident that the Delegates were anxious for an adjournment of the question, to give the new Government the opportunity of expressing their views, and that the Conference would adjourn without any practical result; but, nevertheless, some very important statements and declarations were elicited in the course of the debates. In the first place in addition to the distinct declarations on the part of some of the most important European Powers that they would not entertain bi-metallism, to which we have already alluded, the Representatives of the United States announced, in very clear language, that at any moment their Government might be disinclined to continue their purchases of silver, and that they were determined to protect their stock of gold. The Indian Delegates alluded to the possibility of their Government finding itself under the necessity of closing its mints to the free coinage of silver. As regards the attitude of the British Delegates, we did our utmost to carry out the instructions laid down for us by Her Majesty's Government; and it is with great satisfaction that we are able to record that the Delegates of the United States expressed their appreciation of the sympathy which they had met with from Great Britain, and that they declared that in that respect, if in no other, they were perfectly satisfied with the results of the Conference.

We desire, in conclusion, to place upon record our appreciation of the services rendered to the Delegation by our Secretary, Mr. H. Babington Smith, whose ability and industry, added to a thorough knowledge of the subject, have at all points essentially lightened our task.

We have the honour to be
Your Lordships' most obedient servants,
(Signed) C. W. FREMANTLE.
W. H. HOULDSWORTH.
C. RIVERS WILSON.
B. W. CURRIE.
ALFRED DE ROTHSCHILD.

H. BABINGTON SMITH,
Secretary to the Delegates.

February 3rd, 1893.

In signing the foregoing Report I wish to say that I am more sanguine than my colleagues of an international agreement being ultimately arrived at, though I recognise the difficulties which at present stand in the way.

(Signed) W. H. HOULDSWORTH.

PROCEEDINGS
OF THE
INTERNATIONAL MONETARY CONFERENCE,
1892.

NOTE.—The Proceedings of the Conference are translated from the Official *Procès-verbaux*, which were formally approved by the Conference.

It is announced that a second volume will be published at a later date, containing statistical information furnished by the Delegates of various Countries as to the production, coinage, and industrial consumption of Gold and Silver.

LIST OF DELEGATES.

AUSTRIA-HUNGARY.

Representing the two Governments of Austria and Hungary:—

HIS EXCELLENCY COUNT KHEVENHÜLLER METSCH, Envoy Extraordinary and Minister Plenipotentiary of Austria-Hungary at Brussels.

BELGIUM.

MR. MONTEFIORE LEVI, Senator.

MR. DEVOLDER, Director of the Society for Promoting National Industry.

MR. WEBER, Vice-Governor of the National Bank.

MR. A. ALLARD, Honorary Director of Coinage.

MR. SAINCTELETTE, Commissary of the Mint.

DENMARK.

MR. C. F. TIETGEN, Privy Councillor, Director of the *Privat Bank* at Copenhagen.

MR. FRÉDÉRIC G. SCHACK DE BROCKDORFF, Consul General of Denmark at Antwerp.

FRANCE.

MR. TIRARD, Senator, formerly Minister of Finance, President of the Monetary Committee.

MR. DE LIRON D'AIGROLES, Member of the Council of State on Special Service, Director of the Administration of the Mint.

MR. DE FOVILLE, Head of the Department of Statistics and Legislation at the Ministry of Finance.

GERMANY.

HIS EXCELLENCY COUNT ALVENSLEBEN, Envoy Extraordinary and Minister Plenipotentiary of Germany at Brussels.

DOCTOR VON GLASENAPP, Councillor to the Finance Department of the Empire, Privy Councillor of Administration.

MR. HARTUNG, Director of the Imperial Bank.

GREAT BRITAIN.

THE HONOURABLE SIR CHARLES FREMANTLE, K.C.B., Deputy Master of the Mint.

SIR C. RIVERS WILSON, K.C.M.G., Secretary and Comptroller General of the National Debt Office.

SIR WILLIAM HOULDSWORTH, Bart., M.P.

MR. ALFRED DE ROTHSCHILD.

MR. BERTRAM CURRIE.

BRITISH INDIA.

LIEUTENANT-GENERAL STRACHEY.

SIR GULLFORD L. MOLESWORTH, K.C.I.E.

GREECE.

MR. P. MULLE, Consul General of Greece at Brussels.

ITALY.

HIS EXCELLENCY BARON DE RENZIS, Envoy Extraordinary and Minister Plenipotentiary of Italy at Brussels.

MR. SIMONELLI, Deputy.

MR. ZEPPA, Deputy.

MEXICO.

DON ANTONIO DE MIER Y CELIS.

DON JOAQUIN D. CASASUS, Deputy.

GENERAL DON FRANCISCO Z. MENA.

NETHERLANDS.

MR. VAN DEN BERG, President of the Bank of the Netherlands.

MR. BOISSEVAIN, Member of the Statistical Institute of the Netherlands.

NORWAY.

MR. HAGBARD BERNER, Director of the Mortgage Bank of the Kingdom of Norway.

PORTUGAL.

HIS EXCELLENCY MR. D'ANTAS, Envoy Extraordinary and Minister Plenipotentiary of Portugal at Brussels.

ROUMANIA.

HIS EXCELLENCY MR. BENGESCO, Envoy Extraordinary and Minister Plenipotentiary of Roumania at Brussels.

RUSSIA.

HIS EXCELLENCY PRINCE OUBOUSOFF, Envoy Extraordinary and Minister Plenipotentiary of Russia at Brussels.

MR. A. RAFFALOVICH, Member of the Council of State, Agent for the Imperial Ministry of Finance at Paris, Correspondent of the Institute of France.

SWEDEN.

MR. HANS FORSELL, formerly Minister of Finance, President of the Chamber of Finance of Sweden.

SPAIN.

HIS EXCELLENCY MR. J. SURRA Y RULL, Member of the Consultative Committee of the Mint at Madrid, formerly Member of the Council of State.

MR. J. SANCHEZ DE TOCA, Member of the Chamber of Representatives; formerly Chief Secretary of the Ministry of the Interior.

MR. G. J. DE OSMA, Member of the Chamber of Representatives.

SWITZERLAND.

HIS EXCELLENCY MR. CHARLES LARDY, Envoy Extraordinary and Minister Plenipotentiary of the Swiss Confederation at Paris.

MR. ALPHONSE RIVIER, Consul General of the Swiss Confederation in Belgium.

MR. CONRAD CRAMER-FREY, Member of the National Council.

TURKEY.

HIS EXCELLENCY ÉTIENNE CARATHEODORY EFFENDI, Envoy Extraordinary and Minister Plenipotentiary of Turkey at Brussels.

MR. A. ALLARD, Consul General of Turkey at Brussels.

UNITED STATES OF AMERICA.

HIS EXCELLENCY MR. EDWIN H. TERRELL, Envoy Extraordinary and Minister Plenipotentiary of the United States of America at Brussels.

MR. WILLIAM B. ALLISON, Senator.

MR. JOHN P. JONES, Senator.

MR. JAMES B. MCCREARY, Member of Congress.

MR. HENRY W. CANNON, President of the Chase National Bank at New York.

MR. E. BENJAMIN ANDREWS, President of the Brown University at Providence.

OFFICERS OF THE CONFERENCE.

President: MR. MONTEFIORE LEVI, Delegate of Belgium.

Vice-President: HIS EXCELLENCY MR. EDWIN H. TERRELL, Delegate of the United States of America.

General Secretary: MR. GEORGES DE LAVELEYE, Economist.

Secretaries: MR. JULES BRUNET, Head of Department at the Ministry of Foreign Affairs.

MR. ROLAND P. FALKNER, Professor at the University of Pennsylvania.

MR. ÉDOUARD VAN DER SMISSEN, Lecturer at the University of Liège.

Assistant Secretaries: MR. GEORGES BAUYENS, Doctor of Law.

MR. LÉOPOLD DONNY, Honorary Secretary of Legation to His Majesty the King of the Belgians.

COUNT JACQUES DE LIEDEKERKE, attached to the Ministry of Finance.

INTERNATIONAL MONETARY CONFERENCE, 1892.

FIRST SESSION.

Tuesday, November 22nd, 1892.

The Delegates of Germany, Austria-Hungary, Belgium, Denmark, Spain, the United States of America, France, Great Britain, British India, Greece, Italy, Mexico, Norway, the Netherlands, Portugal, Roumania, Russia, Sweden, Switzerland, and Turkey, met in Conference at Brussels on November 22nd, 1892, at 2 o'clock, at the *Palais des Académies*.

All the Delegates were present.

MR. BEERNAERT, *Minister of Finance*, delivered the following address:—

GENTLEMEN,

THE Conference in which you are called upon to take part has for its object the consideration of one of the most serious, complex, and arduous problems which is presented to modern society, a problem peculiarly fertile in unforeseen and oftentimes contradictory conclusions. I highly appreciate the honour which has fallen to me to inaugurate your labours in extending to you, in the name of the Belgian Government, a cordial welcome.

Speech of
Mr. Beer-
naert,
Minister of
Finance.

As you are aware, gentlemen, it was the United States of America which brought about this meeting. We are only your hosts, but we are happy to be so. Small as may be the space which Belgium occupies upon the map of the world, she endeavours properly to hold her place in the family of nations, and does not withhold her interest from any of the difficulties which civilisation in its incessant progress is called upon to resolve. It is perhaps this which has given Belgium the honour of being chosen on several occasions as the seat of international meetings for the common study of the amelioration of law or for the perfecting of economic measures. Among the subjects of study none up to this time has had the importance and breadth of that which forms the subject of your considerations.

It is strange that the subject of money, of itself abstract and dry, is among those which most excite the passions. It is rare to find it discussed calmly. But it touches all economic and social interests; it affects the commerce of the world; and it is the real reason of more than one unexplained crisis.

And the importance of money, especially metallic money, cannot but grow greater. The mechanism of exchange is perfected, and the use of cheques and other instruments of credit is developed. They economise the actual transfer of money and so diminish the risks, costs, and delays which result from it, but they cannot supplant the precious metals.

A century ago, or even half a century, international exchanges had for their objects almost exclusively food, raw materials or manufactures, and at that time the insufficiency of the means of transport at the disposal of foreign commerce retarded the development of these exchanges. The need of money for use abroad was determined solely by the balance of trade. It was measured by the amount of capital which had to pass in specie from one country to another to settle the balance of exchanges. Favourable or otherwise, it was this balance only which affected the stock of metals, and its influence alone was felt in the rate of exchange. Hence there was based upon the balance of trade a theory which claimed to measure by this scale the relative prosperity of nations.

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SESSION.
Mr.
Beernaert.

That theory has had its day, and the part played by money as the instrument of international exchanges has grown remarkably. To-day nations import and export not alone commodities, but also capital in search of opportunities for investment, stocks, bonds, public debts, and industrial securities, and the amount increases year by year in colossal proportions. The monetary currents are not determined solely by the balance of trade properly so-called. A country whose exports present a surplus often has contrary and very variable exchanges and may not be able to secure a permanent stock of metallic money. Another country enjoys exchanges which are almost stereotyped, and whose stability defies the variations of the balance of trade.

Other factors besides the operations of commerce intervene; and when we find a rise in the rate of exchange, we cannot say, *a priori*, whether it is caused by a negative balance of trade, by withdrawal of frightened capital or by purchases of securities which must be paid for abroad, but which bear interest to the new purchaser.

These currents of capital are always in a certain measure metallic currents. The decreased cost of carriage and the more highly developed spirit of association which permits the formation of companies for enterprises in remote countries, only increase these currents. And thus, while it has changed, the international function of money has greatly increased.

At the same time the evil results of every monetary crisis are more and more acute, and it is, it seems, to an international agreement that we must look for the means of preventing them or moderating them.

It is the law of progress which decrees this. As I said recently upon another occasion, "that which will characterise our century in the future, a century strange and magnificent in many respects, is the prodigious and incessant development of international relations."

"At one time a man belonged to his own village, to his own province, or at the most to his country. People knew only their own neighbourhood. They shared its prejudices and its passions. The foreigner was to them an object of indifference or even hostility. To-day the horizon of humanity is enlarged. A great movement spreads life and welfare on all sides, nations know each other better every day, and the world is hardly large enough for the sphere of our activities."

Hence the numerous international agreements to regulate in a uniform fashion interests common to the civilised world. Conventions of almost universal application regulate telegraphs, postal affairs, railways, the system of weights and measures, the publication of customs tariffs, patents, and copyright. Efforts of the same nature have been made to unify commercial law in some of its essential elements.

Why should it not be the same with money, an instrument which is international *par excellence*, and which is the most indispensable of all?

This is, gentlemen, one of the aspects of the study to which you are about to devote yourselves; and perhaps it is well that you should meet in the territory of one of the nations constituting the Latin Union.

That Union is for the participating nations an international regulation of the kind which it is proposed to generalise; and in the opinions of its authors, who claimed for it a great future, it was destined to serve as a basis and an example.

For some years external circumstances have weighed heavily upon the situation of the Union. In consequence of the adoption of the gold standard by Germany it was necessary to suspend the coinage of silver, and we are in reality under a mono-metallic *régime*. Without doubt the coined metals have preserved an invariable relation in value, circulate as full legal tender throughout the Union, and serve on an equal footing for making payments. But in reality gold is the only standard, prices are based on gold, and transactions with other countries are settled by gold payments either from the large circulation of the Union or from purchases abroad, without up to the present time affecting exchange in the slightest. Despite the depreciation of silver bullion the five-franc pieces preserve their full debt-paying power; but it is because they are in a manner only tokens, always exchangeable for gold at par, and because, for the settlement of our sales and purchases abroad, we use nothing but gold.

But even under these conditions the Latin Union renders none the less incontestible services. We owe to it a high stability of exchange and the absence of any embarrassment in our monetary circulation. I believe that I may add that these services extend beyond the limits of the Union, and that the latter would not disappear without a very considerable disturbance of the general monetary situation.

It is to be desired, gentlemen, that the Conventions of the Latin Union may serve as a basis for a broader arrangement. Those who in this manner succeed in finding a

remedy for the difficulties and the perils of the present situation will certainly deserve well of humanity. But it is for the United States to speak first. It is for them to make known the views of their Government, and to propose such measures as they may deem possible and opportune to adopt.

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SESSION.
—
Mr.
Beernaert.

Before resuming my seat, permit me, gentlemen, to call special attention to one of the aspects of the problem whose examination we are about to begin. The depreciation of silver for some years past seemed to come from an exuberant production, far exceeding the recognised needs for coinage and industrial and artistic consumption. And yet, while, according to Soetbeer and other statisticians, the increase in the production of silver from 1875 to 1890 was not more than 100 million francs, other calculations tend to prove that at least since 1890 there have been increased needs, permitting the complete absorption of all the current production of the white metal. A distinguished author, indeed, claims that this situation began in 1887, and affirms that since that time the phenomenon has become more marked.

It seems that this is an important matter to verify, and the co-ordination of the information at the disposition of the Conference will without doubt enable it to throw some light upon this side of the question.

It will be well to consider from this point of view the stocks of silver which certain countries might be led to alienate, in order to pass to a single gold standard. There are five-franc pieces to the amount of 4,000 million francs in the Latin Union, and for a great part this enormous sum is stored in the banks and represented by credit money. But in the present situation of affairs the dissolution of the Union does not seem probable, though it may take place at a year's notice. At the Congress of 1889 at Paris, Mr. Magnin said that such an event would be "a terrible monetary and commercial catastrophe for the whole world."

We may also, I think, neglect the 2,500 million francs in silver, in the possession of the United States. It is for the greater part deposited in the Treasury of the Republic, and represented by certificates in virtue of the Bland and Sherman Bills. That silver and those certificates form a part of the Federal currency and serve the purposes of internal exchanges. As to the 450 millions, or thereabouts, of francs in thalers which Germany has kept, without effecting their sale during the period of the transformation of her monetary system, and the 200 millions of francs, at which the silver money of Austria-Hungary is valued, it does not appear that these sums exceed the needs of the internal circulation of these great countries, even as small change, and without doubt the realisation of these stocks is in no wise to be feared.

I think, gentlemen, that if the question of which you are about to undertake the study is difficult, you may at least begin the examination without being too much impressed by the contemplation of masses of unused silver, under the weight of which the market must shortly crushed.

To this study I should have been glad to have devoted myself with you. There is none more important nor more attractive. But numerous and absorbing duties do not leave me the leisure. In leaving the chair, it only remains for me to bid you welcome once more, and to express my sincere hope that the deliberations of such eminent men, the delegates of twenty States, and, among them, of the most important of the world, will be fruitful in fortunate results for the general advantage of mankind.

I beg the assembly to constitute itself by choosing a President.

MR. TERRELL, MINISTER OF THE UNITED STATES OF AMERICA, replying to the address of welcome of the Minister of Finance, spoke as follows:—

Mr.
Terrell.

GENTLEMEN,

As the diplomatic representative at Brussels of the Government which has taken the initiative in this Conference, I fulfil a most agreeable mission in offering to his Excellency the Minister of Finance the sincere thanks of all the delegates united in this high assembly for the warm and cordial welcome which he has given to us.

Thanks to the generous hospitality and liberal spirit of the Government of His Majesty the King of the Belgians, this beautiful capital has been chosen as the seat of this international meeting.

I believe that I speak for you, gentlemen, in thanking once more his Excellency for this new proof of sympathetic interest which his Government has thus given to a work of so considerable importance for all peoples.

We would ask also the Minister to offer to the august Sovereign of this noble country the expressions of our most respectful homage.

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SESSION.

Mr.
Terrell.

The work which has been submitted to our examination and deliberation interests the commercial world in the highest degree, and it is desirable to arrive at an agreement whose results may advance the welfare and the prosperity of nations.

We express the most sincere wish that this purpose may be attained, and we may be permitted to express the hope that our labours may be presided over by a member of the Delegation of the Belgian Government, that Government whose courteous reception will remain a treasured pledge of noble friendship.

Election of
President.

MR. DEVOLDER thanked Mr. Terrell in the name of the Belgian Delegation, and recommended to the Conference to select MR. MONTEFIORE LEVI.

Mr.
Montefiore
Levi.

This proposal having been accepted by the Conference, MR. MONTEFIORE LEVI took the Presidential chair, and made the following speech :—

GENTLEMEN,

Having been called to the great honour of presiding over your deliberations, I feel the need of offering an apology of some sort for having been chosen to occupy the chair, since I am almost a layman among the many eminent men who compose this assembly, and who should naturally have received its vote on account of their special knowledge of the grave problems that have been submitted to our consideration. I do not make the mistake of thinking that this flattering distinction is addressed to me personally; you have only wished through me to pay this honour to Belgium, which is delighted and proud to have been selected as the meeting-place of this Conference, and to offer its hospitality to an assemblage of persons so distinguished. In the name of Belgium, I thank you.

As for myself, personally, the feeling of my inability strikes me the more forcibly when I call to remembrance the two great men whom our country has had the misfortune of losing recently, and to whom by right would have belonged the signal honour that you have conferred upon me;—Eudore Pirmez, who took such a conspicuous part in the last Monetary Conference as a delegate of the Belgian Government, and Émile de Laveleye, the renowned economist, whose works upon the great social questions are recognised throughout the world as authoritative,—both of them men who were universally known for their thorough study of the monetary question, and who by their great ability would have added distinction to the high position to which, for want of them, I am embarrassed to find myself called.

Gentlemen, the International Monetary Conference convened in 1881 by France and the United States had in view, according to the very words of its President, the object of “submitting to the acceptance of the Governments there represented a plan and system for establishing, by means of an International Convention, the use of gold and silver as bi-metallic money.”

That programme offers some analogy to that which has been proposed as a starting point for the present Conference. It was more precise as to the result sought; but it was for that very reason less fitted to lead to an agreement, or to bring about an understanding. I need not recall to you that after having held thirteen sessions taken up with profound discussions, after having had most interesting documents presented to it by the Delegates of the different Powers, that former Conference adjourned on the 8th July 1881 to the month of April 1882, and that it has not since resumed its labours.

This relative failure—although the meeting had, at least, the valuable result of bringing to light a quantity of data of the highest interest—only gave a new impetus to the efforts to find a solution, a result that circumstances rendered more and more to be desired every day. The monetary problem occupied in the public mind an even larger place than it did in the times succeeding the first International Conference of 1867, and numerous attempts were made to elucidate it.

Among the many remarkable works that were produced during that period, I would cite the Report of the *Gold and Silver Commission* appointed by the English Government in 1886, which is distinguished by the eminently practical character of its discussions.

A new effort to arrive at a formula was attempted in 1889. France then took advantage of the occasion that its great Universal Exhibition offered, and organised a Monetary Conference at Paris, in whose proceedings several of the eminent gentlemen who are with us to-day took part. If on account of the limited number of the members directly delegated by their Governments this Congress could not have the importance and more especially the authority of the preceding Monetary Conferences, its rôle was none the less useful. Its discussions have furnished a valuable aid to the

study of these arduous questions, though, unfortunately without having appreciably neared a conclusion, and without having discovered a solution acceptable to all.

Since then the situation of the money market has only grown worse. In spite of the efforts to avert it, made principally by the United States, the fall of silver bullion has been more marked in consequence of the development of mining in the United States and Mexico, and of the great Australian production. It is true that the quantity of gold has been very largely increased by the great contribution furnished by South Africa; but it is none the less true to affirm that the difficulty of commercial relations between the gold mono-metallist countries and those whose circulation is based upon silver becomes greater from day to day. This state of affairs receives continually increasing attention from the public, not only because the knowledge of the questions has spread, but also above all by reason of the connexion that exists between the problem of the currency and other social problems, that appear to have only a distant relation with the former, as witness the question of wages.

Indeed, if the quantity of primary products that can be procured by means of a definite quantity of money undergoes a constant diminution, in other words, if these products grow dearer, the rate of wages by means of which the masses procure the indispensable means of subsistence does not increase in proportion. It is often not until after a more or less prolonged delay that the effect of the rise in price of the necessaries of life forces a rise in the price of manual labour, after a period of distress and suffering for those who gain from their labour alone their means of subsistence.

Thus the depreciation of silver, so far as it serves as a monetary standard, finds an echo throughout the whole social organism.

But the principal evil of the present situation lies in the instability that results from it. How would it be possible for the merchant or the manufacturer to make with safety contracts extending over a long period, as important business operations generally do, if the shrewdest judgments and the best-founded calculations may at any moment be upset by a sudden movement of the money market? There is no need, we believe, to look elsewhere for the cause of the noticeable falling off which has taken place in international transactions. The hesitation which checks all great enterprises and which paralyses many markets is the direct consequence of the instability in the price of silver as compared with gold.

Conscious of these difficulties, the Government of the United States has taken the initiative in inviting the principal Powers to send Delegates to a new International Conference, for the purpose of investigating together whether there be any means of mitigating, by a more general use of silver in the monetary circulation, the serious inconveniences from which all civilised nations suffer in various degrees. Impressed by the gravity of the situation all of the Governments hastened to accept the invitation which was sent to them, and we are now met together, gentlemen, to commence the investigation of this arduous problem.

Whatever may be the result of your deliberations, it may surely be affirmed that, convinced of the considerable influence which the solution of a question so complex as that submitted to you may have upon progress of universal civilisation, you will have it at heart to investigate the possibility of remedying a condition of affairs of which none mistake the gravity. You will endeavour to leave aside any consideration of narrow or egotistical interest, and to place yourselves upon the standpoint of the higher interests of the great human family; and, should the possibility of a remedy be recognised, you will desire to unite your efforts to give substance to the solutions resulting from your debates by the adoption of a scheme stated in practical form.

Gentlemen, your time is precious. The task which you are about to undertake is immense, and I would give an example of brevity in closing here the brief review which I thought it my duty to present.

I conclude by expressing my gratitude to you for the honour, great as it is unmerited, which you have done me in choosing me to preside over the Conference, and by assuring you that my constant aim will be to apply myself to conduct your labours in a path of usefulness and with complete impartiality, in the certainty that I can count upon your kindly co-operation, without which I should be powerless.

The PRESIDENT requested the delegates to name as Vice-President one of the Delegates of the United States, whose Government had taken the initiative in calling the Conference. Upon his motion the Vice-Presidency was given to MR. TERRELL, Minister of the United States of America at Brussels.

Election
of Vice-
President.

The PRESIDENT proposed to the Conference to confer the functions of General Secretary upon MR. GEORGES DE LAYELEYE, Economist, who took his place at the desk.

Appoint-
ment of
Secretaries.

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—
Appoint-
ment of
Secretaries.

He proposed also to name as Secretaries MR. JULES BRUNET, Head of Department in the Ministry of Foreign Affairs, MR. ROLAND P. FALKNER, Professor at the University of Pennsylvania, and MR. ÉDOUARD VAN DER SMISSEN, Lecturer at the University of Liège; and as Assistant Secretaries, MR. GEORGES BAEYENS, Doctor of Law, MR. LÉOPOLD DONNY, Honorary Secretary of Legation of His Majesty the King of the Belgians, and COUNT JACQUES DE LIEDEKERKE, attached to the Ministry of Finance. These suggestions having been adopted by the Conference, these gentlemen were introduced and took their places at the Secretaries' table.

Arrange-
ments for
Reporting.

Upon the motion of the PRESIDENT the Conference decided to employ shorthand writers, who should be under the direction of the Secretary; it was understood, however, that the stenographic reports should be confidential, and that the Minutes adopted by the Conference should form the sole official record of its deliberations.

This service was assigned to shorthand writers placed at the disposal of the Conference by the Belgian Government, and to the shorthand writer attached especially to the Delegation of the United States.

It was agreed further that the Secretary should endeavour to distribute the Minutes before the Session immediately following that to which they relate; and that suggestions arising out of the minutes should be presented at the beginning of each session if they relate to questions of principle, whereas purely formal suggestions should, if occasion arose, be communicated as soon as possible directly to the Secretary.

Days of
meeting.

The PRESIDENT proposed that the Conference should sit three times a week, on Tuesday, Thursday, and Saturday, at 2 p.m.

After an exchange of observations between SIR C. RIVERS WILSON, MESSRS. ALLARD, RAFFALOVICH, and ALLISON, the Conference decided to hold its meetings upon the days proposed by the President, reserving however the right to hold supplementary sessions in the intervening days should circumstances render it desirable.

MR. ALLISON (*Delegate of the United States*) asked that the second session, be held on Friday, the 25th of November. The Delegates of the United States desired to consult together in order to present at that time the proposals which they desired to submit to the Conference.

Proposed
Committees.

The PRESIDENT expressed the opinion that it would be useful, if the Conference wished to gain time, to constitute several Special Committees. One of them should have for its object to examine documents which might be addressed to the Conference, and to present reports upon them. Another Committee should be charged with the arrangement of statistics relating to the production and consumption of gold and silver.

After a number of observations by MESSRS. LARDY, RAFFALOVICH, BOISSEVAIN, SAINCTELETTE, and COUNT KHEVENHÜLLER METSCH, the motion of the President for the appointment of a Committee of Examination was put to the vote. It was not adopted.

As to the other Committee which it was proposed to name, MR. DEVOLDER (*Delegate of Belgium*) asked if the examination of the proposal of the President should not be postponed until the Conference knew the programme of the United States. They would then be better able to judge what were the points requiring special investigation, for the examination of which the appointment of Committees might be useful.

The PRESIDENT agreed to this suggestion.

Manner of
voting.

CARATHEODORY EFFENDI remarked, in regard to the vote which had been given, that certain countries had several Delegates and others only one; he asked if under these conditions the votes should be counted by countries or by Delegates.

The PRESIDENT was of the opinion, in which the Conference concurred, that in questions touching merely their proceedings, as was the case with those which had been just considered, each Delegate should have a vote without regard to the number of members of which the Delegations were composed.

The Session adjourned at half-past 3 o'clock.

SECOND SESSION.

Friday, November 25th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

ALL the Delegates were present, with the exception of Mr. DE BROCKDORFF, Delegate of Denmark.

The session was opened at 2 o'clock.

The minutes of the first meeting were approved.

CARATHEODORY EFFENDI (*Delegate of Turkey*) remarked that, according to the opinion expressed at the close of the last session by the President, votes were to be individual in certain cases, while in others they were to be given by States. Effect of votes.

There were without doubt Delegates who had very extensive powers, but there were perhaps others who were not in this position.

So far as the Ottoman Delegation was concerned, all votes given should be considered absolutely individual.

The Delegate from Turkey said that if it was a question of a proposal emanating from a Government which was to be taken into consideration, supported, discussed, or submitted to a vote, and if it was a question of giving the opinion of the different Governments, he should for his part be obliged to refer the matter to his Government.

The PRESIDENT noted the declaration of the Delegate from Turkey. If there was a vote going beyond personal engagements, that is, a vote which did not concern the proceedings of the Conference, many other Delegates would be obliged to make the same reservations; it would, for instance, be the case for the Delegates of Belgium in any occasion where a decision was to be taken which would bind the Governments.

Upon the motion of the PRESIDENT, it was decided that the officers or secretaries officially attached by their Governments to a Delegation, and no other persons, should be admitted into the meetings of the Conference, to follow the debates without taking part in them. Admission to the meetings.

The PRESIDENT desired to know the wishes of the Conference in regard to communications to the press. Should the secrecy of their meetings be preserved, or should both the Minutes and also other materials for discussion communicated to the Delegates be published? In view of the character of the Conference would it be suitable that these documents should be given to the public even before their discussion? The Officers would desire to receive instructions by a formal decision of the Conference in this matter. Publication of proceedings.

MR. RAFFALOVICH (*Delegate of Russia*) thought that the object of the Conference was of such general interest that it would be inconvenient to impose secrecy, specially as certain of the questions to be treated were of particular interest to the financial markets.

MR. SANCHEZ DE TOCA (*Delegate of Spain*) shared this opinion. He thought, however, it would be proper to observe the greatest reserve in regard to the debates of a session until after the approval of the Minutes.

COUNT KHEVENHÜLLER METSCH (*Delegate of Austria-Hungary*) considered that there would be no difficulty in following the lines suggested by Mr. Raffalovich. He expressed himself in favour of having the Minutes placed at the disposal of the press as soon as they had been adopted.

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The PRESIDENT put to the vote the motion to distribute the duly approved Minutes, and, consequently, the subsidiary documents. This proposal was adopted.

Documents
commu-
nicated.

The PRESIDENT laid upon the table a memorandum by Mr. DONNER, Consul-General of Belgium at Salonica, relative to the monetary question. The document had been transmitted to him by the Belgian Government.

MR. ALLARD (*Delegate of Belgium*) laid upon the table a copy of a pamphlet which he had published giving a graphical *résumé* of facts relating to the monetary crisis, and the fall of prices from 1850 to 1892. Copies had been sent to each Delegate.

MR. HARTUNG (*Delegate of Germany*) made in this connexion the following declaration:—

On the third table of the work which our honourable colleague, MR. ALLARD, has had the kindness to send us, I find this remark concerning the attitude in 1888 of the Reichsbank, "the Reichsbank refuses to pay currently in gold."

Without calling attention to any other remarks which relate to Germany, I do not think that I am lacking in respect to our eminent colleague if I take this opportunity of refuting this statement, which has no basis whatever in fact. Since its creation in 1876, the Reichsbank has never refused to redeem its notes in gold.

I am well aware that not only certain obscure journals, but even some authors of distinction have called attention to the supposed fact that the Reichsbank makes difficulties for those who ask for gold for export. It is for this reason that I think it my duty to declare categorically that the Reichsbank has never refused upon any occasion or under any pretext the redemption of its notes in gold. I simply wish to note this important fact.

MR. ALLARD expressed himself pleased at having called forth this declaration of the Delegate from Germany. If he had made that statement in his work it was because the fact had been repeated in all corners of the press.

The PRESIDENT proposed to the assembly to take up the order of the day.

MR. ALLISON (*Delegate of the United States*) delivered in English a speech of which the following is the substance:—

Speech by
Mr. Allison,
presenting
the pro-
gramme of
the United
States Dele-
gation.

MR. PRESIDENT AND GENTLEMEN OF THE CONFERENCE,

On behalf of the Delegates of the United States I have been requested formally to present the plan and programme which is already upon your desks.* In so doing it seems fit that I should explain in brief some of the reasons which have led the President of the United States to convene this Conference, and to give the reasons why the Delegates of the United States present their programme in its present form and terms. But before doing so I desire to repeat the expression already made of our thanks to His Majesty the King of the Belgians for the cordial reception which has been given to the Conference. Especially I desire to thank the Governments represented for their acceptance of the invitation of the President of the United States and their presence in this Conference. The Delegation of the United States highly appreciate and wish to express their pleasure in meeting in conference the eminent gentlemen who represent these Governments.

It is possible some of those present will regard our programme as too general in its terms, in that it does not consist of specific propositions looking to the enlargement of the use of silver, as suggested in the invitation of the President, except the proposition of bi-metallism put forward by us as our distinct proposition having the full approval of our Government and the people it represents. There are precedents to which I would call your attention for Conferences on this subject. It was deemed of sufficient importance in 1867 for the nations to unite in conference, upon the invitation of France, to discuss simply the unification of coinage throughout the world to promote commerce and facilitate exchanges. In accordance with a statute of the United States the President called in 1878 a Conference to consider the practicability of fixing a common ratio to secure parity of value between gold and silver. In that Conference it was declared, upon motion of England and France, "that it is necessary to maintain in "the world the monetary functions of silver as well as those of gold." France and the United States invited in 1881 a Convention to discuss this subject which adjourned

* See Appendix A. to the Minutes of the present Session.

without definite action. Eleven years have since passed and the President of the United States has invited the nations to this Conference in the hope that a method may be agreed upon to secure the enlarged use of silver, if not its full use.

In so doing he has acted upon the opinion of the people of the United States, who believe it to be practicable to freely use both metals for monetary purposes, and thus to establish a parity of value between them. The two principal political parties of the United States are not divided upon this question, and the Delegates to this Conference represent not only the party which is now in power, but also that which has been restored to power by the recent election of Mr. Cleveland to the Presidency. Our view as respects this question is held with singular unanimity by all the people of the United States, as one for promoting the common interest of all the nations. We desire to confer with you cordially and frankly upon measures adapted to promote the interests of all, without seeking any special advantages for the United States. Our recent census shows the total value of the products of our agriculture, of our forests, of our mines and of our industries, to have been in 1890 thirteen thousand million of dollars. The external commerce of the United States is increasing year by year and was in the last fiscal year larger than ever before. It is our interest to extend this production and to enlarge this commerce. Compared with these large values the product of silver mining in the United States, which amounts in round numbers annually to \$50,000,000, is, as you will see, not a large factor. But its monetary use affects, we believe, all these products, all values and all exchanges of them. I should be glad to emphasise the fact that our interest in this matter grows out of our production and the commerce which follows from it. Even if our mines should cease to produce silver, our interest in the question which we share in common with the commercial world would be no less urgent.

Geographically, the position of the United States is midway between nations which use exclusively gold and those whose monetary circulation rests upon silver alone.

Our country in its currency and in all its money rests upon the gold standard. Our statutes declare that it is the settled purpose and policy of the United States to maintain silver and gold in circulation at par with each other, and there is no currency in circulation in the United States, whether it be paper or silver, that is not convertible into gold at the will of the holder. The United States in its legislation and in its policy has aided to sustain silver in the currency of the world, and it is because of the desire of our people for an increased monetary use of silver that our President, supported by both Houses of Congress, has proposed this Conference.

It would have been difficult for the Delegates of the United States to prepare a proposition for an enlarged use of silver among the nations, limited as to coinage and use, which could be answered by yes or no. We have therefore stated our view, but have admitted to your consideration also a plan of Mr. Moritz Levy, a Delegate to a former Conference, and the plan of the late distinguished Dr. Soetbeer, whose recent death is lamented by all of us. Other plans, such as that officially presented by Italy to the Powers some years ago, might have been inserted. We believe, however, that the Governments, here represented, or their Delegates, should be free to present plans which they may have developed, and which they may be desirous of placing before the Conference. The political policy of the States of Europe was not sufficiently familiar to us as regards their autonomy and methods for us to formulate a definite project necessarily so complex in its nature. We have limited ourselves, therefore, to giving in detail simply the proposal favoured by the United States. It is now with the Conference to determine, through its deliberations, whether a method can be found to realise the intention of the Conference, or whether the solution of this grave question shall be again postponed.

We have embodied in our statement a resolution which to us seems preliminary to any discussion on the enlarged use of silver, and I beg leave to offer the resolution which follows:—

“That in the opinion of this Conference it is desirable that some measures should be found for increasing the use of silver in the currency systems of the nations.”

Resolution
proposed.

MR. RAFFALOVICH (*Delegate of Russia*) gave on the spur of the moment at comprehensive and precise *résumé* in French of the speech of Mr. Allison, and embraced the opportunity which was thus offered to pay a tribute to the memory of the late Mr. Soetbeer.

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Discussion
on Mr. Alli-
son's resolu-
tion.

Declaration
by Sir
Rivers Wil-
son.

The PRESIDENT thanked Mr. Raffalovich and complimented him upon the remarkable manner in which he had performed this voluntary duty.

The PRESIDENT declared the discussion open upon the preliminary resolution, the terms of which had been stated by the Delegate of the United States.

SIR RIVERS WILSON, in the name of the Delegates of Great Britain, made the following declaration:—

GENTLEMEN,

Speaking at the present moment for all of my colleagues, I have to say that we accept the resolution of the Delegates of the United States as it stands, adding only this reservation, and this explanation, that we consider it as being in fact a recapitulation of the substance of the invitation which has been addressed to the different Governments and which has been accepted by them.

We are here to examine measures which may be taken to increase the circulation of silver. We have no need therefore to discuss what I may call the abstract resolution which has been presented to us, and for that reason, in order that the Conference may not be led into error in regard to our intentions, we declare that we approve and accept the resolution now before us, reserving for a later time our observations upon the plan which may be submitted to us.

With these explanations we give an affirmative vote.

Mr. de
Rothschild
hands in a
proposal.

Declaration
by Mr.
Tirard
(France).

MR. DE ROTHSCHILD (*Delegate of Great Britain*) laid upon the table a plan which he desired to see submitted to the examination of the Conference.*

MR. TIRARD (*Delegate of France*) spoke as follows:—

GENTLEMEN,

There is no need for me to tell you that France is one of the countries most interested in the monetary question. I am therefore charged by my Government to thank the Government of the United States of America for the initiative which it has taken in calling together a new Conference. I am charged equally to thank the Belgian Government for the hospitality which it has so kindly accorded us, and of which we have already been able to appreciate the courtesy, cordiality, and generosity.

As I have just said, gentlemen, France is much interested in the monetary question. It is not that her soil contains, as does that of the United States, important mineral riches. She has none, or so little that it is hardly worth mentioning; but she has a very considerable metallic stock. In the course of nearly a century, that is since 1795, she has coined in gold and silver together a sum hardly less than 14,500 millions of francs, or 8,800 millions in gold, and 5,500 millions in silver. This large quantity of money obviously no longer exists within our territory. From the researches and investigations which have been made by my honourable and learned colleague, Mr. de Foville, who will communicate them to you if you desire it, it appears that a great part of this money, especially of the silver money, has disappeared; but this disappearance has been compensated in part by the great quantity of silver money which has entered into the French circulation and into the State Treasury, since the time when France formed with four other nations the association known as the Latin Union.

From all these causes France has one of the largest holdings of the white metal, and in consequence she is very much interested—I cannot repeat it too often—in the question which is submitted to you at this moment.

But this enormous quantity of silver which France already owns imposes upon her the greatest prudence, and she will not accept any proposal except upon the condition that that stock of depreciated metal should not be increased, or supposing that it were increased, that it should not be without very serious compensations.

I confess, gentlemen, if our honourable colleagues from the United States will permit me to say it—and I only speak for myself personally—I confess that I felt something like disappointment in reading the declaration which was placed before us at the beginning of this meeting. I had expected—I speak always for myself only—somewhat more formal proposals.

I may even say that there is something which at first at least seems slightly contradictory. The proposal of the United States, which is favoured by the Delegates

* See Appendix B. to the Minutes of the present Session.

of the United States, is that which they place last in the document which has been distributed, and—this is what I cannot quite understand—it is subordinated to other proposals which are produced first, but which are not in reality other than subsidiary to their final proposal.

Instead, therefore, of proceeding to the principal question, which is fundamental and embraces everything, we are asked to commence by examining that which ordinarily follows after it has been found impossible to adopt the main proposal. There is, it is true, a new project which Mr. de Rothschild has just submitted; but, besides that, we are asked to discuss subsidiary proposals which have already been previously put forward, and which are now presented again to the Conference.

That is, I cannot but repeat it, a proceeding which seems to me unusual. However, the Delegates of the French Government have no intention of hindering the labours of the Conference by raising questions of procedure; and, with due regard to the observations which I have just made, we do not in any way oppose the adoption of the resolution which is submitted to us. It should be perfectly understood that we reserve absolutely and completely our liberty of action, and that the examination which we are about to make of these proposals, which I call subsidiary, will in no wise prejudice the examination of the broader proposal which has been presented by the Delegates of the United States, as their personal proposal.

With these reserves, the Delegates of the French Government make no opposition to the resolution which has been presented to you.

MR. SURRA Y RULL (*Delegate of Spain*) declared that his colleagues and himself were disposed to adopt the resolution presented in general terms by the Delegates of the United States, but with the same reservations as those made by the Delegates of Great Britain and France. Consequently they could make no engagement as to the final decision of the Spanish Government, and the ratification by it of any measures which might be adopted.

Mr. Surra y
Rull (*Spain*).

COUNT ALVENSLEBEN (*Delegate of Germany*) made the following declaration :—

Count Al-
vensleben
(*Germany*).

Germany, being satisfied with its monetary system, has no intention of modifying its basis. The Imperial Government does not, however, fail to recognise that the continual oscillation and the considerable fall of silver are much to be regretted from an economic point of view, and that it would be advantageous to the economic interests of the Empire if these evils could be remedied in a lasting manner. Upon these considerations the Imperial Government felt that it ought to accept the invitation of the United States to this Conference. None the less, in view of the satisfactory monetary situation of the Empire, the Imperial Government has prescribed the most strict reserve for its delegates, who in consequence cannot take part either in the discussion or in the vote upon the resolution presented by the Delegates of the United States.

MR. HANS FORSSELL (*Delegate of Sweden*) thought that it would be premature to vote upon the resolution of the United States when the means were not known by which the use of silver as a monetary metal could be enlarged. He proposed to postpone the vote to a future meeting.

Mr. Forssell
(*Sweden*).

COUNT KHEVENHÜLLER METSCH (*Delegate of Austria-Hungary*) made the following declaration :—

Count Khe-
venhüller
Metsch
(*Austria*).

GENTLEMEN,

I am far from mistaking the practical and desirable purpose of the resolution proposed by the honourable Mr. Allison. None the less, regulating my conduct by the instructions which I have received from the two Governments which I have the honour to represent in this Conference, I am obliged to declare that I shall be unable to give an opinion upon the resolution or to take part in a vote.

MR. LARDY (*Delegate of Switzerland*) made the following declaration :—

The Swiss Government hastened to accept the invitation of the President of the United States, guided by the same sentiments which caused Switzerland to be represented at the Monetary Conferences at Paris in 1878 and 1881.

Mr. Lardy
(*Switzer-
land*).

The events which have taken place since the meeting of the last Conference have not been of a nature to cause Switzerland to modify the principles which have

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Declarations

guided her monetary policy hitherto. On the one hand Switzerland has had the privilege of coining very little silver money, so that her direct interests are concerned in a less measure than those of several other states; on the other hand by reason of the solidarity which unites her to other members of the Latin Union, from whom she receives silver coins, and by reason of her trade with silver-using countries, she has the most serious motives for listening to the proposals which the American Delegation or other Delegations may be called upon to make, and for studying these proposals in the most friendly spirit. The Swiss delegates are at the same time instructed to bring to this examination the greatest reserve, and they are not authorised to enter into engagements of any sort without referring them to their Government.

Prince Ouroussoff
(Russia).

PRINCE OUROUSSOFF (*Delegate of Russia*) expressed himself in the following terms:—

I must make the same reservations as others of our honourable colleagues.

The Russian Government takes the most lively interest in the Conference, and has therefore given instructions to its Delegates to follow attentively the debates; but they may not vote upon proposals which have a definite character or involve practical resolutions.

Baron de Renzis
(Italy).

BARON DE RENZIS (*Delegate of Italy*) spoke as follows:—

I have to make declarations analogous to those made by several of my honorable colleagues.

The Italian Government was represented at previous Conferences which have taken place for the same purpose. There was therefore no reason to refuse the invitation of a friendly country. On the contrary, we hastened to accept it. But we did not know the programme which would be submitted to us, and our Government was consequently unable to give us precise instructions upon the attitude which we should assume.

We are bound by treaty with the other States of the Latin Union, and naturally we cannot assume an attitude different from that of the other members of that union.

Mr. Bengesco
(Roumania).

MR. BENGESCO (*Delegate of Roumania*) made the following declaration:—

The instructions of my Government not having arrived, I consider myself bound to make the same reserves as my honourable colleagues. I declare therefore that cannot take part in any discussion or in any vote upon the proposals which are submitted to us.

Mr. D'Antas
(Portugal).

MR. D'ANTAS (*Delegate of Portugal*) joined in the reserves made by some of his colleagues, notably by the Delegates of Austria, Russia, and Roumania. He recalled the fact that similar reserves had been made by the Delegate of Portugal at the last Monetary Conference.

Mr. Devolder
(Belgium).

MR. DEVOLDER (*Delegate of Belgium*) declared that as Belgium formed part of the Latin Union, he joined, in the name of the Belgian Delegates, in the reserves which had been made by the honourable Delegates of France and of Italy.

Caratheodory Effendi
(Turkey).

CARATHEODORY EFFENDI (*Delegate of Turkey*) referred to the remarks which he had made at the commencement of the session, regarding the attitude which he would observe throughout the proceedings of the Conference. The Ottoman Delegation being without special instructions would neither take part in the discussions nor in the vote upon the resolution before the Conference.

Mr. P. Mülle
(Greece).

MR. P. MULLE (*Delegate of Greece*) declared that he made the same reserves.

Mr. van den Berg
(The Netherlands).

MR. VAN DEN BERG (*Delegate of the Netherlands*) said he was glad to say in the name of the Government of the Netherlands that the Delegates of the Netherlands would support without reserve the resolution submitted to the Conference by the Delegates of the United States, without however binding themselves in regard to the means of carrying out the programme which was there formulated.

Don Antonio de Mier y Celis
(Mexico).

DON ANTONIO DE MIER Y CELIS (*Delegate of Mexico*) declared in the name of the Mexican Delegation that he should support the resolution proposed by the Delegates of

the United States, with the qualification which had been given to it by the honourable Delegate of the Netherlands, Mr. van den Berg, that is to say, with a reservation as to examining the means of carrying it out.

Mr. Allison's motion allowed to drop.

MR. TIETGEN (*Delegate of Denmark*) expressed the opinion that in accepting the invitation to this Conference the countries which were represented had implicitly recognised that there was reason for examining the question which was the object of the resolution of the United States. He could not understand why, having accepted the invitation, anyone should refuse to vote for the resolution, the latter being simply a summary of the programme of the Conference. In voting for it no one would undertake any engagement.

BARON DE RENZIS (*Delegate of Italy*) thought that in view of the declarations which had just been made it would seem premature to proceed to a vote, and more useful to begin the discussion of the proposals which had been drawn up.

The PRESIDENT called attention to two motions which had been made; first, to adjourn the vote upon the resolution to a future meeting, or, secondly, to postpone any vote until after the examination of the various projects which might come before the Conference.

MESSRS. RAFFALOVICH (*Delegate of Russia*) and BOISSEVAIN (*Delegate of the Netherlands*) expressed themselves in favour of the last proposal.

MR. ALLISON (*Delegate of the United States*) stated that he would not insist upon proceeding to an immediate vote, the Delegation of the United States being ready to adopt the method of procedure which seemed to be preferred by the assembly.

The PRESIDENT proposed, therefore, to place upon the order of the day the examination of the different schemes submitted to the Conference, and to commence by the discussion of the proposal of Mr. de Rothschild, the text of which, together with the arguments in its favour, would be distributed before the opening of the next session.

After an exchange of observations, in which MR. SAINCTELETTE, BARON DE RENZIS, MR. RAFFALOVICH, MR. TIRARD, and CARATHEODOBY EFFENDI took part, the order of the day was thus decided, and the date of the next meeting fixed for Monday, the 28th of November.

MR. HANS FORSELL (*Delegate of Sweden*) remarked that the Conference of 1881 had brought together a valuable collection of documents relative to the production, the coinage, and the industrial consumption of gold and silver. He asked the Delegates to kindly hand in to the Secretary similar official reports for the period since 1881, to be annexed to the Minutes.

The PRESIDENT requested the Delegates to address their Governments with the view of satisfying the wish expressed by the honourable Delegate of Sweden.

The session adjourned at half-past 4.

APPENDIX A. TO THE MINUTES OF THE SECOND SESSION.

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SESSION.STATEMENT and PROGRAMME presented by the DELEGATES of the UNITED STATES of AMERICA
to the INTERNATIONAL MONETARY CONFERENCE of 1892.

Appendix A.

United
States Pro-
gramme.

It is generally admitted that the very large depreciation in silver as compared with gold during the last twenty years, and the frequent and violent fluctuations in the gold price of silver incident thereto, have been injurious to the commercial and other economic interests of all civilised countries, and have caused, and are causing, serious evils and inconveniences to trade, the full extent of which cannot yet be measured.

It is the opinion of the people of the United States, with singular unanimity, that the establishment of some fixity of value between gold and silver, and the full use of silver as a coin metal upon a ratio to gold to be fixed by an agreement between the great commercial nations of the world, would very greatly promote the prosperity of all classes of people. They are not unaware, however, of the fact that public opinion in some of the other countries whose co-operation in a successful movement for such an agreement is most desirable, may not fully accord with the views entertained in the United States as to the practicability of such an agreement. They believe, however, that a sentiment for a larger use of silver as a money metal has been steadily growing throughout the world, and that the time is propitious for holding an International Conference to consider the subject. The Government of the United States, while frankly disclosing its own views as to the proper remedy to be applied, did not wish to impose any conditions that would embarrass any Government that might be willing to confer upon the most advantageous relation of silver to the coinage of the world.

For these reasons, the Government of the United States proposed a convention of the Powers for the purpose of conferring as to what measures, if any, can be taken to increase the use of silver as money.

In conformity to the general purpose of this Conference the Delegates of the United States offer the following resolution:—

“That, in the opinion of this Conference, it is desirable that some measures should be found for increasing the use of silver in the currency systems of the nations.”

In presenting, as requested, a further programme to be laid before the Conference, the Delegates of the United States consider it to be due to the other nations here represented that an opportunity should be afforded them to consider plans for the enlarged use of silver as money other than the one favoured by the United States. It is our desire and expectation that the Powers represented at this Conference, or some of their Delegates, should submit proposals looking to this end; and we desire that these proposals should have precedence in the discussion. In addition to any plans of the kind which may be presented, we submit for discussion the following, which have been suggested by recognised authorities. At the same time we submit the general plan of International Bi-metallism which is favoured by the United States.

1. The plan of M. Moritz Levy, proposed to the Monetary Conference of 1881 (see Report, English Translation, p. 277).
2. The plan of the late distinguished A. Soetbeer* (see “Neue Freie Presse,” Vienna September 30th, 1892; “Hamburgische Börse,” August 23rd, 1892; “Pioneer Mail,” Allahabad (India), October 13th, 1892).

Lastly we present the plan favoured by ourselves as Delegates of the United States of America:—

1. That the re-establishment and maintenance of a fixed parity between gold and silver, and the continued use of both as coined money of full debt-paying power, would be productive of important benefits to the world.

* See page 17.

2. That these ends can be accomplished by removing the legal restrictions which now exist on the coinage of silver into full legal tender money, and restoring, by international agreement, the parity of value between the metals which existed prior to 1873, at such ratio as may be decided upon by this Conference.
3. That the essential provisions of such an international arrangement should be:—
 - (a.) Unrestricted coinage of both gold and silver into money of full debt-paying power.
 - (b.) Fixing the ratio in coinage between the two metals.
 - (c.) Establishing a uniform charge (if any) to the public for the manufacture of gold and silver coins.

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Appendix A.
United
States
programme.

PROPOSAL ELABORATED BY THE LATE DR. ADOLPH SOETBEER.

Basis of an International Monetary Agreement.

1. Acknowledgment of a fixed weight of pure gold as a universal and sole foundation and normal measure of the currency.

Dr. Soet-
beer's pro-
posal.

2. Maintenance in the several States of the existing gold currency system, subject to a general agreement that in future no gold coins shall be minted or issued which contain less than 5·8065 grammes of pure gold (20 franc piece), and that all previously coined gold coins of less value shall be called in and placed out of circulation within ten years.

3. Equality as regards the dues payable for minting gold coins at two per thousand.

4. Universal grant by central treasuries or banks of gold certificates for 500 grammes of pure gold, and any multiple of this amount, against effective gold coins deposited with them.

Agreement as regards similarity in the system of securing full cover for the gold value of these certificates.

5. The redemption of all bank notes and other paper currency tokens of a value of less than 5·8065 grammes of pure gold, within the next ten years; and an obligation not to issue any such currency tokens based on a gold standard.

6. The redemption within 15 years of all previously coined silver coins of a higher nominal value than 10 per cent. of the value of the future lowest gold coin of the country, and the minting of all future silver coins of a high value (herein-after called major silver coins) in the proportionate value of 20 $\frac{1}{2}$ pure silver equal to 1 $\frac{1}{2}$ pure gold. Minting of such coins to be effected only by and on account of the Government. As regards minor silver and other coins each nation to be at liberty to follow its own convenience.

7. Obligations on the part of each Government to accept at its public treasuries major silver coins of its own minting, to any amount.

8. Obligations for private persons or banks to accept major silver coins to the amount of three times the full value of the future lowest gold coin of the country.

9. Issue of silver certificates on the part of chief treasuries and central banks against deposit, to the full value of effective major silver coins. Such certificates not to be below half the value of the lowest future gold coin of the country, and to be issued only in multiples of this value. Guarantee of immediate cash payment of such silver certificate by major silver coins at the place of emission.

10. Credit notes against bar silver not to be issued.

11. Obligation on the part of the agreeing Governments to report to each Government included in the Convention, within eight weeks after the close of the calendar year, all laws passed by them as regards the currency system of their country, and all decrees or notifications on the subject, as well as progress made in the redemption of coins, in the circulation and the minting and issue of new coins.

12. Any State may withdraw from the Currency Convention subject to 12 months' notice.

APPENDIX B. TO THE MINUTES OF THE SECOND SESSION.

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Appendix B.

Mr. de
Rothschild's
proposal.PROPOSAL OF MR. ALFRED DE ROTHSCHILD (*Delegate of Great Britain*).

SIR,

IN the latter part of 1886 the Governor of the Bank of England, in view of the meeting of a Commission about to be held, was anxious to have the individual opinion of every Member of the Court, as there was some doubt expressed at the time as to whether the majority of the Directors were in favour of bi-metallism or not.

As a Director of the Bank of England, I expressed my opinion then, and, with your permission, I will read to you a letter which I wrote at the time:—

“SIR,

“New Court, E.C., 9th November 1886.

“I HAVE had the honour of receiving your letter in which you are so good as to ask my opinion on the great financial question of the day, namely, bi-metallism, and I feel it a great privilege to be able to comply with your request, although I am sure you will excuse me if I do not do so at any great length to; do so would entail entering into a great many statistics, and would likewise mean dealing with details and figures which I would infinitely rather leave in more competent hands. But the broad question of whether the introduction of bi-metallism into this country would be desirable is one which may be approached even by a humble individual like myself.

“I am strongly opposed to any radical change as regards the metallic circulation of Great Britain. In the first place, I hold that the progress of civilisation is towards diminishing the requirement of large amounts of bullion, instead of increasing the same, and what better proof can you have in favour of my argument than the existence and perfect working of our Bankers' Clearing House? That institution shows an average weekly return of 100,000,000*l.*, which one hundred millions sterling mean that bonâ fide transactions to that extent have taken place without the intermediary influence of bullion or even bank notes.

“In the face of such a perfect banking system, or rather such very simple means for the exchange of sums of such colossal magnitude, does it not seem an anomaly to say, ‘There is not sufficient bullion in the country. You must make silver a legal tender so as to enable A., at his option, if he owes B. 50,000*l.*, to discharge his debt by delivering at his door so many tons of silver.’

“As long as the British public has confidence in the notes of the Bank of England, this country will not require any excessive amount of bullion; and, the moment that confidence ceases, it is the gold which would be sought after and not the silver.

“What would be the position of the Bank of England if bi-metallism were to be introduced throughout Europe? I venture to think an extremely dangerous one; and if a financial crisis arose, whether from internal or external causes, the Bank would be unable to protect its stock of gold, and would be inundated with silver. This would not, and does not apply to other countries, because the laws which regulate the statutes of their State Banks are not so clearly defined, nor so rigorously enforced. For instance, the Bank of France in ordinary times does not give any really large amounts of gold in exchange for its notes, whilst in extraordinary times it adopts very promptly the necessary steps to protect its stock of bullion.

“What took place when the late war broke out between France and Germany? The Bank of France not only did not pay its notes in gold, but a quantity of five francs notes were immediately printed, in addition to which the Bank was authorised to issue more notes than it was legally entitled to do according to its charter. This did not prevent, nor would it prevent the French bankers from drawing bullion away from this market, either by sales of bonds on the Stock Exchange, or by getting their bills discounted in the open market here.

“As regards Germany, that country has also certainly a gold standard, but it would be difficult, if not impossible, to obtain any large amount of gold from Berlin, or from any of the branches of the Imperial State Bank.

“Then again, as to Italy, there is a large amount of gold stored away there, but as, in reality, it does not see daylight, that country might as well not have departed from its paper currency.

“Therefore, to sum up the situation in a few words, London being the centre of the financial world, we have to be doubly careful to protect our stock of gold; but if bi-metallism were introduced throughout Europe, we should have much greater difficulty in doing so, and should be obliged to increase our stock of silver whether it suited us or not.

"Whilst feeling very strongly on these points, there can be no doubt that there are great grievances both in India and China in connexion with the silver question, and if anything could be done towards diminishing those grievances, it would be extremely desirable.

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"To find, however, a remedy for both past and present grievances would be difficult, if not impossible; but as regards the former, old contracts in connexion with pensions, &c., might be revised, whilst as regards present grievances, the fact of the rupee having fallen considerably below its original value is not in itself more unfair than the exchange fluctuating between this and any other country. That something ought to be done for India there can be no doubt; but that, because a grievance exists in that country, it would be advisable to introduce into this country that which might prove a very dangerous experiment hardly seems to me a sound argument.

Mr. de
Rothschild's
proposal.

"I will not conclude these lines without alluding to the printed papers which you were so good as to send me, and which have reference to a discussion which took place at the Bank of England in 1879. I remember perfectly well that discussion, as, after some conversation, it was decided upon by the Court of Directors not to purchase any silver for the Bank owing to the demonetisation of silver by the German Government. The wisdom of that decision has been fully proved by the subsequent great fall in the price and value of silver."

"I felt very strongly on the subject then, although it was a practical question which was at issue; and I feel equally strongly, if not more so, now, when the question presents itself in the form of a very wide and important theory."

"I beg to remain, Sir,

Your very faithful and most obedient servant,
"ALFRED DE ROTHSCHILD.

"P.S.—It is unnecessary for me to say that the foregoing are entirely my own and personal views on the subject."

As you are aware, gentlemen, a Commission met at that time, under the presidency of Lord Herschell, a full report of which appeared in a Blue Book somewhat later, namely 1888, in which I believe my letter to the Governor of the Bank appeared; and, if I refer to this circumstance, it is for two reasons: in the first place, to remind you that the question which has brought us together here is one which was seriously discussed not very long ago, and, secondly, because I felt very strongly on the subject then, and have no reason whatsoever to regret in any shape, or to modify in the slightest degree the views which I ventured to express at the time; in fact, gentlemen, quite the contrary.

I felt then that a gold standard for England was the only possible one, and if we consider that the whole of her commerce, and a great part of that of other countries, is carried on by bills of exchange on London which are naturally payable in gold, I think it must be admitted that the world in general transacts its business on a gold basis, and that in reality such a thing as a double standard, except in a very modified form, does not exist even in those countries who profess to pay in either of the two metals.

It is now proposed to revert to a great extent to the old state of things which existed until 1873, namely, to open all or part of the mints of Europe to the free coinage of silver, and to discuss a ratio to be fixed.

Well, gentlemen, have the bi-metallists for a single moment thought what the result would be if such a measure were introduced? Why, clearly, from that very moment the Bank of England note would cease to represent sovereigns, and would be payable in a depreciated currency, because the Bank of England could never pay its notes in gold and at the same time be purchasers of an unlimited amount of silver, for within a very short period the 25 millions of gold which the Bank now holds in its vaults would, in my opinion, have disappeared, and have become replaced by silver.

In the final adjustment of international balances I cannot help thinking, whatever arrangement might be made, on the principles of bi-metallism, and whatever ratio might be established, gold and gold alone will always be chosen as the favourite, if not the only possible medium of settling a large debt, or of making a large remittance for some cause or other.

We, i.e., our firm, have on several occasions been obliged to send a million sterling in sovereigns or bar gold abroad, which million when packed up amounts to a weight

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Appendix B.

Mr. de
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proposal.

of about 10 tons! Is it likely, and even if desirable, would it be feasible and practical, supposing a ratio of 20 to 1 were established, to send 200 tons of metal at one and the same time? It seems to me that the operation would be impossible, and the sender would therefore naturally elect, or rather be compelled, to send gold even if it had to be bought at a premium.

The causes of the fall in silver, gentlemen, are so well known to all of you that I feel I should not be justified in taking up your time by recapitulating the same; but, in addition to the action taken by Germany in 1873, when she demonetised her silver, the action of three of the Great European Powers and several of the minor Powers has materially tended to further accentuate the downfall in the price and value of that metal.

Italy some years ago bought large amounts of gold and, whilst it is doubtful how much still remains there, the Russian Government have amassed some very large amounts of the metal, and the Austrian Government, who have recently introduced laws in connexion with their currency, have also commenced making their purchases.

I think, gentlemen, that this is a conclusive proof of the appreciation on the part of all the great countries of Europe of the single standard, or at least of the advantage of a gold standard.

We are then asked suddenly to go back to what took place before 1873, and to forget the enormous progress which civilisation has made in facilitating the financial operations of the world.

England, no doubt, owes a great part of her enormous wealth to the confidence which her monetary system has inspired both at home and abroad, confidence based on the fact that our bank-note represents sovereigns, and that a bill drawn upon England from any part of the world will at maturity be payable in the same metal.

As regards the internal resources of the country, I think it is perfectly clear that we have ample bullion and ample notes to carry on the enormous transactions of the day; in fact, so perfect is the system of the Bankers' Clearing House, and so great are the facilities afforded by all the large joint stock banks and private bankers to their customers, that neither bullion nor notes are required to any very great extent; and, if we consider the hundreds of millions sterling on deposit, and that the weekly accounts of the Bankers' Clearing House show average transactions of over 100,000,000*l.*, I think we may fairly say that our banking system is as near perfection as possible, although the word "perfection" is a great one to apply to anything or anyone.

Under this condition of things the commerce and the trade of the country have flourished, and it would be a dangerous, and possibly a suicidal experiment, to try and introduce any innovation into our system of currency.

Advocates of bi-metallism maintain that the fall in the price of silver has brought about a corresponding fall in the prices of various commodities.

This may or may not be the case; but, supposing the former hypothesis to be correct, I am not prepared to say that it would be a misfortune for England or the world in general; nor do I share the opinion of certain distinguished exponents of that theory, who deplore the fact of the Indian exporter being able to send wheat remuneratively to England, thus interfering seriously with the interests of the British farmer; but I hold that wheat at 30*s.* a quarter, instead of 45*s.*, is rather a blessing than otherwise.

But, gentlemen, the question as to whether the fall in silver is really the cause of the fall in the value of certain commodities is a very big one, and I should not be justified in taking up your time by dwelling too long on the subject; but I think the fall in the prices of commodities is due to over production owing in great part to the development of new regions in all parts of the world, and to the increased facilities of communication which have enabled these products to be placed at low prices in the European markets.

Apart from other considerations, it seems to me impossible to come to an universal arrangement in respect to a general currency question, as no two countries are alike as regards their individual wealth, resources, and expenditure.

We have large payments to make ourselves, and large payments to receive from others; we must be perfectly satisfied in our own minds that obligations to us will be equally faithfully fulfilled, and to admit the principle of a theory which would cast any doubt on the subject, since it would leave the debtor the option of paying in whichever currency suited him best, would, in my opinion, render it impossible for the trade of the world to be carried on a sound and stable basis.

But, gentlemen, although I venture to hope I have conclusively shown that bi-metallism for England is an absolute impossibility, still the question arises whether it

is not possible to extend the use of silver generally and thereby stop a further fall, the disastrous consequences of which no one can foresee.

I therefore take the liberty of respectfully submitting a proposal for your kind consideration.

It would be presumptuous on my part to imagine that I could suggest an absolute and lasting remedy, but I think a palliative might be found in the following form.

The American Government are purchasers of silver to the extent of 54 millions of ounces yearly, and I would suggest that, on condition these purchases were continued, the different European Powers should combine to make certain yearly purchases, say, to the extent of about 5,000,000*l.* sterling annually, which purchases to be continued over a period of five years at a price not exceeding 43 pence per ounce standard, but if silver should rise above that price, the purchases for the time being to be immediately suspended.

The details of such a scheme to form the subject of an international agreement to be discussed by representatives of the different Powers.

It is for you, gentlemen, if you should approve of my plan, to supplement it in any way which you may think fit and proper before submitting it to the examination of your respective Governments, and should the expression on the part of the Conference be unanimous, I cannot help thinking that it will have great weight and influence in the ultimate decision respecting this important question.

I think that an arrangement of this sort might give general satisfaction, and I venture to hope and believe that our American friends would find it acceptable.

I can see no objection either to silver being made a legal tender in England up to 5*l.*, instead of 2*l.* as it is at present.

It seems to me that the European Powers, holding as they do large amounts of coined and uncoined silver, cannot be indifferent to the market price of that metal; and as to England, we have no right to look at one side of the question only and to ignore the complaints of a powerful minority.

As regards India, I believe the proposal would be very well received. The bulk of the population would recognise that no material alteration, if any, had been suggested, whilst the merchants and bankers would know that the exchanges had been given a stability which could not be disturbed for a period of five years; for, if I am not misinformed, it is the instability in the exchange which is the principal factor in the complaints from India, rather than the depreciation in the value of the rupee itself.

In addition, the gold market would be relieved in so far as no appeal would probably be made to it, except from Europe, for some time to come, and as South Africa is increasing her output of gold yearly, an arrangement such as I have suggested would enable Russia and Austria to complete their purchases without unduly interfering with the money market in general.

Gentlemen, I need hardly remind you that the stock of silver in the world is estimated at some thousands of millions, and if this Conference were to break up without arriving at any definite result, there would be a depreciation in the value of that commodity which it would be frightful to contemplate and out of which a monetary panic would ensue, the far-spreading effects of which it would be impossible to foretell.

If I have alluded to India, it is because it is that country which from its enormous size and population is able yearly to find use for a very large amount of silver, not only for currency, but likewise for ornamental and other purposes; and if suddenly from some cause or other a demand from that quarter should cease, or through some specific legislation the actual value of the silver rupee should materially decline, I have no hesitation in saying that I for one should very much indeed regret such an issue, which would not only affect the value of the savings of hundreds of millions in India, but which would also materially affect the value of a commodity which, although it has at the present moment materially depreciated, still represents a gigantic sum.

I therefore sincerely hope, gentlemen, that the humble plan I have ventured to lay before you will be found worthy of your consideration and, I need not say, I hope ultimate approval.

It may be urged that it is expecting certain sacrifices on the part of other countries not so immediately interested as England and India. I cannot help thinking, however, that what is right and best for the world in general must eventually prove to be the best for individual interest.

THIRD SESSION.

Monday, November 28th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

ALL the Delegates were present, with the exception of MR. DE BROCKDOFF, *Delegate of Denmark*, DON JOAQUIN D. CASASUS, *Delegate of Mexico*, PRINCE OUBROUSOFF, *Delegate of Russia*, and MR. LARDY, *Delegate of Switzerland*.

The Session was opened at 2 o'clock.

THE PRESIDENT proposed that, as an exception to the general rule, the Minutes of the First Session should be read, on account of the important declarations contained in them.

MR. DE LAVELEYE, the Secretary, read the Minutes.

Corrections.

MR. BENGESCO (*Delegate of Roumania*) wished to call attention to a note in Mr. Allard's work upon the monetary question which appeared to refer to Roumania.

The note for the year 1888 in Diagram III. was as follows:—"Agrarian rebellion, emigration from Europe increases, and causes uneasiness to several Governments."

It was true that in the year 1888 there was in Roumania the beginning of an agrarian rising, confined to certain districts, but this uprising was at once put down.

As to emigration there had not been any stream of emigration from Roumania either in 1888 or at any other period. On the contrary, there had rather been a tendency towards a considerable immigration.

These observations had been communicated to Mr. Allard before the Session. It appeared from his reply that there was a misprint, for which the rapidity of his work was responsible. The note in question should have been at the top and not at the bottom of Diagram III. It did not refer to Roumania specially, but applied generally to all other countries.

THE PRESIDENT took note of this correction.

MR. RAFFALOVICH (*Delegate of Russia*) called attention to a note in Mr. Allard's work. It was stated, under the year 1891, that "the Russian Government is alarmed by the rise in the value of gold, and requires payment in gold of its current accounts in Europe."

He wished to make full reservation with regard to this statement, which prejudged the intentions of the Russian Government with reference to the rise or fall in gold.

The honourable Delegate reminded the Conference that at the last meeting he had proposed that full publicity should be given to their discussions. He had hoped in this way to prevent the publication of false news, but he regretted to observe that some important organs of the press had made serious errors of fact in giving an account of the proceedings of the Conference.

The Minutes were approved.

Proposal to
appoint an
Examining
Committee.

THE PRESIDENT communicated to the meeting a letter from Mr. Raffalovich, in which the honourable Delegate proposed to appoint a Committee for the purpose of examining Mr. de Rothschild's proposal. He called upon Mr. Raffalovich to speak in support of this suggestion.

MR. RAFFALOVICH (*Delegate of Russia*) spoke as follows:—

GENTLEMEN,

I have asked you to consent to refer Mr. de Rothschild's plan to a Committee. The author of the plan deserves the gratitude of the Conference for having kindly laid before us, with all the prestige and all the authority of his name, a definite plan. I would not say that his plan will not be open to objections of principle. Even if it is

completed, if from a sketch it is converted into a complete plan, I would not say that it will be free from objections of detail; but I am convinced that it deserves to be taken into the most serious consideration by us.

At the beginning of our work we thought it right to reject the idea of appointing Committees, but at the same time we reserved the right of demanding a Committee, if it should be found necessary, when we came to consider proposals brought forward by a member of the Conference. It seems to me desirable that the Committee should be composed of experts in some sort; that its members should not be too many in number; that they should be urged to apply themselves steadily to their work, and not to spare themselves; and finally that they should observe secrecy as to their deliberations until the moment when they report to the Conference. Their report should give an account of the views expressed, of the opinions of the majority and minority, and of the advantages and drawbacks attaching to the plan.

If you accept my proposal, permit me in addition to express the wish that we may soon be allowed to hear from the American Delegates an exposition of their views upon the monetary question. We know that the Delegation of the United States has among its members men of the highest oratorical power, who are masters of the subject.

MR. VAN DEN BERG (*Delegate of the Netherlands*) made the following speech:—

MR. PRESIDENT AND DELEGATES,

I have taken the liberty of asking permission to speak for the purpose of supporting, in accordance with the desire expressed by Mr. Raffalovich, the reference to a special Committee of the proposal made by the honorable Delegate of Great Britain, Mr. Alfred de Rothschild. It is true that this proposal does not answer to our ideal. Our ideal is an international bi-metallic agreement. Such an agreement we firmly believe to be possible and desirable both from the theoretical and also from the practical point of view, but for the moment I do not propose to enter into the heart of the discussion in which we shall be engaged later.

So far as concerns my colleague and myself and the country which we have the honour to represent, we could not endorse the arguments against the bi-metallic theory which are put forward by Mr. de Rothschild in the memorandum which he has just presented to us. But we are not here solely to give battle for and against bi-metallism. We have met for the purpose of taking into consideration every serious proposal tending to meet the difficulties with which nearly all nations have to struggle with more or less intensity in connexion with their monetary circulation. Whatever reserves I may have to make on behalf of my country with reference to Mr. de Rothschild's proposal, reserves which I have already communicated to him, I cannot but applaud the consideration of a plan which, whether amended or not in accordance with the proposals of Levy and Soetbeer, offers us the prospect of an extension of the use of silver, and, as a necessary consequence, of a restricted use of gold.

But is there not a more effective means for obtaining the same end, for protecting ourselves against the "struggle for gold" which is to be seen to-day in a more intense form than ever, and which, it seems, must assume a far more acute and serious character still if the present Conference should lead to no result. For my part I believe that this means is already discovered. It is precisely the arguments put forward by Mr. de Rothschild himself which induce me to submit for your consideration the following observation, namely, that in my opinion a great step in advance would have been already taken if all the great central banks which are subject to the system of the "limping standard" (*étalon boiteux*) were to be guided by the example of the Bank of the Netherlands, in the policy which they pursue with reference to the stocks of gold which they hold.

The Bank of the Netherlands, gentlemen, is very miserly with its gold when it is demanded for home circulation, being of opinion that for internal exchange the coins of one florin and two and a half florins are sufficient, together with the State notes for 10 and 50 florins, and with the notes of the Bank of the Netherlands for 25 florins and upwards. Holland, which has not exactly the reputation of being a poor country, accommodates herself well enough to the lack of gold coins in her circulation.

What is the object with which the bank over which I have the honour to preside follows this policy? The sole object is that it may be able to release the gold demanded for export, when the necessity of such export is felt. The object which for many years we have had before us, which dominates our whole policy, and which hitherto has been attained with complete success, is to prevent entirely any premium or agio upon gold. For so soon as gold, which is the sole basis of our currency,

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reaches a premium—however insignificant that premium may be—it means the depreciation, to a certain extent, of our means of exchange—a depreciation against which we desire to protect ourselves by every possible means.

Well, gentlemen, if the Bank of France, the National Bank of Belgium, and the other banks could follow our example, they would see their stock of gold grow much larger than it is at present, and they would be able, with no inconvenience, to liberate as much as at any given moment would be asked of them for export, with the certainty of seeing it return again shortly, as we have so often observed in Holland. If no more impediments were put in the way of the free circulation of gold, if it were allowed to come and go at the bidding of the temporary needs of the money market, we should see the general course of business assume an entirely different aspect, and calm would reign where, too often at present, a feverish and unreasonable agitation turns men's minds and business out of their proper courses.

I am bold enough to hope, gentlemen, that in the way I have indicated we can find some remedy for the dangers which from time to time menace the international money market. If I have raised this question now, it is not with the object of submitting it at the present moment to the deliberations of the Conference, but that it may be taken into consideration by the Committee which I hope will soon be constituted to examine the proposal of Mr. de Rothschild, who, like myself, desires to restrict the use of gold in internal circulation, so as to give it a larger place in the settlement of international exchanges.

Mr. de Osma. MR. DE OSMA (*Delegate of Spain*) said:—

GENTLEMEN,

I desire to associate myself with the words of the Delegates of Russia and of the Netherlands, and with the sentiments by which they have been inspired. They propose to refer to a Committee the plan of Mr. de Rothschild which is now before the Conference. It would be impossible for us at the present moment to form an exact estimate of the compass of this proposal, and to say with certainty whether, in giving a vote in its favour, we could undertake, as our vote would imply, to recommend it to our Governments. There are too many details still to be defined, too many points which are still obscure. We are only acquainted with its main outlines. It is clear, however,—and this is the explanation of the sympathy with which the proposal appears to have been greeted—that in its conception, in its tendency, and in its object, it comes strictly within the limits of the mission which has been confided to us.

This mission, gentlemen, is, I think, a practical one. It is defined by the terms of the invitation which has been addressed to our Governments. It consists in endeavouring, with the good will which we all share and with a desire to succeed, to find means of mitigating the widely felt effects of the present crisis, by the more general use of silver in the currency systems or habits of each country. This aim may be shared by the most convinced and sincere supporters of each of the two systems between which the opinions of men of science are still divided, and it is this which makes our meeting here possible. But it seems to me that the proposal of the Delegate of Great Britain, by the very fact that it is not one which can be rejected *a priori* in the name of scientific principles, which are, perhaps, too absolutely laid down, is of the kind which it is specially incumbent upon us to examine. For this reason, without endeavouring to foresee the drawbacks which this proposal might offer, and without prejudging in any way its efficacy or its sufficiency, I have the honour to join the Delegates of Russia and of the Netherlands in asking that it may be referred to a Committee, whose first duty would be to put it into a definite form.

MR. RAFFALOVICH wished to say that he had made his proposal in his personal capacity, and not in any way as Delegate of Russia.

THE PRESIDENT observed, with the assent of Mr. Raffalovich, that the proposal of the honourable Delegate contemplated the appointment of a Committee to which would be referred not only the proposal of Mr. de Rothschild, but also the proposals of Mr. Moritz Levy and Mr. Soetbeer, and any other proposal which might be presented by a member of the Conference.

M. ALLARD asked whether it would be the duty of the Committee to examine the introduction to Mr. de Rothschild's proposal, or only the actual proposal itself.

THE PRESIDENT replied that the Committee would examine purely and simply the proposal of Mr. de Rothschild, and such other proposals as had been made or might be made.

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MR. RAFFALOVICH expressed the opinion that the examination of the introduction to Mr. Soetbeer's proposal ought also to be excluded from discussion in Committee.

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Committee.

THE PRESIDENT assented to this view.

MR. RAFFALOVICH'S motion was put to the vote, and unanimously accepted.

MR. SAINCTELETTE proposed to leave to the officers of the Conference the duty of nominating the Committee. This suggestion was agreed to, and accordingly the Session was suspended for a quarter of an hour, to enable the officers to prepare the list.

On the resumption of the Session the PRESIDENT announced that the Committee would be composed of the following Delegates:—

Mr. Henry W. Cannon, Don Joaquin D. Casaus, Mr. Conrad Cramer-Frey, Mr. de Foville, Mr. C. J. de Osma, Mr. Hans Forssell, the Hon. Sir Charles Fremantle, Sir Guilford L. Molesworth, Mr. A. Raffalovich, M. Saintelette, Mr. Simonelli, Mr. C. F. Tietgen, and M. van den Berg.

SIR C. RIVERS WILSON believed he was speaking for his colleagues in proposing to add to the Delegates whose names the President had just read the President himself and the General Secretary.

He proposed that the Conference should adjourn to Friday, the 2nd of December. The Committee would thus have three entire days to deliberate and to prepare its report.

THE PRESIDENT announced that the General Secretary and he himself would willingly join the Committee.

MR. DE FOVILLE and SIR RIVERS WILSON having expressed their wish to see Mr. Alfred de Rothschild among the members of the Committee, as the author of one of the plans submitted to it, the honourable Delegate of Great Britain said that he would place himself at the disposal of the Committee, in order to supply, if it should be required, all necessary information and explanations, and that he was willing to be present at the meetings of the Committee if a desire for his presence were expressed.

After some observation from CARATHEODORY EPPENDI and MR. RAFFALOVICH, it was understood that the Committee would confine itself to the examination of the plans of Mr. de Rothschild, Moritz Levy, and Soetbeer, and of proposals coming from members of the Conference.

In accordance with the suggestion of SIR RIVERS WILSON, the Conference decided to fix its next full Session for Friday, December 2nd.

The Session adjourned at 4 o'clock.

FOURTH SESSION.

Friday, December 2nd, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

ALL the Delegates were present, with the exception of MR. DE BROCKDORFF, *Delegate of Denmark*, DON JOAQUIN D. CASASUS, *Delegate of Mexico*, PRINCE OUBOUSOFF, *Delegate of Russia*, and MR. LARDY, *Delegate of Switzerland*.

The Session began at 2 o'clock.

The Minutes of the Third Session were approved.

Report of
the Com-
mittee pre-
sented.

THE PRESIDENT laid upon the table the Report of the Committee which had examined the proposal of Mr. de Rothschild, and also the plans of Moritz Levy and Soetbeer.*

THE PRESIDENT observed that this was not to be regarded as a final report on the work of the Committee, since it still had other proposals to examine; and in particular a proposal which had been handed in by the Delegate of Denmark, Mr. Tietgen.

Discussion
upon the
Report of the
Committee.

The discussion upon the Report was opened.

MR. BOISSEVAIN (*Delegate of the Netherlands*) made the following speech:—

GENTLEMEN,

I have asked leave to address you upon the Report of the Committee, and I am sure that I shall speak in the name of all the members of the Conference if, in the first place, I express our most sincere thanks to the members of the Committee for the work which they have already accomplished with so much zeal and ability. At the same time I would observe that the serious study which is proved by this Report to have been given to Mr. de Rothschild's plan shows the great respect—though not greater than was deserved—in which the Committee held that plan and its author.

For my own part, gentlemen, may I be permitted to add that it was with the most lively satisfaction that I saw this proposal brought forward. Not that I am in agreement with Mr. de Rothschild in all the opinions expressed in the introduction to his proposal. Far from it. On the contrary, I believe that international bi-metallism is the only monetary system which is thoroughly good from the theoretical point of view and the only system which, in practice, can satisfy all needs. I believe also that it is perfectly admissible for England.

If opportunity offers, I shall be glad to be able to develop these ideas; but this is not the moment to dwell upon them.

But Mr. de Rothschild does not deal only with different monetary systems. He speaks to us also of the present monetary position, and proves to us the necessity of taking measures to remedy the inconveniences and dangers which it presents. Upon this point I am glad to find myself in perfect agreement with him. I go further. It has been a great satisfaction to me to find that my opinion on this subject—an opinion which I have before now had occasion to express—is confirmed by a man of the personal competence of our honourable colleague, a man, too, who is at the same time one of the directors of the Bank of England, and one of the heads of the greatest banking house of the present day. I would almost say that when Mr. de Rothschild has given his opinion on this subject, there is no occasion for the rest of us to debate the question. We may consider the point as settled.

Mr. de Rothschild did not merely characterise the evil. He also indicated to us a remedy. It is for this, above all, that I am profoundly grateful to him, although his

* See Appendix A. to the Minutes of the present Session.

remedy is not that which I should myself have recommended. For, however strong may be my conviction as to the efficacy of international bi-metallism, I see very clearly that, for the moment at any rate, there are many obstacles in the way of its application. I therefore applauded warmly the decision which was taken to submit the proposal of Mr. de Rothschild to a serious examination. It seemed to me that the first duty incumbent upon our Conference was to take into consideration a proposal such as this.

Permit me, gentlemen, to remind you that in acting thus, we have not only given an undeniable proof of our assent to the first resolution which, at our Second Session, was laid before us by the United States Delegates, but that at the same time we have linked the work of our Conference to that of the Conference of 1881, at the point at which it was left upon the adjournment of that Conference on the 8th of July 1881. In the course of that Session Mr. Denormandie, one of the French Delegates, speaking in support of the motion for adjournment, borrowed certain quotations from speeches which had been made from different sides in the course of the discussions. "I wish," said Mr. Denormandie, speaking of these extracts, "to place them before your eyes in order to impress upon your memory the unanimous assent which has been given to this proposition, that there exists in the world a bad monetary situation, to which it is necessary to apply a remedy." Of these extracts I will reproduce two. "The evil of the situation," said the representative of Russia, "consists in the dearth of gold." "In the fall in the value of silver," added one of the representatives of Great Britain, "in the restoration of which I should like to find some means of co-operating." Once more, gentlemen, we have the honour and the advantage of having that same representative of Great Britain, Sir Charles Fremantle, amongst us.

Mr. Denormandie ended his speech as follows:—

"A radical solution can be waited for. . . . Meanwhile, the various means which some of you have imagined may be examined. . . . Can you seriously contemplate the question of your final adjournment? I confess that for my part I should consider this really deplorable."

You know, gentlemen, that although the Conference of 1881 was adjourned, it never met again. It is for us to take up the work which it left unfinished.

One more quotation, gentlemen, on this point. Mr. Pirmez, whose loss we now regret, was then Delegate of Belgium, and he said, in supporting the motion for adjournment:—

"Perfection (as regards the monetary situation) would evidently be the monetary unity of the whole world. How far we are from that! How many stages to be made before reaching it! But just because we are far from the goal, and because it is difficult to attain, we ought to try and approach it, and every difficulty overcome is a progress. . . . The Delegates of Belgium will therefore accept the motion for adjournment. They will do so the more willingly because their assent will be a homage to the initiative taken by the two great Republics in trying by an international understanding to realise progress in commercial relations."

To us also, gentlemen, Belgium has now given the opportunity of rendering this homage to the two great Republics. Having come here—where, I may add, life is made very pleasant for us—we have endeavoured to follow the road of progress which has so often in the past been shown to us by those two Republics.

But I return to Mr. de Rothschild's proposal, and say that in taking it into consideration we are in fact carrying on the work of the Conference of 1881, and taking it up at the point where it was then left. It is therefore with the greater regret that I see that a majority of the members of the Committee have been unable to find in that plan a solution which they could recommend for adoption to their respective countries.

It seems to me that two conclusions may be clearly drawn from the Report of the Committee. The first of these conclusions is that Mr. de Rothschild proposed a thoroughly serious scheme—indeed the personality and position of our honourable colleague were a guarantee that it could not be otherwise—a scheme to be reckoned among those which might be the subject of an international agreement for the regulation of currency in general. I say, further, that the object of such a scheme would have been to put into practice the principle on which the invitation of the United States was based, and which was reproduced in the first resolution of the American Delegates. The second conclusion to be drawn from the Report is, that the proposed solution does not ensure, by its own merits, the attainment of the result at which it

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vain.

aims, and also that the carrying out of the scheme would have met with insurmountable objections on the part of various Governments, among which—it is necessary to state the fact now—would have been that Government which my colleague and I have the honour to represent. What then, in fine, would have been its result?

We must now discuss the Moritz Levy proposal, which the Committee has adopted by a large majority. It also remains for us to consider whether we cannot find an important means of diminishing the difficulties of the present situation in the direction indicated to you by my honourable colleague (Mr. van den Berg) at the Session of Friday last,—a direction to which your attention was particularly drawn by the Committee.

But is there anyone so bold as to flatter himself that measures such as these could remedy the situation in a really efficacious manner? I believe, gentlemen, that we must admit that, just as the Conference of 1881 failed to find the means of overcoming the difficulties of the situation by the measures which it had in view at the time of its adjournment, so we have been now vainly ensnared by the hope that we should find in palliatives the means of arriving at an understanding between bi-metallists and mono-metallists, which would satisfy at least the most urgent needs of the present time.

I hope that I may be mistaken, and that the Committee which, as we have heard, is willing to proceed with its task, may be still able to agree upon some other efficacious plan to recommend to us; but I do not think that it is to be expected.

We find ourselves thus face to face with the last proposals which the United States Delegates have put before us, and I think that the moment has come for opening the discussion upon them.

Allow me, in concluding, to express the wish that we may be penetrated with a full conviction of the gravity of the situation, of the serious nature of the consequences it may have, and of the dangers with which it threatens us; and that in this spirit we may examine whether bi-metallism is not after all the sole remedy for the present position, however radical a remedy it may be, and however difficult its application now, when it has already been too long postponed.

MR. RAFFALOVICH, in his capacity of Secretary to the Committee, wished to point out to Mr. Boissevain that it had been agreed, in full Session, that the work of the Committee was not to include the examination of the introductions to the proposals of Mr. de Rothschild and Mr. Soetbeer.

This being so, he wished to make reserves as to his personal opinion on the conclusions reached by Mr. Boissevain, so far as regards apprehensions about the future course of events and about a silver panic. He pointed out that the Report of the Committee and not the monetary question generally should form the subject of the present discussion.

THE PRESIDENT, in accordance with the concluding words of Mr. Boissevain's speech, asked whether it would meet the views of the Conference to discuss the proposal of the United States Delegates for the establishment of bi-metallism before undertaking the examination of the Report of the Committee. He pointed out that in any case it would be very difficult to prevent speakers in the discussion upon the Report from bringing forward general arguments on questions of principle in support of their views.

MR. SANCHEZ DE TOCA (*Delegate of Spain*) made the following observations on the subject:—

I did not thoroughly understand Mr. Boissevain's conclusion. His proposal would prejudge the result of the debates which we shall here upon the Report just made by the Committee. He starts from the idea that, at any rate in its conclusions, the Report is not acceptable; and that, as the Conference is unable to accept it, we have nothing else left to do than to embark upon the general discussion on bi-metallism.

I recognise the great authority of Mr. Boissevain, but it seems to me that the Delegates of the various countries who have met together in this Conference ought to have the opportunity of expressing their opinion upon the clearly defined question which is submitted to them for discussion. If it should result from the debates that the conclusions which are laid before us cannot be accepted, then, and then only, need we approach the examination of the question which Mr. Boissevain would like to see us discuss without further delay.

I have a second observation to make upon the remark just made by Mr. Raffalovich. He has defined the subject of our discussion as the actual text of the proposals. I entirely agree with him. It might happen that a vote might be given upon the text of a proposal for reasons entirely opposed to those assigned in the introduction to it, or in the comments of the Committee.

When the debate is at an end our votes will be given upon the text of the proposals, and not upon the comments made upon them.

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MR. BOISSEVAIN observed, in reply to the Delegate of Spain (Mr. Sanchez de Toca), that in making his suggestion he had no intention of prejudging the result of the general discussion. He confined himself to communicating to the Conference the impression left upon him by the Report, and he would not press his proposal.

THE PRESIDENT interrupted the discussion of the Report in order to call upon DON ANTONIO DE MIER Y CELIS (*Delegate of Mexico*), who wished to make a declaration in the name of the Mexican Delegates collectively.*

LIEUTENANT-GENERAL STRACHEY (*Delegate of British India*) read the following declaration:—

Declaration
by General
Strachey.

The questions which this Conference has met to discuss, and among them the proposal of Mr. de Rothschild, which is more especially under our consideration, so seriously and directly concern India, that it will naturally be expected that a clear statement of the attitude of the Delegates of India in our discussion should be placed before you. At the same time it is desirable that you should receive an indication of the position of the Government of India in relation to the general subject for our consideration, inasmuch as India is probably more deeply interested in the possible results of our deliberations, and may be more practically affected by them, than any other country represented at the Conference. In making these observations, I wish to explain that they are to be regarded as the expression of my personal views, and that my quasi-official position as one of the members of the Committee recently appointed by Her Majesty's Government to consider and report on the subject of the present condition of the currency of India, imposes on me special reserves which you doubtless fully appreciate.

India, I need hardly remind you, is, with the exception, I think, of Mexico, the one country in the world the mints of which have till the present moment continued open for the coinage of silver without limitation. It has during the last 15 or 16 years been subject to the full effects of the gradual fall in the gold value of silver, which has at length brought the rupee from being equivalent to 1s. 11d. to its present rate of less than 1s. 3d., a reduction of 35 per cent. It has been the victim of the simultaneous, almost incessant, downward fluctuations of the exchange value of the rupee, which have arisen, not from those variations of trade demand between different countries, which are unavoidable and of relatively small extent, but almost wholly from the alterations in the intrinsic value of the coin itself in relation to gold.

The Government of India during this period has made many ineffectual attempts to protect itself against the effects on its currency of this continued fall in the value of silver in relation to gold, and notwithstanding the heavy burdens thereby entailed upon the country, has maintained the silver standard in the hope that circumstances might at length bring it some relief from the ever increasing difficulties of its position. But no such relief has come, and, on the contrary, the difficulties have become constantly greater, until they are becoming, if they have not already become, real dangers.

I need not occupy your time in entering in detail on the subject of these difficulties, which, from the nature of the case, are more or less due to the peculiar position of the Government of India and its relations with Great Britain, and of the gravity of which the Government must be left to judge for itself. How serious they are held to be will be shown by the circumstance that Her Majesty's Government have within the last few weeks appointed a Committee, under the presidency of Lord Herschell, the Lord High Chancellor of England, who presided over the Royal Commission on Gold and Silver in 1867-88, to report on the whole subject, with a view of arriving at some final decision in respect to it. The proceedings of this Committee have only been

* See Appendix B. to the Minutes of the present Session.

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suspended in consideration of what is due to the deliberations of the present Conference.

As an indication of the strained position of affairs, it may further be mentioned that there has lately arisen in India a serious agitation on this subject, and that pressure has been put on the Government to take direct action for the purpose of applying a remedy to the numerous evils which are regarded as being due to the fall in the value of the rupee, affecting not only the public finances and administration, but, with equal severity, numerous commercial, industrial, and social interests; and among the remedies proposed and strongly advocated by many influential persons and authorities is the adoption by India of a gold standard and the suspension of the free coining of silver at the Indian mints.

In these circumstances, the Delegates of India have been instructed that, while studying with the greatest care and good will, in concert with our colleagues at the Conference, every practical proposal suggested to ensure a wider use of silver as currency, they are on no account to give any pledge that may interfere with the complete freedom of action of the Government of India in respect to any measures affecting the currency of India it might desire to adopt.

I must be permitted to add that for these reasons I shall not be able to associate myself with any proposal unless it be of a distinctly practical character, and that this, in my estimation, will exclude all proposals that do not receive the support of countries sufficient in number and financial importance to give reasonable assurance of their becoming really effective, as well as those that may be of a nature to involve future prolonged discussion. I consequently regret to be compelled to say that, unless the course of the discussion should show a different attitude among the Delegates from that indicated by the Report that has been placed in our hands, it will, I fear, be impossible for me to support the proposal of Mr. Rothschild; though had it been more favourably received, I should have been glad to join in submitting it for the consideration of the Government of India, subject to certain modifications and reservations which my instructions would have imposed upon me.

As to the projects that involve the regulation of the coinage of gold, inasmuch as there is no legal gold money in India, it will suffice if I say that any system generally approved by the Conference would, in the event of the introduction of a gold coinage in India, doubtless be favourably regarded by the Government, and every reasonable effort made to conform to it.

Speech by
Mr. Allard.

MR. ALLARD (*Delegate of Belgium and Turkey*) made the following speech:—

Gentlemen, the proposal of Mr. de Rothschild, coming as it does from England, and laid before us with the most conciliatory intentions by a man so well qualified as he is, deserved the sympathetic greeting which it has received in this assembly; but, at the same time, we cannot fail to recognise that this proposal is not in itself a true remedy. It is, I should say, a sort of homœopathic consolation. It is intended to work upon the faith of the patient and not upon the disease itself. I, for one, do not possess that faith. I do not think that the proposal of Mr. de Rothschild is a sufficiently efficacious remedy for the evils from which the nations are now suffering and from which they have suffered during the last twenty years. The crisis which oppresses us is no birth of yesterday. It dates from 1873, the moment when free coinage of silver was suspended in Europe. The true remedy, which would be at the same time efficacious and thorough, would be the re-establishment of free coinage; but it appears to me that, for the moment, this solution has no chance of being accepted.

The proposal of Mr. de Rothschild is, in my eyes, inadequate, and I hope that its author will make use of his influence with the British Delegation and with his Government to bring us a proposal which, in accordance with the earnest desire which animates the Conference, may be of a nature to bring about an effectual change in the present situation.

The cause of this inadequacy may perhaps be found in certain errors, which I think I see in the considerations brought forward by Mr. de Rothschild in support of his proposal. He tells us, for example, that under this present monetary system "the commerce and the trade of the country have flourished, and it would be a dangerous and possibly a suicidal experiment to try and introduce any innovation into our system of currency." Mr. de Rothschild is speaking, no doubt of past prosperity, and not of present prosperity. The latter is disproved by the facts put forward by the British Government itself. Further on, he adds that "advocates of bi-metallism maintain that the fall in the price of silver has brought about a corresponding fall in the prices of

“ various commodities. This may or may not be the case, but supposing the former hypothesis to be correct, I am not prepared to say that it would be a misfortune for England or the world in general.” If, however, Mr. de Rothschild were to question the farmers, the manufacturers, and the merchants, does he not think that the result might be to modify, to a certain extent, his ideas on this point?

For my part, I am afraid that he is too optimistic. I will not speak of the opinion of the English Chambers of Commerce and Chambers of Agriculture, who complain so bitterly of the present situation. I will only recall that fact that in 1883 Mr. Goschen, who afterwards became Chancellor of the Exchequer, drew the attention of the London bankers to the dangers which, as he already foresaw, were bound to ensue for England from the fall in prices which he noticed at that time. In 1885 the British Government was rendered so uneasy by the unsatisfactory condition of business in England that it appointed the Commission on the Depression of Trade. If the prosperity of England had been as great as Mr. de Rothschild believes, it seems to me that the depression of trade would not have caused such uneasiness seven years ago. In each year I find a fresh expression of these anxieties. In 1886 Mr. Goschen spoke in favour of the issue of 17. notes. He was of opinion that there was a want of gold in England, as shown by the great fall in prices. Later, in 1887, it was again Mr. Goschen who went to Manchester and again drew attention to the gravity of this fall in prices; but this time he was not speaking to the London bankers, but to the Manchester cotton spinners. In 1888 the British Government appointed the Gold and Silver Commission,—you know with what result. And finally, in 1891, Mr. Goschen, then Chancellor of the Exchequer, pointed out the danger of the insufficient stock of gold in England, in a pamphlet which attracted much attention.

I do not see in all this, gentlemen, evidence of such a state of prosperity as should avert all anxiety. On the contrary, I call the attention of Mr. de Rothschild to all these facts. It is possible that in all these causes for apprehension he may find the means of inducing the British Government to make to the Conference a proposal which would be a little more acceptable and a little more advantageous for the nations which are represented here.

Unfortunately Mr. de Rothschild is not troubled by the fall in prices. He is disposed to think “ that wheat at 30s. a quarter, instead of 45s. is rather a blessing than otherwise.” But, I ask him, what do the British farmers think of it? In Belgium I can assert that agriculture is suffering from this deep evil, and as for England, I do not think that Mr. de Rothschild’s views are shared by Mr. Chaplin, formerly Minister of Agriculture, who has traversed the whole of England in the search for remedies to be applied to these evils.

It appears, too, from the reports contained in the English newspapers a week ago, that Monseigneur Walsh, the Archbishop of Dublin, is concerning himself with the monetary question, on account of the disasters which are befalling Ireland. When giving evidence before an English Commission on the subject of Irish evictions, he spoke in an absolutely bi-metallic sense. He pointed out the evils which had been produced in England by the scarcity and the appreciation of gold, and also the extremely difficult, embarrassing, and disastrous position in which the Irish farmers were placed by the same cause.

Mr. de Rothschild does not appear to be much disturbed by this fall in prices, which, nevertheless, affects all the interests of his country. In view of this it is a remarkable fact that he does not deny the scarcity of gold, but, on the contrary, himself states that that scarcity exists. He tells us, for example, that the Bank of France, in ordinary times, does not give any really large amounts of gold in exchange for its notes. I ask you, gentlemen, why the Bank of France should be so parsimonious, although it holds in stock large quantities of gold, if it were not that gold is really scarce? Further on, Mr. de Rothschild speaks of Germany. I ask pardon of the honourable Delegate of Germany, but it is not I who am speaking, it is Mr. de Rothschild. As regards Germany, he says: “ That country has also, certainly, a gold standard; but it would be difficult, if not impossible, to obtain any large amount of gold from Berlin, or from any of the branches of the Imperial State Bank.” Again, I ask, gentlemen, why should that be difficult if gold were abundant? “ Then, again,” continues Mr. de Rothschild, “ as to Italy, there is a large amount of gold stored away there; but, as, in reality, it does not see daylight, that country might as well not have departed from its paper currency.” You see that there is an actual race for gold between the banks of Europe; it is the scarcity of gold which causes uneasiness to the public banks and which makes them act with great prudence. I ask, in all sincerity, whether a situation such as this ought to convince Mr. de Rothschild, as he

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says in the introduction to his plan, "that this is a conclusive proof of the appreciation " on the part of all the great countries of Europe of the single standard, or, at least, of " the advantage of a gold standard " ? They appreciate it perhaps, but it is rather like a sick man's appreciation of health.

Mr. de Rothschild shows considerable anxiety when he speaks of foreign countries. He reminds us that in 1870 the Bank of France was compelled to suspend the payment of its notes; and yet what could be more natural? But when he comes to the Bank of England he appears to be quite satisfied, and says, with regard to the English banking system, "I think we may fairly say that our banking system is as near " perfection as possible." Mr. de Rothschild appears to me to have forgotten that not long ago the bi-metallic Bank of France came, for the third time, I think, and at any rate for the second, to the assistance of the mono-metallic Bank of England, and was obliged to lend to that bank 3,000,000*l.* in gold, in order to spare it the difficulties which might have ensued from a fresh suspension of the Act of 1844. Is the system of the bank which confers the benefit, or of that which receives it, to be preferred by us? I do not hesitate to give the preference to the Bank of France, which conferred the benefit, although that bank is absolutely bi-metallic; and my conclusion is that of the two banking systems I prefer that which is based upon the two metals.

To return to the proposals of Mr. de Rothschild, I see plainly what their author asks of the nations which are represented here; but I do not perceive so clearly the advantages which he offers to them. It is upon England that the nations who have met together here had especially to count. Since the two Conferences of 1878 and 1881, the key of the unfortunate situation in which we find ourselves is, in fact, in the hands of England. I hope that, after having examined that position more closely, the British Delegates will turn to their Government, and will endeavour to obtain better conditions than those which they have offered us.

I ask, gentlemen, whether Mr. de Rothschild's proposal is really calculated to bring to an end the crisis from which we suffer? I do not think that it is. That crisis, which has been carefully observed by you for so many years, shows itself more particularly in the fall of prices, which acts upon the agriculture, the manufactures, and the commerce of all nations. It is produced by the increase in the value of gold, by what it is agreed to call the appreciation of gold; in other words, there is a real deficiency of international money, and I do not see that Mr. de Rothschild's proposal is of a kind to increase the quantity of international money. No doubt the nations would buy a little more silver if they accepted this proposal; but—and here I entirely agree with the opinion expressed in the Report of your Committee—purchases of silver have little influence towards raising the price of that metal. And here is the proof. In 1877 Mr. Bland, influenced by the lowering of the price of silver, which had fallen to 57*d.*, persuaded the American Congress to order monthly purchases of silver to the amount of \$2,000,000. Nevertheless, in 1889, eleven years later, we find silver at 42*d.*, a fall of 27 per cent. You see the result of the purchases. In 1890 the purchases were doubled. It was considered that the first measure had not succeeded, because the purchases were insufficient. It was supposed that the remedy was found. Silver rose from 44*d.* to 54*d.*, but this was again delusive. At the present time it has fallen again to 39*d.*, that is to say, lower than ever.

I ask myself, therefore, gentlemen, what influence the proposed purchases could have upon the price of silver, and upon the present situation? I hold that the plan would be abortive. If the price of silver has not been raised in consequence of the American purchases, it is an irrefutable proof that the evil is not to be found in the fall of silver, but that it consists solely in the appreciation of gold. You will accuse me perhaps of making too subtle a distinction, but you would be wrong. It is not silver which has fallen, it is gold which has risen, and I shall be able to prove it. There are, gentlemen, certain phenomena which are surprising, but at the same time very simple. Do you not often find when you are sitting in a train in a station that you think your train is going forward, when really it is the train next you which is moving in the opposite direction? The phenomenon that I mentioned just now is no more surprising than that, and I am about to give you a proof that such a phenomenon really has occurred in the matter of money.

If silver had fallen because its production was too great, it would be sufficient to find a use for it in order to make it rise again. I have just shown you that that was not the case. If, again, it were excessive production which has caused the fall in value of this metal, the fall would have been general; but you have just heard the Mexican Delegate tell you that in Mexico prices have not varied, and it has been proved that in India silver is not depreciated. What is the explanation, then, of the

fact that in Mexico, where silver is the only money, there have not been variations in prices? How could it happen that silver, depreciated by excessive production, should not fall in value in the very country where it is produced? How is it that in India the rupee still buys as much corn as formerly? For the simple reason, gentlemen, that silver has nothing to do with the result. It is the other train which is moving in the opposite direction. It is gold, your money of circulation in Europe, which you have made scarce, and which has therefore risen in value. It is in Europe alone that you have a crisis, due to a fall in prices.

Mr. de Rothschild, who belongs to a country which is essentially mono-metallic, recognises the fact himself. He says, "London, being the centre of the financial world, we have to be doubly careful to protect our stock of gold." If gold were not scarce there would be no need to protect it, for there would be nothing to fear. It seems to me that we have here a clear proof of the scarcity of gold, the existence of which I am now endeavouring to establish.

It is to be desired, gentlemen, that England should make an effort. Mr. de Rothschild's proposal has certainly been received here with marked sympathy; but it must be re-fashioned in such a manner as to respond better to the present anxieties of the nations interested in the question.

Here, again, is what Mr. de Rothschild tells us about the present position, an opinion in which I share:—

"If this Conference were to break up without arriving at any definite result, there would be a depreciation in the value of silver which it would be frightful to contemplate and out of which a monetary panic would ensue, the far-spreading effects of which it would be impossible to foretell."

Is not this declaration, made by a man of Mr. de Rothschild's competence, to a certain extent a paraphrase of another declaration made 14 years ago at the Paris Conference of 1878 by the British Delegate, Mr. Goschen:—

"If the demonetisation of silver were carried out everywhere at the same time, is it certain that the quantity of gold now in existence would be sufficient for the needs of circulation? A campaign against silver would be very disadvantageous even for the countries whose legal currency consists of gold only. The attempt which would be made from all sides at the same time to get rid of silver might cause grave disturbances in the economic situation, and might produce a crisis more disastrous than any of those which the commercial world remembers."

These declarations, both of them made by British Delegates, deserve the most serious consideration. It is from the crisis of which they speak that we are now suffering. It seems to me that the Conference should give the fullest attention to the gravity of the situation which was predicted 14 years ago by Mr. Goschen, and stated to exist at the present time by Mr. de Rothschild.

The Report of your Committee shows you, gentlemen, that the question is asked whether the United States would be able to continue their purchases of silver? Mr. Cannon, speaking for himself only, I am glad to say, has declared that there was some danger in this direction. Austria and Hungary contemplate the resumption of specie payments. They will have need of gold. I do not know the exact figure, but 700,000,000 francs (28,000,000*l.*) is the sum mentioned. Italy, Spain, Portugal, and the Argentine will also be obliged to ask for gold. Even India, according to the declaration made in Committee by the Indian Delegate, thinks of abandoning the silver rupee and adopting the gold standard. I ask, gentlemen, not without anxiety, how and where will it be possible to find these milliards of gold? They are certainly not to be found in Russia, nor in Italy, nor in Spain, nor in Portugal, nor in the Argentine, since all these nations are desirous of borrowing gold. Will it be in Germany? I doubt it. Will it be among the nations of the Latin Union? No, I promise you it will not. Those nations are still protected in a most effectual manner. They have the saving power of bi-metallism, they still have their five-franc pieces, which are able to serve for payment of any sum; and if difficulties arise, the Latin Union finds itself still protected by its double armour of gold and silver. It may perhaps be the dying song of bi-metallism, but none the less, it would be bi-metallism which will still protect us and will save us if necessary.

London, then, alone remains, where the sole stock is that of the Bank of England. But has not Mr. Goschen assured us, in a pamphlet which he published, that the English stocks were absolutely inadequate? I ask, then, gentlemen, on what side ought

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anxiety to be found? Is it on the side of the Latin races? Certainly not. I believe that the apprehensions felt by Mr. de Rothschild are serious:—

“If this Conference were to break up without arriving at any definite result, there would be a depreciation in the value of silver which it would be frightful to contemplate, and out of which a terrible monetary panic would ensue.”

But my conclusion is different from his. Where would this panic take place? It would inevitably take place at the doors of the Bank of England. I do not think that in England there can be any illusions upon this point; I believe, on the contrary, that all men of business will agree with me.

If, again, England is the creditor of the whole world, and if the whole world pays her in gold, it is none the less true that there are many nations which do not pay her at all. Is it then no longer true that the worth of a debtor consists in his power of paying? Is it not the true interest of a creditor so to arrange matters that his debtor shall be able to pay, rather than to drive him into a corner and to make him insolvent, as so many nations already have become? I urge England, therefore, to make one effort more, and to modify the proposal which has been made to us in such a manner as to make it more acceptable; and in this way to prevent the aggravation of the evils which already exist in the world of production. I have confidence that our united efforts can succeed, and ought to succeed, in finding a remedy for the crisis which is engaging our attention.

Mr. Bertram
Currie.

MR. BERTRAM CURRIE (*Delegate of Great Britain*) made the following speech:—

GENTLEMEN,

As I think it is the duty of every Delegate to show his respect for the Conference by contributing his mite to the proceedings, I shall ask leave to say a few words, though I fear that my opinions will fail to commend themselves to the majority of my honourable colleagues.

I am not one of those who believe that great evils are impending upon the world from the disuse of silver as the standard of value. This disuse has, I think, gradually arisen in obedience to the natural law of selection, by which progressive societies choose for themselves the methods best suited for their development. Any artificial attempt to arrest this process seems to me doomed to failure. We have witnessed the heroic labours of the United States in this direction. The fable of Sisyphus has been repeated for our edification, and although for a moment silver was by gigantic efforts forced up to a certain height, it soon came tumbling down again.

He must be a sanguine person who believes that such a costly experiment is likely to find imitators.

What, I may ask, are the supposed evils that we are called upon to remedy? As far as can be ascertained we are met here to endeavour to raise the price of commodities. Such an object is entirely opposed to the economic doctrines which are accepted in the country from which I come. Cheap goods and not dear goods, plenty and not scarcity have always been held to be conditions of profitable trade. That the general fall in prices has been brought about by the scarcity of gold has never been proved, and such a theory is, in my humble opinion, at variance with the facts which are within our knowledge.

To the question, what then is the remedy? I venture to reply, “A gold standard, even without a gold currency.” Such a system is already at work in several countries, and apparently it performs its functions to the satisfaction of the communities which have adopted it.

Theoretically, a gold currency like that of England may be best, but it is a costly luxury, involving an outlay which may perhaps be avoided.

I do not deny that exchange may sometimes be unfavourable to nations who do not possess an effective gold currency, but unless the credit of the nation sank very low, the fall in exchange would hardly be so disastrous as the fluctuation to which silver-using countries, such as India, have been exposed.

In conclusion, I would venture to submit that the wealth of a nation does not depend upon the gold and silver which it possesses. The contrary indeed is much nearer to the truth, and it might be argued that the more prosperous and civilised a nation becomes, the less occasion has it to use the precious metals, and the smaller is the stock which is required for its transactions.

The real desideratum for a nation is to maintain a surplus of revenue over expenditure, and thereby to establish and extend its credit. When that has been

accomplished, it may command as much gold as it can profitably use, and failing such credit, its monetary system can never rest upon a safe foundation.

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MR. ALLISON (*Delegate of the United States*) asked that the continuation of the discussion might be adjourned till Tuesday, basing his request upon the two grounds that the United States Delegates had not been able to make themselves thoroughly acquainted with the Report of the Committee, and that the debate had taken a wide range as concerns principles.

Proposal to
adjourn, and
discussion as
to future
order of
debate.

THE PRESIDENT observed that in the present state of the discussion there would be no inconvenience either in adjourning the debate, as Mr. Allison wished, or even in embarking upon questions of principle.

At the second meeting Mr. Tirard expressed the view—a view shared by a large number of members of the Conference—that it was desirable to examine in the first place the bi-metallic proposal of the United States. At that time it would have been unfortunate if the Conference had assented to that opinion. They would have run the risk of deciding, after discussion, the principal proposal, and of so throwing into the background the examination of the secondary proposals which equally form part of the programme of the Conference. Now this danger existed no longer. The Conference had appointed a Committee whose duty it was to undertake a serious study of the plans which had been or would be referred to it, and it was therefore now impossible for the Delegates to separate without having examined the monetary problem in all its aspects. In this state of things there would even be some advantage in beginning as soon as possible the discussion of the bi-metallic proposal of the United States Delegation. They had already found how impossible it was to examine a subsidiary proposal without entering into the very heart of the question. It would therefore be more practical to enter upon the general discussion.

MR. ALLISON (*Delegate of the United States*) spoke, in English, as follows:—

Mr. Allison.

The object of the Delegates of the United States at this Conference is to promote, if practicable, an enlarged use of silver. The programme which we presented was, in accordance with the invitation of our President, to consider this limited use, should it appear that there were important nations who were not ready to join in an agreement for international bi-metallism. We wish to ascertain their views. If unwilling to adopt our policy, it is our wish to discover how far they will consent to go in any plan for the use of silver, subsidiary to and in aid of that which was framed by us as our distinctive proposition. Hence it was that the minor propositions were put forward to bring about an interchange of views, and, if practicable, an agreement.

At the outset of the discussion opposition appeared to a proposition which was merely declaratory, which indicated to us that the distinct proposition of the United States would not be approved by important States necessary to an agreement. In order to reach a definite proposition likely to secure more general assent, we raised no objection to the submission of certain outline plans of Mr. de Rothschild and others to a Special Committee for consideration in the first instance.

The Committee has just reported the result of its labours, and we appreciate the industry, ability, and assiduity with which it has fulfilled its task. But since these labours did not reach a definite result, it seems proper to us to proceed to the discussion of the general proposition of bi-metallism, if such be the desire of the Conference. At the same time we are not unmindful of the fact that the assent of a number of important States sufficient to make such an agreement effective may not be secured. Therefore we can see the force of a proposition to continue the debate upon the Report presented, especially as that debate has to-day taken a wide range, which is likely to continue, and embrace the subject at large, and we are willing to abide by the decision of the Conference as to the order of discussion without any special preference on our part. Whatever may be this decision, we shall be ready to open the debate upon the general proposition at the meeting on Tuesday next, if that is the wish of the Conference.

MR. TIRARD (*Delegate of France*) thought that it seemed difficult to refuse to the United States Delegates the adjournment till Tuesday for which they asked.

SIR C. RIVERS WILSON (*Delegate of Great Britain*) supported the motion for adjournment, and urged that it would be very inconvenient to invert the order of the

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day. They should abide by their decision to begin by examining the subsidiary proposals. The intention of the Conference was clearly to pronounce upon these plans before entering upon the great discussion on bi-metallism.

Adjourn-
ment.

After an exchange of observations, in which MR. TYRARD, MR. DE TOCA, MR. RAFFALOVICH, MR. TERRELL, MR. DE OSMA, and CARATHEODORY EFFENDI took part, the Conference decided to continue on Tuesday the discussion upon the Report of the Committee, advantage being taken of the view again expressed by the President that it would be necessary to allow the speakers full liberty to treat the question from a general point of view.

The Session adjourned at half-past 4 o'clock.

Appendix A.

APPENDIX A. TO THE MINUTES OF THE FOURTH SESSION.

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REPORT of the EXAMINING COMMITTEE.

GENTLEMEN,

The Committee selected during the Session of the 28th November had for its duty the examination:—

1. Of the proposal which Mr. de Rothschild had submitted to the Conference.
2. Of the projects of Moritz Levy and Soetbeer referred to in the programme of the Delegates of the United States.
3. Of any proposal emanating from a member of the Conference which might come before it.

The members of this Committee appointed by the Bureau with the consent of the Conference have acted as experts. The opinions which they have uttered rest upon their individual responsibility alone.

The Committee has held six meetings, over one of which MR. TIETGEN presided, having kindly accepted the functions of Vice-President. It examined methodically Mr. de Rothschild's proposal, and those of Moritz Levy and Soetbeer; it still has before it a plan presented by Mr. Tietgen.]

The examination of any proposals whatever relating to the object for which the Conference is held necessitated, as a preliminary, precise declarations upon several essential points:—

1. The possibility of legislative measures to be taken by the silver producing countries, with a view to restrict or regulate the production of this metal.
2. The present probability as to the future production of silver in its two principal centres, namely, the United States and Mexico.
3. The policy of the United States in regard to the purchase of silver.
4. The policy of British India as to the coinage of silver.

Upon these four points the Committee has recorded the following declarations:—

First Question.

MR. CANNON said that the question of limiting production had been examined by the United States. It had been recognised that under present legislation there is no method of obtaining this end, and that a modification in this sense of the present law is improbable. The Federal Government has no direct or indirect interest in the production of silver mines. Furthermore, European capitalists are in large measure interested in the mines of the United States, and that complicates the question.

It would be very difficult to tax this production. It would be necessary to increase the Customs inspection upon the frontier between the United States and Mexico, and between the United States and the British Possessions. Smuggling of ore and metal would have to be guarded against. Interference of public authority in the rights of private individuals would not be tolerated in the United States.

MR. CASASUS agreed completely with what Mr. Cannon had said. In Mexico the considerable increase of production was due to the decrease of taxes, to the improvement of processes in mining and refining, and to the decrease in the cost of transport.

Thanks to these various factors, the production increased between 1874 and 1891 from 23 to 42 million dollars. It is, then, at present subject to natural laws. Supposing the tax could be increased, could the spirit of invention be extinguished? The increase of taxation could be compensated by technical or scientific improvements.

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Second Question.

As to Mexico, MR. CASASUS said :—

“The production in this country has perhaps arrived at its maximum. The tax has been successively reduced from 30 to 7½ per cent. on the gross product. It must not be forgotten that silver is our great article of exportation, and the Government has every interest in not hindering its sale. The Constitution prevents the Government from interfering by a contract with the producers. There is no way of restricting the working of the mines, or of forbidding the exportation of their produce. It is then impossible in this respect to oppose the action of natural laws, but it may perhaps be some consolation to the Conference to learn that the production of Mexico has probably reached its culminating point.”

As to the United States, MR. CANNON set forth what follows :—

“The production of silver is concentrated in six States and three Territories. The value of silver mined is infinitesimal in comparison with the annual sum of the general production of the country. For five years, since the extension of railways into the Rocky Mountains, a great number of mines have been opened up. An inventory of our mineral riches has become possible. I am ready to believe that the maximum of production has been nearly reached, if it has not already been reached or even passed.”

Third Question.

The present policy of the United States in regard to the purchase of silver was defined by MR. CANNON in the following terms :—

“The United States have seriously taken into consideration the idea of repealing the Silver Purchase Act of 1890. The two political parties, as well as the great bankers of New York, have advised this repeal, and if during this Conference some arrangement is not attained, it is more than probable that America will not continue disposed to buy annually fifty-four million of ounces of silver at the market price.”

Fourth Question.

In regard to the policy of British India as to the coinage of silver, SIR GUILFORD MOLESWORTH expressed the following views :—

“As long as there is any hope of seeing an international agreement concluded, the Indian Government hesitates to modify the system in force at present.

“The Committee which has been appointed in England especially to study the monetary system of India has adjourned during the Conference at Brussels. But if this Conference arrives at no conclusion, India will be obliged to act for herself. The adoption of the gold standard in India will be fraught with grave difficulties, but it will be much worse for those countries which already use gold than for India herself, with her two hundred and fifty million inhabitants.

“The only satisfactory solution would be the adoption of international bi-metallism, in which India should join the Latin Union and the United States.

“If the adoption of a plan submitted to the Conference renders probable the maintenance of a relative stability in the price of the metal, it is not likely that the Government of India would close its mints to silver. Even if the plan should meet with only partial but sufficiently important adhesion, the Government of India, without relinquishing its liberty of action, would be disposed to buy silver, or to permit the coinage of a fixed quantity of silver—not less than fifty million rupees a year—during the entire duration of the arrangement.”

After these declarations, the importance of which the Conference will realise the Committee proceeded to examine the plan presented by Mr. de Rothschild.

From a theoretical point of view the principal argument advanced by the adversaries of the plan was, that the intervention of a buyer endeavouring to influence the market

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for the metal is in conflict with the economic law, which lays down that natural laws overpower sooner or later all attempts of an artificial character. Furthermore, it would be impossible to limit in advance the sacrifices into which the nations might be drawn, especially if, in the definite arrangement of the plan, the interference recommended should go so far as to give an impetus to the speculative rise of the metal.

Upon the same theoretical basis, the partisans of the plan conceded that an intervention such as that proposed would be dangerous unless it were limited both in the length and importance of the engagements to be undertaken. But with a duration of five years, and with a maximum limit to the purchases to be effected, the moral effect should be considered, which would result from concerted action on the part of the States interested above all in maintaining the stability of the value of the metal, and in opposing a dam to its uninterrupted fall. Monetary policy, in regard to silver, would be settled for five years, and, besides this agreement of European nations, there would be the certainty of seeing the United States, Mexico, and India remaining faithful to their present line of conduct, as appears from the declarations recorded above. In the last analysis it is on these elements of stability that we must rely for obtaining not a rise, but a certain steadiness in the price of silver, rather than on the quantity of metal purchased by the community of the European States.

Touching upon practical ground, it was asked whether the experiment had not already been made in more favourable conditions. The United States substituted, in 1890, the Sherman Act for the Bland Act. From 1878 to 1890 they bought two millions of dollars of silver every month; dating from 1890, their monthly purchases amount to four and a half million of ounces. This was adding to the annual demand more than would be added on the part of Europe by the de Rothschild plan. Nevertheless, with the exception of an ephemeral rise in 1890, a rise resulting from an ebullition of speculation which thought its risk limited, the price of silver in London has not ceased to fall.

It was urged that Europe, without any preconceived agreement, had absorbed in the three years, from 1889 to 1892, more than 300,000,000 francs (12,000,000*l.*) for the needs of its coinage, and that nevertheless the price had fallen. The experiment to which we are invited has been freely made both in the United States and in Europe.

Emphasis was laid upon the connexion existing between the larger use of silver and the price of this metal. There are two groups of nations, it was said. Some find it convenient to increase their currency, and in consequence have to buy silver; and such nations will always be free to continue their purchases. Others are amply provided with white metal, and would accept the proposed scheme only if it could be proved to them that by means of some sacrifices they could contribute to the maintenance or the increase of the price of the metal.

In the same line of thought, it was replied that the experience of America is not conclusive, seeing that since 1878 political opinion in the United States has been essentially changeable, oscillating between the prospect of free coinage and that of the cessation of Treasury purchases, while Europe held aloof in an attitude which was merely expectant, if not actively hostile to the white metal, and therefore tending to discredit it still further.

This uncertainty of the future, instead of slackening the production, seems to have stimulated it; since mine owners desired to benefit by the present circumstances in throwing upon the market the largest possible quantity of metal, and thus selling in advance of the much-feared realisation of European stocks.

The suggested experiment would be made in entirely different conditions, since it would imply an accord of all united interests.

It is true that the European countries which would become purchasers of the metal are not all in an identical situation. If there are some which can easily add each year a certain quantity of silver to their circulation, there are others which already have a more than sufficient stock of white metal. For the last, a certain compensation for possible sacrifices would be found without doubt in the stability of its value, in the arrest of its fall, and perhaps also in the conditions of greater security in international trade, and in the greater facility of exchanges.

However, for all European nations it would be eminently fitting to study measures tending to add to the silver currency, to increase the scope of its circulation and its debt-paying power. Besides the purchase, an outlet must be thought of. A fixed and concerted monetary policy would have the advantage of presenting guarantees of such a nature as to reassure the interested States and to ward off the menace of an available stock not employed in general circulation.

In the course of the discussion, moreover, it clearly appeared that the silver-producing States, and those in which free coinage exists could only consent to such an agreement in accord with the States of Europe, if they were assured that the newly bought silver would be used as money. Following this same order of thought, it was suggested that in order not to over-burden uselessly the currency, it would be wise not to employ for coinage or for the creation of silver certificates the entire quantity bought, but only a sufficient amount to put into circulation new money of a nominal value equal to that which the silver would have had if it had remained at par. The surplus would constitute a reserve fund, which the purchasing States would agree not to sell again. Such a use of the purchases would be considered as monetary in the sense indicated above.

As this point of the examination of Mr. de Rothschild's plan the question was raised how, if it should be adopted, the purchases should be made. We considered the situation of the States whose banks hold only a limited amount of gold, which serves to correct the rate of exchange in case of an unfavourable balance of international payments. It was suggested that an international agreement would be infinitely more easily obtained, if the Banks of Issue would cease to consider their stock of gold exclusively as an ultimate reserve against any possible drain upon them, if they would abandon the policy of a defensive premium, and allow the gold stored in the vaults to enter into circulation, when there is a need of it for exportation. It is therefore permissible to ask if in the event of an international agreement the intense and exaggerated apprehensions of the necessity and efficacy of large metallic reserves might not be modified.

Having exhausted the general questions, whether of theory or practice, the Committee examined in detail both the project relating to silver purchases and the means hitherto suggested for increasing the use of that metal.

At this point, Mr. de Osma with much tact crystallised in a tangible form the various proposals which form the subject of this Report and which had been referred to the Committee for examination.

Purchase of Silver.

1. The European States which agree upon the basis of this proposal will buy in each year thirty million ounces of silver, on condition that the United States agree to continue their present purchases and that unlimited free coinage be maintained in British India and Mexico.

2. The proportion of the purchase to be made by each country will be determined by agreement.

3. The purchases will be made at the discretion of, and in the manner preferred by each Government.

4. These amounts of silver will be devoted in each country to the monetary uses authorised by the legislation of that State; and the silver will be either coined or made the guarantee for an issue of ordinary or special notes as each Government may think fit.

5. The arrangement will be made for five years. The obligatory purchase of silver will be suspended should the metal reach in the London market a price determined by agreement between the Governments. The purchases may be resumed if the Delegates of the different countries interested should agree upon the fixing of a new limit of price. They should be resumed in any case if the price falls below the original limit.

The writers of this Report think it right to call the attention of the Conference to a divergence in the views which were expressed in regard to the method in which the European States should make these purchases. Should they create a central organisation operating for the common account of the contracting States, to avoid simultaneous and competing purchases; or would it be better, on the contrary, to allow each State absolute freedom to proceed independently in its purchases, conformably to the agreement made?

Increased use of Silver.

The Committee proceeded to examine the proposal of Moritz Levy. As to the plan of Soetbeer, with its more complex provisions, it does not seem to offer a practical basis for agreement.

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The withdrawal of small gold pieces and small notes would assuredly have the advantage of making a larger place for silver in the circulation, and would thus conform to the programme of the Conference. The objections made were based upon—

- 1st. The cost of re-coinage of existing coins.
- 2nd. The unpopularity of the withdrawal of small gold pieces in some countries.
- 3rd. The difficulty of withdrawing small notes in other States.

The text of the proposal was formulated as follows:—

1. The withdrawal from circulation within a period of of gold coins containing a weight of less than 5.806 grammes of fine gold (20-franc pieces).
2. The withdrawal of notes of a less value than the coin of 20 francs or its equivalent, an exception being made of notes representing a deposit of silver.

The Committee was unanimous in declaring that the proposals given above are of extreme interest, and in desiring that they should be discussed in the meetings of the Conference. Consulted on the question whether they think that they could personally recommend the adoption of these resolutions to their respective Governments, in case they should receive the approbation of a sufficient majority of the Conference, the members of the Committee were divided, and a majority of seven votes to six were given for the negative so far as the proposal of Mr. de Rothschild was concerned; while by a large majority the Committee adopted the proposal which bears the name of Moritz Levy, who formulated and defended it, but which owes its origin in the first instance to Mr. de Thoerner.

When the vote was given on this second proposal, and to explain the support which he had given to both of the proposals which had been submitted to the Committee, Sir Charles Fremantle declared that personally he could not recommend his Government to accept the proposals relating to the demonetisation of small gold coins, except in connexion with the plan of Mr. de Rothschild, or some other plan supported by a preponderating majority of the great Powers.

Finally, we would mention that Mr. Montefiore Levi abstained from voting. Belgium being represented in the Committee by one of his colleagues, the President desired to make no use of his right to vote, although the opinions expressed in Committee had only a personal character.

GENTLEMEN,

The Committee which you appointed has completed its first labours. The two proposals above formulated come before the Conference. They have been considered, we repeat in the name of the Committee, of extreme interest and worthy of the serious attention of the Delegates.

MONTEFIORE LEVI, President.
TIETGEN, Vice-President.

G. DE LAVELEYE,
A. RAFFALOVICH,
Secretaries.

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APPENDIX B. TO THE MINUTES OF THE FOURTH SESSION.

DECLARATION of the MEXICAN DELEGATES.

Amongst all the countries concerned in the important question of silver now under your consideration, the country most interested is without doubt Mexico. Mexico is the country in which the largest amount of silver is produced except in the United States, and silver is not only our money, but for long was our sole and still is our chief article of export. Although this fact deserves consideration, we would not exaggerate the importance of our vote in this Conference, and we acknowledge that the opinion of the old-established nations, excelling our own in wealth and economic power, ought to prevail. Mexico is yet in its infancy in the development of its great natural wealth, and has not been able, by lapse of time or by experienced and scientific labour, to attain to the accumulation of wealth possessed by the older nations. We come to this Conference to help you, as far as we are able, to form a true

impression, by communicating to you our opinion, and by informing you what, in our view, will be the effects of the present state of silver on the internal condition of our country, and on its commercial relations with foreign nations, and especially with those of Europe.

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We entirely believe that the great and rich nations of Europe desire the prosperity of the two-thirds of the human race who have not, and cannot have, any money in circulation but silver, and that they will do their best to remedy the perturbation and losses caused by the present state of that metal, so far as is consistent with their own interest. They will remember that these two-thirds of the human race, consisting of nations at a less advanced stage of civilisation than theirs, are their debtors for considerable sums and are consumers to a certain extent of their produce.

We consider that European nations have a real interest in hindering depression in the affairs of their creditors and of the consumers of their produce.

In the opinion of ourselves and of our country we cannot find just or reasonable cause for the present depreciation of silver.

This depreciation is attributed by some to the greater production of silver. Without troubling you with statistics which are well known to you, we may remark that the increase in the production of silver during the last twenty years is greatly inferior to the increase of all the elements concerned in monetary circulation.

Following the unalterable law of the progress of mankind, everything in Europe and the world over has increased in much greater proportions than the precious metals. If we take into account the increase in population, in consumption, in commercial and industrial business, in the budgets of the different States, in the public debt, and in the fiduciary circulation, it might well be maintained that it is the currency which requires augmentation, and in the opinion of learned economists it is there that a remedy may be found for the low prices and the depression in commerce now experienced in most countries.

We shall be asked what, in our opinion, are the causes of this real and tangible depreciation of silver, if we consider that there is no real ground for it; and we do not hesitate to attribute its origin to what may be termed imaginary causes. The first was the development of the mines of California. The United States had no important silver mines before they acquired this country, after their war with Mexico in 1848. They discovered the mines of Nevada, and attracted by the richness of the yield and the grandeur of the enterprise, they believed them to be inexhaustible. To increase and hasten their yield, gigantic works were undertaken (for example, the well-known tunnel of Sutro), in which millions of dollars were sunk, and which, when completed, caused great disappointment; for metal was not found in the deeper levels, and the production, though remunerative, fell to its present level, and was not more than what may be considered normal. But this disappointment gave rise to such rooted distrust of mining enterprise in the public mind, that speculators, with pardonable and natural enterprise, took possession of the field, as indeed they had endeavoured to do a few years before during the great production of gold in California and Australia, and by their efforts alone restrained the rapid diminution in the production of that metal.

It was during this state of opinion in regard to silver that its demonetisation took place in Germany, where apparently there had been no cause for complaint, since the people in general had made no protest on the subject. This demonetisation was due to reasons whose weight we are not in a position to estimate, and was perhaps connected with the desire to aggrandise the institutions of the recently established Empire, of which the Germans were so proud.

Some years later other nations adopted the gold standard with the object of obtaining regularity in their relations with their neighbours, England and Germany. Finally, Austria-Hungary has begun to adopt the gold standard, and this also has affected the price of silver, but without reasonable cause, since the change of standard will still take several years to be fully accomplished. It is necessary to obtain the gold required for carrying out the new arrangement; and, moreover, gold will not take the place of silver, since it will be substituted for paper money only. It is also believed that the silver at present owned by Austria itself will be used for the coinage of small money, and that there will be no surplus to be thrown upon the market.

All these events have greatly contributed to the depreciation of silver, but the resolution of the nations forming the Latin Union to coin no more silver has had still more influence. This measure was taken to avoid the sudden invasion of the silver demonetised in Germany and elsewhere; but there seems to be no longer any reason-

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able ground for it, since it may be stated that that silver has almost disappeared from the market, having been consumed or otherwise disposed of many years ago. Since then the depreciation has increased, and the efforts and great sacrifices made by the United States to restrain it seem on the contrary only to make it grow.

The foregoing is our opinion on the causes which have produced the depreciation of silver, and we confine ourselves to submitting it for your consideration without attempting to deduce the consequences or to propose more or less radical remedies, which, if it is possible, your goodwill and competence will discover, for the purpose of attaining for the general good the happy result which we may anticipate from your labours.

To help to form your opinion let us pass to the results of the depreciation of silver in the country of which we are Delegates.

At the time when the above events took us by surprise, silver (either coined or in bar) was our sole article of export and prescribed the limits of our import trade; for except silver, we did not, in 1873, export more than six millions of piastres in vanilla, tobacco, coffee, skins, &c.

The depreciation of silver, as it has appeared to foreign countries—for in our own country values have not perceptibly changed—has produced an actual premium on exportation. Articles which were not exported formerly are sold now in the markets of Europe and the United States at a loss of 8, 10, or 15 per cent. on the cost of their production and the expenses incurred, because compensation is found in the gain in exchange of 25 or 30 per cent. corresponding to the depreciation of silver; and for this reason the export of articles other than silver has risen from six millions of dollars in 1873 to 27 millions in 1891.

In view of these results we have reason to believe that after a few years we shall be able to pay the value of our foreign imports in produce of the country and in raw material, and perhaps even more than this; and that our silver, of which the present production is 40 millions of piastres a year, will disappear from the European markets. You will judge whether this disappearance will be useful or injurious in European transactions, especially in those which deal with Asia.

But if silver remains in Mexico in larger quantities than it has hitherto done, productive employment for it must perforce be found. Agriculture will certainly be developed, but, considering the special circumstances of the country, we think that industrial work will be preferred. The production of our own manufactures will cause a proportional diminution in the consumption of European manufactures, and will in time end by completely superseding some of them. This consequence of the increase in the currency of Mexico is already beginning to be realised. For a long time we have had, if not many, yet very important manufactures of cotton and woollen fabrics, of paper, &c., and their number has been increasing the last few years. Last October a manufactory of cotton fabrics of all sorts was opened at Rio Blanco, near Orizava, on the Mexican and Vera Cruz Railway, the importance of which may be estimated by its having cost already above 5,000,000 piastres, that is to say, 25,000,000 francs. Besides this noteworthy example, we often find in our newspapers accounts of the establishment of new manufactures of various kinds; of metal foundries, some of them on a large scale, as those begun two years ago at Monterey and at San-Luis de Potosi, to utilise our argentiferous lead banished from the United States by an almost prohibitive duty; of manufactories of soap, of Portland cement, and of many other articles.

We are sure, then, that if our silver must desert the European markets we can utilise it otherwise, though to reach that goal we must endure some years of inconvenience and trouble which are inevitable in the radical change of a long standing and advantageous state of things. We shall have for many years the further use of our dollars in the markets of Asia, where for many years they will continue to be preferred to all other money. We shall be able to send them thither direct by the speedy completion, we hope next year, of the inter-oceanic railway across the Isthmus of Tehuantepec. This new route will considerably diminish the distance from Asia, not only for all American nations, but also for those of Western Europe. The passage also will have the advantage of a much better climate than that of Panama, and of the other inter-oceanic railways of America.

We have now endeavoured, according to our promise, to bring together the facts which should help you to form your opinion, and to propose to your Governments the means that you judge to be possible and desirable to cure the evil produced among all nations in a greater or less degree by the depreciation of silver. We repeat that we

have the fullest confidence that you will propose all that is compatible with the interests of the great nations you have the honour to represent, and with sympathy for those who suffer from the causes we have enumerated.

We hope also that your Governments, who have shown the respect they entertain for you by sending you to this important Conference, will ratify the wise and benevolent measures that you will submit to them as the fruit of your enlightened and beneficent labours.

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FIFTH SESSION.

Tuesday, December 6th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

All the Delegates were present, with the exception of MR. TIETGEN, *Delegate of Denmark*, and MR. LARDY, *Delegate of Switzerland*.

The Session opened at 2 o'clock.

Discussion
on Report of
Committee.

Sir Rivers
Wilson.

SIR RIVERS WILSON (*Delegate of Great Britain*) spoke, in French, as follows:—

Before approaching the Report of the Committee, which is to be the subject of our deliberations to-day, I wish to say that the views which I shall have to put forward are entirely shared by my honourable colleague, Sir Charles Fremantle, and that I am speaking in his name as well as my own.

In the first place I desire to recall to the Conference the attitude of Her Majesty's Government upon the monetary question. The invitation of the United States in its original form contemplated the meeting of a Conference to examine the possibility of establishing by international agreement a fixed relation between the values of the two precious metals. Her Majesty's Government did not find it possible to accept an invitation conveyed in terms which might give rise to misunderstanding by implying that there was some doubt as to the maintenance of the monetary system which has been in force in Great Britain since 1816. At the same time the commercial interests of Great Britain, as well as those of India and of the British possessions in the Far East, where silver alone is used, did not allow Her Majesty's Government to view with indifference the drawbacks resulting from the fall, and, more especially, from the fluctuation in the value of silver.

Her Majesty's Government therefore accepted the invitation of the United States in its modified form, that is to say, to consider what measures, if any, could be adopted for the purpose of increasing the use of silver as currency. The instructions which the Government has given to the representatives delegated in response to this invitation allow us great freedom of action, but at the same time we are not authorised, either by speech or by vote, to bind our Government to any particular course of action.

It is clear, I think, that all the Governments who have sent representatives to this Conference, even those who have instructed their Delegates to act with the greatest reserve, recognise the presence of a danger; otherwise there would be no justification for our presence here.

What then is the danger which is exciting the public mind? The note of warning has reached us from the United States; and it is, to say the least, doubtful whether the United States Government can possibly continue indefinitely the gigantic efforts which it has made without effect for so many years to maintain and to raise the price of silver. We need not inquire whether the policy which has governed the currency legislation of the great Republic of the West was wise in its conception; but it cannot be denied that it has not realised what was expected from it, and that it is in a great measure the cause of the position in which we at present find ourselves. In any case the suspension of silver purchases by the Treasury of the United States has become the practical question of the day, and that event might, under certain circumstances, lead to the suspension of free coinage of silver in India.

What are the results to which this double action on the part of the great purchasers of silver might lead? Certain high authorities believe that the sudden cessation of the purchase of silver in the United States, and the closing of the Indian mints, should these events actually occur, would lead to a heavy fall in silver and a disastrous disturbance of commerce. Others, again, contend that the fall in silver has been already

in a great measure discounted, and that the removal of the uncertainty which at present weighs upon the market would have a tranquillising effect rather than the opposite, and would bring about that stability which is the great object in view.

Considering these divergent ideas, what is the conclusion at which we should arrive? On the one hand, no doubt, a plan might be worked out which would be more or less a continuation of the experiment of the United States, that is to say, an attempt to maintain artificially the demand for silver, in the hope of succeeding where the United States have failed; or, on the other hand, we may do nothing, leaving the ratio between gold and silver to settle itself under the influence of natural causes.

The instructions which we have received from our Government require us, before concluding that matters must be left as they are, to examine with the greatest care any plan which may be submitted for the purpose of extending the monetary use of silver. In order to avoid all misunderstanding, I desire, on behalf of Sir Charles Fremantle and myself, to make in the face of this assembly our profession of faith. Our faith is that of the school of mono-metallism pure and simple. We do not admit that any other system than the single gold standard would be applicable in our country. The only plans which have as yet been studied by the Conference are those of Mr. Moritz Levy and Mr. de Rothschild, and we are willing to admit that the adoption whether of one or both of these plans would perhaps not be incompatible with the principles which we hold. But it is not enough that these schemes would be defensible in principle. We have to ask ourselves this question, without entering at present upon the discussion of their merits or defects;—has either of those plans the least chance of meeting with such a preponderance of support as would justify the representatives of Great Britain in recommending Her Majesty's Government to take them into consideration? So far as concerns Mr. de Rothschild's plan, it can hardly be said that it has received such a measure of support. This fact, apart from other considerations, is sufficient to decide us to abstain from taking part in a discussion of detail which we know beforehand would be absolutely fruitless. There remains the proposal of Mr. Moritz Levy, which would involve the withdrawal of the half-sovereign. It would be equally useless for us to discuss this measure, since Great Britain would undoubtedly be unwilling to submit to the inconvenience of such a withdrawal unless it were presented in conjunction with a plan offering advantages which a preponderant majority of the Powers would recognise.

Proposals will no doubt be put before us. It is possible that a plan may be formulated which will obtain the support of the Conference. Provided that such a plan were not in conflict with the principles which we have laid down, we can assure the Conference that it would receive the most serious consideration from the Government which we have the honour to represent.

SIR WILLIAM HOULDSWORTH (*Delegate of Great Britain*) handed in a proposal and asked that it might be printed and referred to the Examining Committee. (Agreed).

MR. MCCREARY (*Delegate of the United States*) repeated, in English, the following speech:—

MR. PRESIDENT AND GENTLEMEN OF THE CONFERENCE,

As one of the Delegates of the United States of America to the International Monetary Conference, I am much interested by the diligence manifested and by the large attendance to hope for good results.

When the Monetary Conference of 1875 was first assembled at Paris, France, only twelve nations were represented, and when the Monetary Conference of 1881 first assembled at the same place only thirteen nations were represented; but when this Conference was first called to order on the 22nd of November 1892, in the beautiful and historical capital of Belgium, every seat was occupied, and twenty nations were represented. This is conclusive evidence of the deep interest taken by the leading nations of the world in monetary questions. It proves also that the commercial relations of different countries grow firmer and more intimate as years roll by, and in the liberal spirit of our age Governments and Peoples unite in candid discussions and friendly intercourse, not only to preserve peace and to promote its arts, encourage its manufactures, and increase its welfare.

Political science shows that civilised nations constitute a great commercial commonwealth, and that evils or disasters which cripple or injure one nation will eventually be

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* See Appen-

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felt by other nations connected with it by commercial intercourse; therefore both wisdom and patriotism require such international action as will preserve, if possible, the welfare of nations.

It is admitted by all that the monetary situation of the world causes serious disquietude, and perhaps threatens disaster, and that the relations of gold and silver in respect of each other have not been good for nearly two decades.

Mr. Beernaert, Minister of Finance, in his address inaugurating this Conference, appropriately declared "those who will find a remedy for the difficulties and perils of the actual monetary situation will certainly have merited well of humanity;" and the distinguished President of this Conference, Mr. Montefiore Levi, in accepting his high office, said with much force that the Delegates had assembled "to find, if it exists, a means of palliating, by a more general use of silver in monetary circulation, the serious inconvenience from which every civilised nation suffers to a more or less degree." Whether the monetary situation has been produced by the demonetisation of silver in Germany or the limitation of coinage by the nations of the Latin Union, or by the increased production of silver in the world, as has been alleged, or by other cause, the fact remains the same, and a remedy is imperatively needed to remove the evils from which the nations of the world are suffering.

I appreciate the attention given by Mr. Alfred de Rothschild, of the British Delegation, to the important business of this Conference, and I am glad that he is so impressed with the necessity for some action concerning monetary questions, that he has suggested a "palliative" for existing conditions. His eminence as a financier and his prominence as an advocate of the gold standard gives to his proposition unusual importance, and illustrates the gravity of the currency crisis in Great Britain as well as in Europe.

I cannot, however, support the plan as presented by him. I cannot agree that it is a just or proper remedy for the American Government to continue to purchase silver bullion to the extent of fifty-four millions of ounces, yearly, at a price not exceeding one hundred cents to the dollar on the condition that European Powers make yearly purchases amounting to five millions of pounds sterling for five years at a price not exceeding forty-three pence per ounce standard, and if silver should rise above that price the purchases for the time being to be immediately suspended.

I cannot quite see why we in America should be required to pay if necessary one hundred cents to the dollar while European Powers only pay not exceeding seventy-three cents to the dollar, and the purchases to stop if silver should rise above that price. Under such conditions it seems an unequal distribution that we should be expected to purchase double the quantity of silver contemplated for Europe.

The object of the Conference should be not to fix a price which will keep silver below par but to enlarge the use of silver and restore to it the parity value it had with gold prior to 1873 when it was first outlawed.

The statement of Mr. de Rothschild that if the Conference should break up without arriving at any definite result there would be a depreciation in the value of silver frightful to contemplate, and out of which a monetary panic might ensue, is very significant, but his plan seems insufficient to meet the grave situation he presents and inadequate as a remedy for decreasing prices and distressed agriculture. The complaints of English Chambers of Commerce; the recent statement of Archbishop Walsh that "the adoption of bi-metallism or of some similar remedy, is a matter of imperative necessity, that is if the agricultural tenants of Ireland are not to be driven to inevitable ruin"; and the speech of Mr. Balfour, one of the ablest and most distinguished members of the British Parliament, in which among other things he said: "I believe the bi-metallic solution is possible and adequate . . . I do say that the instrument of exchange which you actually have is a bad instrument, and I offer you for your acceptance an instrument which, if not perfect, is at all events practicable, and is incomparably better than any which you are likely to obtain by any other means of which I have any knowledge"; all these present the situation in Great Britain. It demands, and will receive after awhile, broader recognition and a better remedy than that suggested by Mr. de Rothschild.

I now wish to call the attention of the Conference to another plan which has been presented for consideration.

The President of the United States of America proposed an International Monetary Conference, in accordance with an Act of Congress, which declared that the object of the Conference is to secure, internationally, a fixity of relative value between gold and silver as money by means of a common ratio between those metals with free mintage at such ratio.

The Delegates of the United States are ready, therefore, to co-operate with the Delegates of other nations in a candid and earnest effort to maintain the monetary function of both metals, and to this end, after submitting the general plan of bi-metallism favoured by the United States of America, we have submitted also the plan favoured by us as Delegates, which is as follows:—

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1. That the re-establishment and maintenance of a fixed parity between gold and silver, and the continued use of both as coined money of full debt-paying power, would be productive of important benefits to the world.
2. That these ends can be accomplished by removing the legal restrictions which now exist on the coinage of silver into full legal tender money, and restoring, by international agreement, the parity of value between the metals which existed prior to 1873 at such ratio as may be decided upon by this Conference.
3. That the essential provisions of such an international arrangement should be:—
 - (a.) Unrestricted coinage of both gold and silver into money of full debt-paying power.
 - (b.) Fixing the ratio in coinage between the two metals.
 - (c.) Establishing a uniform charge (if any) to the public for the manufacture of gold and silver coins.

This is a plain business proposition. If adopted, necessary details can be easily arranged. It announces no new theory, it proposes no untried system. It only opens the way for a return to the time-tried and time-honoured system under which gold and silver for so many years were at *par*, and were equal instruments of exchange. Acts of Parliament, Laws of Congress, Edicts of Monarchs, have changed the relative value of gold and silver. If silver is restored to all of its former privileges and power as money by international agreement on a fair and just ratio the parity of value between the metals will soon be established.

It should be understood that the American Delegation have no power to bind their country. We are authorised to consult with the members of the Conference for the purpose of elucidating or solving an important problem, and if we agree on a solution we will report the result to our Government, and Congress will take such action and give such validity to the work as seems proper.

That the situation in my country may be fully known, it is proper that I should say that the two great political parties of the United States have recently been involved in a struggle for supremacy. The election was held on the 8th of November, and Mr. Cleveland, the Democratic candidate, was elected President, but he will not be inaugurated as President until March 4, 1893. I am a Democrat, and I supported Mr. Cleveland when he was first elected President in 1884, and I supported him at the late election, and I believe our people, without regard to political parties, will generally endorse the plan submitted by the American Delegation.

On July 14, 1890, the silver bullion law now in force in the United States was passed. This Act compels the Secretary of the Treasury to purchase, from time to time, silver bullion to the aggregate amount of 4,500,000 ounces, or so much thereof as may be offered, each month, at the market price thereof, not exceeding \$1 for 371.25 grains of pure silver, and to issue, in payment for such purchases of bullion, Treasury notes of the United States in sums not less than \$1, nor more than \$1,000. These Treasury notes are redeemable on demand in coin, and when so redeemed may be re-issued. Other statutes declare that it is the settled purpose and policy of the United States to maintain silver and gold in circulation at *par* with each other.

This law is not entirely satisfactory to either party. The National Republican platform adopted at Minneapolis, June 9th, 1892, declares:—

“The American people, from tradition and interest, favour bi-metallism, and the Republican party demands the use of both gold and silver as standard money, with such restrictions and under such provisions to be determined by the legislation as will secure the maintenance of the parity of value of the two metals, so that the purchasing and debt-paying power of the dollar, whether of silver, gold, or paper, shall be at all times equal,”

and commends—

“the wise and patriotic steps already taken by our Government to secure an International Conference, to adopt such measures as will insure a parity of value between gold and silver for use as money throughout the world.”

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The National Democratic platform adopted at Chicago, June 22nd, 1892, opposes the Silver Bullion Act of 1890, and declares it is fraught with possibilities of danger in the future, which should make all of its supporters, as well as its authors, anxious for its speedy repeal, and asserts:—

“ We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discrimination against either metal or charge for mintage, but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value, or be adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity of the two metals and the equal power of every dollar at all times in the markets and in the payment of debts; and we demand that all paper currency shall be kept at a par with and redeemable in such coin, and we insist upon this policy as especially necessary for the protection of the farmers and labouring classes, the first and most defenceless victims of unstable money and a fluctuating currency.”

Speaking for myself only I express the opinion that the silver law known as the Act of 1890 now in force in my country will be repealed. It is possible this will be done at the present session of Congress. If not this session I believe it will be certainly repealed at the next session of Congress.

I have presented the situation in the United States on silver coinage and the declarations made by each of the great political parties when their respective candidates for President were nominated, so that the members of this Conference may understand exactly where we stand, and know that both of the great political parties favour bi-metallism.

The Delegates of the United States are not induced to present their plan or to attend this Conference by the fact that ours is a large silver-producing country. The Constitution of the United States confers on Congress the power to coin money and prohibits the States from coining money or from making anything but gold and silver coin a tender in payment of debts. Hence both gold and silver became the specie currency of our country from the very organisation of our Government. The first Mint Act adopted by our Congress in 1792 provided for the free coinage of both gold and silver on a perfect equality, and long before silver was produced in appreciable quantities in our country we had what is called the double standard. The United States as a nation has no interest in the working of silver mines or gold mines and raises no taxes from such products.

Our recent census shows the total value of the products of our agriculture, our industries, our mines and our forests, to have been in one year (1890) thirteen thousand millions of dollars, while the average production of silver for the last five years in the United States amounted annually to 50 millions of dollars commercial value. Our production of Indian Corn in 1891 is valued at 836 millions of dollars in round numbers. Wheat, 513 millions of dollars. Oats, 232 millions of dollars. Cotton, 302 millions of dollars. The product of pig-iron alone in the year 1890 was 151 millions of dollars, or more than double the value of the product of our silver mines and the product of our coal mines, in the same year was 171 millions of dollars, which is three times the value of the product of our silver mines, and our external commerce is becoming more extensive every year. As stated substantially by Senator Allison, it is to our interest and conducive to the happiness of the people to extend our production and enlarge our commerce; compared with them the products of our silver mines are not important, but the value of silver affects all of these products, all values and all exchanges of them, and it is because of the desire of our people and of our law-making power to rectify this evil and increase the money use of silver, and thus add to our prosperity and to the prosperity of other nations, that we are here.

The Monetary Conference of 1878 declared “ that it is necessary to maintain in the “ world the monetary functions of silver as well as those of gold.” After the lapse of fourteen years the truth of this statement is clearer and more impressive than ever before.

The demand for the enlarged use of silver grows with the world's growth in business and trade. The progress of the present age, the immense development of every kind, the numerous railways in both hemispheres, and the great fleet of ships laden with the commerce of the world, the telegraph lines making all commercial centres one market, and the rapidly growing tendency to international unity, imperatively require large and ever increasing amounts of money.

Neither the stock of gold now in the world nor the anticipated supplies from the mines is sufficient to meet the demand. In the United States of America, the largest gold-producing country of the world, the product of gold in 1891 was 33 millions of dollars. In the year 1878 the product of gold in the United States was 51 millions of dollars; in 1877 it was 46 millions of dollars; and in 1886 it was 35 millions of dollars. Last year it was 18 millions less than in 1878.

The annual production of gold in the year 1890 was 120 millions of dollars.

If from the world's annual product of gold there is deducted 60 millions of dollars, which according to Mr. Burchardt and Dr. Soetbeer is the annual consumption of gold in arts and manufactures there remains but 60 millions of dollars as the annual product of gold. I presume no candid and well-informed person will claim that this amount is sufficient to meet the increasing demands of the world.

Mr. Goschen has well said:—

“ A campaign against silver would be extremely dangerous even for countries with a gold standard. . . . If all States should resolve on the adoption of a gold standard would there be sufficient gold for the purpose without a tremendous crisis? ”

It is believed the product of silver mines has reached a maximum in the United States of America, and perhaps in the world. In the last five years the average production in the United States has been about 50 millions of dollars per annum, commercial value, and the Director of our Mint estimates a decrease this year of 6 millions of dollars. The commercial value of the products of the silver mines of the world for the last five years has averaged in round numbers 120 millions of dollars per annum. From this must be deducted 25 millions of dollars, the annual consumption of silver in arts and manufactures. This leaves only 60 millions of dollars of gold and 95 millions of dollars of silver to be distributed annually among the nations of the world, with the amount annually consumed in arts and manufactures increasing every year.

It is interesting to note in this connexion, after all that has been said about the rapid increase of silver and its fluctuations, that it can be quite clearly shown that the supply of gold has increased proportionately more than silver in the last forty-four years taken together, which embraces the period of marked increase of gold and silver; and that silver has fluctuated less than gold when compared with the prices of commodities.

In monetary questions there are certain axiomatic facts which have been repeatedly asserted and which are self-evident. Among those one of the most important is that the amount of money circulating in the country fixes the price of all property and labour which are exchanged for money.

Another is that the law of supply and demand applies as well to money as to all other things of value, so that if the amount of money is diminished in a country the reduced amount will have the same purchasing power and will buy as much land, labour and the products of labour, as the larger amount would have bought before it was reduced.

The owners and holders of money, bonds, and mortgages are directly interested in reducing the volume of money because it increases the purchasing power of their money or its equivalent. But the interest of the farmer, the labourer, and the producer demand a constantly increasing volume of money because the rate of such increase regulates the price of property and the wages of labour. The shrinking volume of money and the decreasing prices so much complained of unquestionably have a tendency to concentrate wealth and to enrich the few and impoverish the many. I believe gold mono-metalism helps the few who are rich, but hurts the masses. It makes gold more valuable and everything else, including silver, of less value. There is in volume nearly an equal amount of gold and silver in the world. When silver is stricken down the amount of coin is reduced and the result must be a diminished *per capita* amount of money and constant shrinkage of values.

If decreasing prices and depressed markets continue long, capital will finally be affected and it will find many of its channels of usefulness and profit closed. It is the real interest of capital everywhere that prosperity should bless all classes and that every industry should be remunerative. The time has come when the law-making powers of the world and the money-owning powers too should awaken to the fact that all people have rights, and that all proper steps should be taken that will benefit the great mass of mankind and push industrial, commercial, agricultural, and financial interests all forward together.

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In conclusion I desire to say that I believe the best aim of this Monetary Conference would be the general remonetisation of silver and the unrestricted coinage of both gold and silver into money of full debt-paying power with a permanent international ratio between the two metals of $15\frac{1}{2}$ to 1 or 16 to 1, and I prefer the latter. This, in my opinion, is the system which will give monetary unity and stability of the value of money and furnish the best remedy of which I have any knowledge for existing evils from which all civilised nations are now suffering.

Withdrawal
of Mr. de
Rothschild's
proposal.

MR. DE ROTHSCHILD (*Delegate of Great Britain*) informed the meeting that after the important declaration of the honourable Delegate of the United States he considered it his duty, out of respect to the Conference, to withdraw the plan which he had had the honour to lay before it. He took this opportunity of thanking all the Delegates for the goodwill and sympathy with which they had received his modest contribution to the solution of the complex and difficult problem which was before them.

He added that he was anxious not to waste the valuable time of the Conference. He had not submitted his plan to the United States Delegates before handing it in, but he had sounded them on the subject, and had believed that his proposal would be of a kind to give them satisfaction. One of them had just pronounced against the adoption of the plan, and it only remained for him to withdraw it.

He felt bound to express once more his most lively gratitude for the manner in which his intervention had been received.

THE PRESIDENT thanked Mr. de Rothschild in the name of the Conference for the attempt which he had made to find a ground of agreement. Before declaring that the plan was no longer to be included in the discussion, he asked whether any member of the Conference desired to take up this proposal, which had been under examination by the Committee, and which had only just begun to be discussed in full Session.

Mr. Sanchez
de Toca.

MR. SANCHEZ DE TOCA (*Delegate of Spain*) thought it necessary to bring out clearly two points which followed from the withdrawal of Mr. de Rothschild's proposal.

In the first place, he pointed out that Mr. de Rothschild's proposal was no longer the exclusive property of its author. It had become a part of the Report of the Committee, in which were included also other proposals of great value, and, in particular, the proposal for the withdrawal of small notes. This proposal ought still to be discussed, and even after the withdrawal of Mr. de Rothschild's proposal there remained other points of importance to be debated.

In any case, as Mr. de Rothschild's plan appeared to be finally excluded from the discussion, he thought it his duty, in the name of his entire Delegation, to indicate very precisely what their attitude with regard to it would have been.

He would refrain from dwelling upon the introduction which Mr. de Rothschild had prefixed to his plan, or upon the comments of the Committee, and would confine himself to the text of the proposal. The text, in the form in which it was drawn up, and in its essential points, deserved the complete approval of the Conference. It showed, in fact, a tendency towards raising the value of silver, the necessity for which was felt by public opinion in Spain with almost as great unanimity as in the United States. The Spanish Government had accepted the invitation of the United States not merely out of courtesy, but with the most lively desire to co-operate in adopting a satisfactory solution. The Government had contemplated the possibility of an agreement between the nations upon the monetary problems, which were a subject of such deep interest to all countries, and to all classes of society.

Whatever the results of the Conference might be, he was anxious to say, since opportunity had offered, that Spain would attach a high value to the initiative taken by the United States and to the courteous hospitality of the Belgian Government.

The Spanish Delegates, in laying before their Government the line of conduct which they proposed to follow, had pointed out that as no concrete proposal had yet been made they considered that the best mode of interpreting the opinion of Spain would be to receive favourably in principle any proposal tending to raise the price of silver. This tendency was to be found in Mr. de Rothschild's proposal, though in other respects perhaps it was inadequate. The Spanish Delegates, therefore, would have voted in its favour, though at the same time retaining the hope of seeing other proposals made in the course of the discussion—proposals which might give a prospect of more ample results.

Mr. de Rothschild's scheme had been charged with being no more than a simple palliative. It was precisely because of its empirical character that it could be taken into consideration without giving rise to purely theoretical discussions. It must not be forgotten that in all countries and in the world's market the monetary question could not escape from this argument in a circle:—Silver was depreciated because there was not free coinage, and the nations would not have free coinage because of the depreciation of silver. If by empirical measures, more or less open to discussion, it were possible to maintain and subsequently to raise the price of silver, a decisive step would have been made towards the final solution of the problem.

Withdrawal
of Mr. de
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proposal.

Mr. Sanchez
de Toca.

If, then, the proposal of Mr. de Rothschild was no longer to be included in the debate, it still remained to discuss the other points of the Report. The examination of those points might lead to a practical result of great importance.

THE PRESIDENT remarked that at the present moment the only question was with regard to the withdrawal of Mr. de Rothschild's proposal. The Report of the Committee dealt with other proposals which would as a matter of course remain under discussion. He thought it right to state that the Committee was already in possession of a proposal of Mr. Tietgen, that the proposal just handed in by Sir William Houldsworth would be brought before it, and that other plans might still be presented. The work of the Committee could therefore usefully be continued.

As no one requested to speak in order to take up Mr. de Rothschild's proposal, THE PRESIDENT announced the opening of the discussion upon Mr. Moritz Levy's proposal.

MR. VAN DEN BERG (*Delegate of the Netherlands*) read the following speech:—

Mr. de Rothschild's plan having been withdrawn, all that we have left of our Committee's Report is the examination of the Moritz Levy plan. But considering the declaration of the President, which appears in the Minutes of the last meeting, to the effect that there must be full liberty to treat the question from a general point of view, I do not think that I shall be out of order in submitting for your consideration a few remarks of a general but at the same time of a practical character, which are suggested to my mind by Mr. Currie's speech.

Discussion
resumed on
Levy pro-
posal.

Mr. van den
Berg.

I do not think that I am mistaken as to the meaning of that remarkable speech if I sum it up thus, in a few words:—There is enough gold in the world, and matters will arrange themselves if they are allowed to take their own course. Do not let us obstruct by artificial devices the natural course of events. Let all nations try to keep their finances sound, and a good monetary policy will naturally follow.

Let us admit for a moment, gentlemen, that the honourable Delegate of Great Britain is right, that there is an absolute abundance of gold, and that, as I heard one of my colleagues on the Committee say, we are swimming in gold, because the cellars of all the central banks of Europe are full of it; but why then, I ask, do the advocates of gold, the mono-metallists, shrink from the natural and inevitable consequences of their theory and of their principle?

The virtue of a principle, in my opinion, is in its practical application. It is no use to say, "Perish our colonies but preserve our principle." I do not subscribe to such a doctrine, and I am suspicious of a principle when I am not prepared to accept full and complete responsibility for all its results. From this point of view, in the name of my colleague and of a very large majority of my countrymen, I accept freely, and without any reservations, the consequences of our bi-metallic theory. We, in Holland, are unanimous in the belief that, should an international bi-metallic agreement admit gold and silver to free coinage at a fixed ratio, the union between the two metals would be re-established, and would be maintained on a fixed basis, as in fact it was maintained during nearly three-quarters of a century, in spite of the extreme variations in the production of gold and silver respectively which took place in that period. I need not remind you, gentlemen, that from 1800 to 1820 silver yielded 75 per cent. and gold 25 per cent. only of the total value of the precious metals produced. Gradually the production of gold increased, while the production of silver continually diminished relatively to the production of the yellow metal; until, after the discovery of the Californian and Australian mines, the two metals arrived at a position exactly the reverse of that which I have just mentioned, for it was gold that now yielded 75 per cent. of the world's production, while silver sank to 25 per cent., and took the place which gold had occupied half a century before.

Well, notwithstanding this complete inversion of the respective production of the two metals, the ratio between gold and silver remained nearly fixed and steady, and I

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believe that that ratio would have been maintained permanently if the use of silver had not been proscribed by legislative enactments. It must be admitted that the increase in the production of silver, of which we hear so much, has only a very slight importance in comparison with the development in the production of gold towards the middle of the century which is now approaching its close.

These are the considerations, gentlemen, which strengthen us in our bi-metallic faith, and which make us willing to accept, as I said, without any reservation, all its consequences. But how do our opponents stand with regard to the principles on which they profess to base their opinions?

I need not point out, gentlemen, that the principle of gold mono-metallism presupposes a currency system of the kind which is to be found at the present time in England, and nowhere else. Under this principle gold is the sole legal tender, and silver coins are not legal tender to more than a certain very limited amount. The system of the "limping standard" (*étalon boiteux*), which is in force at the present time in almost all European countries,—that is to say, in the countries of the Latin Union, in Germany, and in Holland,—is directly opposed to the principles upheld by the mono-metallists. I ask you, gentlemen, whether among the advocates of mono-metallism there is a single one who would dare to take upon himself the responsibility for the results of his principle and to urge the demonetisation of the enormous masses of silver coin which still circulate as "legal tender," as lawful money, in France, Belgium, Italy, Germany, Holland, and elsewhere.

This is not the moment to occupy your attention with statistical details. You are all probably aware that, according to the researches of our learned colleague, Mr. de Foville, the amount of silver coin at present circulating in France is estimated at 2 or 2½ milliards of francs (80,000,000*l.* to 100,000,000*l.*), and I shall certainly not be erring on the side of exaggeration if I estimate at 3½ or 4 milliards (140,000,000*l.* to 160,000,000*l.*) the circulation of silver coin of full legal tender in the whole of Europe and in the colonies of certain countries, as, for example, those of the Netherlands.

Let us give every advantage to the gold party, and concede that the withdrawal of these enormous masses of silver might be carried out without difficulty, and that it would be easy to find all the gold necessary for replacing the silver which, according to the doctrine of the mono-metallists, must sooner or later vanish from circulation. But even in that case we should not have solved the great problem on which we are engaged, since it is not with European countries only that we are concerned. The question is not an European question merely, but a cosmopolitan question, which intimately concerns the interests of all nations, whether civilised or more or less barbarous.

In expressing this view I touch upon the side of the monetary question with which I have been specially concerned, since that question first arose. I need not remind you, gentlemen, of the important part which phrases often play in political questions. In the monetary question, as was justly remarked by Mr. Vrolik, one of the Delegates of the Netherlands at the Monetary Conference of 1881, people have been carried away by one of those sounding phrases which are quoted and re-quoted until in the end everybody repeats them without having formed any clear idea as to whether they are true or not. The phrase in this case is that gold should be the standard of the rich and civilised nations, silver that of the nations which are backward and uncivilised; that, in a word, gold is for the western peoples, silver for the eastern.

It is against this phrase, this proposition if you like, that I have always contended. For more than 30 years I have been occupied with monetary questions in general, and the posts which I have filled in the Dutch East Indies, as well as my present position at the head of the Bank of the Netherlands, have enabled me to study the monetary question under nearly all its aspects and in all its relations. During the whole of that time I have remained constant to the doctrine that of all the functions which money performs in the social organism, the most important is that which it performs as the standard of value. Whatever importance may attach to the use of money as a means of exchange between individuals and between nations, and whatever preference may, as civilisation advances, be given to the use of gold or to the use of silver, the supremely important point is that the standard of value, which exercises an influence upon all social and commercial relations—as was so well pointed out by our distinguished and courteous President in the speech which he made on taking the chair—should preserve not an absolute stability, for that would be contrary to the nature of things, but as great a relative stability as possible.

It was on these lines that more than 16 years ago I contested the proposition put forward by the lamented Victor Bonnet, in an article on the depreciation of silver which appeared in the "Journal des Économistes" for December 1875, to the effect that—

"The gold standard is in no way suited to the countries of the Far East, and those countries ought not to be included among the competitors who will have to struggle for their share in the annual production of that metal."

My answer was contained in a letter dated Batavia, March 30, 1876. I refrain from inflicting it upon you, as it is rather long, but I hope that the Conference will agree to its reproduction *in extenso*, as an Appendix to the Minutes of the present Session.* In that letter I endeavoured to prove that the East could not withdraw with impunity from the general economic laws which govern the currency in the civilised countries of Europe; that there, as here, the nature of things is opposed to the maintenance as a measure of value of a metal subject to continual and violent oscillations in value; and that the East would find itself compelled to follow the general movement towards gold in order to escape from profound disturbances in its internal economic situation, and in its commercial and financial relations with foreign countries.

And now, gentlemen, I ask you whether any prediction was ever more completely fulfilled. We see British India struggling against the difficulties and dangers which have been produced by the inaction of their Government with respect to the measures which it might and, in my opinion, should have taken, in order to ensure the monetary standard of the country against the fluctuations and oscillations which have for long disturbed all business and all social relations. We know that the British Government has been compelled to open an inquiry to obtain information upon the present monetary position in India, and we have been informed by the declaration of Sir Guilford Molesworth, one of the Indian Delegates, that very serious attention is at present being given to the measures which should be taken for establishing the currency system of India on the same basis as that of England, namely, upon a gold basis.

Under these conditions, gentlemen, even supposing that no change is made in the present monetary policy of the United States, is it still possible to maintain the doctrine, I will not say of the abundance, but of the sufficiency of gold for the monetary use of the nations? For my part I am firmly convinced of the contrary. I cannot contemplate the future without terror, if we persevere in the path which Europe has unfortunately entered, by abandoning and proscribing silver and by relying upon gold alone for international exchanges. It is true, as the great poet Victor Hugo said, that "the future rests with no man, the future rests with God"; but of one thing I, for my part, am sure, that universal mono-metallism is, by the nature of things, an unattainable Utopia, and that universal bi-metallism is the only safeguard against the fatal results of the operation which mono-metallists propose to perform on the social organism, namely, to cut off the silver arm in order to cure the golden arm.

In borrowing this jest from the immortal author of the "Malade Imaginaire," I run the risk of being told that I am too anxious about an imaginary malady of the body social; but Mr. Allard's remarkable speech at our last meeting gave you the diagnosis of what appears to me to be a very grave and serious disease, and for the moment I cannot do better than endorse his admirable exposition.

SIR W. HOULDSWORTH (*Delegate of Great Britain*) read in English the following speech:—

I do not know that any apology is necessary on the part of any Delegate to this Conference who rises to take part in its discussions. But I may perhaps be allowed to say that under ordinary circumstances I should have been quite content to allow one or more of my colleagues from Great Britain to represent the opinion of our country on the questions submitted for your consideration. I feel, however, that in more respects than one I occupy a peculiar position, and that on that account I have an individual responsibility laid upon me which I cannot devolve upon others, or share with my friends who sit beside me.

The declaration which has just been made by my colleague, Sir Rivers Wilson, makes it all the more necessary that I should speak on this occasion. In the first place I am, from my position and antecedents, more peculiarly identified with industrial and commercial life than any of my honourable colleagues, and I need scarcely stay to remark that it is industry and commerce in their widest aspects which

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* See Appendix B. to the Minutes of the present Session.

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are most vitally interested in and will be most profoundly affected by the decisions at which this Conference arrives. In the second place, I have had the honour and the responsibility of sitting upon both of those important Commissions in England which were appointed specially to examine into questions intimately connected with that which we are called upon to discuss here. I refer to the Royal Commission on the Depression of Trade, which sat in 1885, and the Gold and Silver Commission which sat in 1887-8.

Now, with regard to the first of these Commissions, without going into details, I feel bound to bring before this Conference certain conclusions which appear in the Reports. The origin of the Commission was the widespread feeling in Great Britain, even so far back as 15 years ago, that a deep and abnormal depression of trade had set in, which, unlike previous depressions, showed no signs of recovery. All available statistics were brought before us, and a large body of evidence was taken. Conflicting opinions were expressed both as to the extent and as to the causes of the depression; but at last these five definite conclusions were arrived at:—1. That the depression dated from the year 1873 or thereabouts. 2. That it extended to nearly every branch of industry, including agriculture, manufactures, and mining, and that it was not confined to England, but had been experienced to a greater or less degree in all the industrial countries of the world. 3. That it appeared to be closely connected with the serious fall in general prices, which even then was most observable, though it has since been more strongly marked, resulting in the diminution—in some cases even the total loss—of profit, and consequent irregularity of employment to the wage-earners. 4. That the duration of the depression has been most unusual and abnormal. 5. That no adequate cause for this state of things was discoverable, unless it could be found in some general dislocation of values caused by currency changes, which would be capable of affecting an area equal to that which the depression of trade covered.

It was in consequence of this report and at the express recommendation of the Depression of Trade Commissioners themselves, that the Gold and Silver Commission was appointed to examine into the "recent changes in the relative values of the precious metals." I will not dwell on the Report of that second Commission, as I feel sure its main conclusions are within the knowledge of most, if not all, the Delegates at this Conference. It will be enough to say that it confirmed the findings of the previous Commission as to the date of the disturbance, as to the fall in prices, as to the effect of such fall upon all industries; and, in addition, it revealed the serious consequences which had resulted from the destruction of that par of exchange between silver and gold, at about 15½ to 1, which had practically existed uninterruptedly for 70 years before 1873, the disruption of which had dislocated, embarrassed, and to some extent destroyed the trade between silver-using and gold-using countries and turned legitimate commerce into little better than gambling.

Now, my honourable colleague Mr. Bertram Currie has told you that "cheap goods, not dear goods," have always been held to be "the conditions of profitable trade." How, then, does he account for the fact that during the last 18 years an unprecedented fall in prices has taken place (not less than 30 per cent. as measured by seven independent sets of index numbers), and yet there never was a time when, by the testimony of all engaged in agriculture, manufacturing, and other trades, confirmed by the Reports of two Royal Commissions in England, and by investigations elsewhere, the profit-earning power of every industry has more seriously and persistently declined, leading, as such a state of things must inevitably and ultimately lead, to irregularity of employment, serious reduction in the rate of wages in every department of industry, accompanied by strikes and lock-outs and short time? It is perfectly true that before the great dislocation of values caused by currency changes in 1873, "cheap goods" (though I cannot admit they were ever the "conditions under which profitable trade" existed) did lead to profitable trade subsequently. Consumption was increased and prices again rose up to or above their previous level. Then as a result of previous cheapness there was profitable trade. In the old days in Lancashire, before 1873, when we had (as we have had for the last five years) cheap cotton, cheap bread, and cheap money, an advent of good times was as surely expected and as surely came as sunrise in the morning. But notwithstanding that we have enjoyed these advantages for a considerable time, we are still in the night of depressed trade. It is not apparent, on my friend's own showing, that a new factor has appeared in the world of industry? Things are not as they were. The reason is plain; the foundation has given way upon which trade rests. The standard of value has been altered, and it is to rectify "the error in the compass" that we are here to-day.

Cheapness, it should be remembered, is a relative term. There is no such thing as positive cheapness. If the price of everything falls you may call it "cheapness" if you will, but no one is benefited. If the fall were uniform and simultaneous, including all commodities and services, in the same proportion and at the same time—rents on the one hand and labour on the other, previous obligations as well as new ones—then no one would be injured. It is only a matter of more or fewer counters. But when the proportion between money on the one hand and the things measured by money on the other hand is changed—no matter from what cause—the fall of prices which must and does occur, is unfortunately not uniform and not simultaneous, though no doubt it ultimately, over a long space of time, will be general. Hence comes the injustice and the evils of an unstable standard of value. The returns of the industrial classes are diminished without those simultaneous adjustments of fixed charges, which could alone make such a change harmless. I agree with my honourable friend that it is not the quantity of silver and gold which makes the wealth of a nation; it is its industries; and if by an appreciation of the standard of value the burdens of fixed charges upon industry are increased, while the money returns are decreased, the inevitable effect must be to paralyse and weaken that power of creating wealth upon which the prosperity of a nation depends.

We are told that the banking system of England is perfect. I am not concerned at this moment to deny it. But it is not the banking system which makes England prosperous, it is her industries and her commerce. What we want is a perfect system of currency, upon which those industries and this commerce may rest securely, and upon whose stability they can rely. The working classes in England now plainly see this to be a necessity. Hence the growing strength of the demand for international monetary reform which is finding a response in many influential quarters. I may refer as a striking illustration of this to Mr. Balfour's recent speech in Manchester, followed by Archbishop Walsh's weighty and lucid communication just conveyed to the press. This demand will be urged with increasing earnestness, and must ultimately receive the attention it deserves.

What is necessary for England is equally necessary for all the industrial nations of the world. Their interests in this matter are identical. Commerce is the great bond which unites all nations into one great international family, so that what prejudicially affects one must inevitably react prejudicially upon others. All, therefore, are equally interested in securing a common and secure basis for international trade.

It is said that "the appreciation of gold has never been proved." If there has been a general fall in gold prices that is the proof. The one expression is the converse of the other. They respectively imply one another. They are only two ways of stating the same fact. Metallic money as a medium of exchange, as the tangible payment of debts, may have decreased (as some assert); credit instruments may or may not have taken its place. But this is no answer. The broad fact still remains that a general fall of gold money prices has taken place (no one with the evidence before him can dispute that), therefore that of itself is all the proof required that the quantity of the commodity (gold) by which other commodities are measured has not kept pace with the quantity of the commodities which it measures. This can only be called an appreciation of gold. The course of silver prices further illustrates this point. There the measuring commodity (silver) has kept pace with the commodities which it is called upon to measure in silver-using countries. Therefore silver prices have not fallen. There has been no appreciation of silver.

I am glad to find that my honourable colleague, Mr. Rothschild, does recognise the "grievances" of India. I can assure him the grievances of the industrial classes in England, and not only in England but also in all gold-using countries, are quite as real and quite as serious. Indeed he seems to some extent to recognise this fact, for he proposes that "old contracts" should be revised. This is a stupendous proposal, because if it is fair in the case of Indian pensions it is also fair in the case of agricultural and other rents, and in the case of all fixed charges, including national debts, mortgages, and long leases, &c. But would it not be better to deal once and for all with the great disturbing cause, instead of with the effects, and make the world's standard of money uniform and as stable as it can be made. Professor Jevons in England, Professor Émile de Laveleye in Belgium, and others, have shown how this can be done. Professor Jevons's illustration of two cisterns of water makes the whole matter plain. The object is to keep the level of prices in the two cisterns of gold standard and silver standard countries as uniform as possible. The causes of variation are the changing proportions between the quantity of the standard metal coming in and the quantity going out in each cistern; in other words, between the supply and demand.

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So long as you keep the gold cistern and the silver cistern separate, you will always be liable to have the volume in each cistern at different levels; connect them with a pipe and you will ensure a uniform level, and, in addition, the effects of the complex and ever-changing variations of supply and demand will be reduced to a minimum.

In regard to Mr. de Rothschild's proposal, I personally feel very grateful to him for making it. In my opinion it deserves every consideration. At the same time I am bound to say that as a permanent remedy it is quite inadequate. What the results of its adoption might be it is impossible to forecast. One thing I feel certain of, it could not ensure, even though it might accidentally for a time give some stability to the exchanges between gold and silver. It might be a temporary palliative in the present situation. From the nature of the case it could be nothing more. In our present situation, however, and in view of the possibility of greater distress yet to come than any we have yet experienced, I am not disposed to turn my back on palliatives, on one condition, viz., that these are not accepted as remedies, that they are only applied temporarily for a short period to give us time to devote ourselves to working out a more enduring and a more complete solution.

Five years, in my opinion, is too long a time for any arrangement, such as Mr. Rothschild proposes, to continue in force. Twelve or eighteen months is long enough. If at the end of that time no more complete, satisfactory, and final system is adopted by the nations, then let us realise and understand the consequences of our present policy. Let us see if those are right who say there are no "great evils" impending upon the world from the disuse of silver as the standard of value." If in the next eighteen months we are not wise enough to adopt a scientific monetary system for the world's commerce, the logic of events will, I believe, force that system upon us at a later period.

THE PRESIDENT said that having received from Mr. Raffalovich a suggestion for the closing of the discussion upon the Levy proposal, he thought it his duty to point out that the two excellent speeches which had just been made had had no bearing upon the special subject of discussion, namely, that part of the report which dealt with the Levy plan. As he had foreseen, it was impossible for him to prevent the speakers from discussing general principles, but he would ask them to connect their remarks as far as possible with the discussion of the report.

MR. RAFFALOVICH (*Delegate of Russia*) endorsed the observations of the President, and did not press his motion for the closure of the debate.

Mr.
Saintelette.

MR. SAINTELETTE (*Delegate of Belgium*) made the following speech:—

GENTLEMEN,

My honourable colleague upon the Committee, Mr. Raffalovich, asked for the closure of the discussion upon the Moritz Levy proposal. I, on the contrary, ask that that discussion should be begun.

I have two observations to make on that particular subject, and I wish to address them to the Delegations of Great Britain and of the United States.

Sir Rivers Wilson's speech concluded with a refusal to entertain the Moritz Levy plan. This was a great disappointment for many of us, and for me in particular. I believe in the efficacy, to a certain degree, of the substitution of a milliard or a milliard and a half (40,000,000*l.* or 60,000,000*l.*) of silver for the small gold pieces which at present exist. As was said in Committee, these small pieces are detestably bad coins, for the simple reason that they wear three times as quickly, it is estimated, as the large 20 franc pieces.

I know that it is very difficult to fix precisely the life of these coins. It depends upon the stamp that they bear and upon the customs of different countries. Where money circulates rapidly, as in England, it is clear that coins will be worn away more quickly than in a country, such as France, where they are stored in the vaults of the Bank. It is, therefore, very difficult to say, generally, that a coin of a certain denomination and weight lasts for a certain number of years. It is possible, however, to ascertain the average life of coins, and the average is generally somewhat about 45 to 50 years. That, I think, is the figure accepted by Mr. Soetbeer; and Sir Rivers Wilson, who has made important researches upon the point, will no doubt be able to confirm it. The 10-franc piece is worn away three times as quickly. Its life is hardly more than ephemeral.

However limited the scope of the remedy which we are discussing may be, it would at any rate be a serious palliative to restore to healthy circulation the gold contained

in these small coins, to the value of 1,500 millions of francs (60,000,000*l.*), and to replace it by silver coins of the same value.

The figure of 1,500 millions which I have mentioned, is, I think, under the true amount. Sir Charles Fremantle, who has seriously investigated the question, estimated in a report published two years ago that the stock of small gold coins in England amounted to 23,000,000*l.* On the other hand, our honourable colleagues of the Latin Union, the French Delegates, will certainly tell us that the 10 franc pieces struck in France, being less valued by dealers, have come back to the mint scales in much smaller numbers than the large gold coins. It follows that they form a considerable proportion of the gold coin now in circulation.

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This being the case, it is disappointing and discouraging for a technical committee, appointed to examine schemes, to see the successive rejection of all the middle courses which it proposed, and of the palliatives, which might easily have furnished ground for agreement; the more so that it is very difficult to come to an understanding upon the great questions of principle. I think that I may make this last assertion without prejudging to any great extent the results of the principal discussion, which has been partly begun. It was possible that the Conference might, in accordance with the desire expressed by the Government of the United States, arrive at certain proposals by way of compromise. The Moritz Levy plan, which received the support of the Committee, is such a plan; and immediately there is an attempt to set it aside.

I do not clearly understand the reasons which are given. I do not see how the proposal withdrawn by Mr. de Rothschild is connected with the Moritz Levy plan. I am aware that the small gold coins perform a certain function in the currency, and that if they are withdrawn it would be necessary to replace them by other subsidiary coins; but if the 23,000,000*l.* of small gold pieces were withdrawn, is that a reason for taking up again Mr. de Rothschild's proposal? Certainly not. If Great Britain, for instance, should accept the idea of recoining the 23,000,000*l.* of half-sovereigns, special purchases of silver would have to be made on her account, for the purpose of replacing by silver coin the gold withdrawn from the currency. I fail to grasp, therefore, the connexion between these two questions, and I should not be sorry if one of the British Delegates would be so good as to give us some explanation on this point.

That is my first observation. As I told you, gentlemen, I have a second question to ask of the Delegates representing the principal silver-producing countries.

After the first few sittings, the work of the Committee appears to be paralysed. It has considered the Moritz Levy plan; and other proposals will certainly be laid before us, and will deserve examination. But all such plans, it seems to me, if they are to have any chance of acceptance, must necessarily be of the nature of a compromise. They must prepare the ground for a sort of new bi-metallism—for a bi-metallism of compromise—instead of the absolute form of bi-metallism which the mono-metallists reject. With this in view, I fail to understand why the Delegates of the United States do not give us more assistance.

Many of these plans treat silver as a kind of merchandise, and involve the revision, from time to time, of its price. The result is that losses may be incurred, and it is natural to endeavour to estimate the probabilities of such losses, and to consider what means may be found for diminishing them.

Now, in the Committee, I had occasion to interrogate our honourable colleague, Mr. Cannon, when we were dealing with the first question treated in the Report. I explained that I could not support Mr. de Rothschild's plan because it proposed to organise a system of purchase, without any guarantee from the side of the producers. It was not even one of these producers' syndicates, which, in spite of all precautions, fall to pieces so soon as any one of the producers concerned leaves the ring. I asked, therefore, whether there was no means of limiting the production of silver other than the creation of a syndicate; for example, a tax imposed by law upon the metal.

I suggested this question and the Committee unanimously recognised that it took precedence of all other considerations, and that the question ought immediately to be put to the Delegates of the United States and of Mexico. This is the answer to the question, as recorded in the Report of Mr. Raffalovich and Mr. de Laveleye.

"Mr. Cannon said that the question of limiting production had been examined by the United States. It had been recognised that, under present legislation, there is no method of obtaining this end, and that a modification in this sense of the present law is improbable. The Federal Government has no direct or indirect interest in the production of silver mines. Furthermore, European capitalists are in large measure interested in the mines of the United States, and that complicates the question.

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"It would be very difficult to tax this production. It would be necessary to increase the customs inspection on the frontier between the United States and Mexico, and between the United States and the British Possessions. Smuggling of ore and metal would have to be guarded against. Interference of public authority in the rights of private individuals would not be tolerated in the United States."

In this declaration of Mr. Cannon—made, it is true, in his own name only—I do not see any obstacle to the establishment of a tax.

Our object is not only to maintain the equilibrium between the two metals and to put a stop to too rapid oscillations in value. Europe is overstocked with silver, and if we are asked to assist in any scheme, our strongest interest is to bring about a rise in the price of silver. It is not enough that it should remain stationary at a low price; if it rises, it is an additional advantage. But how are you to raise the selling price unless you raise the net cost of production? Now the way to raise the net cost of production is to impose a tax.

Such a tax has existed in certain countries. Here is the declaration of Mr. Casarus, taken again from the Report of the Committee:—

"Mr. Casarus agreed completely with what Mr. Cannon had said. In Mexico the considerable increase of production was due to the decrease of taxes, to the improvement of processes in mining and refining, and to the decrease in the cost of transport. Thanks to these various factors the production increased between 1874 and 1891 from 23 to 42 million dollars."

Here you have a clear demonstration that the true way of limiting production, of raising the price of silver, and of reaching that stability which we all desire, would be to take a thorough-going and serious step—I mean to establish a tax.

This is possible in Mexico. There is already a tax there. It was reduced from 30 per cent. to 7½ per cent., and the result was a considerable increase in production. It would, therefore, be interesting to know whether the declaration made personally by Mr. Cannon is confirmed by the whole of the United States Delegation. He has told us that existing laws would not allow the imposition of such a tax. But every day new laws are made dealing with these matters, and there are many more unpopular taxes than a tax on silver mines—such as a tax on flour, a salt tax, and others. I do not see here any obstacle to the solution of the question.

As to Mr. Cannon's second argument, namely, that the interests held by European capitalists would be an impediment to such a tax, or would produce complications, I may be allowed to say that I was not aware that European interests were an object of such extreme solicitude on the part of the United States.

It would be very interesting then to have a formal declaration from the Delegations of the two countries which are the great producers of silver, and are therefore most deeply interested in the question. We in Europe, doubtless, shall feel severely the effects of any aggravation of the crisis; but if the price of silver continues to fall, the monetary circulation of the United States will be affected also, and there, too, the wealth of the community will suffer heavily.

If we come to the point, who is it who has gained from the immense development in the production of silver? It is the United States as a nation, and inhabitants of the United States as individuals. I would remind you of a phrase of Mr. Tirard's. When the programme of the United States Delegation had been communicated to us, Mr. Tirard declared that his first impression had been one of disappointment. This impression has been shared by many members of the Conference. It is not we who are the authors of the evil. The policy pursued by the United States has been unfortunate, and by it they have helped to create the present situation. They come now to the nations of Europe, and say to them: "Yes, the situation is bad, it is detestable, for you as well as for us. Help us. Let us take counsel together."

But what do they bring us? They do not offer any detailed scheme of compromise; and when we are willing to assist the price of silver by suggesting a tax, they tell us "It is difficult."

I urge the Delegates of the United States and of Great Britain, in their own interest, to make more satisfactory declarations. I make this suggestion as member of a Committee which is anxious to work, and to arrive at some result. The declarations of the British Delegates, on the one hand, and of the Delegates of the United States and Mexico, on the other, will tell us whether our progress must be blocked by an obstacle which may prove insurmountable. Our labours might even be

condemned to fruitlessness, because, at present, I do not see any compromise which could be seriously considered, unless it included the imposition of a tax upon silver.

SIR CHARLES FREMANTLE (*Delegate of Great Britain*) spoke as follows, in reply to Mr. Sainctelette:—

I have been asked why I declared in Committee that I could not recommend the British Government to accept the proposal of Mr. Moritz Levy without some compensation, that is to say, unless that proposal formed part of a general plan, approved by the various countries, for attaining the object we all have in view.

I think that our attitude on this point is absolutely logical. As Mr. Sainctelette has just said, we have a circulation of about 22,000,000*l.* or 22,500,000*l.* in gold coins of the value of 10*s.* Other countries are not in this position. Their circulation of corresponding coins is far less considerable. If Great Britain accepted the proposed plan she would be making a sacrifice out of proportion to that undertaken by others.

The Conference will doubtless understand that we are in a special position, and that I was right in making the declaration which I made in Committee. I have nothing to retract in that declaration, and I have nothing to add to the speech of my colleague, Sir Rivers Wilson.

Before sitting down I should like to ask my honourable colleague, Mr. Sainctelette, whether it is not the case that in Belgium there are no small gold coins in circulation, so that the adoption of the first part of the Moritz Levy scheme would cause no inconvenience to that country.

MR. SAINCTELETTE replied that as a matter of fact Belgium had no interest in the question; but that if she had minted small gold coins, he was convinced that she would have been none the less ready to adopt the proposal. The loss, or rather the expense of recoinage, was not great, and there was, on the other hand, the advantage of a renewed use of silver.

SIR CHARLES FREMANTLE, in conclusion, reiterated his former statement, that he would be unable to recommend to his Government the adoption of the Levy proposal unless that proposal formed part of a general plan, adopted in the first place by the Conference, and afterwards by an important group of Governments.

MR. CANNON replied, in English, to Mr. Sainctelette's observations as follows:—

I desire to reply to all the questions asked by the Committee on the point of knowing if, yes or no, the Government of the United States could limit the production of silver by duty or otherwise. There is but very little to add to the declarations that I made in Committee, and which have been produced in the Report. It is not more reasonable to tax the production of silver than that of copper or lead. The theory which admits of the collecting of such a duty is contrary to the spirit of the institutions of the United States, and the question immediately presents itself as to whether such a duty is in conformity with the Constitution. I say that Mr. Sainctelette seems to confound the two Governments of Mexico and the United States. The condition of things in these two countries is absolutely different, and I do hope that he will understand this clearly in dealing with the question of the duty on silver. On the other point, whether yes or no, the United States are responsible for the actual situation, and for the depreciation in the price of silver, I ask permission to say that I am not of the opinion of Mr. Sainctelette, for I believe that the contrary is true. Whether our laws of 1878 and 1890 have produced an effect or not, the United States have been alone, for many years, as regards the employment of silver as metal suitable for coinage. But guided by the experience of the Latin Union, we shall take great precautions in the future as regards the coinage of silver.

My colleagues will confide to me later on the duty of giving a complete and categorical reply to the declarations of Mr. Sainctelette and other persons, declarations which imply that the United States are responsible for the low price of silver, and for the present monetary situation. As regards the project of Mr. Moritz Levy, relative to the circulation of specie and of notes of a less value than 20 francs, I would remark that, as to myself personally, I believe the United States would be quite disposed to entertain the project approved by the Committee. We have, in reality, already put this same project into practice. For two years we have ceased to coin gold pieces of one and of three dollars, the striking of these coins having been abolished by law; and we have struck very few coins of two dollars and a half; one hardly ever meets with them in our circulation. The smallest gold coin now circulating is the piece of 5 dollars, which is equivalent to 25 francs. As to notes, we have hardly any less than 20 francs. Our notes of one and of two dollars have almost all been issued

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against silver dollars, and are payable in silver, according to the very terms of the note. I have therefore voted for the Moritz Levy proposal in Committee.

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MR. CASASUS (*Delegate of Mexico*) made the following declaration in reply to Mr. Saintelette:—

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The declaration which I made before the Committee was a personal declaration, but you may consider it as having been made by the Mexican Delegation as a whole. At the same time, we do not consider that we are authorised, as regards our Government, to say whether it is or it is not disposed again to increase the tax on the production of silver, which in the past produced serious results.

I think that I should point out to you that the constitution of Mexico is federal. Each State is free, and a sovereign State so far as concerns internal government, and consequently has, concurrently with the Federation, a power of taxation. The Government might be required, by a modification of the constitution, to impose new taxes determined beforehand, and in this way a federal tax might be added to the taxes at present existing in the various States. Such a step, however, might be disastrous to the Mexican producers, who might be unable to meet in foreign markets the formidable competition of the American producers. In any case it is not easy to carry into effect a modification of the constitution; though the attempt might be made, if the advantages in prospect were so great as to enable us to count on the consent of the various States of the Republic.

MR. BOISSEVAIN (*Delegate of the Netherlands*) would have liked to make some remarks after Mr. Saintelette's speech; but he would produce them, together with other considerations bearing on the general question, when his turn for speaking came.

MR. ZEPPA (*Delegate of Italy*), who had asked leave to speak on the proposal of Mr. de Rothschild, which had to-day been withdrawn by its author, resigned his right provisionally, with the intention of laying before the Conference, at its next meeting, some considerations belonging to the general discussion.

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SIR GUILFORD L. MOLESWORTH (*Delegate of British India*) read, in French, the following speech:—

GENTLEMEN,

Our predecessors in the Paris Monetary Conferences of 1878 and 1881 were almost unanimous in the opinion that silver must be rehabilitated. They only disagreed on the method of rehabilitation. Some were of opinion that matters would right themselves, whilst others considered that the remedy could only come by re-establishing the link that had existed between gold and silver prior to 1873.

The opinion of the latter was undoubtedly correct. Matters have gone on from bad to worse, and now we are confronted by the fact that Mr. de Rothschild, the most renowned financier of the world, tells us that:—

“If this Conference were to break up without arriving at any definite result, there would be a depreciation in the value of silver, out of which a monetary panic would ensue, the far spreading effects of which it would be frightful to contemplate.”

Now this state of things was clearly predicted by Ernest Seyd in 1871, when the severance of the link between gold and silver was first contemplated. His prediction has been so remarkably fulfilled that I must quote his words:—

“It is a great mistake to suppose that the adoption of the gold valuation by other States besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium hitherto existing, and cause a fall in the value of silver, from which England's trade and the Indian silver valuation will suffer more than all other interests, grievous as the general decline of prosperity all over the world will be. The strong doctrinarianism existing in England as regards the gold valuation is so blind that, when the time of depression sets in, there will be this special feature. The economical authorities of the country will refuse to listen to the cause here foreshadowed. Every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters. The workman and his strikes will be the first convenient target; then speculation and over-trading will have their turn . . . Many other allegations will be made, totally irrelevant to the real issue, but satisfactory to

the moralising tendency of financial writers. The great danger of the time will be, that, among all this confusion and strife, England's supremacy in commerce and manufactures may go backwards to an extent which cannot be redressed when the real cause becomes recognised, and the natural remedy is applied."

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In fulfilment of this prediction, we find that the difficulties under which we labour have been attributed to all sorts of irreconcilable causes. It has been necessary to invent a theory that progress in manufactures, in improved transport, inventions, and banking, have caused a species of economic revolution which has created a new state in the conditions of trade and commerce, differing from that which previously existed. But they overlook the fact that the alleged causes have been in active operation during the greater portion of the century, and that, when compared with the previous progress, they were far more pronounced during the middle of the century than at present. It is obvious, therefore, that such a revolution, if it existed, should have arisen at an earlier period, and that it should have developed gradually, instead of setting in suddenly at the exact moment when the link was broken between gold and silver. Moreover, this theory involves another irreconcilable position. It is absurd to suppose that a revolution of this character could have affected gold prices so seriously, and yet should have left silver prices unaffected. Silver is the standard of value of more than half the world, yet silver prices have remained stable, whilst gold prices have fallen from 40 to 50 per cent. Whilst shutting their eyes to these facts, the advocates of such a theory are also blind to the following facts:—

1st. That the depression, which has occurred as a necessary consequence of the suspension of free coinage of silver in France, was predicted, and that the prediction has been fulfilled to the letter.

2nd. That since 1871 the population demanding gold has quadrupled, and the foreign trade demanding gold has trebled.

3rd. That the demonetisation of silver for international monetary purposes in Europe has caused gold to perform, single handed, the work previously done by gold and silver combined.

4th. That the annual supply of gold scarcely exceeds the amount required for industrial purposes.

It follows, a necessary consequence of these facts, that with the increased demand for gold, its value must rise, or, in other words, gold prices must fall.

The judicial blindness must be great which, ignoring this strong evidence of facts, seeks an explanation in irreconcilable theories.

A very distinguished member of this Conference has likened silver to a sick man, whose state has been but aggravated by the medicines which have been administered to cure him; but I think that this is not surprising, inasmuch as the physicians have not merely mistaken the character of the illness, but they have mistaken the invalid. It is gold who is the sick man, not silver. They have mistaken the bloated condition of gold for a symptom of health, whereas it is the symptom of a dangerous disease, which now threatens to develop into a fearful crisis, which, as Mr. de Rothschild says, "would be frightful to contemplate."

I am not one of those who believe in the efficacy of simple purchases of silver to relieve the situation. I have, for years past, publicly expressed the opinion that the purchases of silver under the Bland Act, and similar Bills, were opposed to the first principles of monetary science, and must, unless the true remedy be eventually applied, end in disaster, from which if the United States has up to the present escaped, it is because of the great expansion of their population and industry.

But it must be remembered that the relative prices of the precious metals, when not linked together by law, are influenced by confidence or mistrust, by certainty or uncertainty; and I hold that any substantial proposal in favour of silver, if adopted by the European Powers and the United States, would have a very powerful effect in producing stability or even in raising prices. It would reassure the public, and impress them with the conviction that the great Powers had decided that silver was not to be degraded in Europe; that they were of opinion that stability in the relative value of the two metals which form the standard of the civilised world is worth maintenance. And the effect would necessarily be entirely different from that of private speculation for the purpose of raising prices, or tentative legislative measures, tending towards the free coinage of silver, efforts which, in case of failure, must depress prices as much as they had previously raised them. Arguments based on such experiences are of no value in discussing the proposal before us.

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The Government of India, which I have the honour to represent, does not desire a rise in the value of silver. A sudden rise in its value would be as disastrous to it as a sudden fall. That which we require is stability. But the question of stability is not the only question which agitates us. The most serious question is, how are we to protect ourselves against a further fall? I would ask your patience whilst I explain frankly the situation of the Government of India, and the bearing of that situation on the question now before us.

The position of India is undoubtedly different from that of any other nation. She is to a great extent independent of foreign nations, inasmuch as she is not under the necessity of adjusting her international trade balances by actual transmission of specie, because she performs that operation by the transmission of merchandise. The accumulation of silver in the Indian banks has of late years been unprecedentedly large, so that no immediate inconvenience would arise to herself from closing her mints to silver. It was only as late as 1835 that gold ceased to be a legal tender in India, and although at that time the amount of gold in circulation was very much less than that of silver, still the remains of that currency must amount to a very large volume. Her net imports of gold since 1835 have amounted to about 150 millions sterling. India, therefore, would have no greater difficulty than Austria, even if as great, in establishing a gold currency in some form, whether it might be the "étalon boiteux," or one with the existing silver coins circulating as tokens, as in England.

It is unnecessary for me to enter into the details of the numerous and constantly recurring evils to which India is subjected, in consequence of the relative instability of the currency; but I may say that these evils are not merely financial, but political, seriously menacing her most vital interests. India has already too long postponed action necessary to protect her interests, hoping that some reasonable solution of the question might be arrived at, and a large and influential portion of our Indian community is now strongly urging the Government of India to take measures for adopting a gold standard. So long as there is any hope of arriving at a reasonable solution of this difficulty, I am convinced that my Government would shrink from the necessity of changing its standard; but of late the hope of such a solution has appeared more and more remote. Should this Conference break up without arriving at any definite result, then India must take immediate measures for her protection. Whether those steps will end in the stoppage of the silver coinage, and the adoption of a gold coinage in some form or other, I am unable to say.

I cannot disguise from myself that such a step is fraught with immense difficulties, the result of which it is impossible to foresee. The general feeling in India is that it would be disastrous to the gold-using countries of Europe rather than to India; but India must consult her own interests. The magnitude of the question may be conceived when it is known that the population of India exceeds 280,000,000 souls. It must be understood that in these remarks I have merely expressed my own personal opinion, and that I cannot in any way commit my Government to my views.

I must express my opinion that the only satisfactory solution of the difficulty is to be found in an international agreement on a bi-metallic basis, in which my Government would join the Latin Union and the United States. Such a combination would be amply strong to preserve any ratio that might be fixed. But as such a combination appears to be impracticable with the present temper of the Delegates, I am prepared to support any proposal tending towards that end as a step in the right direction.

If any proposal should hold out a reasonable hope of maintaining relative stability, it is probable that my Government would consent to take no steps towards closing the mints to silver. But the Government of India must reserve to itself complete freedom of action in regulating its system of currency.

With regard to the two propositions examined by the Committee as follows:—

1st. The withdrawal from circulation of gold money of a less value than the piece of twenty francs.

2nd. The exclusion of small bank notes of a less value than the piece of twenty francs, or of its equivalent, except notes representing a stock of silver.—

It appears to me that, although this is a step in the right direction, and should be approved, as paving the way to a more complete solution of the question, yet considering the enormous volume of silver that has been demonetised for international purposes, and the great fact that the demand for gold has been quadrupled, the measure is miserably insufficient to effect any very appreciable solution. Nevertheless, I would support such a measure. It is a recognition of the illness of gold that these measures, though inadequate, are taken in the right direction, and it is to be hoped that when their inadequacy has been demonstrated, the only true remedy will be

applied, that remedy being a return to the double standard of France, which was withdrawn by restriction of mintage in 1873.

I desire to add some words in reply to the argument at the last session of the Congress of Mr. Bertram Currie, Delegate of Great Britain. I regret that I cannot share the opinion of so eminent an authority.

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It is a popular belief in England that that country owes its commercial superiority to its monetary system. However, I have been unable ever to obtain a serious explanation from persons convinced of this theory, which has explained to me the rôle which gold plays in the accomplishment of this miracle.

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The only plausible solution which has been offered is that all obligations payable in England are payable in gold, and that consequently this leads foreigners to seek bills of exchange on London, and that this attracts capital.

But this does not explain the phenomena, since during a long portion of the period in which England has had the gold standard, and notably in the period of our greatest prosperity, silver was more valuable than gold. Several distinguished economists declared that gold was good only for the dust-pan; others, even more distinguished, predicted that the sovereign would shortly fall to the value of 12s. or 14s., and this prediction would more than probably have been realised if France had not had the double standard.

Moreover, the argument requires to be examined, not only in the interests of the banker and financier, but also in the industrial interests. For this reason I should have preferred to have seen the industrial interests more strongly represented at this Conference. The banker manipulates currency, but the banker's client, representing the industrial interest, performs the more important work of spending it, and even admitting that the existing conditions of the currency may increase the business of the banker, it can scarcely be an advantage to the industrial interest that it should be under the necessity of discharging its obligations in the dearer medium of currency.

But it is an incontestable fact that the commercial superiority of England was established long before she adopted her gold standard. Alison, in his History of Europe, describing the rapid growth of wealth and prosperity in England at the commencement of this century, 15 years before the adoption of our gold standard, wrote that "the monopoly of almost all the trade of the world was in its hands."

We have that monopoly no longer; other nations are gaining on us "hand over hand." Our commercial prosperity is owing to the energy and determination of the Anglo-Saxon race, to our insular position, to our good harbours, to our two centuries of internal peace, and to our accumulated and accumulative capital; and this superiority has been maintained in spite of the disadvantage of our currency.

The monetary system of Europe as a whole has been from first to last a source of inconvenience and danger, and England has only been saved from serious disaster by the bi-metallism of France, notably at the time when the discoveries in California and Australia flooded Europe with gold.

Then Cobden and Chevalier urged that contracts should be made in some other standard than gold. It was predicted that the value of the sovereign would fall to 14s., and Chevalier even prophesied that the value of gold would decline 50 per cent.—predictions which would probably have been fulfilled had it not been for the equilibratory action of the double standard of France, which kept the ratio stable, and this prevented a disaster of unprecedented magnitude.

It must be evident to every one who has studied the subject that the English monetary system is most unsatisfactory. In 1828 Mr. Baring (no mean authority) pointed out the evils of our system, recommending a return to the double standard, which he showed to be less subject to those sudden jerks and changes so fatal to credit and to commerce. He urged that our single gold standard exposed the country to stringencies which cramped the currency and increased distress.

The Bank Act has on several occasions been either suspended or on the verge of suspension; and in 1858 Mr. Gladstone stated: "I cannot consent that the law should be suspended at intervals to meet these constantly recurring crises." The Bank Act, damaged in 1847, was utterly shattered in 1857. Our bank reserves are diminishing, whilst our liabilities are largely increasing. They are inadequate to the necessities of the country, and are too small as compared with the gigantic liabilities we have incurred.

In 1883 Mr. Williamson, M.P., called attention to the alarming manner in which the reserves of the Bank of England had diminished from our inability to maintain them, caused by the competition of foreign nations for gold.

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During the 10 years ending 1889 the proportion of cash to liabilities had fallen about 20 per cent. In the year 1881 the bank reserves were 41 millions sterling; in 1891 they had fallen to 24 millions.

During the seven years, 1883-90, the Bank of France only changed its rate of discount seven times, whilst the Bank of England changed it 62 times. The variations in France only amounted to 2 per cent., whilst those in England amounted to 4 per cent. Mr. Goschen, in the House of Commons, said: "I feel a kind of shame that, on the occasion of two or three millions of gold being taken from this country to Brazil, or any other country, it should immediately have the effect of causing a monetary alarm throughout the country."

Then came the Baring failure; and our weakness was shown by having to call France to our aid. The currency of France has weathered without difficulty storms to which the Baring failure was mere child's play; for example, the Franco-Prussian war, the Communistic struggle, the war indemnity, the failure of the Panama Canal, of the metal ring, and of the Comptoir d'Escompte.

In contrast to this I may quote from the speech of Mr. Goschen at Leeds his opinion on the gravity of the situation at the time of the Baring failure. On that occasion he said: "You risked the supremacy of English credit, the transfer of the business of this country to other European countries. I cannot exaggerate the immediate danger to which the country was exposed . . . You escaped from a catastrophe which would have affected every town, every industry; to use a common phrase, you have escaped by the skin of your teeth."

Mr. Giffen has stated that in almost every year since 1873 there has been a stringency of greater or less severity, directly traceable to, or aggravated by, the extraordinary demands for gold, and the difficulties of supplying them.

And finally, we have the declaration of Mr. de Rothschild, which threatens us with a monetary panic, "the far-spreading effects of which it would be impossible to foretell."

Fortunately, England, although her currency was nominally mono-metallic, practically enjoyed the benefits of bi-metallism until 1873, except when she had to depend on gold for replenishing her bank reserves, or when she had to make large remittances of silver to India; and then she had to pay for her folly in the shape of an agio for the privilege of choice of the particular metal she might happen to require urgently. If she could have satisfied her requirements by either metal, she would not have been put to this expense. But so long as Europe, as a whole, remained practically bi-metallic, England, in all her vagaries, was kept tolerably straight by the double standard of France, which preserved the ratio of gold and silver throughout the world until the link was broken in 1873.

I repeat, "It is gold that is sick, not silver;" and unless this fact be recognised by the members of this Conference it will be impossible to apply the proper remedy to the crisis which menaces us.

I beg to submit to the Conference an extract from a minute of Sir David Barbour,* the Minister of Finance of India, showing that the recommendation of Lord Liverpool for the adoption of a gold standard by England was based on false grounds, and that, instead of the disuse of silver being, as Mr. Bertram Currie has stated, "the survival of the fittest," it is merely the survival of a gigantic blunder.

I beg also to lay before the Conference the accompanying diagrams which I have prepared †; and in doing so I would draw particular attention to diagram No. 3A, because it shows at a glance the instability of gold, and the stability of silver; or in other words the dangerous illness of gold, and the sound health of silver.

Questions as
to proceed-
ings of
Committee.

CARATHEODORY EFFENDI (*Delegate of Turkey*) made an observation with reference to the Report of the Committee. He said that when the Committee had been appointed by the Conference it had been agreed, after an exchange of views, that the Delegates serving upon the Committee should be indicated by their names merely, without any mention of the States which they represented. This was done perfectly correctly in the Minutes of the Third Session.

In the last paragraph of the Committee's Report he found the following phrase, stating that the President had abstained from voting, and giving the reason of that abstention:—

"Belgium being represented in the Committee by one of his colleagues, the President desired to make no use of his right to vote."

* See Appendix C. to the Minutes of the Present Session.

† See Appendix D. to the Minutes of the Present Session.

This phrase appeared not to be consonant with the decision which had been taken, and the honourable Delegate asked whether the President agreed with him on this point.

FIFTH
SESSION.

Questions as
to proceed-
ings of
Committee.

THE PRESIDENT, in answer to Caratheodory Effendi, explained the scruple which had influenced him. As some of the nations represented at the Conference had no Delegate on the Committee, he was unwilling that Belgium should make use of the double vote, which, under special circumstances within the knowledge of the Conference, was at her disposal. He remarked further that the negative vote which he would have thought it his duty to give on the proposal of Mr. de Rothschild would not have changed the result of the vote, but would have only increased the majority against the plan.

CARATHEODORY EFFENDI moved that all proposals, of which the Committee undertook the examination, should be immediately printed and distributed to the members of the Conference. (Agreed.)

He further asked whether, without violating precedents, it would not be possible for all the Delegates to be admitted to hear the proceedings of the Committee, and even to take part in them, with the exception of voting.

THE PRESIDENT took the opinion of the Conference on Caratheodory Effendi's proposal, which was not accepted.

The Session adjourned at half-past 5 o'clock.

APPENDIX A. TO THE MINUTES OF THE FIFTH SESSION.

APPENDIX A.

PROPOSAL OF SIR WILLIAM H. HOULDSWORTH, Bart.

Sir W.
Houlds-
worth's
proposal.

This Conference having been called together for the purpose of considering "what measures if any can be taken to increase the use of silver in the currency systems of nations," it appears to be the plain duty of each member, whatever his prepossessions may be, to endeavour to suggest any scheme of a practical character which offers any chance of favourable consideration, even though it may not be as complete or as perfect as he could wish to see adopted. As a bi-metallist, I believe there is only one scheme which fully meets the requirements of the case,—one only which would be completely and permanently successful—viz., "International Bi-metallism."

This opinion I am induced to believe is entertained by a majority of the Delegates present, if not indeed by a majority of the nations represented. But I am fully aware that a contrary opinion is held in several influential quarters, and by countries who demand our respect, and whose opposition or indifference at the moment may present obstacles to the establishment of a general international arrangement for a joint standard on a uniform system.

Under these circumstances though I maintain that International Bi-metallism in which all the important nations of the world joined and took their full part is sound in principle and would be safe in practice, I recognise that an agreement to carry that principle into effect as a complete system may not as yet be possible.

At this juncture, therefore, I venture to submit the following proposal for the consideration of the Conference in the hope that it may receive support from those who advocate bi-metallism and also from those who in the meantime prefer a single gold standard.

The proposal is not new. It was brought forward under very similar circumstances in England, by Mr. Huskisson, one of the Ministers of the Crown, in 1826. It appears in a paper written by him for the consideration of the British Government dated February 8th of that year.

It presupposes that one or more nations have their mints open to the unrestricted coinage of both gold and silver into full legal tender money at a fixed ratio. In 1826 France was the only European nation which had its mints so open.

At the present time I hope I am right in assuming that at least France and the countries of the Latin Union and the United States of America would under certain conditions be willing to enter into an International Bi-metallie Union.

If so, it only remains to consider how far other nations which prefer a single gold standard could support the countries which might enter into such union, and whether the support suggested in this proposal would be deemed by the Delegates at this

FIFTH
SESSION.

Conference as sufficient to justify its being laid before their respective Governments for consideration.

APPENDIX A.

Sir W.
Houldsworth's
proposal.

The proposal is as follows:—

I. That a Bi-metallic Union should be formed by the nations which are willing to enter into such agreement.

II. That these nations which at present decline to join such an union might retain their single gold standard and token currency in any form they prefer. But that they should undertake to establish the following arrangement or one similar in principle:—

(A.) That the mints should receive the deposits of silver bullion tendered for that purpose and should give a receipt or receipts according to a prescribed form for the same. Each receipt to specify in ounces the quantity of silver of standard fineness which it represents and its equivalent value in gold at a specified rate per ounce, to be determined by international agreement.

(B.) No deposit to be received of less than a fixed minimum number of ounces.

(C.) The quantity of silver specified in the receipt to be delivered by weight to the bearer thereof whenever he might call for the same and in no other manner and on no other account whatsoever.

(D.) These receipts to circulate as money in all transactions.

The practical effect of this scheme would, I trust, be to re-establish the bi-metallic system over a sufficiently large area to ensure its maintenance. In the countries which still retained a gold standard,—though their mints might not be open to the unrestricted coinage of silver into full legal tender coins at the ratio agreed upon—the receipts for the deposited silver bullion would, I should expect, pass into circulation at par, and be used as Bank reserves. So long as the Bi-metallic Union kept their mints open to the unrestricted coinage of silver, the ratio would, I firmly believe, be maintained both between the gold and silver coin in the countries comprised in that Union and between the gold and silver deposit receipts in the other countries.

APPENDIX B.

APPENDIX B. TO THE MINUTES OF THE FIFTH SESSION.

Letter of
Mr. van den
Berg.

LETTER OF MR. VAN DEN BERG.

SIR,

Batavia, March 30, 1876.

ALLOW me to offer you a few observations in connexion with your Essay on the Depreciation of Silver, in the number for December 1875 of the "Journal des Economistes."

In agreement with the authorities that are best acquainted with the subject, you lay down as a fact a view which appears to me extremely open to question, namely, that a gold standard is in no way suited to the countries in the far East, and that those countries should be excluded from the number of competitors who will have to struggle for their share in the annual production of that metal.

I might agree with you, if we had to deal with countries isolated from the rest of the world, as was formerly the case with Japan, where, for centuries possibly, silver was able to maintain a value in exchange for gold three times as great as that which it had elsewhere.

But from a commercial and financial point of view the far East is only a part, important certainly, but still subordinate, of the general money market, with which it is intimately connected by operations of exchange, and by the transmission of bullion. The rates of exchange in the far East are influenced by the depreciation of silver in precisely the same manner as the rates are affected in western countries which have kept silver as the sole basis of their currency.

I do not deny that silver money is better suited to the special requirements of the East than is a currency with a gold basis. On the contrary, it will require an effort, perhaps a considerable effort, to accustom Orientals to accept gold as legal tender. But I am not prepared to admit that it is therefore necessary that the East should continue to employ as the basis of its monetary system a metal which has now lost the essential and indispensable quality of a standard of intrinsic value in consequence of the gradual depreciation that we see in progress.

Of two evils it is best to avoid the worst; and for my part I hold that the instability of the standard still used in this part of the world is more formidable than the difficulties that may beset the introduction of gold as a medium of currency among peoples that have hitherto only used silver.

If this is the case, the solution of the great monetary problem which has occupied all serious minds for some years past depends finally on ascertaining whether the silver requirements of the far East will always be sufficiently strong to hold in check the gradual depreciation of the metal. If an affirmative answer can be given, we need not be uneasy about the future. Sooner or later silver will recover its normal value, and no one will dream any longer of getting rid of it for good and all, in countries where currency requirements are better answered by silver than by the metal which is preferred by the more civilised nations of Europe.

But if, on the other hand, the answer must be in the negative, the present situation becomes most serious. The East cannot with impunity withdraw from the influence of the general economic laws which govern the currency in the civilised countries of Europe. There, as elsewhere, the nature of things is opposed to the maintenance, as standard of value, of a metal subject to continual and violent oscillations in price; and, in spite of the arguments of the "Economist," in its number of September 11th last, and of Mr. Stanley Jevons, in his recent book on "Money and the Mechanism of Exchange" (page 142), the East will find itself compelled to follow the general movement towards gold, if it desires to avoid profound disturbances in its economic position at home and in its commercial and financial relations abroad.

The loss incurred by the Indian Treasury on the sum which it has annually to pay to the home Treasury already amounts to millions of rupees. This loss is one of the heaviest charges of the Indian Budget. It falls ultimately upon the taxpayers, and indirectly makes them suffer. Nothing can be more natural, then, than that many voices should already have been raised in India in favour of the gold standard. The Director of the Bombay Mint, Mr. Lewis E. Hynes, has published in the "Bombay Gazette" of the 17th and 18th August 1875, an article showing that the immediate adoption of gold as standard of value has become an absolute and imperative necessity.

According to him, silver may remain in use as small change, to supplement the gold; but the public must not be allowed to coin it freely; so that the importation of that metal will cease, and gold alone will be used to liquidate the balance which is generally due from Europe to the East.

In this way it is possible that India, too, may be found among the competitors struggling for their share in the production of gold; and, in that case, the monetary question will enter upon a stage far graver than any previous ones. The theory of the insufficiency of gold, which you have successfully attacked by confining yourself to the needs of the peoples of Europe, will assume an entirely different aspect when we have to deal with an additional annual demand of 100,000,000 francs, perhaps, for the needs of the East. A general appreciation of gold will be the necessary consequence.

The prices of all commodities which are exchanged for gold will fall. The metal which, by an irresistible force, will be introduced everywhere as the sole standard of value, will become rarer and rarer (if the production of the metal remains at its present level), and I do not think that it is absurd to fear that the scarcity of coin will impede production generally to the same extent as the growth of the stock of metals has stimulated it during the last 25 years.

However that may be, it cannot be denied that the monetary question has an essentially cosmopolitan character, and that any solution which considers only the needs and the interests of the nations of the West will necessarily be defective. I will not dwell now upon the subject, which I have just examined minutely in an essay which your learned compatriot, M. Esquirou de Parieu, has kindly mentioned in the pamphlet on "La politique française dans la question monétaire," which he published in 1875. In submitting the preceding considerations to your enlightened judgment, my only aim has been to draw your attention to a neglected side of the problem, since I am convinced that we run a great risk of arriving at conclusions which are, at the least, doubtful, if we continue to take as our motto the poet's advice: "glissez, mortels, n'appuyez pas."

V. d. B.

Monsieur Victor Bonnet,
Paris.

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APP. C.

Note by
Sir David
Barbour.

APPENDIX C. TO THE MINUTES OF THE FIFTH SESSION.

EXTRACT from a NOTE by SIR DAVID BARBOUR dated October 20th, 1887.

IN no portion of Lord Liverpool's "Treatise on the Coins of the Realm" is there any allusion to—

- I. The Treasury Order of 25th October 1697, directing that the guineas should be taken at 22s. each;
- II. The Council Order of 8th September 1698, referring the question of the high rate of the guinea to the Council of Trade;
- III. The Report of the Council of Trade, dated 22nd September 1698;
- IV. The Resolution of the House of Commons on that Report;
- V. The Orders of the Treasury to receive the guineas on public account at 21s. 6d. each, "and not otherwise."

With the publication of these documents falls Lord Liverpool's statement that the English people, by general consent and without any interposition of public authority, attached a higher value to the guinea after the great re-coinage than the market value of gold would justify; and with the fall of the alleged fact must disappear the conclusion drawn from it, namely, that with the increase of wealth and commerce the English people in 1698 had come to prefer gold to silver. And with the disappearance of this hypothesis there disappears the only evidence brought forward in support of the theory regarding the progress of wealthy countries from silver to gold, which Lord Liverpool invented in order to overthrow Locke's opinion that "gold is not the money of the world, or measure of commerce, nor fit to be so."

Lord Liverpool's theory may, of course, be sound, though the facts on which he relied in 1805 were imaginary; on the other hand, it may fairly be said that it was the acceptance of the theory on the authority of Lord Liverpool which brought about in the nineteenth century that state of affairs which is now held to prove the soundness of the theory. His account of the matter did not deceive Ricardo, who distinctly says that it is not because gold is better fitted for carrying on the circulation of a rich country that gold is ever preferred to silver for the purpose of paying debts, but simply because it is the interest of the debtor so to pay them. The Orders which fixed the value of the guinea at 21s. 6d. made it the interest of all debtors to pay in gold, and made the metal the "principal measure of property" in England.

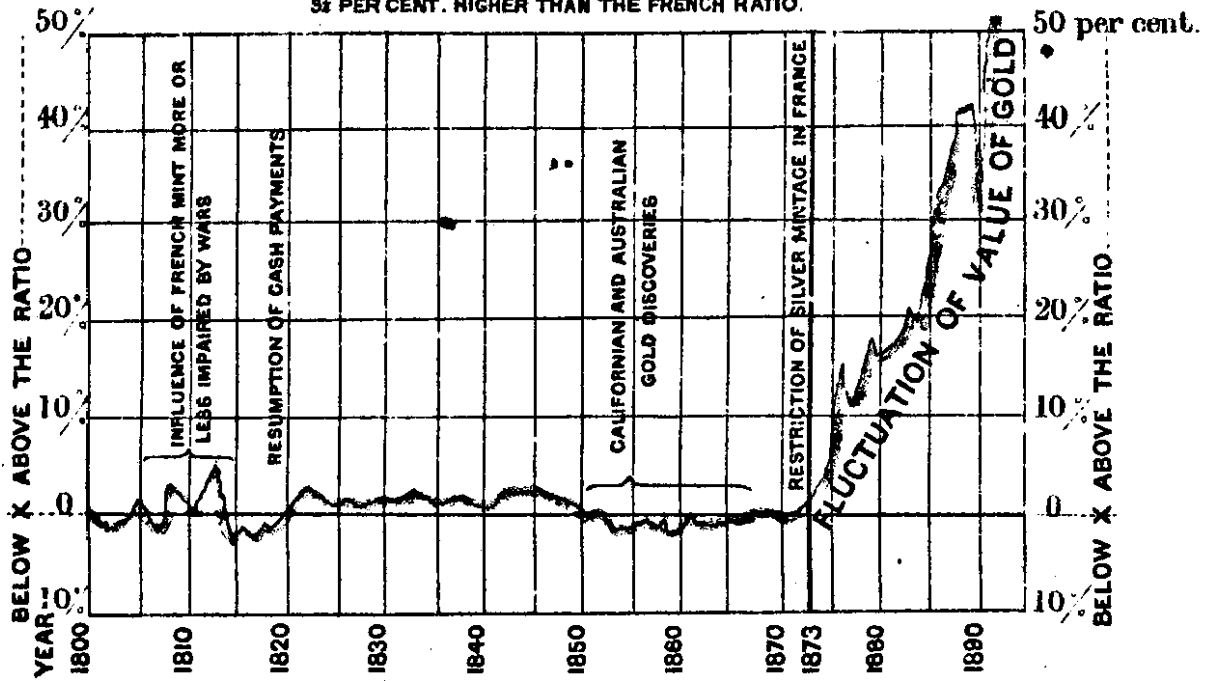
How Lord Liverpool, or those who acted under his orders, came to overlook the existence of the documents which I have quoted, and which at that time would have destroyed the basis of his argument, is unaccountable.

BRUSSELS MONETARY CONFERENCE

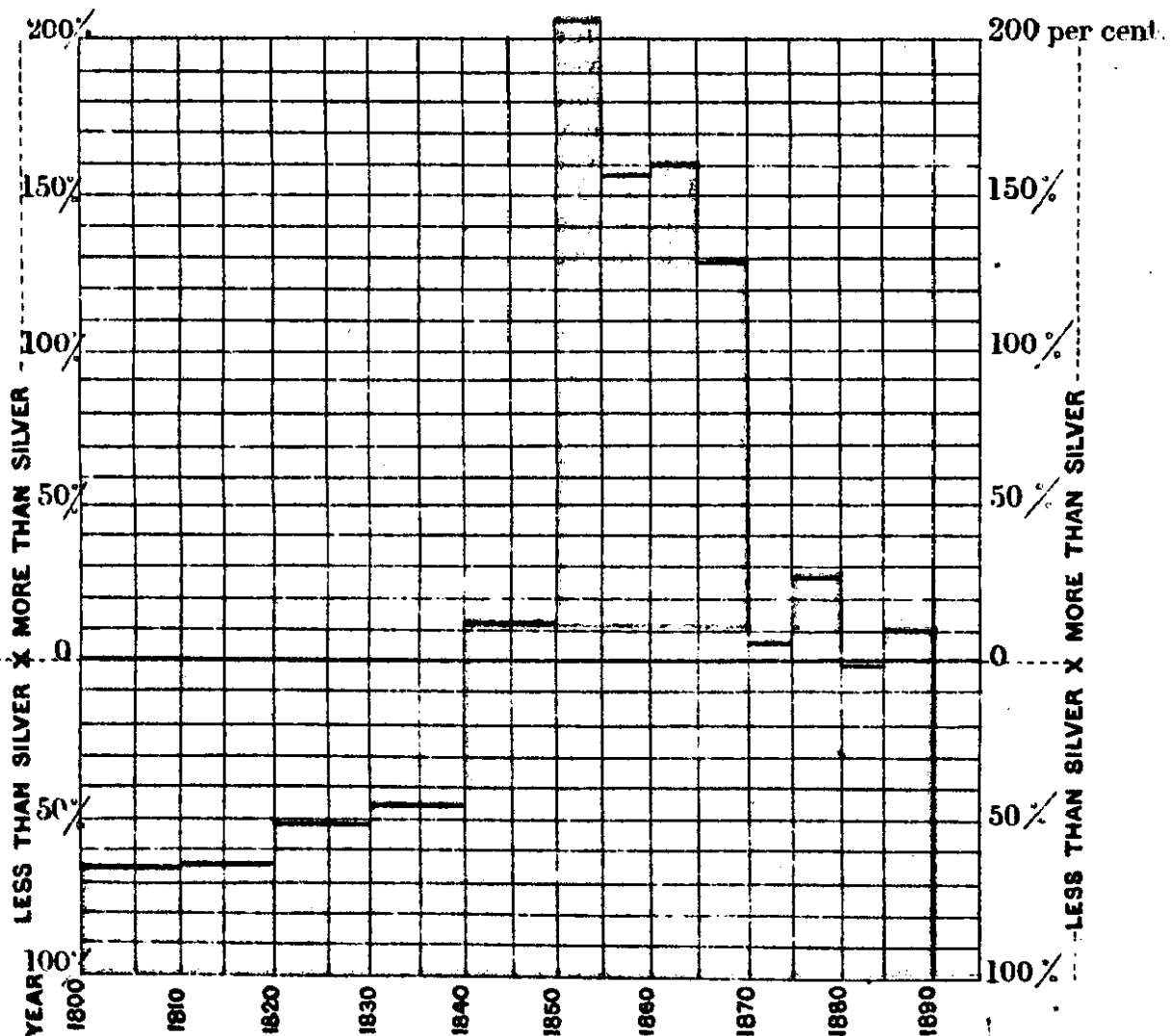
DIAGRAM PREPARED BY SIR GUILFORD MOLESWORTH No. I

ANNUAL AVERAGE FLUCTUATION IN THE VALUE OF GOLD MEASURED BY SILVER PER CENT. ABOVE OR BELOW THE FRENCH MINT RATIO OF 15½ TO 1

NOTE BETWEEN 1800 AND 1834 THE UNITED STATES MINT RATIO WAS 3½ PER CENT. LOWER, AND BETWEEN 1834 AND 1873 3½ PER CENT. HIGHER THAN THE FRENCH RATIO.



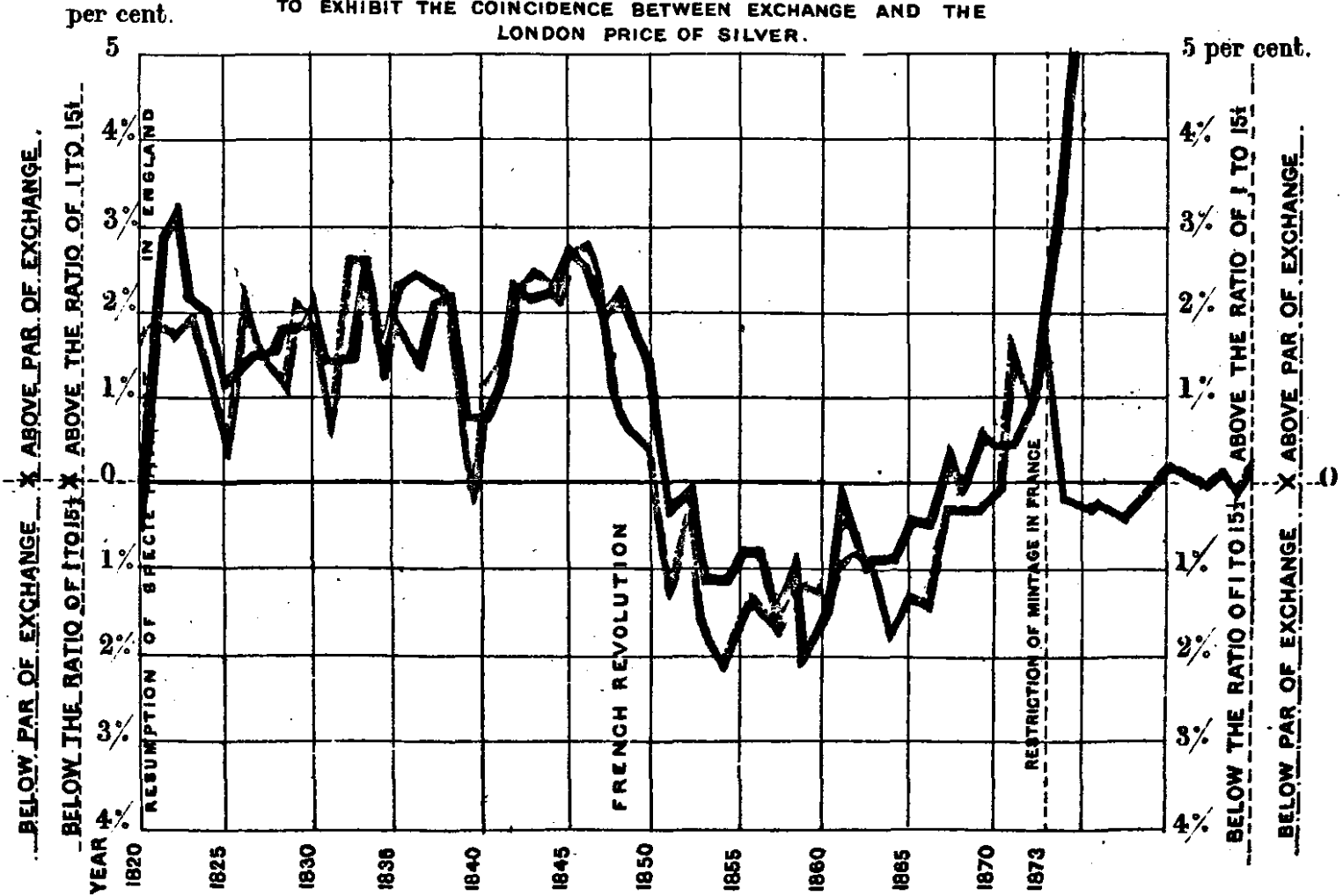
RELATIVE PRODUCTION OF GOLD (IN VALUE) MEASURED BY THE PRODUCTION OF SILVER



BRUSSELS MONETARY CONFERENCE

DIAGRAM PREPARED BY SIR GUILFORD MOLESWORTH No. 1A

BEING A PORTION OF DIAGRAM N°1 TO A VERY EXAGGERATED SCALE
TO EXHIBIT THE COINCIDENCE BETWEEN EXCHANGE AND THE
LONDON PRICE OF SILVER.



FLUCTUATIONS IN THE LONDON PRICES OF GOLD ABOVE OR BELOW THE RATIO 1 TO 15½

FLUCTUATIONS IN EXCHANGE BETWEEN LONDON AND PARIS DENOTED THUS



THE VERTICAL DISTANCE APART OF THESE TWO LINES YEAR BY YEAR REPRESENTS THE DIVERGENCE
FROM THE RATIO OF 1 TO 15½ AFTER CORRECTION FOR EXCHANGE

NO CORRECTION HAS BEEN MADE FOR OTHER FACTORS WHICH WOULD MAKE THE COINCIDENCE OF THE

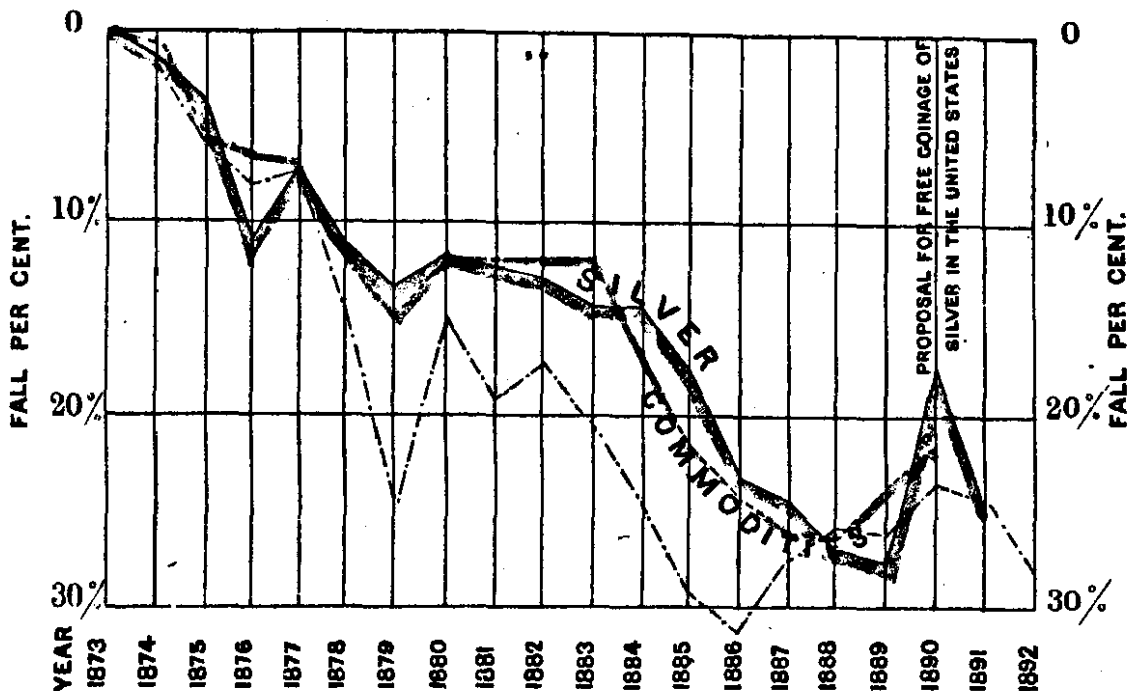
BRUSSELS MONETARY CONFERENCE

DIAGRAM PREPARED BY SIR GUILFORD MOLESWORTH No. 2

FLUCTUATIONS IN THE PRICE OF COMMODITIES AND SILVER MEASURED BY GOLD

THE LINE  REPRESENTS THE ECONOMIST INDEX-NUMBERS FOR THE WHOLESALE PRICES OF 22 PRINCIPAL ARTICLES IN THE LONDON MARKET. THE LINE  REPRESENTS DR. SOETBEER'S INDEX-NUMBERS FOR THE PRICES OF 100 HAMBURG ARTICLES, AND 14 OF BRITISH EXPORT

Prices of 1873 taken as Zero

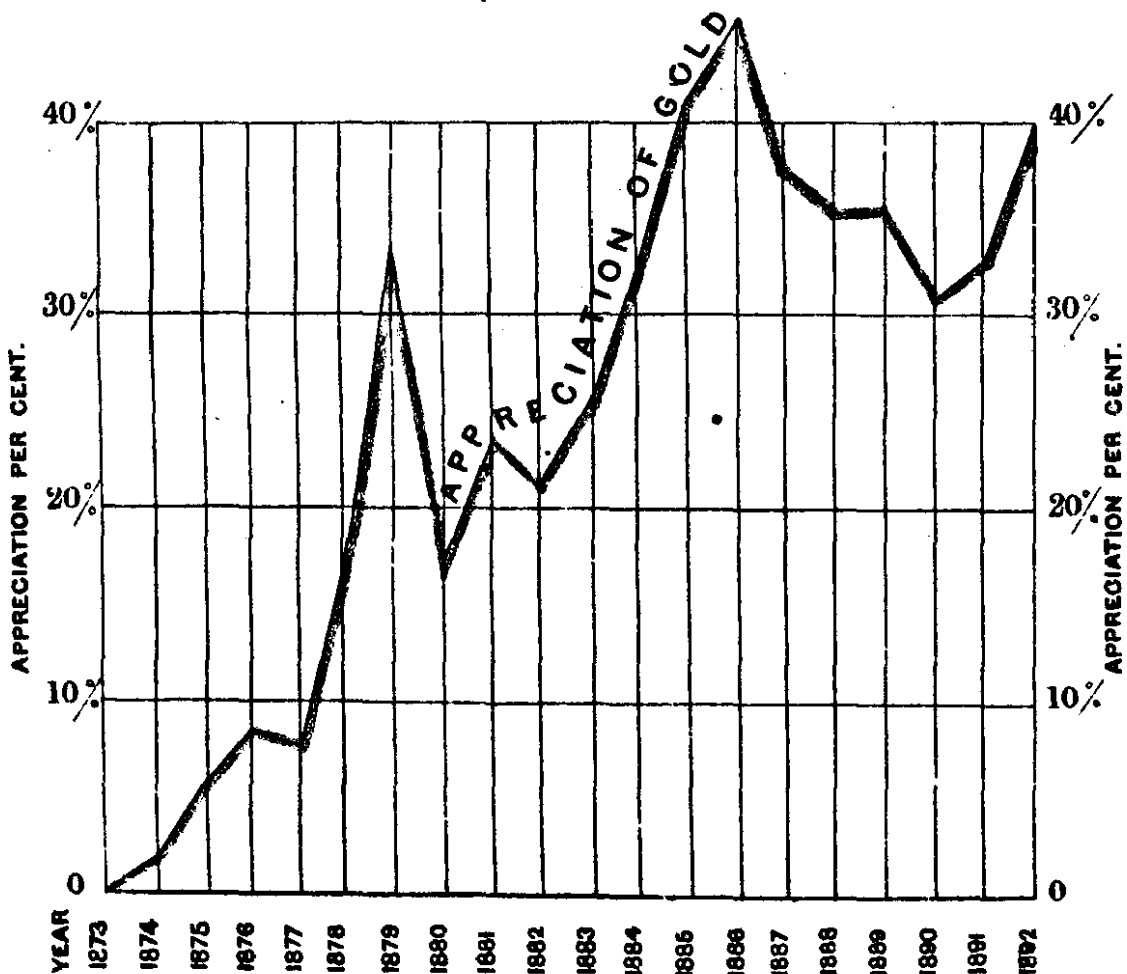


BRUSSELS MONETARY CONFERENCE

DIAGRAM PREPARED BY SIR GUILFORD MOLESWORTH No. 3.

APPRECIATION OF GOLD MEASURED BY ITS PURCHASING POWER ON THE BASIS OF THE "ECONOMIST INDEX-NUMBERS"

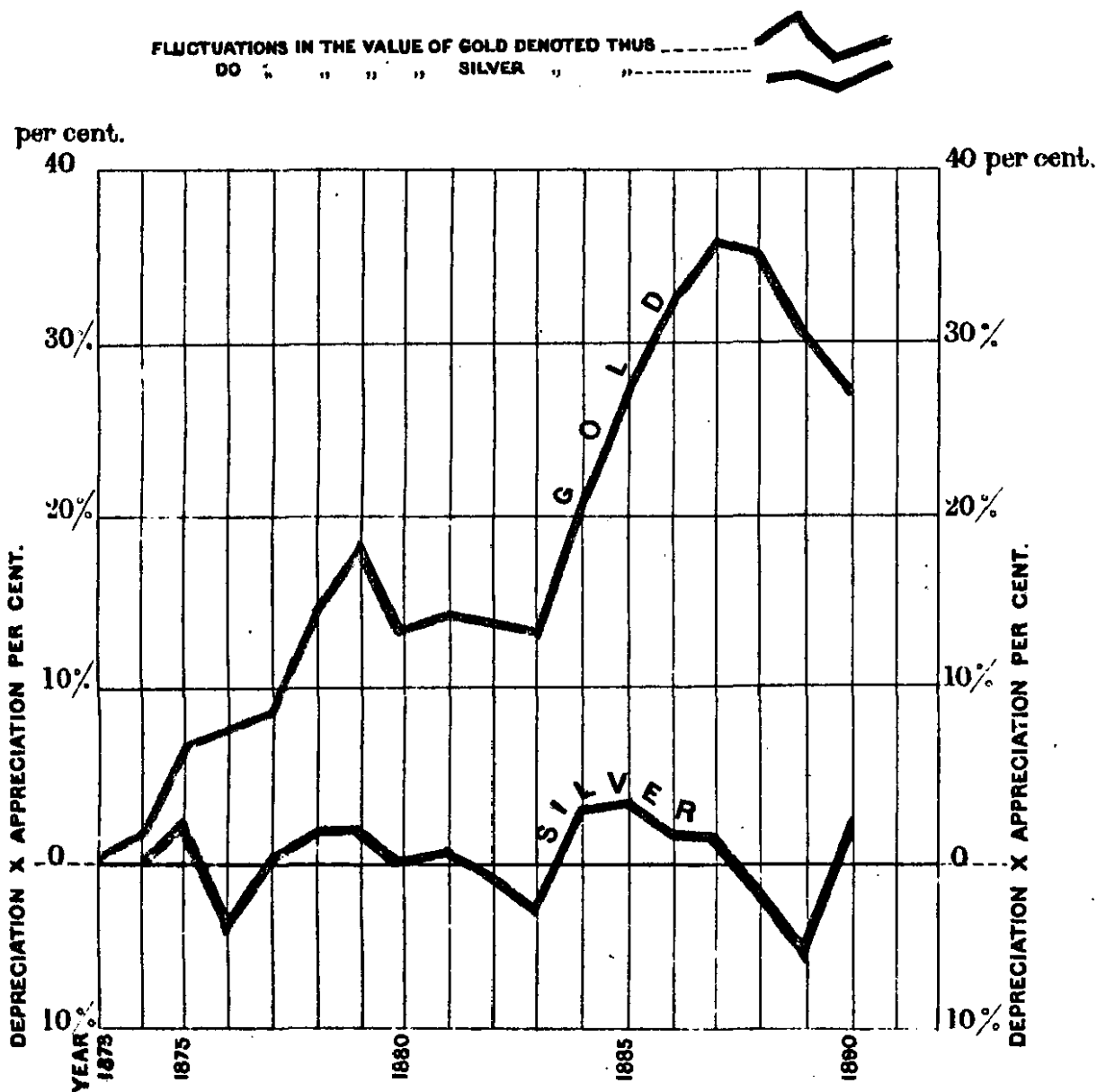
Prices of 1873 taken as Zero



BRUSSELS MONETARY CONFERENCE

DIAGRAM PREPARED BY SIR GUILFORD MOLESWORTH No. 3^A

RELATIVE APPRECIATION OR DEPRECIATION OF GOLD AND SILVER MEASURED BY SOETBEER'S INDEX NUMBERS* SINCE 1873



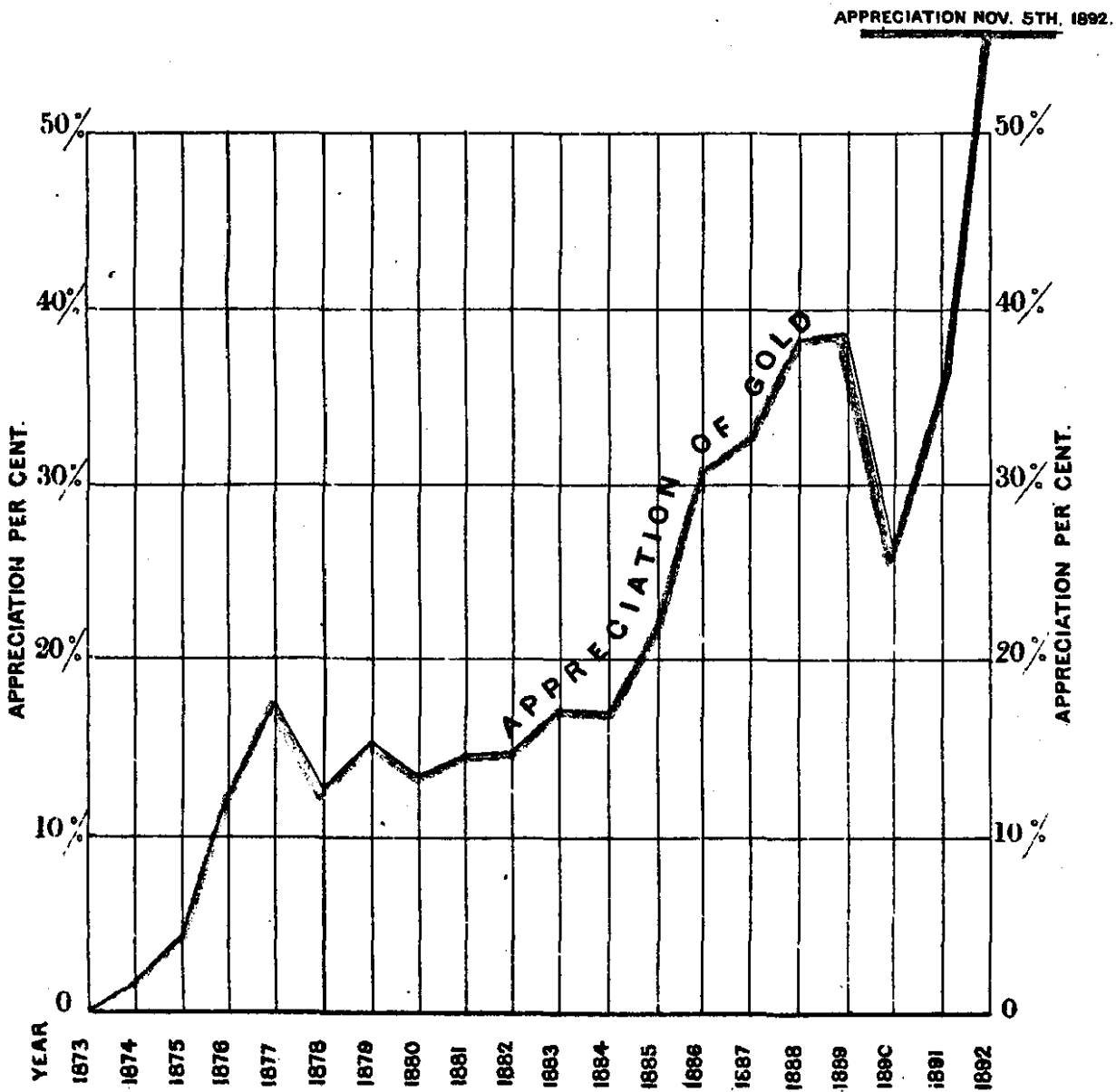
*SOETBEER'S INDEX NUMBERS GIVE THE WHOLESALE PRICES OF 100 HAMBURG ARTICLES, AND 14 ARTICLES FROM ENGLAND VIZ., AGRICULTURAL PRODUCE, ANIMAL PRODUCE, FOREIGN FRUITS, COLONIAL PRODUCE, MINERAL PRODUCE, TEXTILES, AND MISCELLANEOUS.

BRUSSELS MONETARY CONFERENCE

DIAGRAM PREPARED BY SIR GUILFORD MOLESWORTH No. 4

APPRECIATION OF GOLD MEASURED BY SILVER

Prices of 1873 taken as Zero



SIXTH SESSION.

Monday, December 8th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

All the Delegates were present, with the exception of MR. SAINCTELETTE, *Delegate of Belgium*, MR. TIETGEN, *Delegate of Denmark*, MR. BERTRAM CURRIE, *Delegate of Great Britain*, and MR. LARDY, *Delegate of Switzerland*.

The Minutes of the Fourth Session were approved.

THE PRESIDENT referred to the vote taken at the Fifth Session in relation to the proceedings of the Committee, and expressed a desire entertained by a certain number of members of the Conference, who, though respecting fully the wishes of the meeting, would like to see that decision modified to a certain extent. He hoped that he would meet with general support if he proposed, by a slight change in the text rather than in the spirit of the proposal made by Caratheodory Effendi, that any member of the Conference should have the right to be present at the meetings of the Committee, or of any other Committee ultimately to be constituted, without taking part in its deliberations.

Members of
Conference
to be allowed
to attend
Committee.

The proposal was adopted.

THE PRESIDENT informed the meeting that, to meet the wish expressed by Mr. Hans Forssell, Mr. Allison (*Delegate of the United States*), and Dr. von Glasenapp (*Delegate of Germany*), had laid on the table, the former various documents relating to the monetary situation in the United States, and the latter four statistical tables as to coinage in the German Empire. These documents would be printed and distributed. The President thanked Mr. Allison and Dr. von Glasenapp in the name of the Conference.

Presentation
of Docu-
ments.

MR. ALLISON (*Delegate of the United States*) was called upon to bring forward a motion relating to the order of the discussion. His suggestions contemplated the provisional abandonment of the Levy plan, in order to begin at once the discussion on the proposal of the United States, that is to say, on the question of bi-metallism. He thought that the experience of the two last Sessions had shown that while discussing nominally the Levy proposal, they had in reality discussed nothing but general principles, and that it would be better to begin with the debate on the question of bi-metallism, with the power of returning at a later stage to the Moritz Levy plan, and to the other subsidiary proposals.

Order of
proceedings.

MR. RAFFALOVICH (*Delegate of Russia*) urged that the debate on the Levy proposal should be continued to the end. He had prepared some remarks on this subject, and in any case he would like to produce them at once.

MR. BOISSEVAIN (*Delegate of the Netherlands*) said that he also would like to reply without delay to certain arguments put forward at the last meeting by Mr. Sainctelette in direct connexion with the Levy plan. Apart from all personal considerations, he thought that there would be great advantages in allowing the discussion upon which they were engaged to pursue its course.

SIR RIVERS WILSON (*Delegate of Great Britain*) supported the motion of Mr. Allison, which he considered practical and calculated to shorten the discussions. He thought that the majority of the Delegates would not be in favour of the Levy proposal, unless it were included in some general plan. It would be better not to complete the examination of this scheme taken by itself, but to approach the important

SIXTH
SESSION.Order of
proceedings.

considerations involved in the discussion of the bi-metallic proposal of the United States Delegates.

BARON DE RENZIS (*Delegate of Italy*) proposed, as an amendment, to accept the motion of Mr. Allison, but to satisfy Mr. Raffalovich and Mr. Boissevain by calling upon them to speak upon the Moritz Levy proposal.

MR. SANCHEZ DE TOCA (*Delegate of Spain*) reminded the Conference of the hesitation which had been felt as to the order of the discussion when the programme of the United States Delegation had been presented. He had understood that the United States Delegates wished to know the views of the European States before defending their own proposal. Now Mr. Allison himself proposed to embark upon the discussion of bi-metallism, and the Conference ought, out of respect to the Government of the United States, to meet this wish.

MR. FORSELL (*Delegate of Sweden*) urged that the order of debate, which had been settled after discussion, should continue to be followed. To act otherwise would produce confusion.

THE PRESIDENT called the attention of the meeting to the fact that he had found it impossible to restrict the discussion to the examination of the Moritz Levy proposal. In reality the debate on bi-metallism had, so to speak, almost entirely ousted the discussion of the question which was before them, as everyone might have observed in the course of the last meetings. From this point of view the adoption of Mr. Allison's motion would produce order, and not confusion, as the honourable Delegate for Sweden feared.

He asked for a vote upon the motion of Mr. Allison as amended by Baron de Renzis.

The motion as amended was accepted.

Discussion
on bi-
metallism to
begin.Mr. Raffalo-
vich.

MR. RAFFALOVICH (*Delegate of Russia*) read the following speech:—

I should like in the first place to express, in the name of the first Russian Delegate as well as in my own, our gratitude to our colleagues for having kindly reminded us of the share in the suggestion of Moritz Levy which should be assigned to one of the most eminent of my countrymen, Mr. de Thoerner. He will be certainly touched by the retrospective tribute implied in this recollection.

If I consider it my duty to say a few words to-day on the questions at present under our consideration, it is only from that feeling of respect by which Mr. Currie was influenced when he said that each of us, whether more or less competent in the matter, was under a moral obligation to make some contribution to the discussions of the International Conference.

It is naturally for myself only that I speak, as did Mr. de Thoerner in 1878, and I do not pledge in any way the views of my Government. Mr. de Thoerner added further that the Russian Government was obliged to reserve its decision until the moment came for the resumption of metallic circulation, and that it had accepted the invitation to the Conference of 1878, partly in order to meet the wishes of the American Government and partly in the hope of deriving valuable materials from the labours of a Conference in which so many distinguished luminaries were assembled. Our point of view at the present time is the same. Whatever may be the result of our deliberations, whether we discover the formula which will satisfy everyone, whether we arrive at the desired compromise, or whether we separate without having attained success, at least one point is gained, that our debates have not been barren. They have yielded positive results, clearly to be perceived in the declarations of capital importance which we have recorded, and which throw a new light upon the monetary position.

Again invoking the name of Mr. de Thoerner I would say, as did he, that I consider that facts have demonstrated that it is contrary to the nature of things to attempt to establish a fixed ratio between the value of gold and the value of silver. Mr. de Thoerner supported this proposition by the monetary history of our country, and cited two examples to show how difficult it is, in monetary matters, to resist natural forces by laws or agreements. This opinion I still endorse. Nothing which has happened since 1878 induces me to modify it.

If we look at the monetary problem from a practical point of view, considering existing facts and the special position of different States, it does not admit of any absolute solution. Beside the conception of the ideal state of things we have to place the actual execution and carrying out of the conception. It is for this reason that, in certain great countries, we see statesmen who are convinced that if possible the gold standard should be adopted and silver reduced to the secondary position of small change, nevertheless defending the maintenance of the *status quo* with all its drawbacks; and that in others we see public opinion and Governments, though satisfied with the results which have been obtained at the cost of great sacrifices, nevertheless endeavouring to bring about monetary reforms.

I entirely agree with what Mr. Currie has said concerning England. I believe with him that the more a country advances in wealth and civilisation the greater becomes the perfection of its economic machinery, and the greater the economies which can be effected in the use of the precious metals.

One of the sources of England's strength is that she has become the monetary centre of the world, the place where you may always be certain of getting payment in gold. This is now one of the conditions of her greatness; interfere with that certainty, and you will break one of the mainsprings of that greatness. The basis may seem narrow; but from the point of view of the general interest, the narrowness of the basis has its advantages. Thanks to that, we are warned in advance of impending danger. If the importance of the rise of the London rate of discount had been fully understood in August 1890—and may I be permitted to remind you that I, at least, wrote pointing to it as an indication of a crisis in credit at a near date—it might have been possible even then to shorten sail.

An important point has been touched upon in our discussions, and mentioned in the Report of the Committee, namely, the question of discount, the question of the defensive premium. We ought to be grateful to Mr. van den Berg for having placed it before us.

Were I not afraid of abusing your patience, I would read you an extract from the latest preface prefixed by a master of monetary science to the work of another master. I speak of Mr. Léon Say, who has rendered great services to his country in this department, and of Mr. Goschen; and my reference is to Mr. Say's preface to the recent French edition of the "Theory of Foreign Exchanges." In that preface Mr. Say condemns the use of the defensive premium.

In conclusion, I should like to draw attention to the peculiar position of countries which have no considerable holding of foreign securities, and which only hold a portion of their own securities, the remainder being held in other countries. This is a consideration to which I take the liberty of calling the attention of the United States Delegates; it is perhaps a weak spot in their armour.

MR. VAN DEN BERG (*Delegate of the Netherlands*) spoke as follows:—

GENTLEMEN,

It will have been seen from my speech on Tuesday that I am in complete disagreement with our esteemed colleague, Mr. Raffalovich, so far as concerns his views on the monetary question in general; but I am grateful to him for having again drawn your attention to the question of the policy of the Banks of Issue with reference to gold, because the question is, in my opinion, of the greatest importance, and because it seems to me that if it were solved in the way which I indicated at one of our first meetings, a very appreciable mitigation of the drawbacks attaching to the present situation would be brought about.

In order to throw light upon the point, and to facilitate the examination of it, I have drawn up a table of the changes of the stock of gold in the Bank of the Netherlands during the last twelve years. This document, which I have laid upon the table,* is, I think, very instructive, for it shows what has been the course of business under a system which has always refused to attract or retain gold by artificial means. We have always allowed gold to come and go in accordance with the needs of the money market. The result is that from 80,000,000 florins in the beginning of 1880 we saw our stock of gold sink to less than 5,000,000 florins in January 1883, to rise shortly afterwards to 40,000,000, and in 1886 to 80,000,000 again. After that we kept for a long time a stock of more than 60,000,000 florins, and at the present

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* See Appendix A. to the Minutes of the present Session.

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time we are still in possession of a stock of about 40,000,000. To this should be added our foreign credits, amounting to more than 20,000,000 florins, which, by law, do not form part of our metallic reserve.

As to our foreign credits, I should like to point out, further, that they consist almost entirely of drafts on London and Berlin. Paper drawn on Paris and Brussels only constitutes a very insignificant amount; and why? because we cannot be sure in advance that, when our bills on Brussels and Paris fall due, we shall be paid in gold, should circumstances induce us to ask for it, without submitting to a premium, to which naturally we object.

It is this special condition of the money markets of France and Belgium which only too often disturbs business, and introduces an element of instability which interferes seriously with the liquidation of international transactions.

I have many other remarks to add to those which I have just made, but I reserve them for a later stage, when I shall have had the opportunity of hearing what others may have to say for or against the ideas which have been put forward.

Mr. Allard
submits a
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MR. ALLARD (*Delegate of Belgium*) laid upon the table a proposal which was referred to the Committee.*

MR. CRAMER-FREY (*Delegate of Switzerland*) read the following speech:—

GENTLEMEN,

We are seeking a remedy for a condition of affairs which has chiefly arisen from an enormous increase in the production of silver. This production averaged about 1,250,000 kilograms per annum during the 10 years between 1860 and 1870. It has now attained to the annual sum of 4,500,000 kilograms. No one would deny that so rapid an increase must have exceeded the demands of consumption and baffled all foresight.

Would it be possible to cure the evil by artificial measures? There may perhaps be means of mitigating it, and the project of Mr. de Rothschild has indicated one of these means; but neither the author nor any other person could guarantee that at the end of the period of trial the situation might not, possibly, or even probably, be found to be worse rather than better. The declaration of the Delegates of the United States and of Mexico, concerning the possibility of regulating or restricting the production of silver in those countries, has finally shattered many illusions.

It appears then that there is only one radical solution, that which has been recommended by the Delegates of the United States, and by other members of the Conference, namely, bi-metallism pure and simple.

Gentlemen, it would be rash on my part to wish to bring up here the numerous theoretical arguments that may be set in array for and against bi-metallism. Those arguments are contained in the proceedings of the Monetary Conferences of 1878 and 1881, and in the reports of the English "Gold and Silver Commission." It would be difficult to find others. At present, as in 1878 and 1881, Switzerland continues to consider it as a fixed principle of her monetary policy that there should not be two standards, or two measures of value. I should be an unworthy disciple of the lamented M. Feer-Herzog, who represented Switzerland at the Conference of 1878, and an unworthy successor of M. Burckhardt-Bischoff, whose interesting work on bi-metallism and on the Conference of 1881, at which he was a Swiss Delegate, will have been duly esteemed by many of you, if I ever entertained the idea that bi-metallism could be admissible for us. My colleague, Mr. Rivier, and myself, have received the most formal instructions to this effect from our Government.

As regards the different compromises which have hitherto come to light—that of Mr. Allard has only reached us to-day—they all imply, what is in fact inevitable, an obligation tending to the increased use of silver. Germany and Austria-Hungary prudently stand aside. England is very reserved and would only perhaps recoin her half-sovereigns if she saw large compensations in the engagements of other nations for the purchase of silver. In the countries of the Latin Union, except in Italy and Greece which are at this moment in an exceptional but transient condition, it would be impossible to force into circulation a single five-franc piece over and above those which are in use at present. If France consented to withdraw her ten-franc gold pieces, and if Italy decided to withdraw her notes of five and ten lire, then and then only would a new want be created. But then the actually existing five-franc pieces would

* See Appendix B. to the Minutes of the present Session.

more than suffice to fill the vacuum, seeing that France holds 500 millions or more of francs in coins of that denomination, which lie idle in the cellars of the bank.

If in Switzerland, where we have no notes below 50 francs, we are obliged to change a bank note, we are given nothing but silver five-franc pieces or smaller money, and we very rarely see a gold coin in circulation. No measure then, whatever its nature, could succeed in increasing the effective use of silver with us, seeing that on account of the great weight of the metal bank notes are preferred to it for a sum of any magnitude. Any addition would only increase the stores in bank vaults and in the public treasuries. Pure bi-metallism, that is to say, the free coinage of silver, would have the disastrous effect of chasing away entirely, or in great part, the gold required by the countries of the Latin Union to maintain the gold standard.

As for the measures contemplated by the Moritz Levy plan, Switzerland would not be much interested in them directly; but she could not do otherwise than recommend them.

Permit me now, in conclusion, to say a few words in answer to some of the observations that we have heard in the debates at the two last meetings of the Conference.

Mr. Allard, whose youthful energy and depth of scientific and practical knowledge of the monetary question we have all admired in his numerous writings and in his speeches, has told us how serious the situation will become if the Conference does not arrive at resolutions calculated to raise the price of silver.

Sir Guilford Molesworth, the worthy representative of British India, has hinted that if nothing definite in favour of silver were to issue from our discussions, his Government would be obliged to suspend the coinage of silver; and Mr. Cannon believes that the United States would be compelled to have recourse to the same measure.

Mr. Allard has recalled the memory of 1873 with its melancholy crisis, which he attributes to the monetary measures taken by certain countries. As regards this I think that the chief cause of the crisis of 1873 is to be found much less in a lack of currency than in over-production and in the unheard of exaggeration in commercial enterprises, which sooner or later was bound to bring about a strong reaction and difficulties of liquidation. It is very likely that if now, with a production of silver which may soon reach five millions of kilogrammes, an international convention should solemnly establish the free coinage of gold and silver, a colossal rise of all prices would follow, which would excite speculation and wild enterprise. A formidable reaction and a new crisis would be the inevitable consequence.

I believe that the economic effect of the depreciation of silver is considerably exaggerated. The foreign trade of India, for example, has more than doubled since 1872. This means that there must have been ample compensation either for the Exchequer or for a majority of the taxpayers. The manufacturers of Lancashire who complain so bitterly have themselves in the same period more than doubled their exports of cotton goods to India.

As to the suspension of silver coinage in India and in the United States, it would no doubt be a serious matter. But it seems to me that self-interest, though it might not prevent those two countries from limiting the purchase and coinage of silver, would prevent them from taking too abrupt action in that direction.

In theory I am of opinion that the best solution will be found by giving free play to the action of natural causes and by bringing about at the same time a change of policy in the monetary legislation of some countries, as, for example, by avoiding the too frequent changes which we have seen in the United States. These two causes together might be trusted to create a certain stability in the relations between gold and silver.

The Swiss Delegation will continue with the greatest zeal to examine with you all the measures which might help to relieve the present and future situation; but I acknowledge that I am rather sceptical in regard to most of the ideas which have been brought forward, except those of the Moritz Levy scheme. I will not give up hope that light may yet be found.

DR. ANDREWS (*Delegate of the United States*) read, in French, the following address:—

MR. PRESIDENT AND GENTLEMEN OF THE CONFERENCE,

In view of a few words uttered at the last Session, touching the policy of the United States, I crave the attention of the Conference to some remarks less directly related to the order of the day than I should have wished. We have great reason

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to rejoice at the concord and the conciliatory spirit which have marked the proceedings of this Conference. The American Delegates are peculiarly gratified at this. We had thought it at least possible that a somewhat different temper might be encountered. In the nature of the case we could not be sure that any proceedings which it devolved on us to initiate would be so free from friction. We were painfully aware that the attitude of America toward silver money, and hence the reasons for the call of this Conference and for our appearance here, had been widely misrepresented. We are assured from the European papers that many people on this side of the Atlantic believe our friendliness to silver to be purely selfish. They think us bent only on increasing our national wealth, and suppose that in undertaking this we act merely as the servile creatures of certain men owning silver mines. Gentlemen, let me beg any of you who still harbour that thought to dismiss it for ever, for there is not the slightest real foundation for it.

In constituting the immense value of our total national product, amounting in 1890 to some 13,000 millions of dollars, silver is but a trifle of about four ten thousandths or four one-hundredths of one per cent. Indulge me in a few more figures touching the values of extractive products in the United States. The figures for our manufactures would be even more impressive.

Commodity.	Year.	Value in Millions of Dollars.
Minerals - - - - -	1890	652½
Hay - - - - -	1888	408½
Wheat - - - - -	1890	320
Cotton - - - - -	"	220
Coal - - - - -	"	171½
Pig iron - - - - -	"	151½
Pork - - - - -	"	85½
Potatoes - - - - -	1888	81½
Truck - - - - -	1890	76½
Gold - - - - -	"	32½

In views of statistics like these it is obvious that the people interested in our silver mines can exert but an insignificant influence upon public opinion in our vast country.

Equally absurd is the idea which has had much prevalence in Europe, that my country's interest in silver mainly proceeds from some distress afflicting our monetary system due to the considerable amounts of silver notes, coin, and bullion comprised in it. It is true that we have much silver money, but we have none too much, as is proved by the two infallible tests, that though practically all in circulation, it is all at par with gold; and that general prices in the United States show of late no elevation but a fall.

European critics of our monetary legislation overlook, as too many of our own people do, the enormous growth of our country's population and business, which not only enables us to absorb colossal sums of money without the slightest disturbance to the circulation, but even renders such additions absolutely necessary. We have not, and are not at present likely to have, a dollar of silver beyond what we need. It is impossible for us to monetise more of it than is good for us, so long as we can easily maintain every coin of it upon a perfect parity with gold. Should this at length prove likely to be impossible we shall change our laws.

What considerations then impelled the United States to invite the other nations hither?

They were mainly two, both of them rational and neither proposing any advantage to ourselves at the expense of other nations. Also the United States has no idea of soliciting any favour from the peoples of Europe. What we desire is as much for Europe's interests as for our own.

In the first place we wish to multiply our trade relations with the world. We desire to do a vaster business both with China, Japan, and Central and South America, and at the same time with the nations of Europe, a policy which can never be satisfactorily carried out so long as the two great groups of nations, the silver-using group and the gold-using group, go on separating more and more. The torment from fluctuating exchange which besets Great Britain in her commerce with India we too experience, in a way somewhat less obtrusive, in trading with our nearest neighbours. This is a distressing evil, which we earnestly desire to abate in favour of a fixed par of exchange between ourselves and those nations, a result to be attained only by extending the function of silver as money for ultimate payments.

But, gentlemen, I wish to say—and I cannot possibly lay too great emphasis upon this—that we are determined not to accomplish the desirable end of which I have spoken, at the terrible cost of opening a similar chasm between ourselves and the nations of Europe. We aspire to form the bond needed to make the world's commerce a continuous unity. We are striving to reach this end, but cannot do so without your assistance. If ever forced to give up the effort, we shall part company with Asia and South America rather than with you, with whom we are associated by so many strong, tender, and valuable relations.

There are those, I dare say, who expect that the issue of the policy toward silver which the United States is pursuing will be the loss of its gold and its passage to a monetary system having silver for its basis. Gentlemen, I say to you with the utmost seriousness, such persons are mistaken. We shall not give up our gold. It has been hinted that the United States is to blame for the monetary disturbances from which the world suffers; I deny this. To make such a charge is like indicting for murder a man who has bravely tried to save his fellow, bent upon committing suicide. But we cannot carry this fraternal effort much further. We shall not for ever pursue alone the task of sustaining the price of silver. That would be more than Europe has a right to ask of us. If Europe has not interest enough in the project to co-operate with us, we shall soon decrease our annual purchase of silver, and begin to provide for the recruiting of our currency by issues of paper. Our next Congress, whose authority begins on the fourth of next March, is nearly certain to open procedure in that direction. At any rate, I repeat, we shall not give up our gold.

Any who judge otherwise are imperfectly informed, being misled by the feints, the bluff, the manœuvres attending the conflicts of our political parties in Congress and outside. It is necessary to look deeper than this, to the last national platforms of both our chief political parties; to the complexion of the new Congress; to the project of the democratic party to renew the issue of State bank notes; to the fact of the recent election of Mr. Cleveland to the Presidency, by a very large majority both of the popular and of the electoral vote, after utterances by him in favour of a gold policy so pronounced and uncompromising that many of his best friends expected his defeat; to the fact that the section of the country—I mean the South—where Mr. Cleveland's peculiar views on this subject were supposed to be least in favour, gives him absolutely unanimous support; and lastly to the character of Mr. Cleveland himself, so fully committed on the subject as to assure his opponents no less than his friends that the time-honoured monetary policy of the United States will never be changed by his consent. What I say upon this subject is based upon no private information; but, as an adherent of Mr. Cleveland and enjoying in a slight degree his acquaintance, I have absolutely no doubt that his attitude towards the currency problem will be what I have intimated.

It may be thought by some hardly credible, in view of our customs laws, that the United States wishes a wider foreign trade. Why, if that is so, it may be asked, do you not lower your tariffs? Gentlemen, this is part of that resolute policy of ours to which I have referred, of retaining our gold. I do not say that this wish is the sole reason for the elevated range of our customs duties, but I do maintain that one very important ground for our tariff policy, restricting in one way our trade with Europe, is that in another way it enables us to continue that trade on the same gold basis as yours, with a stable par between us and Europe, so that at the proper time this commerce may conveniently be increased. One can easily see how our tariffs help us here. We produce several commodities which Europe must have, while few of our own wants are of such a nature that we cannot, by sufficient outlay, provide for them at home. By hindering somewhat the movement of your commodities to us, which many of us are very sorry to have to do, we make it necessary for you to send us gold. It is obvious from this that there could be no surer way to lower American tariffs than for Europe and America to agree upon a policy favourable to silver as money.

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That, and nothing else, will abate this incessant conflict for gold, leaving America free to effect generous reductions in her customs duties. We do not wish this conflict to continue; but, if it must, all will see, I think, that we have in it certain peculiar advantages. If forced to use these we shall have no recourse but to do so.

Gentlemen, as I suggested, a second powerful consideration urges the thoughtful people of the United States to try and rehabilitate silver as money of full debt-paying power. It is this: They wish to stay that baneful, blighting, deadly fall of prices which for nearly thirty years has infected with miasma the economic life-blood of the whole world. They do not desire to debase the standard of value. They would have every debt paid in gold or its equivalent, but they do not wish gold to be arbitrarily and unjustly appreciated.

Many writers of great intelligence fall into a curious confusion of cause and effect upon this point, identifying fall of general prices with intrinsic cheapening of commodities. For instance, the Berlin "Nation" had, some years since, an editorial on "The Decline in Prices an Advance in Civilisation," wherein such decline was set forth, not as a sign of economic advance, which under the world's present economic system it often is, but as itself an element in such advance, which it is not. That many manufactured articles have long been decreasing in intrinsic cost is a great blessing, and articles of this class would doubtless have gone down more or less under an ideal system of money. But it was not necessary that general prices should fall, and this fall I maintain has been an absolute and unmitigated curse to human civilisation. Mark, it is not low prices which we condemn; low prices once established are as good as high; that is to say, the words "high" and "low" in respect to prices are not absolute but relative terms. The everlasting *fall* of prices, the act of sinking, is the accursed thing. None profit from it but such as are annuitants and nothing else, and we may be sure that no civilised state is going to legislate to keep prices falling when the fall is once seen, as it must soon be seen, to injure all but the very few unproductive people who live upon their incomes. Bankers and money-lenders, as such, are not interested to have prices fall and the value of money increase. What enriches bankers is lively business, plentiful trade, demand for capital, high interest, phenomena which never accompany appreciating money, and in the nature of the case cannot do so. In the absence of wars and all such acute causes narrowing the demand for loanable funds, the present abundance of these in all directions and the consequent low rates of discount ought to be read as indubitable signs of a morbid paucity of money in the general circulation.

Gentlemen, this is indefinitely the most important aspect of the silver question. The trouble is intensely real. It is at once economic and moral in nature, hindering exchanges and necessitating a measure of injustice in a vast proportion of the exchanges which do occur. The malady affects all alike, Europe as well as the United States, Germany, and Austria no less than England and France. How long shall the evil continue? It is not inevitable but remediable. The Governments here represented can terminate it any day. They justly look to us for recommendations, keenly aware that if we adjourn without agreeing upon a remedy, instead of the old *status quo* being restored the disease will be aggravated. Among the numerous suggestions of remedy daily brought to our notice a few are certainly reasonable and feasible. If we continue our deliberations with a due sense of the responsibility resting upon us we cannot fail to devise some measure of relief.

Mr. Zeppa.

MR. ZEPPA (*Delegate of Italy*) read the following address:—

GENTLEMEN,

You are aware that public opinion from the first has not been over sanguine as to the practical results of this Conference; but it must be said that a change of opinion was produced when it became apparent that the Assembly put aside every theoretical question to discuss a proposal so simple in its chief lines as Mr. de Rothschild's, thus giving a sure pledge of their desire to remain on practical ground.

But now Mr. de Rothschild's plan, for reasons which we know, has been withdrawn, and the discussion has again entered upon the domain of general principles. I will not follow my colleagues into this region, but will confine myself to expressing in a few words my own opinion on the question under discussion.

It is evident, as has been already remarked, that a higher and almost inevitable law impels civilised nations to pass gradually to gold mono-metallism. In proportion to their economic progress the intrinsic value of the monetary unit which they adopt must be raised.

And there is no doubt that this law, based on the principle of least resistance, has been singularly favoured in this century by events, some natural and some out of the ordinary course, in consequence of which it may perhaps have come into action prematurely.

The excessive and continually progressing production of silver is the first of these facts, on the existence of which I need not dwell. This increase in the production of silver made it necessary to suspend the coinage of silver money of full legal tender in bi-metallic States, first for the account of individuals, and then for the account even of the State, by reason of the fall in the price of the metal and of the enormous divergence between the real and the legal value of silver in comparison with gold. This suspension, which was necessitated by the fall in the commercial value of silver, had without doubt the effect of emphasising that depreciation. It should be observed that the majority of civilised States had for a long time been forced by political and financial events to submit to an inconvertible currency, and that thus the use of notes had become deeply rooted in the habits of their peoples, so that when inconvertible paper currency had to be given up, the public found it difficult to reconcile themselves to the use of heavy silver money. This is so real a difficulty that Mr. Moritz Levy and M. Soetbeer, when proposing a more extended use of silver money, thought it necessary to facilitate it by permitting the use of silver certificates in the place of coin.

Finally silver could not fail to feel the consequences which arise from the application of all those measures by which in commercial transactions, whether international or internal, the use both of gold and of silver will be considerably reduced.

As the law of least resistance impels nations towards the ideal of gold mono-metallism, so it leads them to use in their transactions the smallest possible amount of coined metal; whence arise, as is well known, clearing houses and all the instruments of credit.

Taking these things into consideration it is astonishing that persons, admittedly of high intelligence and genuine culture, are to be found who would wish to lead nations backwards, and to re-establish pure bi-metallism. It is evident that to produce that effect it would be necessary not only to secure that the commercial price of silver should approach anew the point at which it stood thirty years ago, but also to eliminate, if possible, those tendencies which are adverse to the increase of the circulation of silver, and to counteract those economic conditions which have had the effect of reducing the use in business transactions, not only of silver, but also of gold money.

The diminution of the value of silver, as determined by its use, at the same time that its production has increased, has brought about by a natural economic law the fall of its exchange value, and this being the case there is no human force, no international agreement, however numerous the contracting States, which can re-establish the old legal relation between silver and gold. Besides, the adoption of a new legal ratio, while it could not secure the States against the danger of a new disparity in a few years between the actual and the legal value, would, by the necessary demonetisation of the silver in circulation, cause losses such as few States could bear.

But if all this is true, it is not less true that, as it would be contrary to the law of progress for nations to adopt gold mono-metallism before by reason of their economic conditions they are ready for it, so it would be equally dangerous to neglect any measure which might render less serious the effects of the fall of silver among those nations who are either bound to move towards gold mono-metallism, or who have just adopted it; or who, whatever system they may use themselves, are in constant relations with countries which have silver mono-metallism. From this point of view the States forming the Latin Union, with its limping bi-metallism, are no less interested in checking as far as possible the fall of silver than Germany, Sweden, Norway, and Austria-Hungary, which have lately adopted gold mono-metallism, than England which has gold mono-metallism, and Russia which has silver mono-metallism, on account of the very important relations which these two last-mentioned nations have with Asiatic countries.

It is difficult to believe that the United States, for the sole reason that Europe is not willing to adopt pure bi-metallism, would all at once suspend the purchase of silver. It is not, however, incredible, since the present silver laws of the American Confederation might place the public treasury in an untenable position with respect to the accumulation of that metal. On the other hand, it is a fact of which we now have clear proof, that the increase in the use of silver money, due to the different laws for the purchase of silver, has brought about a considerable diminution, both in the

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gold in circulation in the United States and also in that deposited in the banks. The Gresham law was bound to produce its effects there also.

It is not possible then to face without anxiety the consequences which would arise from the abrupt suspension of those laws. Silver would fall still further, perhaps to half its legal monetary value, and a rise in the price of all goods would necessarily follow in all the countries which kept silver as full legal tender. It is difficult to imagine the disturbance which would result throughout Europe. But this disturbance would arise all the same, though in a lesser degree, if the United States, even in view of the failure of the Conference, should keep their silver laws unaltered. Consequently it is desirable, as much from the political as from the economic point of view, to prevent a further rapid fall in silver, or at least to make it slow and gradual, so that its consequences might be somewhat mitigated. That would be a sound line of conduct, worthy of wise Governments, and conformable to those political principles which do not demand opposition to the great laws of nature, but rather urge that progress should be realised without violent shocks and dangerous disturbances.

It is precisely these considerations which should have recommended Mr. de Rothschild's plan rather more strongly to the Conference. The form in which the proposal was stated showed that its author was far from believing that by this means the old ratio of 1 to 15½ could be re-established, and still less universal bi-metallism.

The true object of the proposal evidently was to secure the continuance of the purchase of silver on the part of the United States, and to provide at the same time that purchases should be made by the European States for five years at least, in order to hinder a further depreciation of silver. Even this limited object deserved the interest and co-operation of the great European States. But as a unanimous agreement was impossible, several of the great Powers having declined to join in the measure, and as, therefore, the project could not be adopted in its entirety, might we not hope for a partial application of the plan? Would it not in any case have been interesting to secure in part the favourable results looked for, when it became impossible to obtain them completely?

If some of the Powers were convinced of the utility of the Rothschild scheme, and were disposed for their own part to adopt it, and above all, if England, influenced by the monetary troubles in India, recognised the opportunity of preventing the suspension of purchases of silver by the United States, and of a greater fall in the value of silver; and if, finally, she herself, while retaining her gold mono-metallism, had thought it possible to give a larger place to silver in her circulation, and in her payments, would she not have been able to agree with those Powers who held the same views, for the purpose of making every year a part of the purchases which, according to the scheme, were to be made by all the European States in common.

In this way a great result would have been obtained. If silver could not have been raised to the price of 43 pence the ounce, it might have reached and been kept at a slightly lower value. At any rate a further fall would have been prevented. In fact the support of England, as proved by her purchases, would have been of such material and especially of such moral importance, that the silver market would have been very favourably influenced by it. Her example and its results could not have failed to incite other States which have hitherto been refractory to follow the same course, to bring back again those States which have too hastily perhaps adopted gold mono-metallism, and to induce those States to pause which, without being ripe for the change, wish to adopt it. The United States and England would thus have conferred a great benefit not only on themselves but on the whole of Europe. In the meantime industry would have time to extend and to increase the use of silver, so as to insure to the producers of silver just compensation against the day when the abandonment of this metal as money of full legal tender will become unavoidable in all civilised countries.

The opinions that I have expressed seem to me to be in agreement with the principles laid down at all the preceding Conferences, on the necessity of maintaining to a certain extent the monetary part played by silver as well as by gold. Mr. de Rothschild's scheme seemed to me to be the practical starting point for the carrying out of these principles, although some essential modifications in it might have been necessary. Unfortunately the declarations made at the last sitting by Sir Rivers Wilson leave us at present no hope that Great Britain will give her support to the Rothschild proposal. But may I be permitted to express the desire that she may one day reconsider her decision, and that she may add a new claim to the gratitude of the civilised world by taking the initiative in lending her powerful co-operation,

so that a middle course, avoiding bi-metallism on the one hand and on the other hand the too hasty adoption of a gold standard, may in one form or another finally triumph.

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MR. WEBER (*Delegate of Belgium*) read the following speech :—

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Mr. Weber.

GENTLEMEN,

You have heard various speeches, some of which were concerned with the examination of palliatives suggested for the improvement of our monetary position, which is declared to be bad, while others take bi-metallism by the horns. I have no intention of dealing with palliatives, which I do not think would be either useful or effective; but I desire specially to meet the arguments of those who repeat, until we are tired of it, and with unabashed persistence, that the fall in prices is due entirely to the scarcity of metallic money.

According to these modern Jeremiahs the fall in the price of cereals, of cotton, of wool, and of many other products, results from a scarcity of coin in the monetary circulation of the world. The enormous areas which have been put under cultivation, or used for pasture, in the New World and at the Antipodes, are ignored; they are not taken into account at all. For instance, three or four years ago America produced 6,000,000 bales of cotton, whereas the harvest of 1891 amounted to 9,000,000 bales. The London "Economist" in one of its last numbers reports that a census of the sheep in Australia gave 62,000,000 head in 1878; while for 1891 the figure is given as 124,000,000 head, that is to say, exactly double. If these 62,000,000 sheep, which have been added to the figure of 1878, instead of contributing wool had contributed silver in the shape of fleeces, and if in consequence prices, instead of falling considerably, had been maintained at a high level, I ask what profit humanity would have derived from this phenomenon? Does it not seem to you, gentlemen, that we are to a certain extent criticising Providence if we complain of the cheapness of products, when that cheapness is the consequence of their abundance?

It is to be noted that those who groan at the fall in prices fail to see that the value of certain products has undergone considerable oscillations since the coinage of silver was limited, and that they have been subject to alternate rises and falls since 1873, exactly as they were before that date. This proves clearly that it is no general and unvarying cause which affects prices, but that it is the abundance and scarcity of products, indicated, as is always the case, by supply and demand. I might make this more clearly perceptible by having recourse to statistics, and by supporting my argument by figures and graphic diagrams, but I think that this is not the moment to embark upon a long exposition of the subject.

At the same time there is no doubt that the universal employment of silver as money would have a powerful effect upon prices; but, so far as regards the increased activity of business, the effect would be merely transitory, and would be followed by an inevitable reaction. The war of 1870 was followed by an extraordinary commercial and industrial activity. Are we, therefore, to consider war as a stimulant to industry?

It is the fall in the price of silver, and not in that of produce, which should engage our attention. It has been asserted that for fifty years at least the value of the two metals hardly varied from the ratio fixed by law. The fact is, however, that one of the metals, at one time silver and at another time gold, used to stand at a premium, but the variation was not sufficiently great to cause any uneasiness. The discoveries of gold in Australia and in California seemed for a time to depress the balance finally on one side; the more so, that these discoveries took place contemporaneously with an expansion of instruments of credit, such as bank notes, cheques, transfers, and clearing-house settlements. Let me give Belgium as an example. Forty-two years ago the effective circulation of notes of the Société Générale and of the Bank of Belgium did not exceed 15,000,000 fcs., while, at the present moment, the circulation of the National Bank exceeds 400,000,000 fcs. The system of transfers did not exist at that time, while last year settlements cleared by transfer exceeded, at the National Bank, the figure of 900,000,000 fcs. If this has been the case in Belgium similar results have been produced in other countries too; so that, at a time when the production of gold reached an unprecedented point, the use of money was economised by instruments of credit. It is exceedingly strange that, in the presence of facts such as these, the most cumbrous and least convenient form of money was not depreciated sooner, and that the point of saturation was not reached before 1873. It is true that the increase of coin and of instruments of credit

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coincided with an unprecedented industrial activity, which had its origin chiefly in the construction of railways and other means of communication, undertakings which, besides requiring an enormous amount of capital themselves, gave a powerful stimulus to the commercial relations of different countries.

It was not, then, the demonetisation of a certain quantity of silver coin by Germany which produced the fall of that metal; the fall was inevitably destined to happen, and all that Germany did was to make use of a favourable conjunction of affairs to escape from a disadvantageous position.

Moreover, why should we look for the cause of the fall in silver to a demonetisation, which in seven years extended only to a total of 840,000,000 fcs., while the production of silver, according to Mr. Leech, the Director of the United States Mint, rose from 437,000,000 fcs. in 1873 to more than 995,000,000 fcs. in 1891? And yet this production was not stimulated by the market price, for the metal had fallen by more than 30 per cent. during that period. What figure of production should we not have reached if prices could have been maintained, and how many 5-franc pieces would be circulating with the stamps of the Latin Union if restrictions had not been applied to the coinage of silver?

The supporters of the double standard cannot find bitter enough complaints for the scarcity of gold, which, nevertheless, exists only in their imagination. According to the Director of the United States Mint, the production of gold throughout the whole world, which stood in 1873 at 498,000,000 francs, reached in 1890 the figure of 680,000,000 francs.

It is not only the progressive total of production which bears witness to the abundance of gold; it is forcibly shown by the situation of the banks of issue, which assert that gold coin accumulates more and more in their stores. The "Messenger de Paris" which, as is well known, is one of the chief financial organs of France, quotes, in its number of the 23rd of June last, a communication which had been made to the Statistical Society of Paris by Mr. des Essars, upon the variations in the metallic reserves of the banks of issue of the world from 1881 to 1891. He shows that the stock of gold, which in 1891 amounted to

was in 1881 only	-	-	-	-	-	5,562,100,000	francs
	-	-	-	-	-	2,901,100,000	"
<hr/>							
that is to say, an increase of	-	-	-	-	-	2,661,000,000	"
in 11 years. During the same period the stock of silver in							
the same banks increased by	-	-	-	-	-	925,300,000	"
and their fiduciary issue grew to	-	-	-	-	-	14,337,200,000	"
from	-	-	-	-	-	12,135,600,000	"
<hr/>							
that is to say, an increase of	-	-	-	-	-	2,201,600,000	"

Mr. des Essar's work only goes down to 1891. The "Messenger de Paris" shows that in 1892 the stock of gold in the bank of France increased by a further sum of 200,000,000 francs. The paper adds some very just observations, which I think it right to reproduce here:—

"Far from being incomprehensible, these variations have a very natural explanation in the monetary policy of the United States. The American Government has been literally besieged, oppressed, and overwhelmed by producers of silver, who do not know what to do with their produce, because they hold it at a price higher than its real value, and the United States have therefore had recourse to all possible means for escaping from this difficulty and for keeping in circulation millions of ounces which they have been compelled to buy without needing them. The consequence is that gold, which is abundant in the United States, finds less use there, and that it crosses the ocean, accompanied furthermore by silver, its very faithful servant. This is the reason why in a year when Europe had to buy enormous quantities of grain in the United States the exchanges were persistently favourable to Europe, and why the reserves of gold in Europe have increased, whereas it was admitted by all the world that they ought to diminish. The amounts of gold and silver seeking for employment in Europe proved to be greater than the amounts necessary for liquidating the purchases of grain in the United States. This is one of the most curious and instructive of monetary phenomena in our time."

The French newspaper might have added that the Government of the United States would before long necessarily find itself in certain difficulties, in consequence of the financial measures which it has adopted to assist the producers of silver.

It is scarcely necessary to remind you, that the Government has undertaken to buy every month 4,500,000 ounces of silver at a fixed price, and that as it would have been barbarous to coin into unnecessary money this immense mass of bars, the sellers have received in payment silver certificates which circulate as bank notes.

This issue has been facilitated by the restrictions which the National Banks of the United States have been compelled to place upon the amount of their note circulation. It is difficult not to suppose, that the authors of the Bill, by virtue of which the certificates have been issued, profited from these circumstances to facilitate the disposal of the silver bars. The number of the National Banks is at present about 4,000. By virtue of their constitution, which is uniform and determined by law, they are obliged to deposit in the United States Treasury bonds of the national debt to an amount equal to the total of their issue. The repayment of the national debt takes place at successive dates, fixed in advance at the time of the issue of each loan, and consequently the banks have found that to a certain extent they were unable to obtain cover for their issue, and under these circumstances silver certificates took the place of the notes which had to be withdrawn.

When the superfluity of these securities was recognised, the apprehensions of the American public with regard to silver were increased. On the 4th of April 1891 the "Économiste Français" published the following remarks:—

"Recent silver legislation has produced unforeseen consequences in several States, particularly in Kansas and Nebraska. Notwithstanding the law which requires the Government to purchase 4,500,000 ozs. of silver every month, silver, as currency, remains a cumbrous and unpractical form of money; and under these circumstances its use could not be forced upon the public.

"This has already exercised an influence on its price; not only does silver not rise in value, it no longer keeps steady, it falls. Commercial men believe that it will fall even lower, and they take precautions in consequence. For example, it is stipulated in all contracts for a long term, such as mortgage deeds, that payment must be made in gold, *i.e.*, in gold coin of the United States of the denomination, weight, and standard at present current, or its equivalent. Those who will not accept this condition are unable to borrow.

"That speaks for itself. The United States is a silver-producing country. At the cost of very heavy sacrifices they make laws in order to maintain the price of silver, but notwithstanding this the price falls; and, in the Southern and Western States, where they pay little heed to theory and where it is impossible to say that the people have been infected by the doctrines of economists, where the variations of foreign prices are less felt than upon the more sensitive European markets, they do not now believe in anything but a gold standard."

I have endeavoured to show, by authorities and figures, that gold is not scarce, but that the stock of it increases considerably. This arises both from the production, which increases every year, and from the position of the banks of issue, which every year alike find that their stock of gold is considerably augmented. It remains to be investigated whether, in spite of that, business is hampered, and the trade of the world checked by what is incorrectly described as the appreciation of gold.

At the last general meeting of the London Chamber of Commerce, the President, Sir John Lubbock, in a statement which did not deal with the monetary question, quoted some figures which it is interesting to repeat here. Comparing the exports and imports of the three countries which manifest the greatest commercial activity, for the years 1880 and 1890, he showed a considerable increase for 1890. The following are the figures he quoted:—

IMPORTS.

	1880.	1890.	
	£	£	
France - - - - -	383,000,000	368,000,000	- 15,000,000
United States - - - - -	311,000,000	340,000,000	+ 29,000,000
United Kingdom - - - - -	634,000,000	683,000,000	+ 49,000,000

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	1880.	1890.	
	£	£	
France - - - - -	138,000,000	150,000,000	+ 12,000,000
United States - - - - -	171,000,000	176,000,000	+ 5,000,000
United Kingdom - - - - -	223,000,000	262,000,000	+ 39,000,000

That is to say, taking exports and imports together, there is an increase of 119,000,000/ or 2,975,000,000 francs.

Of course if the trade of the whole world were taken into consideration the total would be much greater still, for it will be observed that neither Germany nor Austria are included in the table. If to the foreign trade of each country were added the amount of the home trade, the increase shown would be something extraordinary.

It must therefore be concluded that there is no scarcity of specie and that the progress of the world's trade cannot be said to be fettered by this imaginary cause. Facts show the contrary.

In order to meet every objection, let us admit for a moment that an agreement has taken place between the principal nations of the world represented at this Conference, and let us examine the consequences which would follow an arrangement for opening every mint to the simultaneous coinage of gold and silver at a fixed and settled ratio.

There is a limit of time to every agreement, and consequently, when that time arrives, each of the contracting parties regains his freedom of action. In this way the term of the Latin Union has expired, but it is prolonged from year to year by silent consent, unless notice to determine it be given. Hitherto no one of the interested parties has considered it of advantage to break up the Union, but it may be dissolved at fixed recurring periods. This state of affairs is certainly not a favourable one, but the total amount of silver coin in circulation, bearing the distinctive stamp of each of the nations interested, is pretty accurately known; and it is possible, having regard to the requirements for home circulation, to calculate the amount of coin which would have to be bought back from abroad.

Is it likely that after such an experience a nation would entertain the idea of placing itself again under the conditions which have brought about the present state of affairs, by reverting to the free coinage of silver? It is calculated that Belgium could be compelled to repay 200,000,000 francs if the Latin Union was broken up, and yet it is sought to induce her to increase this amount to an unlimited degree, with the certainty of finding herself, on the termination of the international convention which is contemplated with a light heart, in an absolutely hopeless position.

It must not be overlooked that the work done by a coining-press is not in proportion to the size of the country on whose behalf it operates. Whether it be at Brussels, Paris, or London, it will produce in an hour or in a day the same number of coins. Thus the Brussels Mint in 1873 struck more than 100,000,000 francs in 5-franc pieces. Belgium did not require these coins, but the holders of bar-silver very naturally desired to make a profit out of the operation. It is true that, at that time, an inconvertible currency was still in operation at Paris.

From the commencement of the century, the most powerful and scrupulously honourable nations have found themselves compelled to have recourse to a forced currency. England maintained it till 1816. It was instituted in France in 1848, and again in 1870. Austria has only recently escaped from it, and Russia is still subject to it.

A forced currency, then, is a scourge which must not be overlooked, as the causes that produced it in the past may reappear and again impose it upon us; and it will be those nations who escape it who will find bars of silver flowing in upon them for the purpose of being transformed into coin bearing their distinctive stamp. The production of the silver mines, not being limited in accordance with the demand, will not be in any way diminished; for the profits will not fall off, since by virtue of the agreement the mints would remain open, and would continue to coin, according to the conditions internationally established.

It is true that the partisans of a double standard assert that if their scheme were generally established throughout the world there would be hardly any shipments of precious metals. As their price would be the same everywhere, there would not be any motive for moving them from one place to another, unless such a course was demanded by real needs. According to them silver would no longer leave the places where it is produced, and the double standard would bring back to us the golden age.

It is nevertheless quite certain that the profits of mines come from their production, and that that production would be greatly stimulated by the certainty of being able to sell the produce at a fixed and known price. The 995,000,000 francs of last year would be enormously exceeded. All the silver which was not required for industrial purposes would be converted into coin; and, as the coining-presses of the United States would be unable to perform so colossal a work, even supposing that those who control them wished to perform it, the metal would be sent to those countries which had the best supply of remittances in the opposite direction. It is perfectly clear that silver is not paid for with silver and that the exporters of silver bullion, to Belgium for example, have no intention of importing 5-franc pieces into their own country. Consequently they would seize all the gold they could lay their hands on, as well as credits on countries where there is an abundance of gold in circulation. This would certainly not be done in a day, but they would avoid any loss of interest by requiring their correspondents to pay the 5-franc pieces into the bank of issue; and while waiting to find cover they would apply the notes, which would be remitted to them in exchange for these 5-franc pieces, to the purchase of international stocks and other securities realisable at short notice.

I mean by this that a silver invasion is inevitable and that the condition of international relations, even though it should not involve immediate remittances of specie, would be powerless to prevent it.

The result would be that we should be compelled to stipulate in our contracts for payment in gold, as they are beginning to do in America, and we should probably see trade bills made payable in the same coin. Those nations which had parted with their gold and could only pay in silver would have to submit to ruinous rates of exchange.

The losses which might result from the breaking up of the Latin Union, of which, however, at present there is no indication, are calculable; whereas the losses which might accrue to the next generation, from an international arrangement such as that they have in view, are incalculable. Who would dare to prophesy the condition of international affairs, the condition of Europe and of the world, when the term of the International Monetary Convention runs out? Which nations will have an interest in demanding from the others the redemption of the coins bearing their distinctive stamp? After 20 or 25 years, the probable period of such an arrangement, who will be the creditors and who the debtors? No one knows. But we may be sure of this, that there will be a surfeit of money, a formidable inflation of silver currency, and all this will have been brought about for the sole purpose of digging up silver in America and elsewhere, and bringing it to Europe to bury it again there in the vaults of the banks of issue.

The difference lies in this fact, that so long as silver is in the condition of ore it exercises no influence upon prices, but as soon as it is changed into money the case is entirely altered. This result, which favours some to the detriment of others, is what they have in view.

For the last 50 years the great discoveries of gold and the more and more general use of instruments of credit have created a situation continually more favourable for the debtor and more unfavourable for the creditor. All those who receive a fixed salary have suffered, namely, officials of all classes, magistrates, soldiers, clerks, pensioners, and stockholders. This last class has suffered relatively, on account of the depreciation of the purchasing power of money, and absolutely on account of the continuous diminution of the rate of interest caused by the abundance of capital.

The conversions of stocks and other securities which have taken place sufficiently attest this, and these conversions prove that the Governments have no need for the depreciation of money in order the more easily to fulfil their obligations.

This is the state of affairs which it is desired to make still more acute by giving a legal and fictitious value to silver, with the object of bringing about an apparent and ephemeral prosperity by a rise of prices. Those who are at present sellers would profit by the situation, but not to any lasting extent, as they would immediately be called upon to pay dearer for their raw materials, and high prices inevitably cause reduced

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consumption. Only producers of raw material would derive any permanent benefit, such as agriculturists, whose interests certainly deserve attention; but they too would find their profits gradually diminished by an increase of rents.

The forced circulation of silver appears iniquitous from whatever standpoint the question is regarded, and, in seeking to favour the expansion of industry and commerce by international means, we must look for help not to the Mint but to the Custom House.

MR. BOISSEVAIN (*Delegate of the Netherlands*) made the following speech:—

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I had intended to submit to the Conference some remarks on the subject of the speeches which we have heard in the last few days. I still think it right to make these remarks, but it appears to me necessary in the first place to notice the interesting and remarkable speech of Mr. Weber, one of the Belgian Delegates.

If we are to credit that speech, I should be almost compelled to ask what we have come here to do. Mr. Weber began by drawing a picture of the commercial and economic situation, at any rate in Europe, which would make us believe that all is for the best in the best of all possible worlds. But I think that all that we have heard hitherto is in more or less direct conflict with this picture.

You will understand, gentlemen, that as this speech was filled with facts, as it contained a considerable number of figures, and entered into a number of details, it is impossible for me to give an immediate reply point by point. I reserve the right of doing so subsequently, if opportunity offers, and if no other member of this Assembly does so before me. For the moment I will confine myself to commenting upon one or two points only.

Mr. Weber dealt with the question of the fall in prices; but in what he said he did not appear to me to preserve the vast distinction that there is between plentiful supplies and a fall in prices. Plenty, gentlemen, is the result of improvement in the conditions of production, of reduction of expenses, of the lowering of railway rates, of the development of industry, and so forth. You do not need to be told that all these causes produce plenty.

But how is the existence of plenty to be established, if not by an increase of prosperity? Now I do not see that we have cause for rejoicing in any increase of general prosperity which has been exhibited in recent years. On the contrary, I think that almost everywhere, and almost continuously, in spite of certain periods of reaction, we have had a period of depression for trade and industry. No one would be so bold as to say, and certainly no one could prove that we have passed through a period of prosperity; and yet prosperity ought to have been the result of plentiful supplies of products. I am not by any means alone in thinking that the real situation in recent times, the situation with which we are all acquainted, proves that the fall in prices is not the result of plenty. It is not the abundance of products which has made the scale sink on one side; it is the scarcity of coin, of money, which has made it rise on the other.

I will not deal with this point at length, for all the arguments are known to you. This scarcity of money, this scarcity of gold, which has become the sole standard in all the countries of Europe and America, has necessarily had an unfavourable influence upon commerce and industry.

Mr. Weber told us also that the fall in the price of the white metal was wrongly attributed to its demonetisation instead of to the increased production. In my opinion, the chief cause of the fall in the gold price of silver has been the enormous decrease in the monetary use of silver during the last 20 years, in consequence of the legislative measures which date from the new monetary law enacted in Germany.

Mr. Weber spoke about the abundance of gold, and he drew our attention to the position of the great banks, from which he argued in proof of that abundance. I wish I had here the figures which show how open to criticism such reasoning is. It is impossible to consider merely the actual amount of gold held in the reserve by the banks. We must take into account also the proportion between their gold reserve and their obligations, between their assets and their liabilities, and further, of the movements of the currency in the various countries.

Unfortunately, gentlemen, I have not at this moment the figures which would enable me to reply in detail to Mr. Weber; but I would remind you that Mr. Soetbeer, whose name you will certainly allow me to quote as an authority above suspicion, since he was not a bi-metallist, has clearly proved in his last work that the abundance of gold in the banks is not the result of an absolute increase in the stock of gold.

Further, if an appeal is made to the abundance of gold, it is not sufficient to consider only the position of the banks. I ask anyone who reads regularly the weekly or monthly reports on the state of the great European markets whether he has not found in these documents not a proof of the abundance of gold, but an indication of the relative scarcity of that metal? In all recent reports on the great financial market of London we have been used to see almost always that "capital is abundant, and the rate of interest on loans is low; but at the same time there is uneasiness because there is a question of withdrawals of gold." At a time when capital is extremely abundant, when the rate of interest is extraordinarily low, the news of the withdrawal of 1,000,000% frightens the London market.

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Besides this, gentlemen, what Mr. de Rothschild has told us, in the introduction to his proposal, about the position of the great money markets does not seem to me in any way to bear out that abundance of gold of which Mr. Weber speaks.

As regards trade Mr. Weber has produced certain figures which refer to 1890. We all know that during the last twenty years there have been ups and downs of commercial activity. After the great fall in prices, which had continued for a long time, a sort of new equilibrium between prices and the stock of money was set up about the year 1888. It was then that a reaction took place, after which a development in business was to be observed. But this development did not last long.

If, instead of giving us the figures of trade in 1890, Mr. Weber had been so good as to give us those for the present year, I think that the results at which he arrived would have been entirely changed. But further, in spite of all the harm that the monetary situation has done to Europe, the record that we have to make is not solely of disaster. A development of trade and industry has at the same time been brought about by other causes, and is seen in conjunction with other and less favourable phenomena.

But what is the development of trade of which we find the traces in the statistics of the last twenty years, when we compare it with the development which took place before that period?

Mr. Weber spoke of the dangerous abundance of silver—I am not sure whether I reproduce his phrase exactly—and he has given us hints of most alarming prospects if we rehabilitate silver. But, gentlemen, let me remind you that the prophets of evil have already been deceived more than once. From 1850 to 1860 the anxieties which prevailed on the subject of the abundance of gold were as great as those now felt by Mr. Weber and others as to the abundance of silver. Mr. Weber is at any rate in good company. At that time Mr. Michel Chevalier was disturbed by this vast abundance of gold, and urged the demonetisation of that metal and the adoption of the silver standard.

You know, gentlemen, what came of those prophecies, and I do not think that we ought to be any more alarmed by the similar prophecies which are made as to the abundance of silver.

What is the state of things that we see at present? We see that in those countries which have a gold standard prices have fallen enormously, and that, on the contrary, in the countries which have a silver standard, in spite of the unfavourable treatment of silver in Europe, and in spite of the diminution in its uses, the relation of value between money and goods has remained almost exactly what it was twenty years ago. They try to frighten us by pointing to the dangers which ensue from the abundance of silver, and yet I repeat that in spite of the unfavourable position in which silver is placed, we fail to observe in silver-standard countries any of the evil results which ought to follow from that abundance.

I pass now to another point, and in the first place I wish to comment upon a remark of Mr. Sainctelette's. He expressed the opinion that the responsibility for the monetary situation of which we complain—Mr. Weber will excuse me for saying so, and for adding that if we pay attention to the monetary situation the reason is that there are several of us here who think that we have reason to complain of it—Mr. Sainctelette, I say, expressed the opinion that the responsibility for the monetary situation which we desire to remedy rests upon the United States.

To this remark of Mr. Sainctelette, whom I am sorry not to see amongst us, Mr. Cannon immediately replied in a few words, and Mr. Andrews, in the speech which he has just made, has dealt further with the statement. I think, gentlemen, that it is the duty of those who do not agree with Mr. Sainctelette, and who represent countries on this side of the Atlantic, to give their opinion upon the point.

For my part, I protest against Mr. Sainctelette's statement that the monetary situation, from the effects of which we are suffering, is due to the monetary policy

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of the United States. It is true that I am as little inclined as he is to approve of the silver purchases which have been made for the purpose of carrying out the Bland Bill and the Sherman Bill; but I believe that the existing monetary situation was first of all produced by the monetary policy pursued in Europe in 1870 and since that date. At that time the delusive belief prevailed that it was possible to pass from the double standard to the gold standard, and an attempt was made to realise that ideal of a single gold standard.

The United States shared this illusion up to a certain point, but they were the first to discover their mistake. They saw that the most obvious result of this policy was contraction of the currency, with all the commercial and social evils which are created thereby. It was then that the United States endeavoured to counteract this monetary policy, and had recourse to measures which are disapproved by us, and, indeed, by a great number of Americans even; but they were driven to this course because Europe refused to join in the really good measures which they proposed to us, because Europe refused to form an international bi-metallic agreement, and to unite in a measure which the United States alone were unable to carry out.

It seems to me, therefore, unjust and contrary to historical facts to try to lay the burden of responsibility for the present situation upon the United States.

I wish to call attention too, gentlemen, to a remark made by our honourable colleague, Mr. Currie, on the subject of the more or less artificial devices for remedying the situation which it seemed were to engage our attention. In speaking of artificial devices, Mr. Currie, who unfortunately is not present, had no doubt in view Mr. de Rothschild's proposal among others, though he did not expressly mention it. At any rate, generally esteemed organs of the European Press have spoken of Mr. de Rothschild's scheme, and of the general line taken by our debates, as artificial devices for remedying the situation. To quote two examples only, Mr. Leroy Beaulieu in the "Journal des Débats" and in the "Journal des Économistes," and, in England, the "Economist," have spoken of "artificial devices" and have told us that instead of attempting to remedy matters by artificial means, we should do better to allow things to follow their natural course.

It may be useful, gentlemen, to give some explanation on this point, and I think that I may assert that we are not in any way concerned with artificial devices.

What was the object of Mr. de Rothschild's proposal? To secure again an increased use of silver in currency. It is clear that in that there is nothing artificial. What would be really artificial would be to attempt to diminish the production of silver by the imposition of taxes. To attempt to influence by a measure of this kind the production of any article, whether it be precious metal or any other commodity, that is what, in my opinion, constitutes an artificial measure.

But what is proposed here? No one will deny that the use made of a commodity has a very considerable influence on the price of that commodity, and upon the relation between its value and the value of other products; and it is equally clear that the monetary use of the precious metals exercises a most important influence on the relation between their value and that of other commodities.

There would be much to say on this subject, but allow me only to remind you of what was recently said at Manchester by Mr. Balfour:—

"What primarily determines relative values is not cost of production, but demand and supply, and not only may governments have an effect upon demand and supply, but every day they do affect demand and supply, and the whole existing currency legislation of the world—be it the currency legislation of bi-metallic France, or the currency legislation of America, which I cannot qualify—any one and all of their different systems of legislation do affect the demand for the precious metals, gold and silver, and by affecting the demand they do affect the relative prices."*

That is an authority that may well be quoted. It is asserted then that the value of the precious metals, the ratio of their value to that of other commodities, depends in the first place on the use made of them as money metals.

To counteract by legislation what has been done during the last 20 years to diminish this use cannot be called an artificial measure. I think then that we ought to protest, and to declare that there would be nothing artificial in taking measures of the kind that we have been discussing for the last fortnight.

If you will allow me, gentlemen, I would say a few words more on this subject. The term "artificial measures" has often been used, and the bi-metallist movement

* Mr. Balfour's speech at Manchester, October 27, 1892.

has been compared with the protectionist movement, with the object of establishing a connexion between them. For my own part I think that the protectionist movement is in great part due to the results of the monetary situation; but I think I can also assert that there is not the least relation between bi-metallism and protection. I think, on the contrary, that bi-metallism and free trade are, so to speak, equivalent terms. What, gentlemen, is Free Trade? Allow me to quote this authoritative definition of it, that "Free Trade, in the widest definition of the term, means only the "division of labour by which the productive forces of the whole earth are brought into mutual co-operation." It was Richard Cobden who said this, and he says further that to-day commerce is the great panacea which like a beneficent medical discovery will serve to inoculate all the nations of the world with health and a wholesome taste for civilisation.

Here is another authority:—

"Every obstruction to commerce is a tax upon consumption, every facility to free exchange cheapens commodities, increases trade and production, and promotes civilisation. Nothing is worse than sectionalism within a nation, and nothing is better for the peace of nations than unrestricted freedom of intercourse and commerce with each other. No single measure will tend in this direction more than the adoption of a fixed international standard of value, by which all products may be measured, and in conformity with which the coin of a country may go with its flag into every sea, and buy the products of every nation, without being disconcerted by the money changes."

This last quotation is from Senator John Sherman. It is taken from a Report presented to the American Senate in 1868.

You see, gentlemen, in speaking of free trade we are led to speak of bi-metallism. Free trade requires bi-metallism, because in the present state of matters bi-metallism alone can give an identical standard to the whole commercial world.

In advocating bi-metallism we do not then unite with protectionists. We show on the contrary that we are free-traders in advocating a measure which is absolutely necessary to the facility of commercial transactions. The matter was, in fact, so understood by the great friend of Richard Cobden, Sir Louis Mallet, whose book "On Free Exchange" is from end to end an argument in favour of free trade and bi-metallism.

One word more to conclude. Mr. de Rothschild's proposal has been withdrawn, and before he withdrew it we heard Sir Rivers Wilson declare in his own name and in that of Sir Charles Fremantle that, considering the proposal had not been received in a sufficiently favourable manner by the great majority of Powers represented in the Conference, the British Delegation would be unable to recommend it to their Government.

I think I am not mistaken in saying that this declaration and the withdrawal of Mr. de Rothschild's proposal were a great disappointment to many of us.

The cordial reception of Mr. de Rothschild's proposal by the Conference and the friendly attitude of his above-named colleagues, raised a hope that the proposal might have been revived, and that Mr. de Rothschild, taking into consideration the different opinions stated at the Conference, would have been inclined, not to withdraw his proposal, but to modify it in such a manner as to give satisfaction to all.

* Gentlemen, I spoke to you just now in regard to what was said the day before yesterday by Mr. Sainetelette, of the responsibility which should or should not be laid upon the United States of America in respect to the present monetary situation. I cannot help recalling to you on this subject an episode of the Conference of 1881.

At the sitting of the 6th of July the English Delegates made a declaration to the effect that the Bank of England would undertake to carry out the provision of the Act of 1844, which authorises it to make one-fifth of its metallic reserve consist of silver, on the condition that a bi-metallic league was formed, including several great States. To this proposal Mr. Pierson, one of the Delegates of the Netherlands, and now Minister of Finance, made a most interesting answer, which you may read on page 124 of the Minutes (English Version), and which, stated in a few words, amounted to this. You believe, he said to the English Delegates, in the efficacy of the measures that you want others to take, but you do not wish to associate yourselves with them. You are a little too much inclined to leave to others alone the task of

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getting all of us, including yourselves, out of the difficulty. That is neither just nor reasonable. If you want anything done you must go further yourselves.

Well, let me say frankly, that in the position that Sir Rivers Wilson, Sir Charles Fremantle, and Mr. de Rothschild have taken up there is, it seems to me, something that recalls the position of the English Delegates in 1881.

It has been duly recognised by Mr. de Rothschild that England is seriously concerned in something being done to remedy the present situation, and on that point he has not found, and will not find, many here to contradict him. We have, moreover, the speeches of the honourable Delegates from British India, which clearly prove the truth of the facts. If so, why should not England make a more serious effort to extricate herself and us from the difficulty.

It is said in one of the most thoughtful organs of public opinion in England, the "Manchester Guardian," in its number of the 6th instant, that England and British India, in conjunction with the United States of America, hold the key of the situation and have the power to give us the solution of the monetary question and to decide the monetary system that the whole commercial world shall adopt. And I believe that this can really be said without exaggeration.

But in that case let England consider this position. One of two things should take place; either let her recognise that it is only international bi-metallism that can save us, or else let those who reject this solution make proposals which really meet the difficulties of the present situation, and in which sufficient account is taken of the different circumstances of the various countries which will be required to lend their aid.

The Session adjourned at 5 o'clock.

APPENDIX A. TO THE MINUTES OF THE SIXTH SESSION.*

BANK OF THE NETHERLANDS.
VARIATIONS IN THE STOCK OF GOLD.

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Appendix A.

Date.	Foreign Coin and Bar-Gold.	Current Coin of the Netherlands.	Total.	Exchange on London during the Month.	Discount.
1880-81.					
In thousands of florins:					
6 April - - - - -	37,670	40,936	78,606	12.07 ^s to 11 ^s	3
3 May - - - - -	37,975	40,919	78,894	12.07 to 09 ^s	
5 June - - - - -	39,412	40,901	80,313	12.09 to 10 ^s	
3 July - - - - -	39,471	40,904	80,375	12.08 to 10 ^s	
7 August - - - - -	39,630	40,888	80,518	12.09 ^s to 13	
4 September - - - - -	34,941	40,869	75,810	12.10 ^s to 13 ^s	
2 October - - - - -	19,659	40,857	60,516	12.08 to 11 ^s	
6 November - - - - -	17,440	40,850	58,290	12.07 ^o to 10	
4 December - - - - -	16,576	40,882	57,458	12.07 to 12 ^s	
8 January - - - - -	15,975	40,898	56,873	12.07 to 11	
5 February - - - - -	16,005	40,802	56,807	13.10 to 15	
3 March - - - - -	11,301	40,719	52,020	12.13 to 14 ^s	
1881-82.					
2 April - - - - -	5,313	40,737	46,050	12.09 ^s to 12 ^s	
7 May - - - - -	4,718	40,666	45,384	12.05 ^s to 09 ^s	
4 June - - - - -	9,296	40,679	49,974	12.04 ^s to 10 ^s	
2 July - - - - -	9,744	40,988	50,732	12.07 to 10	
6 August - - - - -	9,819	40,946	50,765	12.07 ^s to 14 ^s	
3 September - - - - -	2,193	38,219	40,412	12.13 ^s to 15 ^s	
1 October - - - - -	"	27,100	27,100	12.11 to 14 ^s	3½-4
5 November - - - - -	26	19,014	19,040	12.09 to 11 ^s	
3 December - - - - -	26	18,116	18,142	12.07 to 11	4½
7 January - - - - -	106	18,022	18,128	12.05 to 13 ^s	
4 February - - - - -	"	13,889	13,889	12.12 ^s to 14 ^s	5
4 March - - - - -	"	7,941	7,941	12.06 to 13	
1882-83.					
1 April - - - - -	43	8,977	9,020	12.05 to 07	
6 May - - - - -	2,080	13,247	15,277	12.03 ^s to 06 ^s	4½
3 June - - - - -	5,596	15,446	22,042	12.06 ^s to 11	4-3½
1 July - - - - -	6,703	15,571	22,274	12.07 ^s to 11	
5 August - - - - -	6,794	15,236	22,030	12.09 to 14	
2 September - - - - -	2,163	15,345	17,508	12.13 to 14	4-4½
7 October - - - - -	1	11,535	11,536	12.10 ^s to 14 ^s	
4 November - - - - -	1	11,194	11,195	12.09 to 11 ^s	5
2 December - - - - -	1	8,770	8,771	12.09 to 11 ^s	5½
6 January - - - - -	1	5,028	5,029	12.06 ^s to 09 ^s	
3 February - - - - -	123	5,004	5,127	12.05 to 08	
3 March - - - - -	3,237	5,454	8,691	12.04 ^s to 06	5
1883-84.					
7 April - - - - -	10,795	7,416	18,201	12.04 to 05	4½
5 May - - - - -	25,262	18,111	43,373	12.04 ^s to 10	4
2 June - - - - -	28,331	18,231	46,564	12.12 to 14	3½
7 July - - - - -	27,269	18,341	45,610	12.12 to 14	
4 August - - - - -	17,935	18,318	35,253	12.12 ^s to 14	
1 September - - - - -	11,330	18,377	29,707	12.10 to 14 ^s	
6 October - - - - -	9,708	18,457	28,165	12.07 to 10	
3 November - - - - -	9,813	18,626	28,439	12.07 to 08 ^s	
1 December - - - - -	8,130	18,694	26,824	12.08 ^s to 11	
5 January - - - - -	4,734	18,786	23,520	12.08 ^s to 09 ^s	
2 February - - - - -	4,761	18,810	23,571	12.09 ^s to 12 ^s	
1 March - - - - -	4,583	18,883	23,466	12.08 ^s to 12 ^s	

* See p.

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Date.	Foreign Coin and Bar-Gold.	Current Coin of the Netherlands.	Total.	Exchange on London during the Month.	Discount.
1884-85.					
In thousands of florins:					
5 April - - - -	4,632	19,089	23,721	12.03 ^s to 08 ^s	3-24
3 May - - - -	14,527	19,237	33,764	12.03 ^s to 11 ^s	
7 June - - - -	24,843	19,378	44,221	12.11 ^s to 13	
5 July - - - -	24,115	19,398	43,513	12.09 to 11	
2 August - - - -	24,143	19,420	43,563	12.09 ^s to 12 ^s	
6 September - - - -	23,271	19,493	42,764	12.10 to 12	
4 October - - - -	21,858	19,531	41,389	12.09 ^s to 12	
1 November - - - -	12,082	19,563	31,645	12.11 to 13	
6 December - - - -	8,811	19,640	28,451	12.11 to 18 ^s	
3 January - - - -	7,449	19,696	27,145	12.08 ^s to 11 ^s	
7 February - - - -	7,905	19,725	27,630	12.08 to 09	
7 March - - - -	10,143	19,761	29,904	12.08 ^s to 09	
1885-86.					
4 April - - - -	16,109	19,788	35,897	12.07 to 10 ^s	
2 May - - - -	18,651	19,815	38,466	12.05 to 09 ^s	
6 June - - - -	20,438	19,844	40,282	12.04 to 05 ^s	
4 July - - - -	20,616	22,416	43,032	12.03 to 05	
1 August - - - -	25,193	22,648	47,841	12.06 to 07 ^s	
5 September - - - -	25,283	22,658	47,941	12.06 ^s to 09 ^s	
3 October - - - -	24,019	22,678	46,697	12.05 to 07	
7 November - - - -	24,430	22,704	47,134	12.04 to 04 ^s	
5 December - - - -	24,914	22,831	47,745	12.04 to 06 ^s	
2 January - - - -	25,069	22,854	47,923	12.05 to 06 ^s	
6 February - - - -	27,900	22,881	50,781	12.04 ^s to 05 ^s	
6 March - - - -	36,381	22,906	59,287	12.03 ^s to 05	
1886-87.					
3 April - - - -	45,874	22,920	68,794	12.04 ^s to 06	
1 May - - - -	49,858	22,948	72,806	12.05 ^s to 08 ^s	
5 June - - - -	52,475	23,022	75,497	12.05 ^s to 08 ^s	
3 July - - - -	55,475	23,036	78,511	12.05 to 07	
7 August - - - -	57,412	23,033	80,445	12.06 to 11 ^s	
4 September - - - -	56,139	23,040	79,179	12.09 to 11	
2 October - - - -	55,830	23,053	78,883	12.08 ^s to 10	
6 November - - - -	55,324	23,067	78,391	12.10 ^s to 12	
4 December - - - -	48,761	23,070	71,831	12.09 to 10 ^s	
8 January - - - -	43,490	23,083	66,573	12.09 to 12	
5 February - - - -	36,737	23,076	59,813	12.10 to 12 ^s	
5 March - - - -	35,359	23,081	58,440	12.08 ^s to 12 ^s	
1887-88.					
2 April - - - -	34,720	23,075	57,795	12.04 ^s to 07 ^s	
7 May - - - -	35,812	23,099	58,911	12.04 ^s to 05 ^s	
4 June - - - -	37,474	23,109	60,583	12.05 to 06 ^s	
2 July - - - -	37,973	23,140	61,113	12.05 to 07	
6 August - - - -	38,043	23,178	61,221	12.07 to 13	
3 September - - - -	32,975	23,173	56,148	12.11 to 12 ^s	
1 October - - - -	26,295	23,175	49,470	12.08 to 10	
5 November - - - -	25,107	23,176	48,283	12.06 to 08	
3 December - - - -	25,418	23,182	48,600	12.05 ^s to 08 ^s	
7 January - - - -	25,437	23,188	48,625	12.04 ^s to 05	
4 February - - - -	28,427	23,176	51,603	12.04 to 05	
3 March - - - -	30,323	23,190	53,513	12.03 to 05 ^s	
1888-89.					
7 April - - - -	34,710	23,182	57,892	12.02 ^s to 04	
5 May - - - -	41,748	23,214	64,962	12.07 to 09	
2 June - - - -	42,479	23,218	65,697	12.06 to 08	
7 July - - - -	43,444	23,204	66,648	12.05 to 06	
4 August - - - -	44,847	23,200	67,047	12.05 to 09 ^s	
1 September - - - -	45,730	23,204	68,934	12.08 ^s to 10	
6 October - - - -	45,237	23,197	68,434	12.09 to 12	
3 November - - - -	37,842	23,185	61,027	12.07 to 09	
1 December - - - -	37,897	23,146	61,043	12.08 ^s to 10	
5 January - - - -	37,908	23,152	61,060	12.07 ^s to 08 ^s	
2 February - - - -	37,948	23,158	61,106	12.07 ^s to 09 ^s	
2 March - - - -	38,054	23,165	61,219	12.08 to 10 ^s	

Date.	Foreign Coin and Bar-Gold.	Current Coin of the Netherlands.	Total.	Exchange on London during the Month.	Discount.
1889-90.					
In thousands of florins:					
6 April - - - -	37,601	23,162	60,763	12.06 to 08	
4 May - - - -	39,328	23,159	61,487	12.05 to 06	
1 June - - - -	42,672	23,171	65,843	12.06 to 08	
6 July - - - -	43,303	23,166	66,469	12.05 to 07	
3 August - - - -	48,291	23,161	66,452	12.07 to 10	
7 September - - - -	42,953	23,175	66,128	12.09 ^s to 11	
5 October - - - -	40,526	23,177	63,703	12.09 to 10 ^s	
2 November - - - -	40,341	23,193	63,534	12.07 to 09	
7 December - - - -	38,909	23,222	62,131	12.06 to 08	
4 January - - - -	37,488	23,234	60,722	12.08 ^s to 11	
1 February - - - -	37,545	23,226	60,771	12.11 to 12 ^s	
1 March - - - -	33,839	23,242	57,081	12.08 to 12 ^s	
1890-91.					
5 April - - - -	32,917	23,288	56,205	12.04 to 05	
3 May - - - -	33,341	23,267	56,608	12.03 ^s to 04	
7 June - - - -	38,014	23,291	61,305	12.04 to 06 ^s	
5 July - - - -	38,073	23,290	61,363	12.05 to 09	
2 August - - - -	38,123	23,279	61,402	12.08 to 11 ^s	
6 September - - - -	34,456	23,288	57,739	12.08 to 10	
4 October - - - -	34,493	23,283	57,776	12.07 ^s to 08 ^s	
1 November - - - -	32,646	23,310	55,956	12.09 to 14	3
6 December - - - -	16,190	23,317	39,507	12.04 ^s to 09 ^s	3½-4½
3 January - - - -	15,896	23,341	39,237	12.02 to 04 ^s	4-3½
7 February - - - -	27,064	23,359	50,423	12.06 ^s to 07 ^s	3
7 March - - - -	27,118	23,362	50,480	12.05 to 07 ^s	
1891-92.					
4 April - - - -	27,146	23,373	50,519	12.06 to 08 ^s	
2 May - - - -	23,338	23,373	46,717	12.08 ^s to 11 ^s	
6 June - - - -	23,401	23,413	46,814	12.05 ^s to 09 ^s	
4 July - - - -	23,616	23,428	47,044	12.03 ^s to 04 ^s	
1 August - - - -	29,411	23,439	52,850	12.04 ^s to 09	
5 September - - - -	19,190	23,462	42,652	12.07 to 09	
3 October - - - -	19,190	23,460	42,650	12.07 to 08	
7 November - - - -	19,204	23,474	42,678	12.06 to 08	
5 December - - - -	19,204	23,518	42,722	12.07 ^s to 09	
2 January - - - -	15,220	23,537	38,757	12.07 ⁷ to 09 ⁷	
6 February - - - -	14,441	23,545	37,986	12.05 ^s to 12 ¹	
5 March - - - -	14,490	23,586	38,076	12.09 ^s to 11	
1892-93.					
2 April - - - -	14,535	23,614	38,149	12.07 ^s to 09 ^s	
7 May - - - -	14,707	23,620	38,336	12.07 ⁷ to 08 ^s	2½
4 June - - - -	14,840	23,654	38,494	12.08 ^s to 09 ^s	
2 July - - - -	14,911	23,669	38,580	12.08 ⁷ to 10 ^s	
6 August - - - -	14,942	23,674	38,616	12.10 ⁷ to 11 ^s	
3 September - - - -	14,268	23,705	37,973	12.10 to 11 ^s	
1 October - - - -	14,268	23,728	37,996	12.07 to 09 ^s	

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APPENDIX B. TO THE MINUTES OF THE SIXTH SESSION.

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Appendix B.

Mr. Allard's
proposal.PROPOSAL FOR A COMPROMISE, suggested by MR. ALPHONSE ALLARD, Delegate of
Belgium and Turkey.

Brussels, December 8, 1892.

I.

ORIGINS.

THE mass of precious metals, that is to say of gold and silver, in the world forms, it seems, a sort of common possession of the various nations. They pass from one nation to another; they exchange wealth and facilitate its just distribution, and they regulate general prices.

Between 1848 and 1851 the production of these metals increased in a degree unprecedented in history. In a few years the gold from California and Australia had doubled the amount of gold and silver money actually circulating in the world.

In spite of the efforts of a school which was at that time new, gold was not demonetised. Up to that time the business world had not suspected that there was such a thing as a monetary question. We therefore refused to try so bold and dangerous an experiment.

Under the influence of abundant money and the rise of prices there was such a rapid growth of progress, of commercial intercourse, of enterprise, and of production that the amount of gold soon became insufficient for the continually increasing demands upon it. The Bank of England was so much in need of the metal in 1860 that it was compelled to borrow 52,000,000 francs in gold (£2,080,000) from the Bank of France. It was for civilisation an era of business, of prosperity, of work, and of abundance, which lasted till 1873.*

In 1873 silver was demonetised in Europe, in accordance with the theories which had not prevailed in 1851.

Silver had not fallen in value,† and had given rise to no anxiety; and yet it was deprived of the right of being used as money, and was forbidden to enter Europe. It is confidently stated that this action was a serious blow to freedom of trade.

In 1870, that is to say three years before this prohibition, it had been foretold that such a step would be inevitably followed by a revolution in prices, by a general fall in values, and by a serious crisis.‡

This crisis, which was foretold in 1870, is now, it is said, in action. The disturbances which it produces are the more unjust and the more profound since the fall in prices is not produced by the development of labour or by the abundance of wealth, but by an artificial cause, which is none other than the law proscribing silver and thereby producing appreciation of gold.

No variation in the level of prices can be observed in silver countries. It follows therefore that the depreciation of silver in Europe is only produced by the appreciation of gold.

It is said that this artificial fall in prices caused by the appreciation of gold, has for its results terrible social inequalities, the ruin of our agriculture, the slackness of our industries, the distress of our workmen, and the uneasiness which prevails everywhere.

For 20 years there has been a continual endeavour on all sides to find some other cause, but none has been discovered; and therefore no more effectual remedy has been found than the monetary remedy.

It appears to me that the task to which this Conference of 1892 is specially called is to counteract the evil of the fall of prices and the artificial appreciation of gold, and to combat the instability of exchange between the gold countries, which constitute one-third of the world, and the silver countries which form the other two-thirds.

* See Mr. Allard's graphic diagrams. Plate I. [These diagrams were not printed in the Proceedings of the Conference.]

† See Mr. Allard's graphic diagrams. Plate III., 1873.

‡ Wolowsky; Baron de Rothschild. See Mr. Allard's graphic diagrams. Plate III., 1870.

II.

PRESENT POSITION.

The remedy which appears to be indicated is the repeal of the laws passed in 1871-76 in Germany and in the Latin countries. The evil would thus be removed by removing its cause, and by re-establishing bi-metallism, if not universally, at any rate over a sufficiently large area.

This proposal was made 14 years ago at Paris. It was made again by the United States and France in 1881, and it reappears for the third time at Brussels in 1892.

It seems, for the moment, to meet with obstacles, which it would be useless to pretend not to see. The following seem to me to be the chief of them:—

1. The enormous difference of 36 per cent. between the value of the two metals, which has been produced by the appreciation of gold.
2. The gold standard, to which, rightly or wrongly, several important European countries cling.
3. The artificial inequalities produced by the exchanges, which, since they are unfavourable to some, are, for that very reason, advantageous to others.
4. The difficulty of proposing additions to the coinage of those countries which already hold very large stocks of their own silver coins.

Thus if we are to find a remedy for the fall in prices and to increase the stock of money in international circulation, we must keep in view nothing but the gold standard, we must put more silver into circulation, and we must coin no more silver.

Undoubtedly the problem seems arduous and difficult, but I think that it is not insoluble.

The basis of the compromise which I suggest is borrowed from the United States.

III.

COMPROMISE.

I think it was about 1889 that the Government of the United States proposed to Congress a very ingenious method for restoring to silver its function in the currency, by attaching to it its true gold value. Every silver dollar was to become an "honest dollar."

The Government of the United States was convinced that civilisation would never be able to dispense with the assistance of silver, in addition to gold; but at the same time it was opposed to the free coinage of that metal without the co-operation of Europe, because it was afraid of entering too plainly on the road leading to the silver standard.

With a view to avoiding this danger, it was proposed that the United States should prohibit all coinage of silver, except so far as was necessary for their home circulation. They proposed to open their mints for the free deposit of silver bars, and to pay for this silver in Treasury notes at the market price of the day on which the deposit was made.

These Treasury notes would be payable in gold or silver at the option of the Treasury; but if payment were made in silver, the holder would be entitled to receive a variable quantity of silver, equal to the amount of silver which could be bought on the day of payment by the number of gold dollars expressed on the face of the note.

Thus the number of dollars expressed on the face of the *silver note* was in reality to represent a *fixed value in gold*.*

The United States, while having in circulation both gold and silver dollars, would have had all its dollars of the same value, based solely upon the gold standard.

The theory of mono-metallism found its principles applied in such a system as this, and would no doubt have been satisfied with it.

At the same time the silver which had been withdrawn during sixteen years from the national markets was to be restored to them. The use of silver was to be the means of facilitating commercial transactions, and was again to assist to re-establish and raise the level of prices throughout the world.

* MEASURE RECOMMENDED.—Issue Treasury notes against deposits of silver bullion at the market price of silver when deposited, payable on demand in such quantities of silver bullion as will equal in value, at the date of presentation, the number of dollars expressed on the face of the notes, either in gold, at the option of the Government, or in silver dollars at the option of the holder. Repeal the compulsory feature of the present Coinage Act. (William Windom, Secretary's Report for 1889.)

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proposal.

The bi-metallists also would doubtless have declared themselves satisfied with the proposal.

These Treasury notes, issued against silver, would have been admitted, just as gold dollars, for payment of Custom dues and taxes, and would have been used as reserves for banks of issue.

The holders of the silver notes would have had the right to a *quantity of silver* equivalent to the number of gold dollars expressed on the face of the note. It would not, however, be the value of the silver dollar which would vary; it would be, in reality, the volume of silver contained in the dollar which would increase or diminish in accordance with the course of the market, just as our lungs adapt their capacity to the rarity or density of the atmosphere in order to secure regularity in our vital circulation.

It seems to me that this law, proposed three years ago to the Congress of the United States, might provide the Conference with an excellent basis for a compromise.

If it were extended to an international agreement it would certainly steady the silver market. In issuing silver notes the States would not be exposed to losses. The payment of silver notes might be effected with a smaller quantity of metal; and whatever the losses, if any, might be, they would be infinitely less burdensome than the profound social disturbances which at the present moment affect the prosperity and the financial resources of all the countries in the world.

We must recognise that the monetary question is presented to us in the form of a dilemma. *Either we must take some remedial action in common, or the crises which are so dangerous to social order will continue.* The American project of 1889 would perhaps be difficult for a single nation to carry into effect; but it is worth while, I think, for the Conference to study the means of applying it to an international treaty, and the co-operation of the Delegates of the United States would tend to facilitate this task.

IV.

AGREEMENT.

The agreement would consist, in accordance with what has been said, in authorising the contracting States to buy silver freely within certain limits for the account of all the States in common, under conditions to be laid down in the treaty. Payment would be made in Treasury notes, and there would be no obligation to strike any coin. No State would be required to modify its monetary laws, and each would remain free to retain its own monetary unit. It would be sufficient to permit the international circulation of the Treasury notes at a rate of exchange to be stated upon the note itself, while the silver, which serves as guarantee, would remain at the place where it was originally deposited.

There is no reason why so simple a treaty should not extend only to a limited period, by way of experiment, with power to prolong it by a fresh treaty or by tacit consent.

The stocks of silver guaranteeing the notes might, by the treaty, be constituted a sort of international fund held in common. The various countries would undertake to contribute to any possible losses in proportion to their area, their population, their trade, their debt, or any other basis upon which they might agree.

No State would be bound to buy silver, but the profit upon the purchases—the profit which would arise from the probable rise in price of silver, and from the resulting surplus in the deposits—would remain the property of the purchasing State.

Such an agreement would bring about the general rise of prices, which is so eagerly desired, and consequently silver would soon be restored to its former price without any violation of the single gold standard, which, more than ever, will serve as the basis of value in the various countries, or of the law of supply and demand, to which appeal is so often made.

V.

FUTURE CONVENTION.

It seems likely that such an agreement would, in a relatively short time, restore the abundance of international money, and would, as a result, raise prices, including that of silver.

It is very possible, if not probable, that the rise of silver might bring it to *par* (15½ kilograms of silver being equal to 1 kilogram of gold, or any other agreed ratio); it would then be possible to propose to the various States that they should follow the

suggestion made in a striking essay by Mr. Rocchussen, formerly Minister of the Netherlands, which gained the prize of 10,000 francs given in 1889 for the best solution of the monetary difficulties.

The agreement which would be proposed to them would be even more simple than that of which I have just sketched the main lines.

Each nation would remain free to give to its coins the form, the title, the design, and the fineness which it preferred. Each would select what metal it liked. No undertaking would be required as to fiduciary circulation. The only undertaking would consist in mutual insurance against all fluctuations in the value of gold and silver, the ratio between which would be fixed in the treaty. For this purpose, the contracting parties would undertake to communicate to each other, at a later meeting, the text of laws or regulations, by virtue of which in each State no bank should have the right of issue, except upon condition of buying freely with Treasury notes all the gold and silver offered to it at the ratio of price fixed in the treaty.

Provided that this ratio be maintained, each State would be absolutely free to use its gold and silver as it liked.

When once this treaty had been sanctioned by law, it seems to me that it would be impossible for either of the metals to become depreciated. If a law to this effect were passed by a sufficient number of Great Powers, it can hardly be doubted that it would produce the same result as the French law alone produced with such facility during the century which preceded 1873.

The economic life of the world would undergo a transformation; the restored regularity of exchanges would soon bring back tranquillity, and their stability would re-establish the relations, now broken, between the two-thirds of the world which have nothing but silver, and our one-third which reckons only in gold.

And further, if, contrary to all expectation, the result should belie our hopes, nothing would be easier than to withdraw, by mutual consent, from the one simple undertaking which would have been given.

It would merely be necessary to modify the rule imposed on the banks of issue, by permitting them to suspend their purchases of silver.

But I think I may add that none of the signatories would ever wish to withdraw, for they would thereby change for the worse the conditions affecting their exchanges. This would be a most solid guarantee, for the best treaties are those whose maintenance is to the interest of those who sign them.

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Appendix B.

Mr. Allard's
proposal.

ALPH. ALLARD,

Delegate of Belgium and Delegate of Turkey.

SEVENTH SESSION.

Saturday, December 10th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

All the Delegates were present, with the exception of MR. TIETGEN, *Delegate of Denmark*, MR. JONES, *Delegate of the United States*, MR. VAN DEN BERG, *Delegate of the Netherlands*, and MR. LARDY, *Delegate of Switzerland*.

The Session was opened at 2 o'clock.

The Minutes of the Fifth Session were approved.

Mr.
Simonelli
on the
Minutes of
the Sixth
Session.

MR. SIMONELLI (*Delegate of Italy*) made, in regard to the Minutes of the Sixth Session, a declaration which is here given in abstract:

At the Sixth Session Mr. Cramer-Frey, in his interesting speech, said that if France would undertake the re-coinage of the ten-franc gold pieces, and if Italy should agree to withdraw from circulation her notes of five and ten francs, there would be a void in the circulation which could be filled by silver money. In this way it was proposed to obtain a considerably increased use of silver.

Without entering upon the effect on the currency of the re-coinage of small gold pieces, Mr. Simonelli, in the name of his colleagues as well as for himself, desired to state that an agreement on the part of Italy to withdraw her small notes, either immediately or at a time fixed by monetary treaty, would bring no relief to the silver situation. He made this declaration both in the interest of the credit of his country and because some might be led to believe that the conduct of Italy was opposing an obstacle to the establishment of an international agreement, in which so many legitimate interests and laudable efforts were centred.

The Italian Government, on the contrary, was disposed to aid as best it might the accomplishment of this purpose. However, it was convinced that the withdrawal of five and ten-franc notes would not lead to any increase in the circulation of silver in Europe. Italy had in circulation only 336,000,000 francs in State notes of five and ten francs, based upon a metallic reserve—two-thirds gold and one-third silver—which covered about one half that sum. The States of the Latin Union were not unaware, however, that these 336 millions represent an almost equal amount of five-franc pieces bearing the stamp of Italy, circulating beyond its borders. The withdrawal of small notes would cause these coins to return at once to Italy in order to supply the medium of exchange necessary for small internal transactions. The suppression of State notes of less than 20 francs would, therefore, have no influence on the more extended use of silver coins.

It should not be forgotten, moreover, that the Italian five-franc pieces are deposited in the Italian Treasury or else in the vaults of the banks of the Latin Union, and particularly of the Bank of France. The Italian notes of five and ten francs might be already considered, therefore, from an international point of view, as notes representing a silver deposit. Even supposing that these coins were returned into the circulation of Italy, it was evident that they would not be replaced in France or in other countries of the Latin Union by new coinages of silver.

He said, in conclusion, that if the Italian Government was not disposed to give its immediate consent to the withdrawal of small notes, it certainly was not its intention to depart from a monetary policy with which the country had always been in sympathy and which looked to the realisation of the high purpose which the Conference had in view.

MR. SAINCTELETTE (*Delegate of Belgium*) thought he should state that Mr. Boissevain, in the Sixth Session, had ascribed to him views which he had not exactly expressed in his speech at the preceding Session.

He had had no intention of reviving the old quarrel on the question whether the present monetary situation was due to an over-production of silver bullion, or to the legislative measures of Germany in 1873, and the closing of the mints of the Latin Union. He had simply expressed his astonishment to see that the United States had no formal proposal to make, seeing that the present situation had been created by them, arising, as it did, from the two recent laws for silver purchases for the account of the Treasury. He meant to say simply that the United States were wrong in believing that they could remedy the accumulation of silver by creating a purchaser without there being any real needs to be satisfied. In his opinion these measures had only stimulated production in the United States and in Mexico, and that fact had been brought out in the debates of the Examining Committee.

SEVENTH
SESSION.Mr.
Saintelette
on the
Minutes of
the Sixth
Session.

The Minutes of the Sixth Session were approved.

THE PRESIDENT asked the Delegates to accept, as a souvenir of their visit to the mint, medals which had been struck on that occasion, and which were offered to them in the name of the Belgian Government and that of Mr. Saintelette, Delegate of Belgium and Commissioner of the Mint.

Visit to the
Mint.

THE PRESIDENT laid upon the table statistical tables showing the monetary situation of Sweden from 1881 to 1891, and various documents and statistics relative to the monetary situation of Russia. In the name of the Conference he thanked MESSRS. FORSELL and RAFFALOVICH for their interesting communications.

Documents
presented.

MR. ALLISON (*Delegate of the United States*), who had asked leave to speak in the general discussion, gave way provisionally. One of his colleagues, Senator Jones, who had been selected to present some observations in the name of the Delegation, was unfortunately unable to be present. MR. ALLISON said that he hoped other speakers would express their views.

SIR GUILFORD L. MOLESWORTH (*Delegate of British India*) announced that Reuter's Agency had received a telegram which would be of interest to the Conference. The contents were as follows:—

Sir G.
Molesworth
reads a
telegram.

“In reply to a letter of the Indian Currency Association the Indian Government expressed its regret that it could give no assurance that measures would be taken to protect the monetary situation of India if the Conference at Brussels were without result. The Indian Government would not agree to recommend to the Secretary of State the suspension of the sale of Council Bills below a fixed rate, and preferred to maintain its complete liberty of action.”

MR. HANS FORSELL (*Delegate of Sweden*) made the following remarks:—

Discussion
on bi-metal-
lism
resumed.

Mr. McCreary, in his striking speech at the Fifth Session, expressed as his personal opinion the idea that the Monetary Conference should re-establish the free and unlimited coinage of gold and silver as legal tender money at a permanent and international ratio between the two metals of $15\frac{1}{2}$ or of 16 to 1; and he added that he preferred the latter ratio.

Mr. Forssell.

The ratio is without doubt the first and last problem to be decided in taking up the subject of universal bi-metallism, and any serious discussion of the practical application of that system must necessarily turn upon that point. Without doubt the choice between possible ratios is difficult and delicate, but we are here to attack difficulties; and if they are to be surmounted, it is necessary, in the first place, to formulate and to define these practical questions, which, in purely theoretical discussions are necessarily treated in very vague terms. The Delegation of the United States, which has submitted to us the general plan of an international bi-metallic agreement, would do us a great service, it seems to me, and would give a more solid foundation for our discussions, if they would inform us of their opinions in this matter. Permit me, therefore, to ask the Delegates of the United States, as a Delegation, what, in their opinion, would be most practical and equitable international arrangement: whether to raise the value of silver to its former level by adopting one of the ratios, $15\frac{1}{2}$ or 16 to 1, which are still in force in two great countries, or to hold rather to the present value of silver, by seeking to establish by law a suitable ratio above that of 20 to 1?

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lism.

Mr. Allison.

MR. ALLISON replied in English to the question of Mr. Forssell as follows :—

I desire to say that the Delegation of the United States has had no opportunity for consultation in order to answer the question in the form desired by the Conference, the question only having been put to us as we entered the meeting. It is a proper question to ask, what should be the ratio. There are, perhaps, some differences of opinion in the Delegation, but I think I may say at this time that we should all agree if the nations should consent to our own ratio, that is, of 16 to 1. I think I may say for myself personally that without doubt we might be easily persuaded to accept another ratio. It would seem probable, as I have said before, that the nations which make the largest use of silver would deem it logical, in case an international ratio should be established, to see that ratio fixed at 15½ to 1. If such be the general opinion, I think I may say that the Government which we represent would not refuse to enter into the arrangement if such were the case. But at the present moment I do not think that I can say more than this.

The question of the ratio is a fundamental one, as the honourable Delegate from Sweden has said; but I would suggest that another consideration of no less importance is the number of States which would agree to the ratio, for it is that which would make the ratio effective. I can say positively that in my opinion no ratio would be acceptable to the United States unless it received the support of a number of States sufficient to give the desired efficiency, to obtain the complete and free circulation of silver as legal tender money. That is, I think, an important consideration. If we enter into a practical discussion, it is necessary to agree not only upon the ratio, but also on the number of States whose consent is necessary to the agreement. If the United States did not desire the co-operation of other States, we should not be here to consult with the European States upon the ratio to be established to make silver an international money, as gold is an international money.

I am glad, therefore, that an opinion has been expressed upon this general question, and I hope that the other countries will also examine into the question of ratio. The Delegates of the United States would be in a position to state their wishes; but it is not they alone who should make a reply to this question.

Mr. Raffalovich.

MR. RAFFALOVICH (*Delegate of Russia*) made the following remarks :—

The academic turn of our discussion furnishes an excuse to me for expressing my reservations as to the connexion between bi-metallism and free trade, between the gold standard and protection, which was indicated by the honourable Delegate from the United States, Professor Andrews. If we were discussing monetary and economic metaphysics, I should say that the principle of bi-metallism, being based upon the idea of the effective intervention of the State to decree and maintain a fixed legal ratio between the two metals, is inspired by the same notions as the idea of protection, whose design is to insure, in a certain measure, a different distribution of remuneration from that which would be produced under the *régime* of liberty. That countries with irredeemable paper money have adopted the payment of Customs dues in gold is purely a financial measure, since they have contracted gold debts abroad, and desire to obtain sources of revenue payable in metal.

The greater stability of exchange in a gold country like England facilitates importation.

To return to bi-metallism and protection, the fact of their relationship is shown in the attitude of the German *Agrarier*, who desire the double standard for several reasons: first, because they claim it will diminish exportation from India by increasing the value of the rupee, a question which might be debated; and, secondly, because they wish to increase the quantity of money in circulation.

It is to be regretted that their fertile imagination has not yet suggested a practical and acceptable means of increasing the value of the rouble in conformity with sound principles of economic science.

General
Strachey.

GENERAL STRACHEY (*Delegate of British India*) stated that nobody could doubt the interest of the different facts which had been brought out, and of the opinions expressed with such insight by the Delegates who had addressed the Conference; but he asked whether these speeches offered, up to that time, any prospect of a practical conclusion?

The honourable Delegate called attention to the fact that India was too seriously interested in the question debated not to desire strongly that a conclusion should be

reached. To obtain any result the co-operation of the Latin Union was necessary, and the Delegate of India expressed a wish to hear at this point a categorical declaration on the part of the distinguished representatives of the great country at the head of the Latin Union.

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Mr. Forssell.

MR. HANS FORSELL said that the interesting reply of Mr. Allison led him to put to the Delegates of the United States a second question which followed from the answer just made. Mr. Allison had spoken of a number of States sufficient to constitute a Bi-metallic Union; and it might be asked what was, in the opinion of the Delegation of the United States, the number of States necessary for such a Union? The question was practical, and a reply was all the more necessary since, as everyone knows, it was lacking at the Monetary Conference of 1881. Some claimed that the United States with France or the United States with Great Britain would be sufficient. Others were of opinion that three States would suffice. But the situation had greatly changed since, and the production due to the natural forces at work had become far more considerable and important. It might therefore be supposed that to-day a larger Union would be required. To render the discussion more practical, a reply to this question would be of great value.

MR. TIRARD (*Delegate of France*) spoke as follows:—

Speech by
Mr. Tirard.

GENTLEMEN,

If I have perfectly understood the remarks of the honourable Delegate from British India, General Strachey, he would like to see the representatives of the Latin Union take part at the present time in the discussion, and make known their opinion upon the points now before the Conference.

I should state at the beginning that I have no authority to speak in the name of the Latin Union.

So far as France is concerned, I will comply immediately with the wish expressed by our honourable colleague.

As I had the honour to say in a preceding Session, the French Government accepted immediately the invitation of the United States, because it is deeply interested in the problem before us, and because it knows that there is a greater community of interests now than ever before among civilised nations, which does not permit them to hold aloof from any of the questions which tend to bring into harmony the ideas of mankind for the solution of social problems, and the binding together of the bonds which unite the nations.

When we arrived here we awaited with interest the proposals of the United States.

You know the proposal which was made; it consists in a revival pure and simple of the discussion of bi-metallism and of mono-metallism, a discussion which has already been the object of previous Conferences.

Other and subsidiary proposals have been formulated and examined by a Special Committee. The first emanated from Mr. de Rothschild; but we have not discussed it, because it was withdrawn by its author. The other proposal treated by the Report of the Committee is that of Mr. Moritz Levy; I believe that at the present moment it has been provisionally excluded from the discussion. I must ask, in advance, that you will kindly excuse me if sometimes, in spite of myself, I confuse the question of principle with these two subsidiary questions, and if throughout my speech there should be found considerations which are as applicable to the one or to the other of the two questions debated.

Having said this, I would commence by asserting again the interest which monetary questions have for our country. But her situation in this respect is quite unique. France under present circumstances has no cause to complain of her monetary situation, and she does not complain.

She has attempted at various times, and notably in 1881, to come to an agreement with the United States; and it was thus that the way was paved for the Conference of 1881, which was only a continuation of that of 1878.

Later, in 1889, a Congress met at Paris during the Exhibition. From various quarters notable and eloquent speeches were made; but they led to nothing, despite the talent of the speakers, and despite the erudition of the eminent men who took part in the discussion. I have attempted, as others have also done, to explain the reason for the relative failure of these great oratorical tournaments.

Well, gentlemen, I believe that if a conclusion could not be reached which would be accepted by everybody, or at least by a majority sufficient to establish the basis of

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an international system, it is because the attempt was made to force down diametrically opposite opinions, whose adoption would result necessarily for several important States in a radical change of their monetary legislation.

That is, in truth, a difficult undertaking. Peoples already far advanced in civilisation have habits, customs, and laws which are adapted to their traditions. These are not applied in an arbitrary fashion; they are bound up with the very conditions of the existence of these peoples.

For instance, our legislation has aided France to procure a very considerable quantity of money; and I believe that I may state without fear of contradiction that France, of all nations of the world, is the one which has the largest quantity of money both in gold and silver.

Do you believe, gentlemen, that this situation is the result of chance? No, it is the natural consequence of the manner in which labour is organised with us. In France riches are infinitely divided. Real estate is cut up into smaller holdings from day to day, and personal property also. We find the proof in the growing number of real estate properties quoted, and of the holders of the public funds, and of investments and coupons of every description, which on dividend days may be counted by millions.

The Governor of the Bank of France said to me recently that during the last few years the number of shareholders of that great establishment—the shares being registered—had noticeably increased.

It is the same with the conditions of labour. There are in France, as elsewhere, great workshops and important manufactories; but there is also a multitude of humble artisans who work in their own homes, some singly, others with an apprentice or with one or two journeymen at the most, and who do a very small business in very small transactions, with an extremely limited capital, which by its very smallness imposes upon them an almost daily liquidation of their affairs.

It will be understood that these modest workers cannot, like the manufacturers of countries where riches are much centralised, have recourse to payment by bill or by cheque, methods which require not only a deposit of capital, but also book-keeping and operations out of proportion with the total value of their business. These operations cannot be carried on except with currency.

With our agriculture it is the same. The land is so minutely divided in France that the greater part of those who cultivate it cannot adopt the conditions of business which are in use in countries with great estates.

For these reasons we have in France that great quantity of money which, however considerable it is, incommodes no one and renders, on the contrary, important services to everybody.

And from this, gentlemen, you see the difficulty which France has in the wide extension of the processes of which Mr. de Rothschild and Sir Rivers Wilson speak. Our honourable colleagues tell us that in England the greater number of transactions are settled in the banks by means of cheques. That is true of England, but in France it could not be the same. Given these profound differences which we see between the two countries, would there not be some temerity in desiring to form, brusquely and without transition, their monetary régime in the same mould?

The decisive declarations which have been made in the name of several of the great States show well with what resistance such efforts would have to cope.

As a matter of fact, France is still bi-metallic.

If we ceased to coin silver simultaneously with the other States of the Latin Union, it was because we were face to face with a continually increasing volume of silver, not only from the growth of its production, but also in consequence of the transformation of the monetary system of Germany. All the silver extracted from the mines or demonetised elsewhere arrived in France and in the mints of the Latin Union; and from this superabundance of metal came its depreciation.

We ceased to coin it, and I think that our course was perfectly right.

Mr. Boissevain, with a perseverance which does him honour, Mr. Allard and others, persist in thinking that France ought to open her mint to the free coinage of silver.

But why should France permit the free coinage of silver when she is already amply provided with it? I believe that she alone possesses as much as all the States of Europe put together.

The silver reserve of the principal banks of issue of Europe amounted in the aggregate some weeks ago to about 2,230,000,000 francs (89,200,000*l.*). Of that total

the Bank of France holds as much as all the other banks together. Consequently I have the right to say that she has quite enough.

In spite of that she would consent perhaps to do what is asked of her if there was any reciprocity, if those Powers also which are wedded to mono-metallism should decide to adopt the free coinage of silver. But otherwise what would happen? If France and the Latin Union--I believe that for the moment I may speak in its name--should alone open their mints to the free coinage of silver, all the surplus silver of the United States and of Mexico would go to France, to Italy, to Belgium. And where would these countries be able to dispose of it? Nowhere, since in the rest of Europe none are willing to admit it as legal tender.

I should never advise such a measure to the Government which I have the honour to represent.

If, on the contrary, other European Powers, such as England, the German Empire, the Austro-Hungarian Empire, the Scandinavian States, and others, should consent to open their mints to the free coinage of silver, then the aspect of the question would be changed. But have we reached that point?

Despite all the demonstrations and speeches, all the publications, all the newspaper articles, do we see the Powers which I have just named, and others, too, change their opinion? Not the least in the world.

Since the first day we have heard upon this point declarations which were perfectly frank and sincere, declarations for which I for my part am grateful to their authors, because it is well to know upon what we may rely. We have heard the Minister of Germany and the Minister of Austria-Hungary and then Sir Rivers Wilson declare that neither Germany, nor Austria-Hungary, nor England had any intention of modifying their monetary systems, with which they declared themselves satisfied. Under these conditions we evidently cannot re-establish free coinage; and I have not the vanity to believe that I should succeed in persuading the Governments of these great countries and their eminent representatives that they are mistaken, that they have taken the wrong road, and that they are in error in remaining-attached to mono-metallism.

I consider, therefore, until some change takes place, that the question of free coinage is decided so far as we are concerned.

I hope, gentlemen, that I have replied clearly, so far as France is concerned, to the question which was put to me.

And now, gentlemen, since I have been led to speak, permit me to reply in a few words to some observations made at a preceding meeting by the honourable Delegate of the Netherlands, Mr. van den Berg. Speaking of the policy followed by the banks of his country, Mr. van den Berg reproached the Bank of France with the parsimony with which it placed gold at the disposal of the public. I consider, gentlemen, that this reproach is not founded, and if I permit myself to speak of it, it is because this question is perhaps not without importance here.

As I said a few minutes ago, we have a considerable stock of silver in France. A large portion of this silver is deposited in the vaults of the Bank of France, and is advantageously replaced in the circulation by notes. Everybody knows what is the standing of these notes. Not only are they subject to no discount, but they frequently stand even at a premium in many foreign places.

This situation of the Bank of France not only permits it to ensure payment for all the products which France is obliged to purchase abroad, and to ensure that payment, if necessary, in gold, but also to secure a stability in the rate of discount such as has not existed elsewhere of late years. While in 1890, for instance, the rate of discount varied in England considerably--six per cent. in February, three per cent. in May, six per cent. again in November, without noticing intermediate fluctuations--in France it remained absolutely stable; it was throughout three per cent.

This stability in the rate of discount is not new in France, and yet France has passed through many difficulties and through many crises, political, economic, financial, and agricultural. In virtue of the stock of silver which the Bank of France has in its treasury, it has been able to accept for discount all the good paper presented to it. It has had no necessity for resorting to an increase in the rate of discount to protect its gold reserve, and this stability has not been without the most salutary action upon our commerce, especially in transactions for long periods.

But does this mean that the Bank of France refuses gold to those who need it? Not the least in the world. This year, for instance, the grain crop was not very reassuring, and at the beginning of the year more than four hundred millions of francs in grain was brought into France from the United States, from India, and from

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various other countries; but do you suppose that, because of that, there was any lack of gold? No, gentlemen. The Bank of France, when it finds itself confronted by a real necessity, does not hesitate to place at the disposal of importers all that is necessary for the purchase of the raw materials and food needed to feed the people and to maintain national industry.

It is not, therefore, correct to say that by its system the Bank of France hinders importation and thus injures international commerce. What the Bank of France does is to place a barrier to the speculations of dealers in silver, who think less of the interest of their country than of their personal profit. The Bank of France defends itself; it does not permit itself to be stripped of the stock of gold which is its wealth and which is an element of security for France; far from blaming it, I consider that in so doing it fulfils its duty.

Having said this, gentlemen, should the considerations which I explained just now imply that we should despair of the labours of this Conference? I do not think so.

Several proposals have been presented. First we have had that of Mr. de Rothschild. Afterwards we had the proposal of Mr. Moritz Levy. Mr. Moritz Levy proposes two things: to suppress bank notes of a less value than twenty francs, and also to withdraw from circulation gold pieces of less than twenty francs.

I do not know, gentlemen, whether the realisation of these proposals would be certain to attain the purpose which we pursue. Possibly other States would be better able than we to elucidate this point. As to France, she is comparatively without interest in this matter. We have at present no notes in circulation of smaller denominations than fifty francs. The suppression of bank notes of less than twenty francs would not, therefore, affect us.

In regard to the gold pieces of less than twenty francs, this is the situation: Our gold coins of five francs have disappeared. They have been withdrawn from circulation, and if by chance any are received at the Bank of France or at the public treasuries they are not re-issued. We have pursued this course for two reasons: First, coins of five francs are not easily handled; secondly, they abrade rapidly.

There remain the ten-franc pieces. If it should be demonstrated that the suppression of these coins might be the means of increasing the use of silver and might exercise an appreciable influence upon the price of that metal, we should perhaps, consent to report this remedy to our Government, and to request that it might be examined very attentively. I ought to say, however, that it is to be feared that we should encounter some opposition to such a measure on the part of the public, whose needs should be taken into account. The public is accustomed to the ten-franc pieces; they are much more easily handled than the small five-franc coins, and they are less cumbersome than two silver five-franc pieces.

Further, so far as we are specially concerned, the withdrawal of ten-franc pieces would not increase our need for silver. Supposing that the withdrawal was made, what would replace the ten-franc pieces? Five-franc pieces. Well, we have in the treasury of the Bank of France more than a thousand million francs in such pieces, and we should draw upon this stock for the needs of the circulation before purchasing more silver.

There are other proposals before us upon which I shall not dwell, because they are at present with the Committee for examination.

At the proper moment we shall examine them, as we have examined the others, with a most sincere wish to arrive at a solution. That solution cannot be radical; we have seen why. We must therefore resort to palliatives.

It may be said to me, Have you no proposal to make? I have indeed an idea, but it is so simple that I hesitate to submit it. It would, however, have the advantage of not necessitating any agreement or convention between the various Powers. Every Government which was impressed by the evils of the present situation might, by the means I have in view, contribute to relieve it.

The English have great difficulties in the settlement of their accounts with India. The United States themselves have sometimes analogous difficulties. Our honourable colleagues from the United States have indeed said that the production of silver was an infinitesimal fraction in the total production of their country, and it was by no means because that production embarrassed them that the Government took the initiative in this Conference. They are right, if they look only at the annual product. But the precious metals are not perishable commodities. Other products are consumed; but with gold and silver the production of each year is added to that of preceding years.

The United States have gained some experience of this. The production of the mines has accumulated, and they have to-day such quantities of silver that they hesitate to increase their stocks further. It cannot, therefore, be said that the United States are not directly interested in the question; they are, on the contrary, deeply interested.

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lism.

Mr. Tirard.

"A proposal which would bring about an increased use of silver"—these are the terms of the invitation of the Government of the United States—would give them assuredly very great satisfaction. Well, gentlemen, to increase the use of silver it must be converted into coin. But to what extent? Should the transformation be made without limit? Should it be made for the account of private persons? No, it should be made purely and simply to as limited an extent as possible, so that it suffice to bring silver into the daily exchange of life, to make it, not an international money, but a national money.

In France we have, according to our estimates, at least 50 francs in coin per head, and no one complains. Suppose that, without going so far, States which have an infinitely less quantity of silver should bring it up little by little to 15, 20, or 25 francs per head, would not that suffice to absorb all the white metal available? That would incommode no one; the public finances would nowhere suffer; and without trouble, without difficulties, without international conventions binding the Powers towards each other, we should accomplish our purpose.

This, gentlemen, is my idea or suggestion; and, as you see, it is not very complicated. I have searched in vain, and I fail to find in all the other measures which have been favoured anything but palliatives, expedients which may produce a momentary effect, but which do not constitute a final solution.

It is a remarkable thing, gentlemen, that the public begins to concern itself with these questions, and that perhaps is a great advance. Up to the present time monetary questions have remained in the domain of science, and have seemed related more to metaphysics than to commercial practice. To-day the public is beginning to interest itself in our labours, to which previously it was indifferent. This was impressed upon me this morning by some large manufacturers who honoured me with a visit.

Public opinion begins to be stirred up. The public perceives that there is great tension in international relations, that the instability of exchange which sometimes reaches exorbitant rates and from which industry and agriculture suffer, may perhaps be the result of the disproportion which exists to-day between the value of the two precious metals.

However, we should not exaggerate. I have just spoken of the rapid variations of exchange, but we must not believe that the high rate of exchange on certain countries arises from the monetary situation alone, or from the depreciation of value of one metal compared with the other. No, there are countries which have been led into extravagant expenditure, and consequently forced to make large loans. To meet this expenditure and the interest on their debt they have issued paper money in excess of any reasonable measure; and to-day it is only natural that a considerable disturbance in international exchanges has resulted from the immense quantity of paper money issued.

However that may be, gentlemen, it is certain that a greater stability in the ratio would result in facilitating commercial relations, in binding the nations closer together, and in permitting them to exchange their products as it suited them, to the satisfaction of all Governments and to the greater profit of all individuals.

It is for this task that we are met together. I do not know yet what will come out of the Conference, and to what practical result it may lead; but this much is certain, our labours will not in any case be fruitless.

It will be a great result to have started this practical study; though perhaps the study will be long before it comes to a conclusion, since progress is always slowly realised. Ideas from the realm of abstraction cannot pass at once into the domain of facts; they do not bring with them light enough to reach all minds in a single day. To realise them requires much labour, much good will, and much effort.

Mr. ALLISON, replying to Mr. Forssell, said that after the declaration made some days since by Germany, after that of England, and after that which had just been made by the State which was at the head of the Latin Union, he felt that the reply to the question which the honourable Delegate of Sweden had put before Mr. Tirard began speaking might be deferred.

Mr. Allison.

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lismMr. Sanchez
de Toca.

MR. SANCHEZ DE TOCA (*Delegate of Spain*) congratulated Mr. Tirard upon the noteworthy speech which he had made.

The silence of the Delegates of France had been felt in the discussion, as everyone had asked what would be the direction which the Latin Union, and particularly France, might give to the debate. It was well understood that if the Latin Union would join in the spirit of good will, agreement, and compromise with which the Conference seemed to be animated, anything might be attained; but that without it nothing could be attained.

He agreed completely with Mr. Tirard in the purely negative conclusions of his speech in regard to the adoption of a radical solution. The instructions and powers of different Delegations would not permit an agreement in that line. He called attention in this connexion to the declaration of Sir Rivers Wilson.

He did not know whether bi-metallists and mono-metallists, in their efforts to convince one another, would arrive at any sort of agreement, but the last speeches seemed to him to show clearly that everybody to-day was inclined towards some practical solution. Their object was a *modus vivendi* between various States whose monetary systems were different. In taking this direction it was certain that a solution would not be reached which would realise the dreams of theorists, but evidently the greater practical difficulties would be solved.

Instead of coming, as at previous Conferences, with a distinct formula permitting merely the discussion of a fixed value for gold and silver and the ratio between these two metals, the United States asked that a practical and empirical project, capable of furnishing a solution, should be sought.

He dwelt upon the important fact of the changed attitude of Great Britain, whose Delegates spoke to-day in a different tone from that employed in 1878 and 1881. He remarked that Germany, while remaining faithful to mono-metallism, had not refused to look at the question from a practical point of view upon the lines which she had indicated in 1881. As to the States whose Delegates had received instructions to remain passive in the Conference, they were still numerous, but England was no longer among them, as she was in 1881.

He thought that the attitude of the Latin Union would be influenced by this new situation, and, in spite of the negative aspect of Mr. Tirard's speech, he had not lost the hope that it would be so.

In conclusion, he stated that he did not share the opinion of those who thought that the result of this Conference, whatever it might be, would be without effect upon the market, and that it would lead to no disturbance in the economic phenomena flowing from the use of silver as an instrument of exchange. He thought, on the contrary, that the effect of the discussion of the Conference was very considerable, but that if the result of its labours should be to establish the fact that no extended use of silver could be obtained, a most unfortunate impression would be produced. And as a greater depreciation of silver could not take place without a greater appreciation of gold, this increase in the value of the money unit would lead inevitably to flagrant injustice in the relations of debtors and creditors, would overturn all business relations, disturb all salaries, and destroy the equilibrium of importations and exportations.

Mr. Boisse-
vain.

M. BOISSEVAIN (*Delegate of the Netherlands*) greatly regretted that his colleague, Mr. van den Berg, having been forced to go to Holland for a day, should have failed to hear the admirable speech of the honourable Delegate of France, Mr. Tirard.

In his absence Mr. Boissevain desired to thank Mr. Tirard for the explanation of the policy of the Bank of France which he had given in reply to what had been said previously by Mr. van den Berg.

He would bring the reply to the attention of Mr. van den Berg, who would take occasion to return to the subject if desirable; and in the meantime he wished, on his own part, to speak to the Conference upon some of the points which had been made by Mr. Tirard.

To restore bi-metallism in its integrity it would not suffice that gold and silver should be used concurrently: it is necessary that the two metals should be placed upon a perfectly equal footing, that they should both be considered the monetary standard, that both should be full legal tender, and that both should have free coinage. According to what Mr. Tirard has just said, France would not consent to open her mints to the free coinage of silver unless she were certain of the co-operation of the other great Powers of Europe, and in the first instance of England, of Germany, and of Austria-Hungary.

As to the Netherlands their attitude in this question is well known. Their Delegates stated it at the Conference of 1881, and it is still the same. The country takes the same ground as France, and is ready to re-open its mint to the free coinage of silver, but only as a consequence of an international agreement comprising all the great countries of Europe. In the default of such an international agreement, it is unfortunately only too true that each country must defend its own position as best it may.

There are for Europe but three possible monetary *régimes*. First, there is absolute gold mono-metallism, gold being the only standard, and silver having simply the rôle of subsidiary money; but nobody would accept the consequences of a system which would demand the demonetisation of all the white metal in circulation as token money.

Then there is international bi-metallism.

There is finally a third system, or rather a third monetary organisation. It is the system which we have at present, viz., that of the limping standard; gold being in reality the true metallic standard, but having at its side an immense quantity of silver in circulation as token money.

This system does not meet the requirements of monetary science. However, it is satisfactory up to a certain point, on condition that gold is at the surface in the currency, that it is employed as much as possible in international relations and exchanges, and that the white metal, the token money, is reserved for internal circulation.

It is just in this point that the policy of the Bank of France differs essentially from that of the Netherlands Bank. The Bank of France protects its gold reserve by the defensive premium. Without having any right to demand that it should change its system, I may still be permitted to express the opinion that this course of action is prejudicial to the most advantageous and most extensive use of the gold stock of Europe. To have an equivalence of prices in different countries, and to satisfy the needs of one financial market by the assistance of other markets, it is necessary that the movement of gold in circulation should be facilitated. The system followed by the Bank of France is not favourable to this purpose, and does not facilitate the movement.

From the point of view of France herself, the system appears to have two disadvantages. The first is that as the monetary stock, constituted as it is of gold standard money and of silver token money, does not render all the services which it might, there is a tendency to an appreciation of gold or an increase of its value compared with that of other commodities, with all the disastrous, or at least bad, consequences which follow, both for commerce and industry, and also from the social standpoint. The second disadvantage is that as the relation between the market value of the two metals diverges more and more from the former legal ratio, there will be a greater and greater difference between the value of the metal in the token money and the nominal value of the coin, and consequently a greater and greater temptation to fraud. Up to the present time facts have not demonstrated the dangers of this situation, but it cannot be denied that they exist.

Two or three years ago counterfeit bank notes of five hundred francs were found in France. The Bank of France announced immediately that all notes of that denomination would be withdrawn and a new form of note issued. But what would happen should there be discovered some day in France a quantity of five-franc pieces of legal weight and fineness, which did not come from the French mints, which had been coined elsewhere and imported? The Bank of France could not do for them what it did not for the notes. And this is equally applicable to other countries. Such a monetary situation certainly has its disadvantages and dangers for everybody.

The honourable Delegate from the Netherlands, after these summary remarks, added a few words to his former reply to the speech of Mr. Weber at the Sixth Session. He expressed himself, as follows:

Mr. Weber has told us that the fall of silver was due to the increased production. Permit me to submit some figures of great interest upon this point. According to the statistics of Mr. Leech, the production of gold in 1892 amounted to 197,000 kilos; while from 1831 to 1850, according to the figures of Mr. Soetbeer, it was on the average only 32,000 kilos; the production, therefore, has increased sixfold. The production of silver was, in 1892, 4,480,000 kilos; in the same period from 1831 to 1850 it was on the average 688,000 kilos. The increase of production therefore in the last 50 years has been nearly the same for the two metals. If we carry our figures

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back to the beginning of the century we find that the increased production of gold is proportionately greater than that of silver.

Mr. Weber sought further to demonstrate the abundance of gold by citing the situation of the banks. We have only to consult the balance sheets of the Bank of France to find that between 1888 and 1892 the gold reserve rose from 1,100 millions to 1,670 millions of francs, but at the same time, the proportion of the reserves of the bank to its obligations has only increased from 32 per cent. to 41 per cent. In spite of that immense stock of gold, the gold reserve represents only 41 per cent. of the obligations. Without doubt that indicates a very favourable position, which I do not deny; but there is nothing there to make one cry out against the abundance of gold.

As to the Bank of Germany, we find that in 1887 the gold reserve was 566 millions of marks, whereas on the 31st of October 1892 it was 664 millions of marks; and that the proportion of gold reserves to obligations has increased from 42 to 44 per cent.

If we consider, therefore, the real condition of the banks, we do not see, in spite of the immense stocks of gold which they actually possess, any great abundance of gold.

Mr. Weber spoke also of the development of commerce in England and made a comparison between the figures of 1880 and those of 1890. Mr. Weber took his figures from a speech of Sir John Lubbock. I have not been able to find the figures cited by Mr. Weber, but I have in my hands a Blue Book relating to the period 1877 to 1891, and it is interesting to observe that from the figures there given* there appears to have been an absolute stagnation of the commercial movement in England. The trade of England was, in 1877, 19l. 5s. 3d. per head of the population; in 1891 it was 19l. 14s., after having touched, in 1883, 20l. 13s. If therefore we consider the movement of trade in England during the last fourteen years, we see that there has been no growth at all, but rather a relapse.

Another word, gentlemen, before I terminate. I said to you the day before yesterday that my first impression of the speech of Mr. Weber was that it did not exactly depict the situation. Permit me to read these words which had escaped my attention: "For the last fifty years, the great discoveries of gold and the more and more general use of instruments of credit have created a situation continually more favourable for the debtor and more unfavourable for the creditor."

I believe that Mr. Weber has lost sight of one thing, and that is, that the situation, which was indeed such as he described until 1870 or 1873, has absolutely changed since that time. Without going into details, I simply ask if in our experience of the last twenty years we find that the situation is more and more favourable to the debtor and unfavourable to the creditor. I believe, permit me to say, that such an affirmation is absolutely at variance with the facts of history and with all that we have been able to observe in recent times.

Mr. Cannon.

MR. CANNON (*Delegate of the United States*) made the following speech in English:—

GENTLEMEN,

Several observations have been made in this Conference in regard to the wording of our invitation to the nations. The Delegate from Spain referred to it a moment ago, and at the last Session one of the Delegates from Great Britain stated that if the call had been to discuss the broad field of bi-metallism, England could not have accepted. It is only fair to state that the call was carefully considered by the President in order that England and all other nations might fully and freely discuss the question from their own standpoint. If this Conference does not accomplish anything more than has already been done, it will be of great use to the world. The proposition of Mr. de Rothschild, a Delegate from England, the frank and able statement which we have just listened to from Mr. Tirard, the Delegate from France and representing the Latin Union, clearly indicate the condition of affairs in Europe. Permit me to say that I have been greatly surprised at what has occurred. We in the United States had supposed that France and the Latin Union, being the largest holders of silver in the world, were very friendly to that metal as money; but we find that, while they are glad to be present with us and are interested in our proceedings, they are not inclined to join with us in any agreement as to the better use of silver as money; and we find to our surprise that England, without any silver of consequence, suggests its

* See Appendix to the Minutes of this Session.

purchase and use as a money metal. In spite of this apparently opposite state of affairs between the two great nations, we hope that something may yet be accomplished. Frequently, as in the case of electricity, when opposite poles meet results follow.

We in the United States highly appreciate and fully understand the monetary system of France, with its bank and its large amount of gold and silver money. Looking back to the period prior to 1873, before the demonetisation of silver, we fully understand the strength and ability of a system which maintained for so many years the parity between gold and silver. But we had supposed that France, with its large stock of silver, took great interest in any effort to maintain the price, and in every step to return to the bi-metallic par. Mr. Tirard referred to the resolution brought forward by the Delegates from the United States with our statement and programme, and we infer from his remarks that he did not consider it necessary to pass a resolution which refers to certain existing evils and declares for the better use of silver as money. We find again the same difference of opinion existing between France and England in this matter, as the proposition of Mr. de Rothschild plainly states that evils exist in the monetary situation and that some remedy should be found; that is to say, the belief of the United States at the time of the call of the Conference is endorsed, and it was hoped that a remedy could be brought forward and agreed to here for the monetary evils throughout the world.

Mr. Tirard says that in France they are not specially interested in any palliative measures to increase the price of silver, and that they are able to maintain their present position, as we say in our country, by main strength. The United States is in the same position. As I understand Mr. Tirard's statement, their policy is to use silver in domestic circulation and gold in paying foreign balances and settling foreign transactions. While this policy can be pursued by France and by the United States, still I believe it would be far better if some international arrangement can be made to use both gold and silver for foreign and domestic payments, at some ratio to be agreed upon.

Mr. Tirard says, with great truth, that the people of a country are apt to ascribe the evils and dangers that exist to monetary causes, and that there are other important factors that enter into a bad state of affairs in any country. The opposite of this statement is also true. It is not always that a good monetary system and an excellent state of affairs in a monetary way produce complete prosperity.

Mr. Tirard stated that the United States had more silver than it wanted or could use. I think there is a misapprehension in Europe on this point. All of the gold and silver money in the United States is in use, and I think I may state that there is no country in the world where the silver and gold money is in more active use than in the United States of America.

Mr. Tirard indicates that in his opinion the silver mine owners have prevailed in legislation before Congress and that we have been unduly influenced by our large product of silver. As has been clearly stated heretofore by my colleagues, the silver interest is a comparatively unimportant interest in our country, and the product of silver is comparatively insignificant when compared with our other products, and I beg to differ from Mr. Tirard in that matter. I believe that a careful examination of the speeches before both Houses of Congress, and the statutes that have been passed relating to gold and silver money, will bear out my statements. Furthermore, in our country, from the beginning of its history, we have been in the habit of using gold and silver as money; and while it may be true that the product of silver is somewhat different from other products, if it is to be used as a money metal, still we have never considered it from that standpoint, but have believed it a proper basis, together with gold, for increasing the circulating medium in our country, which is a growing country. Our people believe that it is necessary to have more money from time to time to properly conduct their business.

Mr. Tirard refers to the different projects that have been brought before this Conference as mere palliatives, and unworthy of consideration. There is a difference of opinion as to this. I believe it is a self-evident fact that if there is more of any commodity produced than is needed, the surplus fixes the price of the whole mass; and if the product is silver, the surplus—whether it be a million or thirty million ounces—fixes the price of the whole mass. It has been held, therefore, to be perfectly proper and pertinent for this Conference to consider carefully the production and purchase of silver. The purchase of thirty million ounces of silver per annum, it is believed by many, would take up the surplus of silver, and would thus affect the price of the whole mass in the Latin Union and elsewhere; and this is a

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Mr. Cannon.

matter that deserves most careful examination. It is possible that such a purchase by Europe might be the bridge to join the money metals again at some parity, provided the said purchase was in addition to the silver now naturally used, and if it was coined into money as provided. And I cannot but believe that France and the Latin Union are interested in this matter.

Mr. Forssell has raised the point as to what should be the ratio between gold and silver. I beg to differ from my colleagues in our Delegation on this matter. In my opinion this is a matter to be taken up later on in our deliberations, and whether the ratio be $15\frac{1}{2}$ to 1 or 16 to 1, or some other ratio, it should be considered hereafter. At present prices, the ratio is about 24 to 1, and therefore it is very difficult to mention a ratio which could be agreed upon by the nations here represented.

Mr. Tirard has said, with great candour, that at the time silver began to depreciate the Latin Union stopped its coinage, and no doubt this was a safe method to pursue. Fortunately the United States has before it the example of the Latin Union. Up to the present time we have had no difficulty in maintaining the parity between all of our gold and silver money, and we intend to maintain it. If, however, silver is to be further dishonoured, and used simply in the same manner that a paper circulation is used, that is to say, in a subsidiary sense, without regard to its price, the United States is in an excellent position to take advantage of this state of affairs as brought out at this Conference. And we are very glad to hear the frank statement of Mr. Tirard to-day.

Mr. Tirard has called our attention to the awakening of public opinion on the Monetary Question. The controversy in France which we have seen discussed in the "Économiste Français" as to whether or not the Bank should lose because of the fall of silver, or whether the nation should lose, indicates clearly that a loss already exists and that if silver continues to fall, there must be a settlement.

Mr. Tirard.

MR. TIRARD (*Delegate of France*) feared that Mr. Cannon had incorrectly understood him if, on the ground of his declaration, Mr. Cannon thought that the Latin Union, or, to be more exact, France, in whose name Mr. Tirard had spoken, was less friendly to bi-metallism than England.

Mr. Tirard declared that he had said nothing of the kind. On the contrary, he had said that France was bi-metallist in fact, and that if she would not resume the free coinage of silver, and if she would not go back to absolute bi-metallism, it was only because England and other countries of Europe had declared in the most formal way that they intended to remain mono-metallic, and that, at least for the moment, they were not disposed to admit the white metal to their mints. It could not be said, therefore, that under the circumstances, England had shown herself more bi-metallist than France. The honourable Delegate added that since the opportunity was offered, he would express his regret at seeing the proposal of Mr. de Rothschild withdrawn before there had been any discussion of it. In his eyes that proposal had considerable importance by reason of its origin, and the motives which had dictated it. Furthermore, one point had especially excited his curiosity, namely, the distribution of the 125 to 130 million francs of silver to be bought by Europe from the American producers. He would have been happy to know what share Mr. de Rothschild had contemplated for England and what share for France. He was convinced, without having any information on the point, that France, who had already as much silver as all European Powers combined, would have been given the largest share. It was just this situation, which France could not accept. She had already more than sufficient silver for her internal circulation, and as for circulation abroad, she had a supply of gold amply sufficient to cover the purchases which she must make. As to establishing free coinage, as to receiving the silver produced in Mexico and in the United States, which France would never have occasion to return to the Powers which had sent it, and which she could never use to pay for her purchases and liquidate her obligations, he would never advise his Government to accept such a situation.

The Session adjourned at 5 o'clock.

APPENDIX TO THE MINUTES OF THE SEVENTH SESSION.

VALUE of the TOTAL IMPORTS and EXPORTS of MERCHANDISE into and from the UNITED KINGDOM, with PROPORTION thereof per HEAD of TOTAL POPULATION.

YEARS.	IMPORTS.		EXPORTS.				TOTAL OF IMPORTS AND EXPORTS.		YEARS.
	Total Value.	Proportion per Head of Population of United Kingdom.	British Produce.		Foreign and Colonial Produce.	Total Value of British and Foreign and Colonial Produce.	Total Value.	Proportion per Head of Population of United Kingdom.	
			Total Value.	Proportion per Head of Population of United Kingdom.					
	£	£ s. d.	£	£ s. d.	£	£	£	£ s. d.	
1877	894,419,682	11 14 11	198,898,065	5 18 6	53,452,955	252,846,020	646,765,702	19 5 3	1877
1878	868,770,742	10 17 3	192,848,914	5 18 8	52,634,944	245,483,858	614,254,600	18 1 11	1878
1879	862,991,875	10 11 8	191,531,758	5 11 8	57,251,606	248,783,364	611,775,239	17 16 8	1879
1880	411,229,565	11 17 7	223,060,446	6 8 10	63,354,020	286,414,466	697,644,031	20 3 0	1880
1881	397,022,489	11 7 4	234,022,678	6 14 0	63,060,097	397,082,775	694,105,264	19 17 5	1881
1882	413,019,608	11 14 7	241,467,162	6 17 2	65,193,552	306,660,714	719,680,322	20 8 10	1882
1883	426,891,579	12 0 10	230,799,478	6 15 4	65,637,597	305,487,070	732,328,649	20 13 2	1883
1884	390,018,569	10 18 4	233,025,242	6 10 6	69,942,841	295,967,583	685,986,152	19 4 1	1884
1885	370,967,055	10 6 0	213,115,114	5 18 4	58,859,194	271,474,308	642,442,263	17 16 9	1885
1886	349,863,472	9 12 8	212,725,200	5 17 2	56,234,263	268,959,463	618,822,935	17 0 10	1886
1887	362,227,564	9 17 11	221,918,910	6 1 3	59,348,975	281,262,885	643,490,449	17 11 8	1887
1888	387,635,748	10 10 3	234,584,912	6 7 2	64,042,629	298,577,541	686,213,284	18 12 2	1888
1889	427,637,595	11 10 1	248,935,195	6 13 11	66,657,484	315,592,679	743,230,274	19 19 10	1889
1890	420,691,997	11 4 6	263,580,585	7 0 7	64,721,533	328,252,118	748,944,115	19 19 7	1890
1891	435,441,264	11 10 5	247,235,150	6 10 10	61,878,568	309,113,718	744,554,982	19 14 0	1891

(Taken from the Statistical Abstract for the United Kingdom, 1877 to 1891, p. 47.)

EIGHTH SESSION.

Tuesday, December 13th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

All the Delegates were present with the exception of MR. TIETGEN, *Delegate of Denmark*, DON JOAQUIN D. CAHASUS, *Delegate of Mexico*, and MR. LADY, *Delegate of Switzerland*.

The Session was opened at 2 o'clock.

The Minutes of the Seventh Session were approved.

Presentation
of documents.

THE PRESIDENT laid upon the table a series of tables presented by MR. HAGBARD BERNER, *Delegate of Norway*. He thanked MR. BERNER, in the name of the Conference, for his interesting communication.

THE PRESIDENT also laid upon the table a list of documents which had been sent to the Conference. The list would be printed and distributed.

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on bi-metal-
lism.

SIR GUILFORD MOLESWORTH (*Delegate of Great Britain*) read, in English, the following speech:—

Sir G.
Molesworth.

Mr. de Rothschild, whose experience in finance is probably unequalled in the world, declares that we are in danger of a fearful crisis, and Mr. Goschen, late Chancellor of the Exchequer, has warned us of the terrible dangers to which we may at any moment be exposed.

Mr. Tirard tells us that France does not fear the crisis, and with reason. France stands in a very different position from that of England; for although she has demonetised her white metal for international purposes, she can still use it as internal money, and in that capacity it does not lose value as full legal tender money.

She thus escapes many of the difficulties to which England is exposed, and has been enabled to establish a strong reserve behind her credit, so that she can afford to regard with equanimity crises that would be most disastrous to England.

The picture which Mr. Tirard has drawn of the stability and satisfactory state of the French monetary system stands out in bright contrast to the unstable and unsatisfactory state of the monetary system of England, some of the evils of which I have pointed out at the fifth sitting of this Conference. Since the year 1873 the currency of France has not been a gold mono-metallism but the limping standard. It is better to walk on two legs, as she did before 1873, than to hop on one; but if one limb is maimed, it is better to limp along with the aid of an imperfect artificial limb than to hop on one leg, as England does. I gather, however, that Mr. Tirard would be glad to have the maimed limb restored to full vigour if England would assist in the cure, and, however satisfactory the condition of the monetary system of France may be, when compared with that of England, yet it is scarcely one which even Mr. Tirard can contemplate with complete satisfaction. The limping standard is a violation of the first principles of monetary science, whose laws cannot be outraged with impunity; and although as a limping expedient it is better than gold mono-metallism, yet France has an accumulation of accounts of serious magnitude which she will one day be called upon to settle, unless the link between gold and silver be eventually restored. Each year of delay makes this restoration more and more difficult.

But in England we have something worse to fear than the crisis which Mr. de Rothschild predicts. It is impossible to close our eyes to the dangers which have been disclosed by the honourable Delegate of Great Britain, Sir William Houldsworth. He will tell you that the industries of Lancashire have been simply ruined by the condition of our currency system, and that both employers and employed are clamouring for currency reform. In whatever direction we turn our eyes we find similar conditions of depression and distress, whether we turn to iron, steel, silk, woollen, or agricultural industries. A very large number of chambers of commerce in the United

Kingdom have petitioned Government for currency reform; and it was only last week that a large and influential meeting of the representatives of agricultural industry passed a resolution requesting the Government to endeavour to secure, by an international agreement with the leading nations, the unrestricted coinage both of silver and gold. Next we find that Archbishop Walsh (the leader of political opinion in Ireland) declares that the adoption of bi-metallism is a matter of imperative necessity if the agricultural tenants of Ireland are not to be driven to inevitable ruin. And lastly we have India crying out that the development of her resources is hindered, and her trade paralysed by the difficulties into which the state of the currency has plunged her.

Now this state of things was (as I have already shown) predicted in 1871 as the *logical and necessary result of the adoption of gold mono-metallism* in Europe, and this remarkable prediction has been fulfilled to the letter in every detail.

The remedy can only come by the restoration of the link which until 1873 bound gold and silver together in one common standard.

The report of the Royal Commission on Gold and Silver of 1887-88 in admitting nearly every principle for which the bi-metallist contends fully supports this conclusion.

For these reasons I regret the hasty and premature action of Sir Rivers Wilson in his declaration of uncompromising hostility to the double standard as in a measure prejudging the whole case before an opportunity could be allowed for its fair discussion in full conference.

The situation in England has changed, even since the opening of this Conference. The unexpected declaration in favour of bi-metallism by the head of the Irish political party, the important resolution passed last week at the meeting of influential representatives of agricultural interests, as well as the petitions from the London Chamber of Commerce and other sources, cannot have failed to have made a strong impression on the Government; and it may possibly become a matter for consideration whether time should not be allowed for the Government to reconsider the whole question in the light of these altered conditions, even though such reconsideration should necessitate an adjournment of the Conference for some weeks.

It appears also not impossible that the views of the honourable Delegate of Great Britain may undergo some change if we may reason from the analogy of his eminent predecessors of the Conference of 1878, Mr. Gibbs, late Governor of the Bank of England, and Mr. Goschen, late Chancellor of the Exchequer.

Mr. Gibbs, now the most prominent champion of bi-metallism, made the following statement at a public meeting:—

“Mr. Goschen and I were together on the Conference in Paris. Both of us were sturdy defenders of gold mono-metallism, but I have changed my mind. I do not say Mr. Goschen has changed his mind, but he has somewhat modified it.”

Now let me quote Mr. Goschen's utterances at a public meeting. He said:—

“There is a class of mono-metallists who say that bi-metallism is all nonsense, and they cannot understand what it means. Now I do not think it is nonsense at all. I think it is a very serious demand for a change, which, if adopted, would produce very large results. . . . The action of the Latin Union, the action of Germany, the displacement of silver and the enthronement of gold in its place in many countries, have had an immense effect in producing the changes which bi-metallists deplore and attempt to remedy.”

“So far as it appears to me, it can fairly be said that the action of governments has a distinct influence on the question of standards. I fully appreciate the importance of the question. I feel it almost impossible to exaggerate its importance.”*

On another occasion Mr. Goschen publicly remarked that mono-metallists, like many highly orthodox people, were so firmly impressed with their belief that they were unable to give a reason for the faith that was in them.†

Now the quasi-official declaration of the honourable Delegate's views (absolutely opposed to those of his colleague, Sir William Houldsworth) not only precludes any advance by other Powers towards a solution of the difficulty, but places Great Britain in the invidious position of being the principal, if not the sole obstacle, to a satisfactory solution of the difficulties under which we labour.

Indeed I gather from conversation with many of the foreign Delegates that this is the prevailing impression to which this declaration has given rise.

* Extract from a speech delivered by Mr. Goschen at Manchester on November 30th, 1887.

† From a speech made by Mr. Goschen to a deputation received by the Prime Minister on May 30th, 1889.

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lism.Sir G.
Molesworth.

Some of the Delegates have positive instructions to enter into an international agreement for the re-establishment of the double standard, provided that England will join; others with instructions less positive have orders not to enter into such an agreement unless England should show a disposition to combine. In fact England holds the key of the position.

If the Delegates of Great Britain had shown any disposition to co-operate cordially with the other Powers there would not have been the slightest difficulty in restoring the double standard, by international agreement, on a firm and impregnable basis.

I do not wish to imply that every nation would have joined such an agreement, but that is quite unnecessary. If a moderately sized rope is sufficient to anchor a vessel it is not necessary to delay anchoring operations, and allow the vessel to drift on the rocks because a very heavy steel chain cable cannot be readily procured.

Now let us see what France has accomplished almost single-handed. For 73 years she kept the whole world practically bi-metallic. It is true that during the last few years of that period she was helped by the Latin Union, but she was the moving spirit. She preserved the equilibrium of gold and silver approximately stable at the ratio of 1 to 15½, in spite of almost overwhelming influences tending to disturb that equilibrium. First, the American ratio for a long period was 3¼ per cent. higher, and for another period 3¼ per cent. lower, than the French ratio. At one period the relative production of gold was 65 per cent. less than that of silver; at another period it was more than 200 per cent. greater. At one time silver coinage almost ceased, at another time gold coinage almost ceased. At various periods England, whose obligations could only be satisfied in gold, was, as Mr. Baring has told us, forestalled by others speculating on the bank's known necessities. At other periods Germany and India, whose obligations could only be satisfied with silver, were exposed to similar influences tending to create an agio on the metal that might happen to be urgently in demand.

At one time the Netherlands over-valued their gold with reference to the French ratio of 1 to 15½. This led the export of gold. At another time Portugal over-valued her silver. All these and many other powerful influences were at work tending to destroy the equilibrium, influences that for the most part could not possibly exist under a powerful international system in which the great Powers were combined. Moreover it must be borne in mind that during a considerable portion of that period we had not the equalising influence of steam navigation and the telegraph, and that it required at least six months before an answer could be obtained from India. The report of the Paris Monetary Conference of 1867 recommending the adoption of gold mono-metallism in Europe shook the faith of the public in silver. Then the mints of France were practically closed to the rest of the world during the war and the Communitistic struggle, after which rumours of the intention to close the mints to silver caused a divergence from the ratio, but by no means an important one, and it was only when the link was actually broken by restricting the mintage of silver in 1873 that any important divergence from the ratio occurred.

It has been said that the enormous flood of silver in 1873 forced France to close her mints to silver, but this is not the case. The flood of gold in 1859 was four and a half times as great as the flood of silver in 1873, and yet France single-handed kept her mint open to gold and saved the ratio.

It was not the flood of silver that wrecked the double standard, it was timidity and false political economy.

Now I would ask any unprejudiced person after examination of Diagram No. 1 which I have submitted to the Conference whether it is possible to deny the enormous influence exerted by the double standard of France in preserving so closely the ratio between silver and gold throughout the world in spite of the formidable factors tending to disturb the equilibrium.

With such remarkable experience to guide us it appears probable that the United States of America, if they had the courage to make the plunge, might keep the equilibrium single-handed. At all events a combination with the Latin Union would place the matter beyond a doubt. The addition of India and England would make the combination unnecessarily strong. Still the Powers will not move without England. Other nations might or might not join, but their adhesion or abstention would be a matter of no practical importance, for with such a combination the world would be practically bi-metallic.

A predetermination not even to discuss such an eventuality appears to place Great Britain in an illogical position, for she has recognised the necessity for the rehabilitation of silver and has practically admitted the efficacy of bi-metallism as a remedy, inasmuch as she has consented to allow one-fifth of the metallic reserve of the Bank of

England to consist of silver, only however on condition of the formation of an international agreement of the other Powers on a bi-metallic basis, thus appearing in the position of desiring to impose on the shoulders of other nations a burden of which she is unwilling to take her fair share.

It is monstrous to allege that the restoration of the link between gold and silver would be a form of protection in disguise.

In fact gold mono-metallism is undisguised protection in its worst and most mischievous form. It protects gold at the expense of silver, but what is worse it protects a small number of the moneyed class at the expense of the productive and industrial classes. It robs labour of its employment, and precipitates a conflict between capital and labour.

India, Ireland, the industrial, commercial, and the agricultural interests of Great Britain all cry out against the injustice, and when the crash comes, as come it surely will, it will be no consolation to the people of Great Britain to feel that the catastrophe might have been averted by an attitude of more cordial co-operation with other Powers at the various Monetary Conferences.

I wish to avoid anything like intrusion on the domain of academical discussion, but there is one point which so closely approaches the practical that I ask your permission to say a very few words to remove a misconception which is of general prevalence. I should not have done so had I not within the last few days been confronted by a mono-metallist Delegate with the stale objection that "Gold and silver being commodities it is impossible that legislative action should affix a relative price between the two." Let me once for all state that I fully and unreservedly agree that this is the case. Legislative action cannot and does not fix the price; all that it can do is to fix the ratio, and when the ratio is fixed by law the demand fixes the price.

And the reason of this is self-evident. Under a double standard the person who makes a payment has the choice of metal; or, in other words, he is the person who gives rise to the demand of that metal. Of course he will not be so foolish as to select the dearer metal or that which costs him the most. He naturally chooses the cheaper metal to satisfy his obligation; in other words, the demand falls off for the dearer metal, tending to lower its price, and sets in for the cheaper metal, tending to raise its price; the tendency of both metals being to approach the legal ratio.

It is impossible that it should be otherwise, and this automatic adjustment is extremely sensitive, for the slightest divergence from the ratio is carefully watched by bullion brokers all over the world, and a temporary demand at once springs up for that metal which is below the ratio, while at the same time it falls off for that which is above the ratio. When therefore the two metals are linked together in a double standard they must find their equilibrium as surely as water finds its own level.

SIR RIVERS WILSON (*Delegate of Great Britain*) spoke as follows:—

Sir Rivers
Wilson.

I desire to reply in a few words to the observations of the honourable Delegate of India upon the premature character, as he calls it, of the declaration which I had the honour to make several days ago. I wish to state that it was purely out of respect for the Delegates, and to shorten as much as possible our labours, that I felt it my duty to make a very explicit declaration, and to state that my Government, as a Government, could not admit that the maintenance of our existing monetary system should be brought into question, or that the presence of British Delegates at a Conference where bi-metallism is discussed should lead to the supposition that England would be ready to examine the possibility of a change in her monetary system.

It was for that reason that my colleague, Sir Charles Fremantle, and myself thought that it was opportune to let it be known from the very beginning of our debates that our Government did not desire to take up the discussion of the question of bi-metallism.

This was also the opinion of Mr. de Rothschild, who has just told me that he wishes to associate himself with me in these remarks.

MR. HANS FORSELL (*Delegate of Sweden*) spoke as follows:—

Mr. Hans
Forsell.

GENTLEMEN,

It is proposed on the part of the United States that a ratio should be fixed between gold and silver as metallic money. This is the double standard.

It is proposed that there should be no restriction upon the coinage of gold and silver as full legal tender money. This is free and unlimited coinage.

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Upon these two points it is proposed to conclude an international arrangement.

This was what the honourable Delegate of the United States, Mr. McCreary, characterised in his speech of Tuesday as "a plain business proposition," which "announced no new theory," and which "did not enter in an unknown path."

The honourable Delegate is right in a certain sense. The double standard is in no wise new. It is neither of to-day nor of yesterday. It is rather a veteran who has been overstrained by superhuman efforts, and has become limping. Free coinage is certainly not unknown; on the contrary, we know too well its tendency to extravagance to give it free play.

What is absolutely new and unknown, both in theory and in practice, is the double standard and free coinage imposed together upon the States by mutual international obligation. In the annals of international conventions we seek in vain for a precedent. The Latin Union itself, which presupposed the double standard, and permitted in the beginning free coinage, did not, to speak truthfully, require either the one or the other. The double standard and national free coinage were roads explored from one end to the other. The path which it is proposed we should enter by an international agreement is like a hazardous crossing of the dark continent without chart and without compass. And though the path is so unknown, and the obligation so new, they are, nevertheless, the *essence* of the universal bi-metallism which is proposed.

The proposal is not only new, but it is of an audacity far above the vulgar prejudices of our day. Everybody distrusts silver coin of which there is evidently more than necessary. Everybody therefore seeks to keep his gold which seems scarcely sufficient for our needs. And it is at this moment that everybody is asked to agree by international contract to coin this disliked silver in unlimited quantities while remaining free to get and keep gold each as best he may.

At first sight this seems a paradox. But the paradox is made a doctrine, and the doctrine searches for support in learned considerations of history and scientific hypotheses as to the future. Unfortunately certain essential facts are neglected, which in my humble opinion give the solution of the enigma both of the past and of the future.

Whatever may be said of the marvellous stability of $15\frac{1}{2}$ to 1 under the free coinage *régime*, the essential historic fact is that the actual ratio between the two metals was never and nowhere invariably in accord with the legal ratio, and that the fluctuations between the two values, however small, sufficed everywhere, and frequently to cause the two metals to flow alternately from one country to another, and to create a premium either upon silver or upon gold. The most recent historic fact, and the most conclusive is that the extreme divergence between the two values and the danger of a premium upon gold have sufficed to render free coinage impossible, and to reduce the double standard to a simple forced circulation.

After this experience of the absolute impotency of national legislation, resort has been had to the hypothetical project of international bi-metallism. It is well known that unlimited coinage would open the flood-gates to a torrent of silver, which under the pressure of the ratio established by the double standard would set in motion a current of gold, and would allow it or even force it to spread outwards, a movement which would be manifested by a premium on gold. To remedy this a very ingenious process has been imagined of forming by international agreement a reservoir vast enough to contain the two currents together. They would persuade us that if the reservoir is sufficiently enlarged, if it is extended to such a point that beyond it there is no country capable of attracting gold, the yellow metal would not flow out, the stability of the ratio would be guaranteed, and a premium on gold would be in the future impossible.

It is a fact which deserves attention that in speaking of the value of silver we always think of gold; thus it is recognised that the supreme danger is a premium upon gold, and that the touchstone of the bi-metallic system is its ability to guarantee us against that vital danger.

As to the necessary size of such a bi-metallic reservoir ideas have varied, and they continue always to vary accordingly as persons are more or less optimistically inclined.

I suppose, however, that men of practical statesmanship will aim at the most that it is possible to obtain, namely, a union of all the American and European States having a metallic circulation. It would never be possible to include either States with a paper standard, or the silver-standard States of the east. They console themselves by declaring that none of them would be able to draw gold from the bi-metallic union; but it is absolutely wrong not to reckon with that inevitable outside. It is forgotten that in certain cases both Russia and the East would undoubtedly

exercise a very considerable attraction for the depreciated gold of Europe. It is forgotten further that a disturbing element would arise the moment when one member or another of the bi-metallic union, for one reason or another, denounced the treaty and left the union. It is forgotten that there will always be something, not only beyond, but underneath the reservoir;—the industrial consumption which will always demand gold, and which will demand it more and more as it is depreciated by monetary legislation.

In fact the problem of a bi-metallic union sufficient to guarantee us against a premium upon gold, and against the drain of gold, resembles strikingly the investigation of another very delicate and very difficult question, which might be formulated thus: What length, what breadth, and what capacity should be given to a hogshead in order best to contain in it a certain quantity of liquid, when there is no possibility of stopping the bung-hole.

In the domain of physics such an investigation would never be regarded as "perfectly practical."

But I will not insist upon that point, which has been already sufficiently raised by the adversaries of bi-metallism, but never sufficiently explained by its advocates. I shall endeavour to speak of another point the practical bearing of which seems to me more obvious.

The double standard in demanding full debt-paying power for coined silver defies the obvious fact that nobody wants to carry more than a few ounces of silver in his pocket, or to keep more than a few pounds weight of it in his cash-box. It obliges creditors to receive in payment unlimited quantities of a metal of which they neither will nor can keep more than a very limited quantity. It assigns therefore to the white metal a legal monetary function which is more or less incompatible with its natural monetary function.

This discord between the natural and legal paying power of silver money is easily disguised if the stock of coined silver is sufficiently restricted by nature or by legislation. No one cared about it when the production of silver scarcely sufficed for the needs of circulation. Even now its importance is more or less relegated to the background, as prudent legislation has suspended or restricted the coinage of the abundant metal.

But suppose the free and unlimited coinage of that metal to be decreed by an international law, and you would see how the double standard, under a production recognised as almost unlimited in the future, would develop the vices inherent in its principle.

Suppose that universal bi-metallism with the ratio of 15½ or of 16—I will keep to that preferred by the honourable Delegate—were accepted, dating from the year 1894, by all the countries which can or would afford the luxury of a metallic circulation. Suppose the mints of these countries open to the free and unlimited coinage of five-franc pieces, dollars, crowns, marks, or florins. From that moment the producers of silver would no longer be at the mercy of the industrial consumption or of exportation to the East, they would no longer be affected by the competition of other producers in the markets of London or of New York. They would all, in perfect friendliness, carry their bullion to the mint, and, so far as the coining presses could meet their demand they would take away their bags full of dollars, five-franc pieces or marks. There would be no danger that they could not make them circulate. If there were a debt to be paid, it would by virtue of the international law be payable in this hard cash, whatever the dissatisfied creditors might say.

What would be the quantity of silver money thus discharged upon the world? Who knows? But since the mineral resources are nearly inexhaustible, it is evident that the increase of the monetary stock of silver would be limited in the future only by the industrial consumption and by the productive capacity of labour and of capital.

The industrial consumption would diminish since the price of silver would rise. On the other hand, the price of silver rising at one bound 30 or 40 per cent., the profit of the producer would be increased and with it his ability and his desire to produce. All the mines which had been abandoned at a price of 80 to 90 cents an ounce would be worked if an ounce of silver could be exchanged for 129 cents in money. All the producers who make scarcely anything out of their mines at the present prices would display a new zeal to obtain a profit. Would not a production which with diminishing prices and unrestricted competition has increased already from 1 to 4·5 in 20 years, and from 2·3 to 4·5 in 10 years, increase still more rapidly with an invariable price and an unlimited market? It is certainly no exaggeration to suppose that the production of silver would shortly attain 9 or 10 millions of kilograms.

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lism.

Mr. Forssell.

Natural laws would not be entirely done away with under the new order of things. Their effects would be felt even under the new international laws. Since no one would wish then, any more than now, to keep more than a few kilograms of silver, every sum of silver above a thousand francs would flow necessarily to the vaults of the banks, as the brooks flow to the ocean; and the banks, which, like everybody else, would be obliged to receive this silver in payment, would not be able to protect themselves against it.

And since in nearly all the countries with metallic circulation the currency is already saturated and even overcharged with silver money, and since the present production of silver exceeds already the total consumption for industry and currency, the necessary consequence would be that all the new silver would flow into the banks, which would overflow more and more with that money. Suppose a new influx of five millions of kilograms a year; in 10 years there would be 50 million kilograms of it, or 11,000 millions of francs.

But since the vaults of the banks are not unlimited, any more than their financial resources, it would be necessary for them to make room for this intruder by parting with something else; and I cannot see how they would avoid being obliged to release their gold in exchange for the silver which is forced upon them.

But silver, the specific instrument for small payments, is incapable of sufficing for wholesale payment; and the special rôle of banks is to make large payments, for which gold is the only adequate metallic instrument. Thus under the régime of free and unlimited coinage the inherent vice of the double standard, the discord between the natural and legal monetary function of silver, would break out in a thoroughly vicious organisation of banks, in an evident incongruity between their obligations and their resources, between the nature of their transactions and the nature of their instruments. The basis of all exchanges, of all wholesale commerce, and of all financial operations, would be undermined, at the moment when the Bank of England, the Bank of France, the Bank of Germany, and the Banks of the United States, all gorged with silver, would be forced into a struggle to keep the gold which is the necessary instrument of their operations.

Evidently there would be a struggle, and its methods and incidents are well known. Each would pay something to be quit of the superfluous and relatively useless silver; each would pay something to obtain gold which is sought after and relatively more necessary.

There you have the premium upon gold following infallibly from your system. That is how, even if bi-metallism embraced the universe, the premium upon gold would always issue from the international marriage of free coinage and the double standard, the excesses of the one fructifying the vices of the other.

But the premium upon gold is the upheaval of the system, the downfall of universal bi-metallism. Each would seek to protect himself from incalculable damage and loss; the international treaties would be denounced, free coinage would be suspended, an effort made to get rid of the double standard, and liquidation would begin.

That liquidation is the translation into financial prose of the monetary poetry of bi-metallism; and if we should have to pay in solid gold for the silver fancies of unlimited coinage, we should be staggered by the millions and the thousand millions. The liquidation would be more difficult, since, with the régime of international free coinage there would have been no relation between the financial resources of each State and the amount of money coined with its stamp.

The States of the Latin Union, and especially Belgium, can tell us something of the practical side of the question. Those States entered one fine day, full of international confidence, under the magnificent arches of a bi-metallic system, supported by pillars of gold and silver, ranged in a pre-established harmony of 15½. But the harmony was disturbed, silver fell; the white pillars were transformed into walls which barred the outlet, and they were imprisoned. In prison tempers are easily soured, and the Latin Union States no longer bless the treaty of 1865.

How can it be desired that the European States, with eyes opened by these experiences, should willingly enter into an international engagement from which there would be no retreat? The declarations made here by the Delegates of Germany, of Austria-Hungary, of France, of Great Britain, of Italy, of Switzerland, and of Russia—with which as Delegate of Sweden I would join—have sufficiently proved that the European States refuse to do so.

If the Conference of Brussels contributes to establish and fortify the conviction which is already very general, that an international agreement for the free and unlimited coinage of silver as full legal tender money is not only rejected for the

moment, but inadmissible for the future, it will have reached a very important result. It will then have destroyed the vain and sterile illusions which have already too long troubled men's minds and turned them from the reality of facts towards the dreams of an unrealisable Utopia.

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lism.

MR. VAN DEN BERG (*Delegata of the Netherlands*) read the following speech :—

Mr. van den
Berg.

GENTLEMEN,

Unforeseen and painful circumstances having forced me to leave Brussels for several days, I was unable to be present at the meeting of Saturday, and did not have the privilege of listening to the eloquent speech of the honourable Delegate from France, Mr. Tirard. I regret it the more as Mr. Tirard spoke of the question of banks and the defensive premium on gold, which I raised at the beginning of our debate. Had I been present I should certainly not have failed to offer Mr. Tirard my sincere thanks for the interesting information which he gave us. My colleague, Mr. Boissevain, has already performed that duty in a way for which I feel very grateful, and I would join fully and sincerely in the observations which he made. I am still of the opinion, in accordance with the views expressed by Mr. Léon Say, in his preface to the new edition of the "*Traité des Changes*" (the Theory of Foreign Exchanges) of Mr. Goschen (of which Mr. Raffalovich spoke at one of our last meetings), that the system of a defensive premium, as practised by the Bank of France, is absolutely to be condemned; but for the moment I have really nothing new to add to the remarks of Mr. Boissevain. I am also in complete harmony with my colleague as to his views upon the monetary question in general; and the declaration for which his observations furnished the occasion, that Holland would not enter into a bi-metallic union without the full and complete participation of England, is a part of the formal instructions given us by our Government.

This is the identical reservation which Mr. Tirard has just made for France, in case an international bi-metallic union could be organised. In joining thus the present monetary policy of France to its former policy, to that which led the French Government in union with that of the United States to bring the question of international bi-metallism before the Monetary Conference of 1881, the speech of Mr. Tirard—and that is I believe the principal point—can be considered as the crowning stone of our structure. For the declaration that France would not be opposed to an international bi-metallic convention, if means could be found to make an agreement among all the leading nations in monetary and financial affairs, implies necessarily the sanction and affirmation of the *theory* of bi-metallism which so many writers and statesmen are pleased to consider as a mere whim unworthy of the attention of serious and sensible men.

You will not have forgotten, gentlemen, that it was France who in 1881 told us through Mr. Magnin, then Minister of Finance, and President of the Monetary Conference at Paris, that international bi-metallism was the only system which could restore monetary regularity in all parts of the world.* But I will not abuse your patience by arguing anew the reasons which on the scientific field plead in favour of the solution which we desire. To Holland belongs in part the honour of seeing the weak side of mono-metallism several years before the fall of silver made itself felt. In an academic discourse of 1869 the late Mr. Mees, then President of the Netherlands Bank, combated the system of the double standard as it had been practised up to that time, that is to say, within a limited field; but he opposed to that system the *universal* double standard, demonstrating that the moment that the double standard was universally accepted the market value of the two metals must conform to the legal ratio taken as the basis of a common agreement, and further that the double standard applied with this extension would secure the greatest possible stability in the value of the currency far better than either the gold standard or the silver standard.

That was in succinct form the theory of bi-metallism as it was expounded in 1869 by one of the most honoured *savants* of Holland; and 20 years later, in 1888, the Gold and Silver Commission, appointed two years before in England to examine the recent variations in the relative value of the precious metals, justified completely the reasoning of the eminent Dutch economist in the following conclusions of paragraph 107 of its Final Report,† that is the portion of the report signed by the six members of the

* Page 5 of the Proceedings (English translation).

† Gold and Silver Commission. Final Report, p. 85.

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Mr. van den
Berg.

Commission who pronounced against the adoption of bi-metallism and for refraining from any fundamental change in the monetary system of England:—

“We think that in any conditions fairly to be contemplated in the future, so far as we can forecast them from the experience of the past, a stable ratio might be maintained, if the nations we have alluded to were to accept and strictly adhere to bi-metallism, at the suggested ratio. We think that if in all these countries gold and silver could be freely coined, and thus become exchangeable against commodities at the fixed ratio, the market value of silver as measured by gold would conform to that ratio, and not vary to any material extent.”

Notwithstanding this definite and positive declaration, the argument is still used that the theory of bi-metallism is valueless, because the trials which have been made of it have never insured a fixed and invariable stability in the ratio between the two metals, and that the ratio always varied more or less during the 70 years that the bi-metallic régime was in force in France. But, gentlemen, I have seen still larger oscillations in the exchange between two countries or two places which had exactly the same monetary system and the same money.

For about forty years there has been an absolute uniformity between the money used in Holland and its East Indian Colonies. The same coins are the medium of exchange and the measure of value at Amsterdam and at Batavia, and yet we have seen the exchange between the two places at more than five or six per cent. above or below par; while the variations in the ratio between gold and silver from 1803 until the year 1870 never went beyond $2\frac{1}{2}$ per cent. from the bi-metallic par of 1 to $15\frac{1}{2}$. I may be permitted, I think, to conclude as I did in a Report which I addressed in 1886 to the Viceroy of British India, Lord Dufferin, that we should attach no weight to the argument that the remedy of bi-metallism is valueless because the experiments which have been made have been unsuccessful.

Never since the world began has there been an universal agreement among the nations at all stages of civilisation for the simultaneous use of gold and silver on the basis of a fixed ratio, and all the arguments advanced against the efficacy and practical character of such an agreement are and must remain incomplete and fallacious because they are supported only by partial and isolated experiences. We would open to humanity, in all that relates to its means of exchange, a new era which was conceived in France, but which could not come to maturity except in the present social and commercial conditions.

From whatever side I look at the question I always come back to the dilemma presented in a previous meeting. Is universal mono-metallism possible and practicable, yes or no? If yes, if it can be demonstrated that there is no lack of gold for the monetary needs of the whole world, I become a turncoat—allow me the word—and place myself beside my present antagonists; but if no, the principle of mono-metallism seems to be condemned, and I will continue to assail it for the reason which I have presented in a former speech. I do not believe in the possibility of dividing the world into two parts—into two groups—one of which shall use gold and the other silver as the medium of exchange.

The union between the metals once broken, that union which according to the motto of the noble country which offers us its hospitality, made the strength of the world, the general use of gold as the regulator of international exchanges will become more and more indispensable, like the drop of oil which penetrates everywhere.

And now, gentlemen, permit me to make a little calculation based upon the data which Mr. Leech, who is here present, has had the kindness to place before us in the carefully prepared work which he presented to us at the beginning of our Conference. According to Table No. IV. the stock of gold in the principal countries of the world, that is, the reserves of banks and public treasuries, together with that in the hands of private persons, can be estimated in round numbers at 3,630 millions of dollars. The average production of gold during the years 1890, 1891, and 1892 in all the producing countries was 126 millions of dollars, that is a little more than three and a half per cent. of the monetary stock. If now the entire production was available for the monetary use of nations there would certainly be no reason for alarm, since the annual increase of population of the world assuredly does not reach three and a half per cent.

But the investigations of the learned and regretted Dr. Soetbeer, the results of which were collected in the remarkable book published some months before his death—I speak of his “Litteraturnachweis über Gold und Münzwesen”—lead us to believe that the annual yield of gold is almost entirely absorbed by industrial uses in the arts

and trades. This result of the accurate investigations of Dr. Soetbeer has struck me all the more as he was formerly one of those who was in no wise alarmed as to the scarcity of gold for monetary uses; and, not to seem to exaggerate the importance of this, I think I should recall the very words which the learned Dr. Soetbeer used to express his idea. This is what he wrote shortly before his death:—

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“Die Annahme, dass in den letzt verflossenen Jahren, zusammen mit dem Abfluss nach dem Osten und nach vorkommenden Thesaurierungen, die industrielle Verwendung die Zunahme des allgemeinen monetären Goldbestandes wesentlich beschränkt und vermuthlich die neue jährliche Goldgewinnung nahezu absorbiert haben dürfte, lässt sich allerdings nicht ziffermässig nachweisen, andererseits wird aber ebenso wenig deren Unrichtigkeit sich beweisen lassen.”

Mr. van den
Berg.

That is to say:

“It would be impossible to demonstrate by figures the incorrectness of the hypothesis that in recent years the industrial use of gold together with the needs of Oriental countries and for private hoards had materially arrested the increase of the monetary stock and had very probably absorbed the annual production of the metal; but proofs are equally lacking to support the contrary hypothesis.”

Therefore according to the late Dr. Soetbeer it is possible that the production of gold every year is only sufficient to satisfy the needs of industry; but if we hold to his previous calculations, according to which about one-half of the annual production was required for industrial uses, there remains for the increase of the stock of gold a figure which certainly does not exceed the annual increase of population, and, as the total of the world's exchanges increases more rapidly than population itself, it follows that we cannot escape a more and more severe and acute monetary contraction if we persevere in the proscription of one of the precious metals which since the beginning of the world has played so important a part in the development of social and international relations.

The sufficiency or the insufficiency of gold for the monetary uses of the world is, gentlemen, the real knot of the question before us. It is not unknown to us that up till now the defenders of mono-metallism have always supported the idea that there was no lack of gold, and that a more or less considerable appreciation of the yellow metal was entirely out of the question. The bi-metallists alone were of the contrary opinion. But now one of the most fervent partisans of mono-metallism has joined their ranks and tells us that it is not silver which has fallen but gold which has risen. The partisan whom I have in mind is the “Statist” of London, a journal which is an authority in monetary and financial matters, and rightly so, because, unless I am mistaken, it is written at the dictation or at least at the inspiration of the learned statistician Robert Giffen. In the number of November 5 we read the following declaration, apropos of the proposals submitted to the British Government in regard to the possible introduction of the gold standard in British India:—

“We presume that the plan is based upon the mistaken notion that the value of gold is more stable than that of silver. We have seen that between 1873 and 1880 all gold prices fell ruinously. We have also seen that during the same period silver prices did not fall; in other words while a smaller quantity of gold year after year exchanged for a larger quantity of all other commodities, silver included, the same quantity of silver, or nearly the same, exchanged for the same quantity of all other commodities, gold excluded. Does it not necessarily follow that it was the conditions which determine the value of gold which altered, not the conditions which determine the value of silver, or to put the matter into, perhaps, plainer language, does it not necessarily follow that the value of silver during the past 20 years has been far more stable than the value of gold.”

Gentlemen, has the weakness of gold mono-metallism ever been placed in clearer light than in the lines which I have just cited, written by one of the most convinced mono-metallists, by a “Gold-fanatiker,” as the Germans say? If it be true that the price of silver has remained stable, and that it is gold which has risen during the last twenty years, that is a pure and simple condemnation of all monetary systems based upon gold; for the relative stability of its value is one of the essential conditions of a good money, and a gradual appreciation of the standard used to measure all values and effect all exchanges cannot fail to be disastrous to all mankind, as it benefits only those who own money and aggravates the position of the others, the workers; in a word, the immense majority of the population.

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If our investigations and our debates can conduct us, I do not say to the solution, but to the clearing up of the great problem of the greater or less relative stability of gold and silver, the labours of the Conference will not be fruitless, and I believe that when we adjourn we shall have merited well of all the human family.

COUNT KHEVENHÜLLER METSCH (*Delegate of the Governments of Austria and of Hungary*) read the following declaration:—

GENTLEMEN,

I am persuaded that none of you expect that I should make an academic dissertation upon the advantages of the double or the single standard; nor will I cite that which celebrated men who have concerned themselves with monetary questions, either as enlightened students or learned partisans, may have said in other circumstances. I believe that conclusions of that order would have little value in my mouth, and I prefer to leave them to others better equipped than myself. Neither my instructions nor my tastes permit me to leave the narrow field in which are inclosed the interests which I am here to watch.

Hence I will not speak either upon the plan presented and withdrawn by Mr. de Rothschild, or upon that of Mr. Moritz Levy, which seems to be still to a certain extent the order of the day. I will only say that if any combination is supported by a considerable majority of votes, I shall make it my duty to present it for serious examination to the Austrian and Hungarian Governments.

Gentlemen, the Conference is not unaware that recently, by a series of legislative measures, the two States which compose the Austro-Hungarian Empire have changed their monetary system.

In fact the two countries are at present in a transition period, which explains sufficiently, I hope, the reserve which is forced upon them.

Nevertheless, I am authorised to state, in the name of the two Governments which I have the honour to represent here, that they take a very active interest in the debates of the Conference. They are animated by a sincere desire that the labours of the Conference may reach a tangible result.

The Governments of Austria and Hungary will be ready to examine with scrupulous attention any proposals which may issue by common consent as the final result of the Monetary Conference of Brussels.

Mr. Jones.

MR. JONES (*Delegate of the United States of America*) spoke in English as follows:—

MR. PRESIDENT AND GENTLEMEN,

At an early stage of our proceedings it was suggested that, with the view of shortening our labours, we might avoid what has been termed academical discussion, and confine our deliberations to questions of practical detail. For my own part I cannot conceive of any financial system that, in any true sense, can be deemed practical which is not based on correct principles. A system of money founded on error is in the position of a house erected upon sand. Its details might be modified, but without insuring the safety of the structure. It is in vain to attempt to arrive at correct conclusions without bearing in mind underlying principles. Inasmuch as it is to the neglect of this precaution in all gold standard countries that we owe the necessity for assembling here, I will, with the permission of the Conference, discuss the question before us, as far as I am able, theoretically as well as practically.

Is there
enough
gold?

Is there enough gold to meet the world's demand for money? If this question can be answered in the affirmative, then there is no need to make any change in existing monetary conditions. If there is enough gold, there is no need of silver.

To put the question in more precise form: leaving out of view all countries whose monetary systems are based on silver, is there in existence such a stock of gold as, when supplemented, year by year, with the current yield from the mines, will be sufficient to serve the monetary purposes of the countries whose systems are based upon gold?

But it will be asked: What constitutes a sufficient amount of gold for this purpose? I answer, such an amount as will maintain unchanging the value of the unit of money—or, to state it in another form, such an amount as will maintain at a steady level the general range of prices. If the prices of commodities are to be left out of account—if it be matter of indifference how low those prices fall—then it is of not the slightest consequence how little gold is to be had. No matter how small the amount, it will always be sufficient to exchange at *some* price all the commodities in the market.

But is not the range of prices an all-important consideration? Is it not upon the steadiness of the general range of prices that business prosperity depends?

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It must be borne in mind that in this age of great undertakings the time-contract has attained colossal proportions. Enterprises are daily entered upon that require years to complete, and debts are incurred that can be liquidated only by payments extending over a long series of years. The hope and expectation of fulfilling such contracts or paying such debts are based upon the prices of commodities ruling at the time the contracts or debts are entered into. It must be manifest therefore that upon the general range of prices at varying periods will depend the ease or difficulty with which contracts can be fulfilled or debts paid.

When the parties to a bargain agree that payments shall be made at a future time (and that is what every merchant and manufacturer is doing every day), it is of the utmost importance to him who agrees so to pay that the purchasing power of the unit of money shall not increase between the date of making and that of liquidating the obligation. This is demanded by the first principles of justice. The amount to be paid should, upon the day of payment, have the same command over human effort, the same control over human sacrifice, that it had on the day when the debt was contracted. For, it is as a gauge and measure of sacrifice that money fulfils its most beneficent function. In an age in which deferred payments constitute the basis of all industrial undertakings, money can perform no more valuable service than that of enabling society, in the delicate process of measuring human effort, to defy the mutations of time. If it cannot do this, at least, in a reasonably approximate degree, injustice is done to one or the other of the parties to all transactions involving future payments.

Dr. Soetbeer's tables of prices, which include one hundred leading commodities, taking the figures of 1849 as a basis, and estimating them at one hundred, show that by 1853 prices had risen to the ratio of one hundred and thirteen, in 1863 to one hundred and twenty-five, and in 1873 to one hundred and thirty-eight.

The fall of
general
prices.

It is a significant coincidence that, beginning with 1873, the year in which, by the demonetisation of silver, the volume of the world's money was reduced, the trend of prices of commodities in general was reversed, and a fall set in. Continuing his figures to 1885, Dr. Soetbeer gives the number for that year as one hundred and eight, a decline of thirty per cent. in twelve years, or an average of two and a half per cent. per annum.

Mr. Sauerbeck's investigations, made independently, take as a datum line the prices ruling from 1867 to 1877 and show that by September 1887 the general range of prices had fallen to 69·7, the lowest within the century.

Statistics show that the fall of prices in gold standard countries has continued up to the present time and is still in process of operation—the London "Economist" stating the fall for the past two years at 4·8 per cent. or about two and a half per cent. per annum.

During a period of falling prices—even when the process is slow—the value of the money-unit is, by a subtle and insidious operation, constantly increasing. Persons who have contracted to pay money in the future find it difficult, if not impossible, to fulfil their obligations. Profits of business become more and more uncertain, so that productive enterprises are discouraged.

Effects of a
fall of gene-
ral prices.

Speaking of the results of a fall of prices Prof. Marshall, of Cambridge University, says:—

"A fall in prices lowers profit and impoverishes the manufacturer, while it increases the purchasing power of those who have fixed incomes. So, again, it enriches creditors at the expense of debtors; for if the money that is owing to them is repaid, this money gives them a greater purchasing power, and if they have lent at a fixed rate of interest, each payment is worth more to them than it would be if prices were high. But for the same reason that it enriches creditors and those who receive fixed incomes, it impoverishes those men of business who have borrowed capital, and it impoverishes those who have to make, as most business men have, considerable fixed money payments for rent, salaries, and other matters." (Economics of Industry, Book III., Ch. 1.)

While prices of property and commodities are falling, owners of money will not part with it for anything beyond the demands of actual necessity, because whatever is bought to-day cannot be sold next week for its cost price. The only rewards of

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investment are for those who lend money on some form of security that will compel the borrower to pay, or (failing payment) to part with property more valuable than the debt. At such times money circulates freely in the stock market but avoids the labour market. It can be most readily borrowed on such securities as Government bonds, which are based on the unlimited taxing power of the supreme authority, or upon bonds and stocks of great railroad corporations, whose charges for passengers and freights are practically a tax on the entire population and resources of the regions which they supply. Capitalists maintain a keen competition for the opportunity of lending money, even at low rates, on such securities. Large accumulations of money in financial centres and about stock exchanges instead of being evidences of a healthy and prosperous condition of trade and commerce are unmistakable evidences of industrial languor and decline. Instead of indicating an over supply, or even a sufficient supply of money, they are symptoms of a decreasing and wholly insufficient supply. Were the quantity of money sufficient to meet all the demands of industry, it would maintain at a steady level the general range of prices. Industrial enterprises would not then be, as they now are, mere lotteries. Money would be invested in ventures that would employ labourers. No nation can enjoy the fullest prosperity so long as large numbers of its people are compulsorily idle. It is not a good sign, with respect to the employment of the people, to find capitalists engaged in feverish competition for the returns offered by Government bonds. Yet during a period of falling prices they find no other course consistent with self-preservation. In the bonds of all responsible Governments they find at least safety from loss, and in the constantly increasing purchasing power of the unit of money in which the interest is paid, they find an ample off-set to the lowness of the rate.

While the lender of money is thus, in effect, receiving from his investment all the purchasing power that under normal conditions of industry he would at any rate receive, how fare the working classes, the producers of wealth?

Under the baleful influence of falling prices, agriculture ceases to be profitable. In the case of leased farms, the rent, which was just and equitable when fixed, becomes, with the progress of time, unjust and inequitable, the payment requiring from year to year a constantly increasing proportion of the product, till nothing is left for the tenant but the hardest and barest existence. In cases in which the farms are owned by those who work them, the ownership in nine cases out of ten is incumbered by a mortgage. Very few working farmers own their own farms free. The mortgage that at the beginning was equivalent to but one-half of the value of the farm, soon, owing to the fall of prices of the product and consequent reduction of value of the property, becomes worth three-fourths, and ultimately, in many cases, upon the maturity of the mortgage, the farmer finds himself compelled to yield up his entire farm to the mortgagee in satisfaction of the incumbrance. Thus by reason of a fall of prices, owing to an increase in the value of the money-unit, agriculturists are reduced from comparative comfort to absolute penury.

The effect upon the artisan class is no less injurious. That capital is timid has become a proverb. As soon as it becomes obvious that prices are falling and that no relief is immediately to be expected, the projection of new enterprises ceases. Manufacturers decline to increase their plant to correspond with the growth of population. But, worse than either of these, the time arrives when even the plant in existence cannot be maintained in full running order without great sacrifices of capital. The manufacturers, many of whom operate, in some degree, upon borrowed money, endeavour, by resorting to various small economies, to avert or postpone the blow. But while prices continue falling, their efforts must be unavailing. Where possible, at such times, men endeavour to withdraw their capital altogether from industrial enterprises in order to invest in bonds, but, failing to accomplish this, they endeavour to escape loss by running on short time, or in extreme cases by discharging a portion of their working force. We cannot deny to the employer, any more than to the employed, an appeal to the law of self-preservation. But in thus relegating to idleness great numbers of workmen, what an exhibition do we not make of the impotence of our boasted civilisation. The supreme importance of keeping all the people employed is not sufficiently appreciated.

Enormous
loss of
wealth
though in-
voluntary
idleness.

Writers upon political economy deal only with actual wealth, and the processes by which it is brought into existence. Wealth *in esse* is the subject of detailed and scientific examination. Every feature of its production and distribution is submitted to minute and painstaking analysis. But there is such a thing as wealth *in posse*, which evokes not even a passing thought. It is the enormous mass of potential

wealth that could be, and under proper conditions would be, produced by the men who are compulsorily idle.

It must be obvious to the reflecting mind that one of the most serious of all the difficulties with which society has to contend is the enforced idleness of large numbers of its members. What waste of economic power does it not involve? What corrosion of human energy does it not import? Civilisation being dependent for its progress and perpetuity on the habits and character of its constituent members, how supremely important it is that all the people may have work, and that the work shall be not spasmodic but continuous! How enormously greater would be the production of wealth could all the people be uninterruptedly occupied! How infinitely multiplied would be the sum at once of individual happiness and of national content!

It is not too much to say that throughout the occidental world to-day millions of men stand idle who wait with listening ear for the signal which shall summon them to labour. The loss of wealth caused by the idleness of a vast body of men for even a day is almost incalculable. How much more so the aggregated losses of a generation? We are accustomed to regard the numbers destroyed in war as a great loss to a nation; yet wars arise only at intervals. But the demoralising and consuming effects of idleness destroy more people each year than wars do in a decade.

The army of the unemployed is increasing, and will continue to increase so long as prices continue to fall, and to discourage the investment of capital in productive enterprises. Labour, co-operating with the forces of nature, is the creator of wealth; but in order to reach the highest degree of effectiveness, it must be classified through the aid of capital, and, during the process of production, must be supported by capital. However great the natural resources of a country may be, however industrious, intelligent, and enterprising its inhabitants, if the volume of money is shrinking and prices are falling, its industries will be disorganised, and distress and destitution will prevail. Under any money system, labour, money and other forms of capital, confront each other as opposing forces, each seeking through a natural instinct to secure as much as possible in return for that which is given. These forces, though always operating against each other, are not necessarily inimical. On the contrary, under a just money system they are not even harmful to each other. The conflict between them is essential to the proper adjustment and harmonious working of all parts of the economical machinery. They are the centripetal and centrifugal forces of the industrial system. The equilibrium of all things is maintained through counter-balances. It is out of the action and counter-action of antagonistic forces that the harmonies of the universe are evolved. But under an unjust money system, under a system which through law or accident fails to regulate the quantity of money so as to preserve the equilibrium between it and the other factors of production, the conflict between labour and money and other forms of capital becomes destructive.

The peaceful conflict which, under a just system, is waged between moneyed capital and labour, and which tends only to secure the rights of each, and is essential to the progress of society, is changed under a shrinking volume of money, to an unrelenting war, threatening the destruction of both. It is not against capital, but against a false financial system that permits the volume of money to either shrink or unduly increase, that the hostility of the workers should be roused. Let labour and capital be put on equal terms, so that idle capital will be as unfruitful as idle labour, and the conflict between them will cease to be harmful. The equitable adjustment of the correlative demands of capital and labour cannot be effected under any system that permits a contracting of that great instrument which measures alike the property of the capitalist and the labour of the workman. It is only through the action and counter-action of the forces of capital and labour, automatically operating under a just money system, that equity and harmony can be evolved. One of the most urgent duties pressing upon society, therefore, is to see that the money volume does not diminish in proportion to the demand.

At all periods of history during which a reduction of the volume of money was taking place, the most baleful consequences accompanied and characterised the reduction. The thoughtful student of social forces is led irresistibly to the conclusion that of all the influences leading to the gloom of the Dark Ages, incomparably the most potent was the shrinkage that took place in the volume of the world's money by the exhaustion of the only mines then known to exist. All other conditions that operated at that time have operated at other times without displaying the feature of unconquerable and irremediable persistence characterising that period. At all other times society has

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exhibited a capacity, upon the happening of any disaster, to accommodate itself to the new conditions, to readjust its forces and crystallise its elements anew in harmony with the needs of progress. But money, being itself the means of association among men, any shrinkage of its volume deprives them of the very instrument of adjustment and entails consequences most far reaching in their character. All who have read the literature of this subject will recall the figure by which money is likened to the blood in the human body. It is the vitalising fluid, which, coursing freely through all the veins and arteries of society, quickens the pulse of industry, and imparts activity to its every fibre. The progress of civilisation being dependent on industrial activity, any failure of the money volume to keep pace with the money demand is nothing other than a diminution of the life blood of the industrial organism. The malady from which civilisation suffered during the Dark Ages was unquestionably this sociological anæmia.

Jacob informs us that in the time of Augustus the metallic money of the Roman Empire amounted to a sum equivalent to one thousand eight hundred million dollars, and that by the date of the discovery of America it had been reduced to less than two hundred million dollars. The mines of the Western Roman Empire which had been for some time declining, became exhausted about the close of the fifth century, and no material additions to the metallic money of the world were then possible, until the discoveries of new mines should be made. No new mines were discovered until after the discovery of the American continent. Of the intervening period historians have drawn a familiar picture. Industry shrivelled, commerce languished, and learning entered upon a sleep which was destined to last for ages.

Compare this palsied condition with the inspiring effects produced by the generous increase in the volume of money resulting from the discovery of the American mines. The universal gloom was dispelled by the flood of light reflected from the gleaming treasures of Potosi. As the money stock of the world became replenished the torpor of ages was overcome. Industry revived, commerce expanded, cities multiplied, learning awoke, thought fructified, manners were ameliorated, association developed, and human aspirations bounded to a height never before known. Fittingly have the historians characterised the new epoch as the Renaissance, for, in all that concerns the happiness and progress of mankind, it may well be said that time had then a renewed birth.

When at the beginning of this century the South American Colonies began their prolonged struggle for independence a material reduction took place in the supplies of the metal with which Europe had been enriched; and again the effects of monetary shrinkage began to make themselves felt in a fall of prices and a shrivelling of industry. Professor Jevons demonstrated that between 1809 and 1849 the purchasing power of money increased fully one hundred and forty-five per cent., which is but another mode of stating that the general level of the prices of commodities fell sixty per cent., or at the rate of one and a half per cent. per annum.

As was to be expected, all industry was deranged, and distress was universal. As a consequence, the masses of the people in all countries became engaged in riot and insurrection. In Great Britain mass meetings were held which sent to Parliament monster petitions for bread. On the continent of Europe open revolt taxed the energies of the troops, and as a result of a display of military force, large numbers of the people took refuge in secret political organisations, which, under cover of darkness, plotted the overthrow of social order.

So subtle was the cause of the difficulty that its origin eluded detection. The distress of the working classes was attributed to all causes except the real cause. By some it was ascribed to the greed and cupidity of the employing classes. By others—among them, for the most part, the economical writers of the time—to over-production of commodities. The working men adopting these explanations, inveighed violently against labour-saving machinery, and against employers as a class. They could observe the hesitancy of capital to invest in productive enterprises—an investment that would mitigate the evil by giving employment to labour—but they failed to perceive that during a period of falling prices capitalists are compelled in self protection to avoid industrial undertakings. It did not occur to the workers nor to those who undertook to inform and instruct them in political economy that at such time the basis upon which the operations of industry are conducted is not a level platform but an inclined plane—the production of the articles being effected at the cost or price corresponding with the higher end of the platform, while sales are effected at figures corresponding with that of the lower end. Employers were therefore carrying on business with little or no profit, and it was hardly to be expected that capital would seek investment in a direction in which the risk was not warranted by the reward.

The discoveries of California and Australia at last came to the aid of man. As the new money supply distributed itself throughout all countries, such a change came over the face of the world as can be compared only to that produced by copious rains after a season of prolonged drought. A rich harvest of industry followed. Everywhere the wheels of commerce were set in motion, men were called from idleness to labour, and an era of universal prosperity was ushered in. This naturally resulted from the insatiable demand for money natural to man.

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What is money?

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money?

The teaching of political economy is that the money of a country is that thing, whatever it may be, which is commonly accepted in exchange for labour or property and in payment of debt, whether so accepted by force of law or by universal consent. Its value does not arise from the intrinsic qualities which the material of which it is made may possess, but depends entirely on the extrinsic qualities which law, or general consent, may confer.

It is the physical agency to which society has assigned the function of measuring all equities, and it is the sole agency upon which that incomparable function has been conferred.

In order to measure equitably the natural and inevitable mutations in the value of other things money should be of unchanging value; that is to say, any given amount of money should, so far as human foresight can regulate it, require at all times an equal amount of sacrifice for its acquisition.

No one will deny that the most important quality that money can possess is that it shall truthfully measure and state equities.

The reasoning of all the leading authorities on political economy and the entire logic of the situation lead irresistibly to the conclusion that the value of money does not reside in the material but in the legal tender function impressed by law on that material. In other words, money is an order for property and services, and the money value is conferred by the stamp of the supreme authority.

In support of this interpretation I cite the following:—

Aristotle, writing of money, says:—

“Money by itself . . . has value only by law, and not by nature; so that a change of convention between those who use it is sufficient to deprive it of all its value and power to satisfy all our wants.”

And again, he says:—

“But with regard to a future exchange (if we want nothing at present), money is, as it were, our security that it may take place when we do want something.”

John Locke, in “Considerations,” &c., regarding money, published in 1691, says:—

“Mankind, having covenanted to put an imaginary value upon gold and silver, by reason of their durability, scarcity, and not being very liable to be counterfeited, have made them, by general consent, the common pledges whereby men are assured, in exchange for them, to receive equally valuable things to those they parted with, for any quantity of those metals; by which means it comes to pass that the intrinsic value regard in those metals, made the common barter, is nothing but the quantity which men give or receive of them; they having, as money, no other value but as pledges to procure what one wants or desires.”

Baudeau, reputed one of the most eminent of an early school of French economists, says:—

“Coined money in circulation is nothing, as I have said elsewhere, but effective titles on the general mass of useful and agreeable enjoyment which cause the well-being and propagation of the human race.

“It is a kind of a bill of exchange, or order payable at the will of the bearer.”

Adam Smith says:—

“A guinea may be considered as a bill for a certain quantity of necessaries and conveniences upon all the tradesmen in the neighbourhood.”

Jevons (Money and Exchanges), Chapter VIII., says:—

“Those who use coins in ordinary business need never inquire how much metal they contain. Probably not one person in two thousand in this kingdom knows, or need know, that a sovereign should contain 123·27447 grains of standard gold.

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"Money is made to go. People want coin, not to keep in their own pockets, but to pass it off into their neighbours' pockets"

Henry Thornton, in his work on "Paper Credit," says:—

"Money of every kind is an order for goods. It is so considered by the labourer when he receives it, and it is almost instantly turned into money's worth. It is merely the instrument by which the purchasable stock of the country is distributed with convenience and advantage among the several members of the community."

John Stuart Mill says:—

"The pounds or shillings which a person receives are a sort of ticket or order which he can present for payment at any shop he pleases, and which entitle him to receive a certain value of any commodity that he makes choice."

McLeod (Elements of Banking), Chapter I., says:—

"When persons take a piece of money in exchange for services or products, they can neither eat it nor drink it, nor clothe themselves with it. The only reason why they take it is, because they believe they can exchange it away whenever they please for other things which they require."

On that view of money McLeod feels justified in styling it credit, and he quotes in support of such a use of the term credit, Burke's description of gold and silver as "the two great recognised species that represent the lasting conventional credit of mankind."

Prof. Francis A. Walker, "Money, Trade," &c., page 25, speaking of carved pebbles, glass beads, shells, and red feathers, used as money in certain countries at certain times, says:—

"They were good money, though serving no purpose but ornament and decoration. They were desired by the community in general; men would give for them the fruits of their labour, knowing that with them they could obtain most conveniently in time, in form, and in amount, the fruits of the labour of others."

On page 30 he says:—

"Men take money with the expectation of parting with it; this is the use to which they mean to put it."

Again, Mr. Walker says:—

"Money is that which passes freely from hand to hand throughout the community, in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it, and without the intention of the person who receives it to consume it, or enjoy it, or apply it to any other use than, in turn, to tender it to others in discharge of debts or payment for commodities."

Even Bonamy Price, who is wedded to the gold standard, in his "Principles of Currency," says:—

"Gold, in the form of money or coin, is not sought for its own sake as an article of consumption. It must never be regarded as valuable except for the work it performs, so long as it remains in the state of coin. It can be converted at pleasure into an end, into an article of consumption, by being sold; till then it is a mere tool."

How many people ever so "convert" it that earn it?

The great philosopher, Bishop Berkeley, one of the most acute reasoners, in my judgment, that modern times have produced, in the "Querist," published in 1710, propounds the following pertinent and suggestive questions:—

"Whether the terms 'crown,' 'livre,' 'pound sterling,' &c. are not to be considered as exponents or denominations? And whether gold, silver, and paper are not tickets or counters for reckoning, recording, or transferring such denominations? Whether the denominations being retained, although the bullion were gone, things might not nevertheless be rated, bought, and sold, industry promoted, and a circulation of commerce obtained?"

Dugald Stewart, Professor of Moral Philosophy in the University of Edinburgh in his Lectures on Political Economy (Part I., Book II.), said:—

"When gold is converted into coin, its possessor never thinks of anything but its exchangeable value, or supposes a coffer of guineas to be more valuable because

they are capable of being transferred into a service of plate for his own use. Why then should we suppose that, if the intrinsic value of gold and silver were completely annihilated, they might not still perform, as well as now, all the functions of money, supposing them to retain all those recommendations (durability, divisibility, &c.) formerly stated, which give them so decided a superiority over everything else which could be employed for the same purpose.

"Supposing the supply of the precious metals at present afforded by the mines to fail entirely the world over, there can be little doubt that all the plate now in existence would be gradually converted into money, and gold and silver would soon cease to be employed in the ornamental arts. In this case a few years would obliterate entirely all trace of the intrinsic value of these metals, while their value would be understood to arise from those characteristic qualities (divisibility, durability, &c.) which recommend them as media of exchange. I see no reason why gold and silver should not have maintained their value as money, if they had been applicable to no other purposes than to serve as money. I am therefore disposed to think with Bishop Berkeley, whether the true idea of money, as such, be not altogether that of a ticket or counter."

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As in the case of all other things the value of money is regulated by demand and supply; but the demand for money is totally independent of, and radically different from, the demand, for commodity purposes, for the material of which money is made.

The value
of money,
how regu-
lated.

* What is the character and what is the extent of the demand for money? Inasmuch as the demand for all other things that are objects of human desire finds its first expression in a demand for money, the money demand must be equivalent to the sum of the demands for all other things whatsoever. With every individual the demand for money is instant, urgent, and constant. By reason of the incessant, intense, and universal competition to get it, the demand for it is always at a maximum. None but a beggar ever makes a demand directly for the articles he needs. Every man who labours offers his labour for the largest amount of money he can get in exchange for it. If a man wants a pair of shoes or a suit of clothes he does not offer to exchange his labour direct with the shoemaker or clothier. He offers his labour to employers in his own trade in exchange for money, and with the money thus obtained, makes his demand upon the shoemaker or clothier. Each employer in turn offers to part with goods or property, not for other goods or property, but for money. By this process every man is engaged each in his own vocation in eager and unceasing competition with every other man for units of money. So each shoemaker is in competition with all other shoemakers to obtain units of money; each hatter in competition with all other hatters to obtain units of money, and so of men in all other occupations. The intensity of the competition or demand for money must therefore always be equal to the aggregate intensity of the demand for all other things combined.

That being the demand for money, what is the supply? The supply of money in any country is the total number of money units actually or potentially in circulation. The value of the unit is fixed by the force with which the demand for money presses upon the supply. In dealing with the value of money we have to deal with the unit only; we have nothing to do with the total value of money. Whatever quantity of money the world may at any given time possess will represent the maximum value which could be represented at the same time by any sum whatever. If the total amount of the world's money were a thousand million dollars, the loss or destruction of one half that sum would, *ceteris paribus*, cause no decrease in the total purchasing power of money. All the power of the one thousand million would soon be transferred to and concentrated on the remaining five hundred million, which would then perform all the work theretofore done by the entire original sum. The difference would be evidenced by a change in the value of the unit only, that is to say, each remaining dollar would have its value increased in the proportion that the original sum bore to the sum that remained. In this instance there being only half as many dollars left, each remaining dollar would have twice as much value as it had before—twice as much purchasing power, twice as much command over the products of human labour, over commodities and property, as it possessed while forming part of the thousand million. For the same reason if at any given moment (other things remaining the same) the amount of money be doubled, no increase whatever of total purchasing power of the country's money would thereby be effected. The value of the new total sum is not in the least degree greater than that of the old total sum, notwithstanding that the number of units has been doubled. The work that was done by the one

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thousand million dollars would now be distributed among the two thousand million with the result that the value or purchasing power of the new dollar or unit would be decreased in a degree proportioned to the increase of the number of dollars. That is to say, each dollar constituting part of the new total sum would have but one-half the purchasing power that it possessed when it constituted part of the old. The reason is to be found in the changed relation of the forces of supply and demand. In the instance first cited, but one dollar is left where before there were two dollars. The supply of money is thus reduced one-half, while the demand has remained as before.

There being no substitute for money, no matter what exigency presents itself, it is impossible to transfer to any other thing the force of the demand for it. It being the only thing that will pay debts, those who do business on borrowed capital must have it, or the sheriff's flag will be brought into requisition upon an execution in bankruptcy. Money being the only thing that commands all other things, all the people must have it, or society must revert to barbarism.

Among even intelligent persons in the business world it is a common belief that money—especially gold—is unvarying in value, but that is not the teaching of the authorities in political economy.

Dr. Adam Smith, in his "Wealth of Nations," Book I., chapter 5, says:—

Gold and silver, like every other commodity, vary in their value. The discovery of the abundant mines of America reduced in the sixteenth century the value of gold and silver in Europe to about a third of what it had been before. This revolution in their value, though perhaps the greatest, is by no means the only one of which history gives some account.

And again:—

Increase the scarcity of gold to a certain degree and the smallest bit of it may be more precious than a diamond.

John Locke, "Considerations, &c.," says:—

The greater scarcity of money enhances its price and increases the scramble; there being nothing that does supply the want of it; the lessening of its quantity, therefore, always increases its price and makes an equal portion of it exchange for a greater of any other thing.

Prof. Francis A. Walker, "Money," &c., page 210, says:—

Gold and silver do, over long periods, undergo great changes of value and become in a high degree deceptive as a measure of the obligation of the debtor of the claim of the creditor. Thus Professor Jevons estimates that the value of gold fell between 1789 and 1809 46 per cent., that from 1809 to 1849 it rose 145 per cent., while in twenty years after 1849 it fell again at least 20 per cent.

Jevons, "Money and Exchange," chapter 6, says:—

In respect to steadiness of value the metals are probably less satisfactory, regarded as a standard of value, than many other commodities, such as corn.

And again, in chapter 24 of the same work, he says:—

We are too much accustomed to look upon the value of gold as a fixed datum line in commerce; but in reality it is a very variable thing.

McLeod, "Principles of Economics," chapter 5, says:—

All governments can do is to maintain a fixed weight and purity in the current coin of the realm; but they can no more control its variations in value than they can regulate the motions of the stars by Act of Parliament.

Sir Archibald Alison (England, in 1815 and 1845) says:—

The coining of gold and silver, which is universal in all civilized nations, and affixing to them one definite and permanent value by authority of law, has no effect whatever in preventing the fluctuations in the real value of the current coin of the realm.

The value
of gold as
money not
derived from
the value of
the metal as
a commodity.

If we are to rely upon gold alone for money, the world must be prepared for a period of long-enduring distress and disturbance. But why should we rely on gold? Its prestige comes from the general belief that its value as money is derived from its value as a commodity in the market. The fact that the Bank of England under the requirement of its charter always gives 3*l.* 17*s.* 9*d.* for an ounce of the metal, and

that it can nowhere else be got for less, is taken to be a demonstration that the demand for gold as a commodity determines the value of the metal as money.

The annual yield from the mines being about one hundred million dollars, and the demand for the metal in the arts about sixty five millions, while for coinage there is a demand for but thirty-five million dollars, it is argued that the commodity use is greater than the money use and therefore fixes the value of the metal.

I maintain that this theory is fundamentally wrong. Instead of the commodity demand establishing the value of gold as money it is the demand for the metal as money that fixes its price as a commodity. This should be plain from a consideration of the factors entering into the question of supply and demand.

The demand for gold, as for other things, must mean the *aggregate* demand for that metal for all purposes whatever. It must therefore include the demand for gold for purposes of money as well as for use in the arts.

Against this what is the aggregate supply? Manifestly not the trifling production of one year. The metals being practically indestructible, the aggregate supply available each day is the entire stock in existence, the stock that has been accumulated through the slow process of time, reinforced each year by the current product from the mines. In other words, the aggregate supply is the supply from *all* sources; the aggregate demand, the demand for *all* purposes.

The total amount of gold in existence estimated in money of the United States appears to be, in round numbers, about four thousand million dollars. Such portion of this as exists in the form of bullion is not the only portion on which the art demand is made. When a jeweller, dentist, or gilder wants gold for the purposes of his trade, he does not seek the seller of bullion. He takes the gold coins and melts them up. As I have said, therefore, the supply available for commodity purposes, and against which that demand presses, is the entire stock of gold in existence. This means a commodity demand of sixty-five million dollars, operating against a supply of four thousand million dollars, or in the proportion that 65 bears to 4,000.

What, on the other hand, is the demand for gold as money? To measure this demand by the coinage of each year would be in the last degree absurd. We know that all the labour and the saleable property in Europe and America are constantly offered in exchange for gold. It would not be too much to assume that each dollar of the four thousand million in existence is earned, that is to say, an effective demand is created for it, twice in each week or one hundred and four times a year. This constitutes a total annual demand of four hundred and sixteen thousand million dollars. The proportion therefore which the commodity use of gold bears to the demand for its use as money is the proportion that 65 bears to 416,000.

It is this colossal money demand and not the insignificant art demand that fixes and determines the value of gold. The statement that the precious metals are dependent for their value or price upon the coinage demand is supported even by the very name "bullion" which originally meant the "mint," where the alloy for the coinage was prepared and the coin impressed with the stamp of the Government. From the frequency with which in France the Government authorities debased the coinage, the word "billon" ("mint") came to signify the base mixture issued from the place of coinage.

Not only is the money demand infinitely the larger of the two but it is increasing in an accelerated ratio.

Take away from gold the demand for it as money; limit the demand for it wholly to the commodity demand and what should we see? A stock of four thousand million dollars on the market at a given time against which there would operate an art demand of only sixty-five million dollars in any one year. This would constitute more than sixty years supply of the metal for use in the arts. What, let me ask, would be the value of any other commodity of which there were sixty years supply on the market at a given instant of time? What would be the exchangeable value of iron, steel, brass, copper, or nickel, if the available supply of those metals in the markets of the world were sufficient to meet all demands for sixty years to come?

That the commodity demand can exercise only the most inappreciable influence on the value of gold is reinforced by a consideration arising from the nature of the case. It will be admitted that it is of the utmost importance to society that the value of money be maintained as nearly invariable as possible. From this it is clear that before any material was fitted to be applied to the money use it was essential that there should be in existence so large a quantity of it as would be sufficient to insure society against any serious fluctuations in its value, whether caused by oscillations in the demand for ornaments or by sudden changes in the current yield from the mines. When only a

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small stock existed, even a moderate fluctuation in the annual production would have had a most disastrous effect on the value of money. A similar effect would be produced while but a small stock existed if a serious increase or decrease should take place in the demand for gold for commodity purposes. It is therefore manifest that neither gold nor silver was wholly fitted to replace barter and to be dedicated to the money use until so large a quantity of each had been extracted from the earth as to render it impossible for ordinary fluctuations either in the commodity demand or in the yield from the mines to exercise any material influence on the value of money. Neither metal was completely adapted for the money use until the whole stock in existence became so enormous in comparison with the demand for it for commodity purposes that the pressure of that demand in any one year was reduced to insignificance. In other words, the condition precedent, by which alone the metals could become, and did become, fitted for the money use, was the almost total destruction of their commodity value. That value was practically annihilated by the immensity of the quantity which had accumulated through the ages.

The theory that money must have what is unscientifically termed intrinsic value is based upon a confusion of ideas arising from the assumption, perfectly correct in itself, that men should labour before receiving money, and that money which did not represent labour, that is to say, money which did not represent human sacrifice, should not be accredited with the power to purchase or command the products of labour. So it has been assumed, because gold and silver cannot be obtained without labour, that they are therefore the only materials adapted for money. Ignoring for the present the fact that the larger part—fully nine-tenths—of the gold stock of the world has been obtained without much toil, for the alluvial sands have yielded gold, as the fields yield earth, to him who stoops to pick it up, it is to be observed that what gives value to money is not what it costs *before* it is coined, but what it costs to obtain it *after* it is coined, and this cost is determined by the general range of prices of commodities. Undoubtedly the cost of production of precious metals in the long run affects the quantity produced, and thus ultimately, and over long periods, affects the value of the monetary unit by making money either scarce or plentiful.

Even this result, however, applies to money in a sense and to a degree altogether different from its application to other things. No increase of value, for example, which gold or silver might attain could increase the quantity of those metals in the bowels of the earth, while a greatly increased value in wheat would be likely to lead to an enormous production of that article. The value of any article that has unlimited power to pay debts, and for which there is therefore a demand for all that can be produced, can bear no direct relation to the cost of its production; but, as I have stated, is fixed by the cost, in labour or the products of labour of obtaining it after it is produced.

That the value of money is not determined by the cost of production must be apparent when we note the purchasing power of paper money throughout all well-established commercial countries, even in those with a gold standard. The paper costs practically nothing, yet it has a value exactly equal to gold. The small change of the world, moreover, is a further illustration of this principle. All know that the divisional money of all countries falls very far short of what is called full-value money, yet 20 silver shillings will buy as much as a gold sovereign.

In his work upon the "Economic Interpretation of History," Professor Thorold Rogers, of Oxford, says:—

Of course in no exchange can you separate the cost of acquisition from the cost of production, but, in the exchange of goods against gold and silver, *the cost of acquisition is more obvious than that of production.*

The idea that money either must have or does have "intrinsic value" is a delusion as great as that of the early Anglo-Saxons, who did not believe that a conveyance of land could have binding force unless a sod of earth dug from the field intended to be conveyed was placed in the physical possession—directly into the hands—of the purchaser. This transference of a piece of the soil from the old owner to the new was the act or "deed" which gave title to the land. This form of "deed" has long since been discarded. The new "deed," though nothing more substantial than a piece of paper, conveys a perfect title.

It is not difficult to understand the importance of a function, as contradistinguished from the instrument or material thing selected by men to give it expression. The question of the material substance selected by society to bear the money-function would be a question of importance if money were a thing desired in

order to be consumed, or for any other use than to be parted with. The object for which money is sought is that it may be exchanged for something else. Food and clothing fulfil their respective functions only by being consumed; works of art by gratifying the eye; musical instruments by delighting the ear. Unlike all other things, money serves no purpose except by being parted with. It is only thus that it can exercise its imperial function of commanding all other things. This all-controlling power of a function as contra-distinguished from the material which gives it expression may further be seen in observing the all-controlling power of law. What is a statute? Surely not the piece of parchment on which are inscribed the words that give it expression. So with a ballot. Would the elective franchise derive additional force by making ballot-boxes exclusively of gold? One of the most important respects in which a high civilization differs from barbarism is the differentiating of functions from the material substances on which they are conferred. With the progress of society, the function becomes more, and the substance which bears it less, controlling.

The gospel of intrinsic value is one that well accords with the purpose in view on the part of the money-lending classes, when they insist that value resides in the article rather than in the mind. They would like the world to believe that gold has intrinsic value rather than intrinsic qualities. By fastening the word "value" to the word "gold," they appear to think that the world will be humbugged into believing that gold has irremovable value.

So we see numbers of articles in the daily press insisting, at least by implication, that gold has been elevated, by some power or force unknown to natural science, out of and above the influence of the force of supply and demand, a force that governs the value of all other things. It is therefore largely taken for granted that whenever a difference arises between the value of any other money and that of gold, it is the gold that has remained steady, while the silver has changed. People refuse to examine whether the difference is not caused by a change in the value of gold.

The much-vaunted intrinsic value of gold, then, does not exist. The idea that it does exist is founded upon a misconception, altogether too long tolerated, regarding the meaning of the term "value."

Value I define to be human estimation placed upon desirable objects whose quantity is limited, and whose acquisition involves sacrifice.

Value is subjective, not objective. It resides not in the article, but in the mind. It is the degree of mental estimation in which the possessor of an article holds the qualities possessed by the article, as modified by the limitation of the quantity of such articles, and the average amount of sacrifice necessary to obtain them. An article may therefore have estimable qualities that are intrinsic, and for which the possessor may value or esteem it, but no article whatever can have *intrinsic* value.

Gold, therefore, has no intrinsic value. As a commodity it has qualities that are esteemed. The value placed upon it is not derived from its commodity use, but from its use as money. The money quality is not an inherent, not a natural, not an intrinsic quality of gold, but is purely artificial. Money itself is an artificial creation. It is created by the edict of society, and can exist only in society. Value in other things may exist for man in a state of isolation, but money is of no use to him there, though essential to him in association with his fellows. The qualities that can be conferred on any article by the edicts of society must at the best be extrinsic and artificial. This is not to imply that the qualities thus conferred are inferior to those that may be intrinsic in the same article. On the contrary, so far as concerns gold, the money function which at the command of society it fulfils is infinitely more essential to the welfare of man than any of the uses to which it is possible to devote gold as a commodity. I hold the money function to be the most imperial of all the functions that can be conferred upon matter. It is the function by which men are enabled to live in aggregations—without which they could not fulfil their high destiny. In comparison with such a function—with such a use—how insignificant becomes the paltry use of gold for bangles, for finger rings, for table spoons, or for any other of the purposes to which it may be applied as a commodity.

In every discussion of the money question the advocates of the gold standard insist that owing to the use made of cheques, drafts, and bills of exchange, no increase of money, whether of gold or silver, is necessary. As proof of this they cite the statistics of the London and New York clearing-houses, which, as they claim, show that at least in England and the United States 95 per cent. of business is transacted with those devices and only 5 per cent. with money.

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Even were this true, neither cheques nor clearing-houses are new devices. They have long been in full force and operation. The proportion of cheques to money is not increasing. It is the same that it has been for many years in the past. There is ample demonstration of this, although the proofs are conveniently ignored by those who find it necessary to sustain the gold standard without reference to its failure to promote the prosperity of the masses of mankind.

In 1866 Mr. Babbage, in a paper read before the Statistical Society of London, showed that so early as 1839 the amount of cash that passed daily in the exchanges was frequently less than 4 per cent. In 1865 Sir John Lubbock demonstrated that money (including bank notes and coin) formed only $2\frac{1}{6}$ ths per cent. of the transactions of the bank of which he is a partner.

Mr. John B. Martin, a London banker, submitted to the same Society figures drawn from the official tables, showing that the London bankers in 1880 made exactly the same per-centage of their payments in coin that they had made in 1864.

In an address delivered before the London Institute of Bankers, April 18th, 1883, Mr. Goschen said :—

“As regards England, then, I do not see that there has been any economy in the use of gold to counterbalance the increasing demand of the population, nor are we aware—those of us that have been able to look into the matter—that in France, or Germany, or elsewhere, the economies have been such as to counterbalance the increasing demand for gold.”

And he added :—

“To sum up this part of the question, wishing to make every allowance for the fact that as little gold is used as it is possible to use, and that every economy in its use is studied by bankers in England and elsewhere, I certainly do share the opinion that the economies effected do not counterbalance the strain put upon gold either by the increased demand of the population for pocket money or for the liquidating of the enormously increased balance of transactions both of this country and of others.”

Mr. Giffen, in the Journal of the London Statistical Society for March, 1879, presents a paper in which he states :—

“The United Kingdom was very fully ‘banked’ before 1850, the growth of banks and banking business having since been no more than in proportion to the increasing wealth of the community.”

Not merely Great Britain but every other country is “banked” to the extent that it has been found profitable to bank it. The world can trust the intelligence and the acumen of the money-lending classes to avail themselves of every available opportunity in which a good return for money may be expected. Banks are started, not with the altruistic view of benefiting the community but the bankers.

So cheques were invented, not as an aid to the currency or to the public, but as an advantage to the banks. So long as their use is for the benefit of the bankers, they will continue to be, as they have hitherto been, fully availed of.

But, instead of cheques and clearing-houses being independent of money, the whole structure of credit, of which they are the instruments, is erected upon money as upon a necessary foundation. The limit of their use in any country is determined by the volume of money in circulation in that country. Without money there would be no cheques or clearing-houses; and whatever proportion or per-centage such expedients bear to the volume of money, that proportion or per-centage cannot be augmented except through a prior augmentation in the money volume.

All banks and banking devices grow out of credit, and credit is, and always must be, proportioned and co-ordinated to the volume of money. It does not exist by and of itself; it presupposes the payment of money, and is based on such payment.

Cheques, drafts, and bills of exchange, deriving all their efficacy at any given period from the proportion, whatever it may be, which they then bear to the volume of available money in the community, can only increase as that volume increases; they must inevitably diminish in the full proportion that that volume diminishes.

If this be not so, then we are at a loss to understand the recent embarrassment of a celebrated banking firm of Great Britain, and must express our astonishment at the terror which the condition of that firm inspired in every banking and business house in the kingdom. It cannot be doubted that every device known to the most experienced banker was within the knowledge and at the command of this firm—a house that for

more than a century had stood in the front rank of the banking and business community of Great Britain. Before succumbing to the inevitable they doubtless availed themselves of every possible aid to be found in cheques, drafts, promissory notes, and bills of exchange. What was it that rendered futile all further resort to those devices? What was it that called the halt? What but the knowledge that the limit had been reached at which the amount of these instruments of credit bore relation to money. Their difficulty was that they did not have sufficient money on which to base further cheques and drafts. If it be true that but one-twentieth part of all payments consists of cash, it would appear that they did not have the prescribed one-twentieth on which to base any further superstructure of cheques, drafts, and bills of exchange. If money is so trifling a matter in the conduct of business, this was a good opportunity to prove it.

Notwithstanding the spectacle of impotence exhibited in this instance by cheques, drafts, and bills of exchange, we continue to be informed that money is but the "small change of commerce," and that owing to the extensive use of instruments of credit, only the merest trifle of actual money is necessary for the transaction of business.

Whatever this so-called "trifle" may be, it is the basis of all credits. Even were it admitted that nineteen-twentieths of the world's business is done with instruments of credit, and only one-twentieth with money, this would but furnish an irrefutable argument why the "one-twentieth," which is to bear up the entire structure of credit, should at all times be absolutely sufficient for the needs of industry.

Money is indispensable to the existence of all cheques, drafts, and bills of exchange; it could exist without cheques or drafts; it existed for thousands of years before they were invented. They, on the other hand, could not exist without money. All banking and banking expedients are founded on money, and predicated on the concurrent existence of money. Every cheque and draft calls for a specific sum in money; it is an order for a fixed number of dollars or pounds which the signer of the cheque or draft has to his credit. The cheques and drafts of those who have no money are not recognised or honoured by banks.

Lord Overstone, himself a banker, and probably in his lifetime the most influential and authoritative of the supporters of the single gold standard, when testifying before the Special Committee of Parliament in 1840, was examined in regard to this question of the relation of the volume of money to credit. He was asked the question:—

"Is the amount of bills of exchange dependent in some degree on the quantity of money?"

To this Lord Overstone replied:—

"I apprehend that it is dependent in a very great degree. I consider the money of the country to be the foundation, and the bills of exchange to be the superstructure raised upon it."

With reference to the point of the special dependence of bills of exchange upon the increase or decrease of the money volume, Lord Overstone said:—

"I conceive that the bills of exchange are an important form of banking operations, and the circulation of the country is the money in which these operations are to be adjusted; *any contraction of the circulation of the country will of course act upon credit.* Bills of exchange being an important form of credit will feel the effect of that contraction in a very powerful degree."

It is well known that the profits of bankers are derived from the utilisation of credit, but it will surely not be contended that the amount of credit thus utilised is independent of the amount of money at the command and disposal of the bankers. If the total amount of money placed on deposit with banks be reduced by any certain per-centage, will anyone contend that a proportionate reduction will not take place in the per-centage of credits superimposed upon that total deposit? Do we not know that under such conditions the practice is that even a greater per-centage of credit is withdrawn?

Bi-metallists have never denied that cheques and drafts form a component part of the system of payments; they simply insist that cheques and drafts are already utilised to the full. No advocate of the gold standard will claim that cheques can be drawn without limit, or that bankers will pay them if so drawn.

What, then, is it that fixes the limit beyond which cheques cannot be drawn? Manifestly the proportion of money which experience has shown to be indispensable as a basis of credit. We are not informed of any new device by which the volume

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of money can be economised to any greater extent than at present. Yet, under present conditions, the prices of all commodities are falling, and industrial conditions are yearly becoming less and less satisfactory. Some provision must be made for the future. It is impossible that that provision can be any larger proportion than at present of cheques and bills of exchange. It must be more money. Every dollar of bank deposits is already used, and will continue to be used, even to the verge of danger, for the profit and advantage of the banks. Every expedient which the ingenuity of man has been able to devise has already been resorted to, in order to utilise to the utmost possible limit every penny of deposits. How then can relief be had—how can further credit be obtained? How shall the situation be redressed; and industry be relieved? Above all, how shall employers of labour be enabled to put idle men to work? Only by so increasing the volume of money as that the prices of the products of labour may be held at a steady level.

This it is impossible to do if gold alone is to be relied on. Silver must be restored to the position it has occupied throughout history before relief can be found for present conditions.

But even assuming that the cheques drawn exactly balanced each other and were settled by making entries in the books of the banks, it would not then be true that 95 per cent. of the world's business is conducted by means of cheques and drafts. A cheque performs its function in one act. Having performed that one act, it dies. Having paid the man in whose favour it was drawn, it is of no further use. It effects but one exchange while each dollar of money may affect 10,000 exchanges.

Of the 2,000 million dollars said to form the entire money volume of the United States, if we leave out of account the amount in the treasury and the amount held as reserves in the banks, we have a round sum of about 1,000 million dollars as the amount of money in active circulation and in the pockets of the people.

If every dollar of this money changes hands only once a week, it gives a total exchange for the year of 52,000 million dollars, an amount nearly equal to the total exchanges of the clearing-houses, which for the last year amounted to 57,000 millions. If, however, we suppose that in the course of retail trade throughout the country each dollar changes hands twice a week—which is not an unreasonable hypothesis—it would give a total amount of 104,000 million dollars a year of *money* duty as against a *cheque* duty of but 57,000 millions.

The prosperity of business depends on the demand for commodities that are the product of labour. Demand for commodities depends in turn on the extent to which the masses of the people have money with which to make purchases; and the money of the masses, the money of nine-tenths of the people, is derived from wages, which are, and always must be, paid in cash, not cheques.

When the prices of commodities decline, it is impossible to suppose that cheques and drafts can be issued to the same amount as before, for the same extent of business. It is only as the business done represents an increased number of money-units that cheques and drafts can increase in amount, and the increase in the use of those instruments will next year bear the same proportion to the business *then* done as their amount this year bears to the amount of business *now* done.

The advocates of bi-metallism do not under-estimate the utility and efficiency of cheques, drafts, and bills of exchange, but the friends of the gold standard preposterously over-estimate them.

If the present ruinous process of falling prices is to be arrested, a larger supply of money must be provided with which to do business. Where is this money to come from, unless the immemorial function of silver be restored to it?

The so-called
automatic
money
system;
Creditors
willing to
accept its
advantages,
but unwilling
to accept its
disadvan-
tages.

The method of relying on the mines for the material of money had been adhered to through all the ages until 1873. In this adherence the balance of advantage was largely in the interest of the creditor classes, because it raised an almost insurmountable barrier to an over-abundant supply of money. There have been but a few periods in history, and those short ones, when the yield of gold and silver combined was not scant in comparison with the demand for them. It has been only during those short and exceptional periods that the burden of debts has been lightened by a fall in the value of the money unit, owing to the increased quantity of one or the other of the metals. At all other periods, however—periods which, taken together, constitute almost the entire course of time—the burden of debts has pressed with crushing force upon the debtor classes, owing to the deficient supply of the money metals and the increasing value or purchasing power of the money unit. This system having been accepted by the creditor classes in their own interest, so long as they insisted upon

enjoying its advantages they should be willing to accept its disadvantages. Until 1873 their contention always had been that however otherwise enlightened and adapted for self-government a people might be, however perfect their social and political development, however advanced their knowledge of the arts and sciences, they could never acquire sufficient intelligence, virtue, or self-control to be entrusted in their parliamentary capacity with the decision of the question as to what should be the material of money, or the number of units of money that might at any given time constitute the volume of the circulating medium. The people might be sufficiently advanced in intelligence and virtue to regulate all the other innumerable and complicated interests of society, to enact wise laws for the administration of justice and the repression of crime, they might be trusted to specify and ordain for what causes men should be deprived of property, of liberty, even of life. But on the slightest approach to the subject of money the creditors and money dealers have, in effect, said to organised society, "Hands off! we will not trust you with the regulation of money. We prefer to accept all risks of greater or less yield from the mines rather than subject ourselves to the chances that the value of the money unit may decrease by permitting the people, in their law-making capacity, to prescribe the material of money, or to regulate the money volume. An increasing volume of money would be injurious to our interests, a decreasing volume would be to our advantage. By the automatic system the supply of money can rarely become redundant, because of the rude obstacles which nature opposes to the production of the metals. According to the lesson of history, it will be only for brief and exceptional periods that the supply will be sufficient to keep the unit of money from increasing in value, and, except at such rare intervals, the advantages of the system will be with us, the disadvantages with the debtors."

But if one class of persons is compelled to suffer the natural disadvantages to which it is exposed from the adoption of any system, an opposing class, after enjoying all the advantages of the plan should not expect to be exempted when the inevitable turn of the wheel brings them a change of fortune. When the yield from the mines has been scant, the debtor classes have had to stand the consequences and have never demanded in their own interest the addition of any third metal to reinforce the two metals already in use in order to maintain equity of contracts at a time when the current supplies of both gold and silver were decreasing. When, for example, between 1809 and 1849, the value of money, as we are informed by Tooke and Newmarch, rose 145 per cent., or to nearly two and a half times its former worth, it did not evoke from those injured by it any demand for a departure from the automatic system. No sooner, however, did a change threaten, no sooner did the placer mines of California present a prospect of relief to industrial society, than the cry was raised by the creditors and annuitant classes of the world that money was becoming, or was likely to become, too plentiful, that a "flood" was imminent, and that every means should be adopted to avert the consequences. Even though the new supply was of gold, the decree went forth that gold must not, by increase of quantity, and greater ease of acquisition, be permitted to reduce the value of incomes derived from long leases of real estate or from money lent at interest. That gold which now, owing to its growing scarcity, is regarded, or pretended to be regarded by its beneficiaries, as the embodiment of what is absurdly denominated "intrinsic value," was then characterised as "cheap" money, whose general acceptance would be most detrimental to the best interests of society. The cry of "good" money and "honest" money was then the cry for silver money. This was because of the fear that gold would become too plentiful. But upon a decline of the gold yield and a slight rise in the yield of silver, gold at once redeemed itself in the estimation of the creditors. Their objection to it had not been an objection to its name, its colour, or its specific gravity, but to its interference with their interests by its increasing quantity and corresponding decreasing value. The same objection was impartially ready for use in the case of silver, when it became the turn of that metal to promise increase of quantity.

Instead of continuing to accept the consequences of the automatic system—the system which had been sanctioned by the usages of immemorial time—no sooner did the creditors perceive the probability of an increase of the money volume of the world by which their gains might be curtailed, than they gave the signal for revolt. Taking advantage of the supreme authority of law in each country, they deprived one of the metals of the power of access to the mint, thus throwing all the money work of society on the other and scarcer metal.

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on bi-metal
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In the demonetization of silver a wrong, unexampled in the history of time, was committed upon civilisation. One-half of the metallic money of the world was at a blow removed from accessibility to debtors. Debts, enormous in number and amount, had been contracted under conditions which gave the debtors the right to draw for means of payment on all the gold and silver mines of the world. Thenceforth, by legislative interference, they were deprived of their option, and were compelled to pay in gold alone, which was becoming yearly less and less capable of sustaining the industry of the world.

It has always been known that the automatic system did not admit of a perfect scientific adjustment of the money-volume to the money-needs of the world. No system of money can be perfect that is dependent for steadiness and sufficiency of volume upon the chances and vicissitudes of so precarious a business as mining. But so long as the world adheres to that system it should accept the consequences. If in the interest of the creditor classes and those enjoying the benefits of annuities and fixed incomes society sees fit to provide by legislation that the value of the money unit shall not decrease, then in the interest of the debtor classes, justice requires that society should also by legislation provide against an increase in the value of the money unit. For however injurious it may be to creditors to suffer a scaling down in the return of their loans, it is absolutely *destructive* of debtors to be compelled to pay a value beyond that which they had bargained for.

When it was decided to demonetize silver, defects were discovered in it that the scrutiny of all history had failed to disclose. It was said to have too much weight and too much bulk to be used as money. Its bulk and specific gravity, however, are no greater now than they have been through all ages. On the other hand the means of transportation without the additional cost have been enormously increased. Nor are the weight and bulk of silver any greater now than when some countries demonetized gold in favour of silver.

The banking classes and bullion dealers especially complain that the weight and bulk of silver constitute it a most inconvenient money metal.

Inasmuch as almost the entire charge for the shipment of bullion consists of insurance, and that item is the same for both metals, the charge for shipment of a million dollars in silver is no greater than for a like amount in gold. In some respects silver has advantages over gold for purposes of shipment, especially in the respect that it is less liable to furtive seizure. The arts of the engraver and paper-maker have been brought to such perfection as to make it practicable to cover a larger amount of the metals by paper certificates; indeed, the entire amount needed in the domestic circulation of a country. A silver certificate for a thousand dollars will weigh no more than a gold certificate for an equal amount.

At any rate it is hardly to be supposed that the world is prepared to sacrifice the just interests of the producing classes—the great body of mankind—in order that the convenience of a very small class of people may be consulted. The elements of weight and bulk enter into all forms of business. Industry must be altogether suspended if they are to be eliminated. When the city merchant orders a hundred tons of wheat he is not heard to object to the weight and bulk of the article on delivery. When the farmer receives for his ton of hay a trifling compensation in money he hears no complaint of the weight and bulk of the hay. In business circles, commodities are always shipped instead of money, provided it can be done at a profit, and no one is heard objecting to the weight and bulk of the commodities. Why should industry be sacrificed in order that the trifling consideration of weight and bulk may be withdrawn from the banker's business when it forms an indispensable part of the business of all other classes?

Creditors
and income
classes appeal
to Govern-
ments to
interfere by
legislation
with the
automatic
system.

That the creditor classes fully understood the situation when the question of demonetization was first broached, is demonstrated by reference to the official summary of the proceedings of the French Monetary Commission of 1869, in which the arguments that had been presented for and against demonetization were briefly noted. Among the points advanced by the advocates of a gold standard appears the following:—

“It is easy to see that the real value of the metals has diminished. It is difficult to estimate exactly what the diminution is; but, whatever it may be, it demands the attention of Governments, because it affects unfavourably all that portion of the population whose income, remaining nominally the same, undergoes a yearly diminution of purchasing power. As Governments control the

weight and standard of money, they ought, so far as possible, to assure its value. And as it is admitted that the tendency of the metals is to depreciate, this tendency should be arrested by demonetizing one of them."

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The declaration as to money, that the Government "ought, so far as possible, to assure its value" is significant, because one of the most urgently pressed of all the points now made by the creditors is that the Government ought not to interfere with the value of money. It appears to make a difference whose ox is gored.

Under a system in which both metals are used with full money power the debtor may at his option avail himself of money coined out of either metal. The option is not however confined to one side of any transaction, and works no injustice. The debtor is not one whit more swift to avail himself of it when repaying money than the creditor is when lending money. Money is lent in the metal which, for the time being, happens to be the more accessible. The creditor cannot therefore claim that it is his equity to be paid in the scarcer metal. The debtor may very properly complain if he is forced to pay in the scarcer metal which, when borrowing, he never receives.

Said the lamented Professor Émile de Laveleye, whose trenchant pen and keen logic we shall sadly miss from our ranks:—

"In the Greek democracies the legislators, and noticeably Solon, reduced sometimes all debts by law, in order that the people might not be brought to misery by usurers. After the discovery of America, and that of the 'Placers' of California and Australia, nature, not law, reduced the weight of debts by increasing the quantity of money. To-day an arbitrary law has favoured creditors in a most unjust manner, inasmuch as everywhere—as in England before 1816—the people had previously the right to pay their debts with either metal, whereas they are now forced to pay exclusively with gold, at a time when that metal is becoming more and more scarce. What could be more odious? Let us hope that the future leaders of the English democracy will see that the iniquitous monopoly accorded to gold sacrifices the most active part of the nation to the idle part, and they will restore to the two precious metals the rôle which science, history, commerce, and the free consent of the peoples had guaranteed them throughout the past."

Whenever a movement is originated for the purpose of awakening the public mind to the iniquity and inequity of the present financial conditions, the only answer of the creditor classes is a sneer, and the assertion that the debtors are endeavouring to evade their obligations. Who are the debtors?

One of the
arguments of
the creditors,
a sneer at
debtors.

Is not the constructive and projective energy of every country found among those who are doing business in large part upon borrowed capital? The debtors are the working bees; the creditors in large part the drones of society. The debtors are the men of action and initiative; the creditors men of ease and of inertia. Lenders of money do not ordinarily occupy themselves in the active direction of affairs. An assured income, especially if it be an increasing one, is not the most vigorous spur to activity. In the very nature of the case therefore society must look for its material progress and development to the young, the alert, the enterprising, and the ambitious. These are the men who by borrowing money set on foot enterprises, and by employing labour and intelligently superintending it, build up the national wealth.

If through a rise in the value of the money-unit there is exacted from such men an unearned increment, their estimates are thwarted, their calculations baffled, and their most carefully laid plans rendered abortive by conditions over which they have no control. All plans and projections for the future must either be made on the basis of the present value of money, or must be entirely abandoned. Can society afford to sacrifice such men to the cupidity, whether conscious or unconscious, of those who lend money? A disposition to do so sometimes crops out in the financial columns of influential newspapers, an instance of which is found in the London "Times" of October 12, 1865. Referring to a sudden increase of the rate of discount to 7 per cent., the "Times," in its city article, deprecated complaints made by merchants of London on account of the increase, and said:—

"The holders of capital constitute a section of the trading classes, quite as important as the non-holders; and the former will refute the doctrine of any serious injury being inflicted by a movement which gives them 7 per cent. instead of 4."

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ism.

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On every occasion when the word dollar, franc, mark, or pound sterling is written in a contract or note it is the record evidence of an equity entered into and agreed upon between two parties. No change should be permitted to be effected in that equity, either by a furtive alteration of the figures and words in the paper, or what amounts to practically the same thing, by an equally furtive and no less successful increase in the value of the money unit during the term of the note or contract.

What would be thought of the judge or the jury who in rendering a decision or finding a verdict upon an action of contract or promissory note should to the amount found add a further item of 30 to 40 per cent., to the benefit and advantage of the plaintiff, contrary to the evidence and contrary to the facts upon which the transaction in suit was based? Would not such judge or jury be brought to account under the criminal law, and would not a court of appeal promptly set aside so iniquitous a finding? But, to my mind, if all the juries of the gold standard countries were to find unjust verdicts, and all judges to render corrupt decisions in all the cases coming before them involving payments of money, the wrong in the aggregate would not approach that which is done daily by this secret, subtle, clandestine, and unholy increase in the value of the money-unit. For, after all, juries and judges hear and determine only the cases that go to court, comprising probably not one in a thousand of all the transactions involving time-payments that are entered into among an active and enterprising people. It needs no great foresight to perceive that if matters continue as they are the time is coming when all men of business will be in the toils of the money-lenders. How many do we not see already there?

In characterising a period of unusual turbulence in the history of Florence Machiavelli said:—

“The people perished, but the brigands thrive.”

One is almost tempted to apply even this strong statement to the conditions of practical confiscation which the idle income gatherers and money lenders are effecting in these later days. The brigandage of the Middle Ages was a defiance of law, and therefore pursued at some risk. The brigand knew that his calling was unlawful, but he took his chances. His was a system of open and avowed spoliation, for which, upon capture, his life was the forfeit. But the brigandage of to-day observes all the punctilio of legal proprieties, and is conducted in the name of honour, good morals, and “sound finance.” Justice itself presides over the foreclosure of mortgages and adjudications in bankruptcy, and enforces the collection from all debtors of an unearned and unjust increment which is transferred to the creditor. The bond and mortgage of the 19th century take the place of the rudcr weapons of the earlier period; but so indirect is the process that many of the beneficiaries are unaware of the wrong which they are perpetrating. To them and to their victims alike the only change that appears to take place is, not a rise in the value of the debt, but a fall in the price of the commodities with which, in the ultimate, the debt must be paid.

If, by reason of obstructions which nature has placed in the path, the production of gold is not sufficient to supply the world with money, or with the material of money, if enough of that metal cannot be got to maintain equities between men, is it not the duty of mankind to restore to silver the function of legal tender money, of which, by legislative interference, it was wrongfully deprived? For the world's needs for money there is not, and there will not be, too much silver. The annual yield is but an infinitesimal fraction of the total stock already in use as coin. But even were there too much, is it not better for society that the material on which the money function shall be conferred should be too plentiful rather than too scant. The dictum of science is well known to all who have informed themselves on the subject.

Sir Roderick Murchison, the great geologist, said:—

“The quantities of gold and silver procurable will prove no more than sufficient to meet the exigencies of an enormously increased population, and an augmenting commerce and industry.”

In his work upon the “Future of Gold,” Professor Suess, of the University of Vienna, another distinguished geologist, states that of the stock of gold existing, nine-tenths has been obtained from placers, and that those sources of supply are becoming more and more rare by being rapidly exhausted. He demonstrates that of the total yield of gold from 1848 to 1875, the proportion coming from placers was 87·78, while in 1890 the proportion of the year's yield coming from placers was but 44·02. Gold production, he maintains, must in the near future become less and less.

"The results at the present time," he says, "show us more clearly than ever that on account of its growing scarcity, this metal will no longer be in a position to fulfil the economical function that it has hitherto fulfilled."
 "It is certain that gold alone will never become the money of the world in which the needs of industry will be met."

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This is a strong statement, but a true one.

Perhaps the world is not yet sufficiently enlightened to be entrusted with the regulation of money according to the dictates of reason and without reference to the accidents and exigencies of mining. Perhaps it is well that the limitation should for a time yet to come be entrusted to rude nature. But certainly until such time as mankind arrives at such stage of virtue and intelligence as will enable them under the guidance of enlightened knowledge and wisdom to regulate the value of their money with scientific precision, there is no alternative for society but to avail itself to the utmost of the output of the mines.

The remonetisation of silver is therefore in my belief indispensable to the prosperity of the world.

The difficulty is, that those who wanted silver demonetised, in order to keep the volume of money from increasing do not wish it to be restored. It would perhaps be too much to expect people who are benefited by existing conditions to take the initiative in a movement for a change. These conditions contributing to their welfare, it is not difficult for the creditor and income classes to arrive at the conclusion that they are for the welfare of society as a whole. The dogma that cupidity is a synonym for virtue will find ready acceptance among the beneficiaries.

It would be too much to expect encouragement for a change from those whose fortunes are already fixed. The movement for reform must emanate not from the creditors, but from the active producing classes. However cogent the reasons they may advance, the reply of the creditors, capitalistic classes and idle income-gatherers, will be, "Your reasoning may be correct, but our position is already secure, and we prefer no change." It is always left for those who are injured by any policy to make complaint of its evil effects, and to demand the installation of justice.

MR. JONES stated that he would continue his speech at the next Session.

The Session adjourned at 5.30 p.m.

NINTH SESSION.

Thursday, December 15th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

All the Delegates were present with the exception of MR. TIETGEN (*Delegate of Denmark*), MR. TIRARD (*Delegate of France*), DON JOAQUIN D. CASASUS (*Delegate of Mexico*), and MR. LARDY (*Delegate of Switzerland*).

The Session was opened at 2 o'clock.

The Minutes of the Eighth Session were approved.

Letter from
Mr. Tirard.

THE PRESIDENT communicated to the Conference a letter which he had received from Mr. Tirard, who had been called to France to assume the functions of Minister of Finance. The honourable Delegate expressed his regret at being unable to participate in the labours of the Conference up to the end of its first series of meetings.

THE PRESIDENT felt that he was carrying out the wishes of the members in proposing to express to the eminent Delegate of France the regret felt by the Conference in being deprived of his valuable assistance.

Presentation
of documents.

THE PRESIDENT announced that tables and documents relating to the monetary situation in Belgium, in the United States, in France, and in Great Britain had been laid upon the table by the Delegations of those countries. He thanked these Delegations in the name of the Conference.

THE PRESIDENT laid upon the table the Second Report of the Examining Committee.*

Declaration
by Mr.
Bengesco.

MR. BENGESCO (*Delegate of Roumania*) read the following declaration:—

GENTLEMEN,

I will not, any more than my honourable colleague, Count Khevenhüller Metsch, whose cautious but substantial declarations you heard the day before yesterday, trespass on your precious time. I will not engage in a discussion of principles which neither special studies nor sufficient personal authority permit me to attempt, in the hope that it might be worthy of your kindly consideration, and I will limit myself, at a moment when the probable adjournment of our labours is broached, to expounding very briefly the view of the Government which I have the honour to represent among you—not exactly upon the grave problem which has been for three weeks the object of our deliberations, but relating in a much more general fashion to different questions allied to our studies, which we shall perhaps be permitted to examine in the course of our future debates.

Roumania, gentlemen, is one of the group of States which have adopted the gold standard, and the first result of that reform, which was not effected without sacrifices on our part, was to make the *agio*, which in some years had reached twenty-two per cent., disappear immediately. In accepting with sympathetic deference the invitation of the Government of the United States of America, the Roumanian Government was not unaware of the difficulties against which the proposal initiated by that Power would have to struggle. How could it be admitted that great Powers like Germany, England, Austria-Hungary, without speaking of Russia, whose gold reserves increase daily, and who advances with rapid strides towards mono-metallism, should renounce monetary systems and laws which they had adopted only after mature reflection, and after being thoroughly convinced of the advantages to be derived from them?

* See Appendix A. to the Minutes of the present Session.

Nevertheless, my Government thought that if this Conference, in spite of its desire to reach an agreement, should not be able to find an efficacious remedy for the present monetary crisis in the United States, which ensues from the demonetisation of silver in Europe and the too abundant coinage in the New World, the exchange of views which would take place between the Delegates of the different countries represented might perhaps inaugurate certain reforms in the international monetary régime relatively easy of accomplishment, and demanding neither heavy expense nor much time.

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—
Declaration
by Mr.
Bengesco.

The adoption of the decimal system in nearly all the countries of Europe, the adhesion of a large number of States (even outside of the Latin Union) to the principles of the metric system, and, in particular, so far as money is concerned, the existence in Germany, in England, in Austria-Hungary, and in Russia, of monetary units closely approaching, either in themselves or in their multiples, to the gold coins of the metric system—are not all these like forerunners or landmarks of new progress to be accomplished? Without following an ideal which various causes do not permit us to see realised in practice, without dreaming of the still impossible adoption of coins of uniform type and value, could we not, if the very limited programme of the Conference be enlarged, seek the most suitable means to obtain uniformity in gold money by international agreement, upon the basis, for instance, of the co-existence and the free circulation in all countries of gold pieces having the values of 20 and 25 francs. Could not we find the means of establishing—by means, I repeat, of international agreement—the optional coinage and obligatory circulation in each country of two gold pieces, one of 20 francs and the other of 25 francs, their weight, fineness, and form to be established by agreement, and their coinage to be under the control and supervision of the International Metric Commission to which a large number of States already belong?

What would be necessary to realise this end? It would suffice slightly to diminish (by about 30 centimes) the intrinsic value of the coin of 20 shillings, and to increase by about the same amount the coin of 20 marks.

On the adoption of this measure, the international circulation of gold money would no longer be subjected to the vexatious and tedious operations of exchange; and the conveyance of gold money from one country to another would be much simplified. In any case it would be more infrequent, since it could only have relation to the debit balances of international accounts.

That is, gentlemen, the wish expressed in the instructions given me by my Government upon the occasion of the meeting of the Monetary Conference at Brussels. I felt that I should call this special point to your considerate attention, although the question upon which I have just had the honour to speak was not upon the order of the day, and it only remains for me to excuse myself for having turned aside for some minutes the course of your important labours, especially upon the eve of the day when you are preparing to take your well-earned vacation.

MR. JONES (*Delegate of the United States of America*), continuing his speech of the Eighth Session, spoke in English as follows:—

Mr. Jones
continues his
speech.

The alleged
"fall" in the
value of
silver.

Has silver fallen in value? It is said that it has done so. As proof of this we are pointed to the fact that it no longer holds its old relation to gold. Now, we deny that silver has fallen, and assert that what has happened is that gold has risen. How is the truth in this respect to be ascertained? When the relative positions of any two objects have undergone a change, how are we to determine in which the change has taken place? Manifestly not by observing the distance between the objects themselves, but by noting their relations respectively to surrounding objects. If a person seated in a boat that is headed to the current wishes to test whether he is making progress, he must keep in view, not the boat, but the objects on shore. One seated in a railway car observing another train upon a parallel track may, unless keeping in view surrounding objects, arrive at one of several conclusions, none of which may be correct. He may suppose his own train to be in motion when in fact it is at rest, or at rest when in fact it is in motion. On the other hand, both trains may be in motion, while, according to his belief, both are standing still. Throughout all history mankind have been more or less deceived by appearances. We would seem to have ocular demonstration that the earth is stationary, and that the sun revolves around it. The geocentric theory of the universe was once believed, not only by the masses of the people of the world, but by distinguished philosophers and astronomers. For thousands of years no conviction of religion was more devoutly entertained.

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Mr. Jones.

Men become accustomed to looking at things through certain mental spectacles. Thus, an Englishman, accustomed to the gold standard, and so, as it were, looking through gold glasses—seeing the variations between the precious metals is confident that silver has fallen. The East Indian, on the other hand, using spectacles of silver, is equally confident that gold has risen. The fact that each arrives at a conclusion different from that of the other does not prove either to be right. The real question is: What has happened? The fact might be that both metals had risen or both fallen, but in different degrees. A rise or fall in the value of money can mean only an increase or decrease in its purchasing power. The only way then in which a correct conclusion can be arrived at is to compare both with the things which it is the function of money to command or measure; namely, the products of human labour.

In a speech which I had the honour to address to the Senate of the United States in 1890, when the present silver law was under discussion, I attempted to present the situation in the form of an allegory, which, with the permission of the Conference, I will quote:—

“In an ancient village there once stood a gold clock, having many weights which served to regulate its movements. Ever since the invention of clocks this instrument had been the measure of time for the people of the village. They were proud of its beauty, of its workmanship, of its musical stroke, and the unflinching regularity with which it heralded the passing hours. This clock had been endeared to all the inhabitants of the village by the hallowed associations with which it was identified. Generation after generation it had called the children from far and wide to attend the village school. Its fresh morning peal had set the honest villagers to labour; its noonday notes had called them to refreshment; its welcome evening chime had summoned them to rest. From time immemorial on all festive occasions it had rung out its merry tones to assemble the young people on the green; and on the Sabbath it had advertised to all the countryside the hour of worship in the village church. So proud were the people of this wonderful clock that it became the standard for all the country round about, and the time which it kept came to be known as the gold standard of time, which was universally admitted to be correct and unchanging.

“In the course of time there wandered that way a queer character, himself a clockmaker, who, being fully instructed in the inner workings of time-tellers, and not having inherited the traditions of that village, did not regard this clock with the veneration accorded to it by the villagers. To their astonishment he denied that there was really any such thing as a gold standard of time; and in order to prove that the material gold did not monopolise all the qualities characteristic of clocks, he placed alongside the gold clock another clock of silver, and set both clocks at 12 noon. For a long time the clocks ran along in almost perfect accord, their only disagreement being that of an occasional second or two, and even that disagreement at rare intervals, such as might naturally occur with the best of clocks. But the council of the village, who could not moderate their admiration for the gold clock, passed an ordinance that all the weights (the motive power) of the silver clock, except one, be removed from it and attached to those of the gold clock. Instantly the clocks began to fall apart, and one day, as the sun was passing the meridian, the hands of the gold clock were observed to indicate the hour of 1, while those of the silver clock indicated 12.15. At this everybody in the village ridiculed the silver clock, derided the silver ‘standard,’ and hurled epithets at the individual who had the temerity to doubt the infallibility of the gold ‘standard.’ Finally, the divergence between the clocks went so far that it was noon by the gold standard when it was only 6 a.m. by the silver standard; so that those who were guided by the gold standard, notwithstanding that it was yet the grey of the morning, insisted on eating their mid-day meal, because the gold standard indicated that it must be noon. And when the sun was high in the heavens, and its light was shining, warm and refulgent, on the dusty streets of the village, those who observed the gold standard had already eaten supper and were going to bed. But this state of things could not last. It was clear that the difference between the standards must be reconciled, or all industry would be disarranged and the village ruined. Discussion was rife among the villagers as to the cause of the difference. Some said the silver clock had lost time; others that both clocks had lost time, but the silver clock more than the gold; while yet others, with much apparent confidence, asserted that both clocks had gained time, but that the gold clock had gained more than the silver clock.

"While this discussion was at its height a philosopher, travelling that way, arrived in the village, and, observing the excitement on the subject, remarked, 'By measuring two things, one against the other, you can never arrive at any determination as to which has changed. Instead of disputing as to whether one clock has lost or another gained, would it not be well to consult the sun and stars and ascertain exactly what has happened?'"

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"Some demurred to this because, as they asserted, the gold standard was unchanging, and was always right, no matter how much it might seem to be wrong; others agreed that the philosopher's advice should be taken. Upon consulting the sun and the stars it was discovered that what had happened was that both clocks had gained in time, but that the gain of the silver clock had been very slight, while that of the gold clock had been so great as to disturb all industry and destroy all correct sense of time.

"Notwithstanding this demonstration, there were many who adhered to the belief that the gold standard was right and unchanging, and insisted that what appeared to be its aberrations were not in reality due to any fault of the gold clock, but to some convulsion of nature by which the solar system had been disarranged, and the planets made to move irregularly in their orbits.

"Some of the people also remembered having heard at the village inn, from travellers returning from abroad, that silver clocks were the standard of time in India and Mexico, while in countries of a more advanced civilisation gold clocks were the standard. They therefore feared that the use of the silver clock might have the effect of lowering the civilisation of the village by placing it alongside India, Mexico, and similar countries. And although the great mass of the people really believed, from the demonstration made, that the silver standard of time was the better one, yet this objection as to the possible effect on their civilisation was so momentous that they were puzzled what course to pursue, and at last advices were consulting the disinterested speculators in gold clocks as to what was best to be done."

Now, our gold standard men are in the position of those who first refuse to look at anything beyond the two things, gold and silver, to see what has happened, and who, when it is finally demonstrated that all other things retain their former relations to silver, still persist that the law, which makes gold an inchanging standard of measure, is more immutable than that which holds the stars in their courses. If they will compare gold and silver with commodities in general to see how the metals have maintained their relations, not to one another, but to all other things, they will find that instead of a fall having taken place in the value of silver, the change that has really taken place is a rise in the value of both gold and silver, the rise in silver being relatively slight, while that of gold has been ruinously great. And those who do not shut their eyes to the truth must see that the change of relation between the metals has been effected by depriving silver of its legal-tender function, as the want of accord between the clocks was brought about by depriving the silver clock of a portion of its motive power—the weights. The only thing that has prevented a greater divergency between the metals is the limited coinage by the United States—the single weight that, withheld from the gold clock, prevented its more ruinous gain.

When a rise or fall occurs in the price of any one article of merchandise—that is to say when the relation which that article bears to money undergoes a change—all other things remaining as before—the change may properly be attributed to altered conditions of demand and supply affecting directly the article itself, and not to an alteration in the value of money. But when we see a fall of prices along the whole line of commodities, nothing can be clearer than that the change is mainly due to a change in the value of money; and, if occurring within a short period, must be almost wholly due to that cause. Owing, however, to force of habit and education people do not suspect that any change takes place in the standard by which they have been accustomed to gauge and measure values. Having their eyes fixed on the standard, they not unnaturally attribute to the articles measured, instead of to the standard, any alterations that may appear to arise in the relations they bear to each other.

Speaking of a change in the value of money, Prof. Jevons ("Investigations in Currency and Finance," page 79), says:—

"It is insidious because we are accustomed to use the standard as invariable, and to measure the changes of other things by it."

Since its demonetisation in 1873 silver has lost none of its command over commodities; and therefore none of its value. Even as bullion to-day, it has the same power in exchange for commodities that as full legal-tender money it had in 1873.

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Index numbers, printed in a late issue of the London "Economist," show that the fall in gold prices from 1869 to 1892 was thirty-three per cent. The prices of twenty-two leading commodities averaged for the period from 1865 to 1869 being represented by one hundred, the number on the first of July 1892 for the same commodities was only sixty-seven—so that on the latter date £67 sterling would purchase as much as £100 would purchase in 1869. On the other hand, taking silver prices, it is shown that the commodities which cost one hundred ounces of silver bullion in the London market from 1865 to 1869, could be bought in the same market on the first of July 1892 for one hundred and one ounces.

It seems to me, Mr. President, that these figures speak for themselves.

That gold is rising in value is further illustrated by the fact that interest upon Government bonds and similar securities is undergoing a reduction. Nothing more clearly indicates rising value in money. Those who think it an advantage for a man of business to be able to borrow money at two and a half per cent. forget that when the value of money is rising owing to deficiency of volume, men who do business on credit (as who do not?) lose more by the fall of prices and consequent depression of industry than they gain by the lowness of the rate of interest.

There should, in my opinion, be added to the science of political economy an axiom to the effect that as the purchasing power of the unit of money increases its interest-bearing power decreases. All the gold standard journals state that money was never cheaper than at present, because interest was never lower. It does not follow from this that money is really cheap. The figure of interest may be low, but its purchasing power increases as the value of the money unit increases. The rates of interest on securities must always bear relation to rates of profit in business. When productive industry yields a low rate of profit the interest on bonds will also be low.

But why should not gold have risen? Is it not subject to the law of supply and demand? And if demand increases without corresponding supply, how can it avoid rising?

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Before the question of demonetisation of silver arose, some of the ablest advocates of the gold standard were frank to admit and deplore the evils which they prophesied would result from a rise of gold owing to the failure of its supply to keep pace with demand. Thus the London "Economist" in 1869, in its review of financial conditions, said:—

"It may be safely affirmed that the present annual supply of thirty millions sterling of gold is no more than sufficient to meet the requirements of the expanding commerce of the world, and prevent that pressure of transactions and commodities on the precious metals, which means in practice *prices and wages constantly tending toward decline*. . . . The real danger is that the present supplies should fall off, and among the greatest and most salutary events that could now occur would be the discovery of rich gold deposits in three or four remote and neglected regions of the earth."

Not only have no "rich gold deposits" been discovered since that time, but the production of the deposits then known has declined. The yield of \$150,000,000, which in 1869 was considered barely sufficient to meet the demand, has fallen to \$130,000,000 in 1892, while during the same period the needs for money have enormously increased. This increasing demand, pressing upon the failing supply, was of itself a sufficient misfortune, but the subsequent demonetisation of silver struck a blow at all industry and commerce from which they have ever since been staggering.

The London "Daily News," in March 1873, said:—

"By the present Bill the German Government is certainly paying England the compliment of adopting its single gold standard, but the cost of the measure to the London and other money markets cannot but be great. As the annual money supply of gold throughout the world is reckoned at little more than £20,000,000, and the usual demand for miscellaneous purposes is very large, it follows that, if the German Government perseveres in its policy, the strain upon existing stocks and currencies will be most severe. Unless the annual production of gold should suddenly increase, the money markets of the world are likely to be perturbed by this bullion scarcity."

Again in September 1876 the same influential journal, referring to the relative scarcity of gold, said:—

"The United States might take the single gold standard, like ourselves, and this is what, till very lately, every English economist would have advised them to do. *The evils of this plan had not then been seen.*"

The London "Bankers' Magazine" for August 1881 deprecated the attempt of Italy to resume specie payments upon the ground of a scarcity of gold, yet we are constantly told there is no scarcity. The "Bankers' Magazine" said:—

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"There has thus been created a new demand for gold of considerable magnitude, and that at a time when the supplies of the metal are barely adequate for existing wants. For years past there have been complaints of a gold scarcity. The addition of Germany and the United States to the body of the nations using a gold currency has greatly increased the demand for the metal, in the production of which there has been no corresponding increase, but on the contrary a slight diminution. The international competition for gold has therefore been made keener, and the fear now is that the advent of Italy as a buyer will still further intensify this competition and thus cause a general enhancement of the value of money."

The pernicious effects of demonetisation of silver did not escape the discriminating attention of that most acute observer of events, Benjamin Disraeli (afterward Lord Beaconsfield), who, in a speech at Glasgow so early as November 1873, said:—

"I attribute the monetary disturbance that has occurred, and is now to a certain degree acting very injuriously to trade, I attribute it to the changes which the Governments in Europe are making in reference to their standard of value. Our gold standard is not the cause of our commercial prosperity, but the consequence of our commercial prosperity. *It is quite evident we must prepare ourselves for great convulsions in the money market, not occasioned by speculation or any old cause which has been alleged, but by a new cause with which we are not sufficiently acquainted.*"

The same statesman, six years later, in another speech, said:—

"Gold is every day appreciating in value, and as it appreciates in value, the lower become prices."

In January 1876, the "Westminster Review," speaking of the effect of demonetisation, said:—

"One of the things involved we hold to be the probable appreciation of gold, in other words an increase of its purchasing power, and that consequently unless fresh discoveries are made, prices have seen their highest for many a long day, and that debts contracted in gold will, by reason of this movement, tend to press more heavily on the borrowers, and that it will be well if this pressure do not become so intolerable as to suggest by way of solution something like universal repudiation."

The distinguished editor of the London "Economist," the late Mr. Bagehot, in 1877, said:—

"If Germany and America, and, let us say, the Latin Union, were to adopt the gold standard, the supply of this metal would scarcely suffice, and the money markets of the world would in all probability be seriously affected by this scarcity." ("Depreciation of Silver," page 79.)

The late Professor Thorold Rogers, of Oxford, a most earnest adherent of the gold standard, in an article in the "Princeton Review," during 1879, on "Causes of Commercial Depression," accounted for the fall of prices as follows:—

"The principal, the most general, and in all probability the most durable [cause] is a rapid rise in the commercial value of gold. At the moment when the domain of civilisation is enlarging in every way, and when, as a consequence, the want of media of exchange corresponding is increased, one of the great States of Europe [Germany] has expelled silver, and at the same time adopted gold. She believed herself to be able to do so, thanks to the indemnity imposed upon France, but she has done the greatest harm to her population and industries."

Some idea of the pressure for gold will be conveyed by an extract from an important address delivered before the Bankers' Institute of London on April 18th, 1883, by Mr. Goschen, late Chancellor of the Exchequer of Great Britain. Referring to the fact that the demand for gold then recently made by Italy, Germany, and the United States amounted to £200,000,000 sterling, a demand which absorbed a sum equal to 10 years' current supply of that metal from the mines, Mr. Goschen continued:—

"I next have to ask from what annual supply of gold this extraordinary demand had to be met? Now, many of you may be aware that there has been a falling off in the annual supply of gold, and that while in 1852—the first year

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after the gold discoveries—the amount of gold produced was £30,000,000, it is now about £20,000,000 per annum. I think it may be well to give these facts in a quinquennial statement. The total production from 1852 to 1856, in those five years, was in round numbers £150,000,000, giving an annual average of £30,000,000. In the next quinquennial period from 1857 to 1861, the total production was £123,000,000, giving an annual average of £24,600,000. Between 1862 and 1866 the total amount produced was £114,000,000, and the annual average £22,750,000. Between 1867 and 1871 the total production was about £109,000,000 with an annual average of £21,753,000; and in the years between 1871 and 1875 the total production was £97,000,000 and the annual average £19,200,000. The annual average therefore fell in the years from 1871 to 1875 to £19,200,000 as compared with very nearly £30,000,000 in the years from 1852 to 1856. Thus you will observe that we have had an extraordinary and additional demand of £200,000,000 sterling coming upon an annual supply of £20,000,000 sterling. The consequence is that this extraordinary demand has practically absorbed the total supply of gold for ten years.”

Prof. H. S. Foxwell, in an able contribution to the literature of bi-metallism, which appears in the “Contemporary Review” for this month, referring to the increased demand for gold, says:—

“The immediate consequence of the German change of standard was that a new demand for gold was set up to the amount of something like £80,000,000, while some £54,000,000 worth of silver coin became available for sale.”

The demand for gold continues to increase while the supply is in effect stationary. Notwithstanding the statistical statements which appear to show that only about sixty million dollars of the annual yield of gold is employed in the arts, it is my belief that, after the bullion has been transformed into coin, an amount equal to the whole annual supply in each year is absorbed into the industries of the world, and that practically nothing of the current production is left to do the work of money. Sir Lyon Playfair, in a speech in the House of Commons, April 18th, 1890, expressed the conviction that the demand for gold for purposes outside of minting amounted to at least seventy-five per cent. of the annual production, and Mr. Giffen has expressed the belief that substantially all the current product of the mines is used in the arts. In an article entitled “A Problem of Money” in the “Nineteenth Century,” for November 1889, he says: “The amount of gold now regularly absorbed for mere non-monetary purposes appears almost equal to the entire annual production.”

In this regard I agree with Mr. Giffen. How then is the world to supply its ever-increasing demands for money, silver being demonetised and practically all the annual supplies of gold absorbed in the arts?

What is a
“standard”
of value.

It is said that there is no such thing as a double standard—that a standard must be *one* and cannot be two. Critics who deem themselves specially acute devote much time to proving that under the double standard only one of the metals circulates in a country at a time, the other metal going out,—so that after all, they say, it is but a single standard.

Had they extended their investigations and analysis a little farther they would have made a real, instead of an apocryphal, discovery, and would have contributed to the writers on political economy a much-needed suggestion. The error which they have supposed to exist in the word “double” really exists in the word “standard,” and, so far as accuracy of definition is concerned, vitiates alike “double standard,” “silver standard,” and “gold standard.” Those terms convey no meaning whatever that has any relation to the idea implied by “standard.” As well might it be maintained, because the rod comprising the model yardstick of Great Britain is composed of bronze, that therefore Great Britain is on the bronze standard of measure; or if that yardstick were composed of ivory, that Great Britain would be on the ivory standard; or assuming the bushel measure to consist of an iron pot of that capacity, that therefore all things sold by the bushel in that country would be measured by the “iron standard.” So far as money is concerned, a “standard” is and must be a question of quantity; because, other things being equal, it is the quantity of money that determines the value of the money unit.

If the word “standard” is, however, to be applied to the material of money, then the term “double standard” is sufficiently accurate to meet all practical requirements. Perhaps “optional standard” would be a better term, provided it were understood to refer to metallic money. “Alternating standard” would not be strictly correct, as the metals did not always alternate, but were sometimes concurrent. The gold mono-

metallists would leave us without any name for what has come to be known as the bi-metallic standard. They even declare that it is not "bi-metallic" for the same reason that it is not "double." So I presume they would object to a man being called a biped, because his method of locomotion is not a process of hopping with both feet at once, but of walking by moving the feet in alternation.

Notwithstanding that the double standard was composed of two metals, we insist that it was one standard in the same sense in which the gold advocates use the term "standard," and that, as in the case of two metals used in the compensating pendulum, they made a very much better standard than would either one of them alone have made.

Were the same enlightened care taken with reference to the money-unit as a standard of value, that is, taken with reference to the yardstick as a standard of measure, justice and equity would always be maintained. The Act of the English Parliament regulating the measure of lineal extension, reads as follows: "That the straight line or distance between the centres of the transverse lines in the two gold plugs in the bronze bar deposited in the office of the Exchequer shall be the genuine standard yard at sixty-two degrees Fahrenheit."

This act wisely takes into account the factor of variation in measuring capacity, a variation due to the contraction and expansion of the measuring instrument itself. No similar or parallel provision is made in the act relating to the sovereign, to guard against the contraction or expansion of the measuring capacity (that is to say, the purchasing power) of that instrument. Had the nice sense of justice displayed in the definition of the yardstick been emulated in the act defining the coin, and some plan devised by which the value of that instrument also could have been made steady and uniform through time, a great benefaction would have been conferred on the people of Great Britain. The nearest approach to steadiness and uniformity of value of which the automatic monetary system admits can be secured only by the full and unrestricted use of both gold and silver.

Speaking of this law Prof. Nicholson, of the University of Edinburgh, in his interesting work on "Money and Monetary Problems," very properly remarks:—

"When we compare the two definitions, we see that whilst the former refers definitely to the distance between two points, or to length, the latter refers only to the weight of a particular substance and says nothing of value. . . . Strictly speaking then it is only by accident that the sovereign can ever be a standard of value at different times and places in the same way as a yard is the standard of length."

In any proper sense in which the term "standard" should be applied to money it should imply measuring power. Money is nothing whatever but an instrumentality of measurement. The great purpose which it subserves in life is to gauge services—to measure the sacrifice of toil. The products of labour comprising articles measurable, according to their different classifications, by varying denominations of weight, length, cubical content, &c., when an exchange is desired of either of those articles for another, money serves, as it were, as a common denominator, and establishes between them a mutual relationship in exchange.

An analysis of the nature of money demonstrates that it is a function rather than a material. That function is created by law and is infinitely more important than the material, whatever it may be, on which the money function is conferred. It is the greatest function which society can confer upon matter. Its transcendent importance will be appreciated by noting that money is the only thing for which it is impossible to find a substitute. If certain articles of food, of clothing, or of ornament, rise in price, the demand for them will relax, and will be transferred to other articles of food, clothing, or ornament. But no matter how much the value of money rises, people must have it. Not only is there not now any substitute for it, but in the nature of the case there never can be. As Bishop Berkeley said, it is "a ticket entitling to power, and fitted to record and transfer this power." This is a function so imperial as to be denied to everything but money, and upon whatever material it may be conferred, the money function is the all-sufficient guaranty of the money value. The value will attach to any material upon which the insignia of the supreme authority are placed. When stamped and issued by that authority the value of each unit is determined automatically and unerringly by the universal competition of the people to obtain such units. Men must have them in order to pay debts and liquidate obligations. The fewer the number issued, therefore, population and demand remaining the same, the keener will be the competition to get them, the more property will be offered in exchange for them, and therefore the higher

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will be the value of each unit. The greater the number issued, there being no increase in population or demand, the less competition will be necessary, the more easily they will be obtained, and therefore the less the value of each unit. It is thus that supply and demand operate upon money as upon all other things.

In inverse ratio, then, to the numbers in circulation will the money unit of any country have value, population and demand remaining the same. The "standard," therefore, is a question of numbers, and is in no sense whatever a question of material.

The value of
money de-
termined by
its quantity.

Of whatever material the money may be made, the value of the dollar, franc, mark, or pound sterling, other things remaining the same, will be determined absolutely by the number of such monetary units in the circulation. This is a principle not only based on the reason of the thing, but having the support of all writers of repute on political economy.

John Locke ("Considerations," &c.) said:—

"Money, while the same quantity of it is passing up and down the kingdom in trade, is really a standing measure of the falling and rising value of other things in reference to one another, and the alteration in price is truly in them only, but if you increase or lessen the quantity of money current in traffic in any place, then the alteration of value is in the money."

Locke further said:—

"The value of money in any one country is the present quantity of the current money in that country in proportion to the present trade.

The historian, Hume, says:—

"It is not difficult to perceive that it is the total quantity of the money in circulation in any country which determines what portion of that quantity shall exchange for a certain portion of the goods or commodities of that country.

"It is the proportion between the circulating money and the commodities in the market which determines the price."

Fichte says:—

"The amount of money current in a State represents everything that is purchaseable on the surface of the State. If the quantity of purchaseable articles increases while the quantity of money remains the same, the value of the money increases in the same ratio; if the quantity of money increases, while the quantity of purchaseable articles remains the same, the value of the money decreases in the same ratio."

James Mill, in his treatise on "Political Economy," says:—

"And again, in whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion the value of the whole and of every part is reciprocally diminished or increased."

John Stuart Mill ("Political Economy") says:—

"The value of money, other things being the same, *varies inversely as its quantity*; every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent."

And again:—

"Alterations in the cost of the production of the precious metals do not act upon the value of money, except just in proportion as they increase or diminish its quantity."

Ricardo ("Reply to Bosanquet") says:—

"The value of money in any country is *determined by the amount existing*. . . . That commodities would rise or fall in price *in proportion to the increase or diminution of money*, I assume as a fact that is incontrovertible. . . .

Ricardo further says:—

"There can exist no depreciation in money but from excess; however debased a coinage may become, it will preserve its mint value; that is to say, it will pass in circulation for the intrinsic value of the bullion which it ought to contain, *provided it be not in too great abundance*."

William Huskisson ("The Depreciation of the Currency," 1819) says:—

"If the quantity of gold in a country whose currency consists of gold should be increased in any given proportion, the quantity of other articles and the demand for

them remaining the same, the value of any given commodity measured in the coin of that country would be increased in the same proportion."

Sir James Graham says:—

"The value of money is in the inverse ratio of its quantity; the supply of commodities remaining the same."

Torrens, in his work on Political Economy, says:—

"Gold is a commodity governed, as all other commodities are governed, by the law of supply and demand. If the value of all other commodities, in relation to gold rises and falls as their quantities diminish or increase, the value of gold in relation to commodities must rise and fall as its quantity is diminished or increased."

Woloski says:—

"The sum total of the precious metals is reckoned at 50 milliards, one half gold and one half silver. If, by a stroke of the pen, they suppress one of these metals in the monetary service, they double the demand for the other metal, to the ruin of all debtors."

To show the power of this principle that (other things remaining the same) the quantity of money determines the value of the unit, Adam Smith, speaking of a paper money convertible only at the will of a Prince, says:—

"If the bank which issued this paper was careful to keep the quantity of it always somewhat below what could easily be employed in this manner, the demand for it might be such as to make it even bear a premium, or sell for somewhat more in the market than the quantity of gold and silver currency for which it was issued." ("Wealth of Nations," Vol. 1, Book II., chap. 2.)

Jevons ("Money and the Mechanism of Exchange") says:—

"There is plenty of evidence to prove that inconvertible paper money, if carefully limited in quantity, can retain its full value. Such was the case with the Bank of England notes for several years after the suspension of specie payments in 1797, and such is the case with the present notes of the Bank of France."

Prof. Émile de Laveleye says:—

"After 1848 banknotes were at a premium in France because not issued in quantity sufficient for the demands of circulation." ("La Monnaie et le Bimetallisme," page 23.)

J. R. McCulloch says:—

"It is not necessary, in order to sustain the value of such notes (paper notes) that they should be payable at all. The only thing that is required for that purpose is that they should be issued *in limited quantities*. The history of the paper money of almost every other country affords abundant proofs of the operation of this principle."

All authorities uniting in the statement that it is *quantity* that determines the value of money, the idea that gold is a better form of money than silver or a better standard than one composed of both metals is an entire delusion.

These authorities (and innumerable others could be quoted) leave no doubt that the value of the money unit in any country, other things being equal, is determined by the number of the money-units in circulation in that country, and not by the material of which they are composed. Money having no value other than purchasing power, a rise in its value means a fall in the value or price of the thing purchased.

Price is the expression in units of money of the value of units of commodities, and *e converso* it is the expression in units of commodities of the value of the unit of money. To say that wheat is a dollar a bushel not only states the value of the wheat in money but the value of money in wheat.

If the value of all other things is measured by money, and expressed in units of money through the medium of price, it follows that the value of money can only be measured by all other things, and must be expressed in units of property and services.

Value being regulated by demand and supply (not only, as in the case cited, by the demand for and supply of wheat, but also by the demand for and supply of money), a reduction of the money volume, other things being equal, produces a fall, and an increase a rise in the general range of prices as unerringly as changes in the temperature of the atmosphere produce a fall or rise of the mercury in a thermometer. It is not claimed that the fall of prices occurs instantly upon the reduction of the money volume, nor the rise of prices instantly upon its increase. More or less time is necessary to enable the reduction or the increase, as the case may be, to make itself felt

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upon the general range of prices. When a fresh flow of water is admitted into a canal or reservoir that has for a season been dry, some portion becomes absorbed by the parched and thirsty soil before the full effects of the inflow becomes visible to the eye. So after a period of depression, a longer time than ordinary is required for an increase of the money volume to produce a visible effect on prices. A portion of the increase will become absorbed in new channels of business created by the new life and activity imparted to industry by the very fact of the increased money supply. Another portion will consist of the increased amount which prosperity will place in the pockets of the people. It is only after these results have become static conditions that any effect of the new supply of money can be seen upon general prices. While business is being adjusted to the new conditions, the increase may have the effect merely of sustaining prices—of keeping them from further fall. So, on the other hand, when prosperity has for some time been general, it takes longer for a reduction of the money volume to produce a fall of prices than under other circumstances would be the case. People are unwilling to admit that prices are falling, it being against their interest to do so. If they have property or commodities to sell they desire to sell at the best rates possible; and, rather than sell when prices are falling, will prefer to hold in the hope that times may improve. The effect, however, though not always instantaneous, is inevitable. The theory is amply supported by experience and by authority, and was not denied till the exigencies of the gold standard compelled its adherents to search long and earnestly for reasons to justify the vagaries of that so-called standard.

When business is done with credits, inasmuch as all credits are based on money, and are made with reference to money, the rule I have stated needs no qualification. Those who say that credit is a far greater factor than money in the establishment and maintenance of prices have failed to examine the subject with sufficient scrutiny. Prices existed long before credit, and at the present time exist where business is conducted with but little or no credit. They would not for a moment think of asserting that a reduction of 10 per cent. in credits would result in a reduction of 10 per cent. in general prices.

In order to justify the gold standard it is asserted that low prices are an advantage and not a disadvantage to society. But this is not an answer to any objection made by bi-metallists. It wholly evades the point at issue. The evil from which industry suffers is not low prices *per se*, but prices constantly becoming lower; not the level already at any given time attained, but the persistence of the process by which that level trends downward. To illustrate: Before the discovery of America and the exploitation of the mines of Bolivia by the Spaniards, wages in England were at 6*d.* a day. If we now assume them to be 2*s.* 6*d.*, are we to be told that it is an advantage to the working masses of Great Britain that wages shall persistently decline until they again reach 6*d.* a day? Is this the form of cheapness for which the honourable Delegate from Great Britain, Mr. Bertram Currie, expresses admiration?

In order that the view of the fall of price taken by the advocates of the gold standard may not appear to be wholly without justification, it has become the fashion to ascribe it to over-production of commodities and to improvements in methods of production.

With reference to over-production there may for short periods be a greater production of specific articles than will meet with an effective demand; that is to say, demand accompanied by capacity to buy. That, however, cannot proceed very far, owing to the loss suffered on the production. With a volume of money sufficient to arrest the fall of prices all idle men would be set at work so that there would be more ability to pay. It is in the great majority of cases the inability to pay that results in what seems to be over-production. There cannot be an over-production of wheat while large numbers of men the world over are hungering for bread; nor an over-production of clothing while they perish of cold. With all the people uninterruptedly occupied the conditions of industry would soon adjust themselves so that supply would bear a normal relation to demand. Demand would become a known instead of an unknown quantity.

All the authorities in political economy agree that over-production in the aggregate is impossible; and I shall not occupy the time of the Conference in discussing that point.

According to the painstaking computations of Mr. Sauerbeck, production increased in England between 1850 and 1870 by 2½ per cent. per annum, while between 1870 and 1885 it increased by only 1½ per cent. per annum. Yet the general level of prices rose during the first period 15 to 20 per cent. while it fell during the second and shorter period no less than 30 per cent.

As to improved methods of production, bi-metallists do not deny that in some departments of manufacture there have been since 1873 improvements tending to economise labour, and cheapen products; but improvements of mere detail in the manufacture of some articles, will not account for the extraordinary fall of prices since that time in almost every product of human industry in gold standard countries. The inventions which preceded 1873, were as a whole far greater in scope than those that followed, much more far-reaching in result, and more revolutionary in their effects upon industry. All the great basic improvements had been invented and incorporated into the industrial systems of all civilised countries before 1873, if we except the electric light and the telephone. We have had the steam engine, the cotton gin, and the spinning jenny, since the last century, the railroad and the steamship since the '30's; the telegraph, the mechanical reaper, the steam plough, and other agricultural labour saving devices since the forties, the sewing machine since 1854, and the Bessemer process and steel rails since 1857. If the extraordinary advances in invention and in methods of production prior to 1873 were not inconsistent with rising prices, and with a natural, normal, and gradual rise in the tide of prosperity, why should improvements of mere detail since that time have so blighting an effect upon industry and commerce? Every writer on political economy admits that the great wave of prosperity that overspread the world after 1850 was caused by the generous supplies of the precious metals resulting from the discoveries of California and Australia. Had not silver been demonetised, there can be no doubt that the gradual increase which has taken place in the production of that metal from the mines would, by supporting prices, have proved a continuing benefaction to industry. In view of the increase of population and of the rapidly augmenting business of the world, that yield has not been in the slightest degree excessive.

It is sometimes said that the difficulty is lack of confidence, and that a remedy will be found in its restoration. The real mischief, however, is not lack of confidence, but lack of legitimate grounds for confidence. It is necessary to understand in what particulars confidence has been lost, before deciding that it can be restored. Confidence has not been lost in the fruitfulness of the soil, or in the productiveness of labour or machinery. It has been lost in nothing except the possibility of maintaining at a level the general range of prices. It is upon this that prosperity must always depend. The confidence that has been lost, therefore, is confidence that capital invested in enterprises that will give employment to labour can be returned with a profit to the investors. There can be no restoration of such confidence until the fall of price is arrested.

It is probable that the debts of the world, public and private, amount to no less a sum than one hundred thousand million dollars. Every dollar of this vast sum, principal and interest, must be paid from the current and future earnings of labour. With every fall of prices due to the shrinkage of the money-volume relatively to the demand for money, a larger and larger proportion of the earnings of labour must be devoted to such payment. If, with every fall in general prices, there were effected a corresponding "scaling down" of the burden of debt, there would not be so much reason to complain of the injustice effected by a shrinkage in the money-volume. The money-lending classes would be heard loudly to protest against such a scaling down, while they endeavour to convince the world that the opposite process of "scaling up," is the only process consistent with honour and honesty.

The fall of prices must be arrested. The unit of money must no longer be permitted to increase its grasp over the products of industry. The remedy is simple. It is neither new nor untried. It is consistent with the automatic system of money, which through all the ages has obtained the assent of society, and it is the only remedy consistent with that system. By its means the creditors and income classes will be deprived of nothing to which they are justly entitled. They will simply be denied the opportunity of perpetrating a continuing wrong upon the productive masses of mankind. That remedy is bi-metallism.

What is bi-metallism?

I quote from Sir David Barbour's work on "The Theory of Bi-metallism":—

"The contention of the bi-metallists is that it is possible to declare a fixed ratio of exchange for certain purposes between the two metals when used as money, debts being paid at the option of the debtor in coins of either metal, and that the existence of this fixed ratio for the purposes of the currency will control

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and regulate the market price of the two metals so as to prevent it from varying in any material degree from the fixed legal ratio of the currency."

No one asserts that under a bi-metallic law the pressure upon the two metals would be always equal. The very purpose for which society dedicated the two metals to the money use was that their mutual oscillations of supply might correct each other. With the exception of the period when the American mines were first discovered, no simultaneous increase of both metals has occurred since the opening of the Christian era. Whenever one of the metals has been yielding in unusual quantity, the other has generally been yielding in a stationary if not declining quantity, so that the aggregate production has shown but slight variation.

The underlying idea of the double standard is that a rise in the value of money, or to state it in other terms, a fall in the general range of prices of commodities, is an evil of the utmost magnitude, against the occurrence of which society should take every possible precaution. There is no need to guard against a fall in the value of money because throughout the entire period of history not an instance can be cited in which such a fall did not prove a benefaction to mankind.

What is claimed for bi-metallism is that upon the slightest indication that one of the metals is becoming relatively scarce the pressure of demand is removed from it and brought to bear upon the other. The law of the double standard therefore operates through supply and demand, which all admit to be the only factors entering into the creation of value.

It is the enormous surplus of the metals in existence which places it within the power of the law to control their relative value. The larger this surplus becomes the more exactly and permanently can the law control them.

The stocks of the two metals taken together have been very happily likened by Professor Jevons to two reservoirs which although supplied from independent sources, are kept at a common level by means of a connecting pipe. The law is the pipe which establishes a legal relation of value between them, and which, by authorising their interchangeable use as money, maintains their value at the same level. Both being equally possessed of full legal tender power at the established ratio, no one will give more for one metal than for the other. No one will part with 101 if 100 will serve the turn. This is not mere theorising. It has been subjected to the crucial test of experience.

In 1803 France fixed by law the legal relation between gold and silver at 15 1/2 to 1. For 70 years, while that law was in operation, the two metals were held together at practically that ratio, though with a preponderance sometimes of one and sometimes of the other in circulation.

A glance at the figures of French coinage from 1803 to 1873 will exhibit in a strong light the operation of the system.

COINAGES in FRANCE from 1803 to 1873.

	Gold.	Silver.
	Francs.	Francs.
1803 to 1820 - -	865,000,000	1,091,000,000
1821 to 1847 - -	301,000,000	2,778,000,000
1848 to 1852 - -	448,000,000	543,000,000
1853 to 1856 - -	1,795,000,000	102,000,000
1857 to 1866 - -	3,516,000,000	55,000,000
1867 to 1873 - -	878,000,000	587,000,000

From these figures it will be observed that when either of the metals became relatively scarce, its place was supplied by the other. So far as the people of France were concerned this did not involve any disturbance of the relative values of the two. Whenever silver was withdrawn for shipment to countries in which silver alone was legal tender, its place was supplied in the double standard country (France) by gold; whenever gold was withdrawn from the country of the double standard for shipment to countries in which gold alone was legal tender, its place was supplied by silver.

Such slight variations as occurred in exchange were caused for the most part by the demands of single standard countries for their particular money-metal.

The premium such as it was, was not a premium arising from any difference in France in the value of the metals, but a charge made by money brokers and dealers in foreign exchange for gathering together during the period of the predominance of one metal in the coinage a sufficient quantity of the other—the scarcer—metal to meet the demand to which I have referred. The charges of the money-dealers were undoubtedly proportioned in every instance to the urgency of the foreign demand. It is not the habit of that class of people whether in France or elsewhere to lose an opportunity of making a little money.

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After what may be described as a microscopic search through the blue books for a period of nearly thirty years from 1820 to 1847, while silver was the metal of largest coinage, the utmost premium on gold in Paris that Mr. Giffen has been able to discover is 2·1 per cent. in August 1832. This was during a period when as will be observed by reference to the table, the coinages of France were in the proportion of nine-tenths silver to one-tenth gold. But it will be noted that while there was a premium on gold it had no relation whatever to the people or the productive industries of France. Gold was wanted by single standard gold countries, such as England, where there was a money famine, and was bought up for shipment to England even before it arrived in France. This will be seen from testimony given by Mr. Rothschild before the Parliamentary Committee (of 1832) on the Bank of England Charter.

Mr. Rothschild having stated that the continental Powers, when wishing to replenish their military chests, called for gold, the following questions and answers were put and given:—

“ Question 4831. Does not that produce considerable fluctuation in the value of gold?—Answer. Not very much, because gold in general is not so much wanted on the continent as silver; silver is the regular coinage of those countries.

“ Question 4832. Do you think that the value of silver is as little subject to variation as the value of gold?”

From this question it will be seen how old in the mind of the gold mono-metallist, is the idea that silver is more variable in value than gold. What was Mr. Rothschild's answer? Said he:—

“ *Silver has no variation, because there is a coinage of silver, so that there can be no difference in silver, except at some times when it is wanted by any European Government for particular purposes.*”

In that case of course it becomes the turn of silver to go to a premium, and the premium cost nothing to the French people, being defrayed by the people of the country demanding it.

The examination continued:—

“ Question 4833. Has there been a great export of gold from France at different times for the purpose of foreign war?—Answer. Certainly; in general the gold is bought up in France before it goes from this country (England), and if there is a scarcity in France, then it is fetched from here.”

Now permit me to invite the attention of the Conference to the question that follows:—

“ Question 4834. Does the demand for gold from France produce a scarcity of money in France?—No.

Question 4835. Why is that?—Answer. Because the gold is in general in private hands; it is merchandise there.”

During the period named the premium on gold varied all the way from less than one-tenth of 1 per cent. to 2·1 per cent.

Such variations were such as might have arisen had the monetary standard of France been gold mono-metallic instead of bi-metallic. The fact that a country is on the gold standard does not secure it against differences of exchange either with foreign countries or within itself. The United States are on the gold standard, yet I have seen very material differences in the value of gold between New York and San Francisco; differences having no connexion whatever with silver, but solely arising from the temporary condition of balances at the one place or the other. If the usual or normal rate of discount at the Bank of England be 3 per cent., and an increase to 4, 5, 6, 7 or more per cent. be announced, what, in reality, is this, but an announce-

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ment of a premium of 1, 2, 3, 4 or more per cent. on gold in the very country of the gold standard?

The testimony given before the Royal Commission on Gold and Silver goes to show that gold is nearly, if not quite, 50 per cent. more valuable to-day than it was in 1873 at the time when, by what I might term acts of legislative violence, all the money work of the occidental world was imposed on it alone. This signifies that if in 1873 a man put away in a safe a thousand gold sovereigns or dollars, and permitted them to remain idle and useless to the world until the present time, he would find that with them he could to-day buy or command 50 per cent. more of the products of human labour than in 1873 he could with those same sovereigns or dollars buy or command. What, in essence and effect is this, but a premium which the gold dollar or sovereign of to-day bears over the gold dollar or sovereign of 1873,—in other words, a premium which gold at varying periods bears over itself at former periods? What a monstrous system of money for a civilised people to tolerate?

While the champions of the gold standard are shocked at a trifling agio of 2 per cent. when it arises in the operation of the double standard, and then only in connexion with the foreign exchanges they have no word of condemnation for the stupendously unjust exaction to which the domestic business of every gold-standard country is subjected by the enormous and progressive increase in the value of the so-called standard. They strain at the bi-metallic gnat, but swallow the mono-metallic camel!

The demand of the French people was a demand neither for gold nor for silver as such, but a demand for money. Each metal serving equally to exchange their commodities and pay debts, nothing further could be desired. In all the respects in which money is useful each had all the power of the other. Under such circumstances the metals should have and did have the same value, so far as concerned all the purposes of the French people.

There were no two prices current in France. There was no differentiation of prices of commodities into gold prices and silver prices. All prices for each locality were alike, and were stated in terms of the money of France, without reference to gold, silver, or anything else. Whether the money received in payment for commodities or services was gold or silver was to the recipient a matter of entire indifference.

To revert for a moment to the destructive rise in the value of gold, the case cannot be better stated than by Professor Foxwell, Professor of Political Economy at University College, London. In a most interesting monograph on the "Irregularity of Employment and Fluctuation of Prices," Professor Foxwell says:—

"Take for instance the case of a man who in 1873 borrowed 142*l.* Prices have since fallen to such an extent that 92*l.* will now buy what 142*l.* would have bought in 1873. Yet the unfortunate debtor must pay the full nominal sum borrowed; that is to say, his debt is practically increased more than 50 per cent. . . . Can a system which permits of such arbitrary revolutions in the distribution of wealth be rational or tolerable? I confess it seems to me in the highest degree barbarous and uncivilized. The very earliest economic writings we have were protests against the wrong and mischief caused by such changes."

Not alone the earliest economic writings, Mr. President and gentlemen, but also the earliest of all writings. In the dim ages of antiquity men were admonished that "False weights and measures are an abomination to the Lord." And so long as truth is immutable, they will so remain. Money is a measure in a broader sense than any other measure; it is a weight in a larger sense than any other weight. It is an embodiment in one and the same instrument, of the yardstick, the pound weight, and the bushel measure of commerce. An increase in the value of the money unit enlarges the cubical area of the bushel to the agriculturist who, for the payment of his mortgage must rely on the price per bushel received for his wheat. As the price of the bushel of wheat diminishes, the burden of the mortgage augments. To the cotton manufacturer, the iron manufacturer, and those who conduct all other forms of industry, each in his speciality, whose products may be gauged by the yardstick, the pound weight, the ton, or whatever other unit, an increase in the value of the money unit produces identical results.

That the steadiness of the legal relation of the metals from 1803 to 1873 could not be due to steadiness of their relative supplies from the mines will be obvious by noting the wide variations that occurred in their relative production during that period.

From 1803 to 1820 the average yearly yield of gold from all the mines of the world was \$9,710,500; of silver, \$36,847,500—four of silver to one of gold.

From 1821 to 1840 the average yearly yield of gold was \$11,466,000; of silver, \$21,964,000—two of silver to one of gold. From 1841 to 1860 the average yearly yield of gold was \$83,150,000; of silver, \$34,826,500—two and a half of gold to one of silver. From 1861 to 1873 the yearly average yield of gold was \$117,891,850; of silver, \$68,043,900—nearly two of gold for one of silver. Those figures show extremes of yield on both sides without variance in their relative values as established by law.

There is nothing unnatural in this. Even Mr. Giffen ("Contemporary Review," August 1879,) admitted that it was to be expected. "Doubtless," he said, "the fluctuation in any particular metal at the time when both metals were available as money would not be very great within any reasonable period; that is one of the points of special advantage for the system of bi-metallism."

Professor Hansen, of the Berlin University, said in 1868:—

"Europe, or rather the whole civilised world, is indebted to French Law for its escape from the perturbations in the relative prices of gold and silver, threatened by the enormous arrivals from Australia and California."

Referring to the operation of the same law in keeping the metals together at the time of the Californian and Australian outpourings, Cobden said:—

"That so little effect should have hitherto been produced upon the value of this precious metal [gold], especially as measured by its relation to silver, is accounted for by a reference to what is now passing in France where the gradual substitution of gold for a silver currency has during the last eight years absorbed the greater portion of the gold imported into Europe from the new mines." (Preface to translation of Chevalier's "Fall of Gold.")

On the same subject the British Royal Commission on Gold and Silver (1886) expressed itself without reserve. Part I. of the Final Report (being the portion signed by all the members of the Commission), contains a clear and unmistakable admission by the gold mono-metallists of the effect of the French law. It says:—

"Now undoubtedly the date which forms the dividing line between an epoch of approximate fixity in the relative value of gold and silver, and one of marked instability, is the year when the bi-metallic system which had previously been in force in the Latin Union ceased to be in full operation, and we are irresistibly led to the conclusion that the operation of that system, established as it was in countries the population and commerce of which were considerable, exerted a material influence upon the relative value of the two metals.

"So long as that system was in force, we think that notwithstanding the changes in the production and use of the precious metals, it kept the market price of silver approximately steady at the ratio fixed by law between them, namely, 15½ to 1.

"Nor does it appear to us *à priori* unreasonable to suppose that the existence in the Latin Union of a bi-metallic system with a ratio of 15½ to 1 fixed between the two metals should have been capable of keeping the market price of silver steady at approximately that ratio.

"The view that it could only affect the market price to the extent to which there was a demand for it for currency purposes in the Latin Union, or to which it was actually taken to the mints of those countries is, we think, fallacious.

"The fact that the owner of silver could in the last resort take it to those mints and have it converted into coin which would purchase commodities at the ratio of 15½ of silver to one of gold would, in our opinion, be likely to affect the price of silver in the market generally, whoever the purchaser and for whatever country it was destined. It would enable the seller to stand out for a price approximating to the legal ratio, and would tend to keep the market steady at about that point." (Final Report, Part I., sections 192 and 193.)

The Royal Commission ascribed to the Latin Union the effect thus produced in maintaining the ratio, but it must be remembered that the Treaty creating that Union was not entered into till 1865, and that France alone for 62 years prior to that time had maintained the ratio with equal force, without reference to which of the metals showed the greater yield. Had not the law of 1803 been in operation during the '50's when the enormous stocks of gold from California and Australia found their way to Europe, that metal would have fallen, as in early times it more than once fell, to the ratio of 1 to 10. So that the law of one country alone held the metals together. To

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whatever extent gold fell in relation to commodities silver also fell. This condition prevailed until the French law was practically abrogated.

The closing of the mints of the western world against the unrestricted coinage of silver deprived that metal of the demand, that is to say, of the "market" which from time immemorial it had enjoyed. This was an effect produced wholly by legislation, and in the interest of a few privileged persons who own public and other debts. When it is proposed that by legislation, in the interest of the masses of mankind, the market be restored, the creditor and money-lending classes object. They have always treated as "natural" everything that tended to make money dearer, and did not hesitate to invoke the powerful arm of legislation to aid in increasing that tendency. On the other hand, when an attempt is made to keep money from becoming dearer—which means to keep the prices of the products of labour from falling—they denounce it as an appeal to legislation for the purpose of interfering with the operation of economic law.

A law which forbids the use of an article for a certain purpose to which for thousands of years it has been dedicated, they regard as "natural," while a law which removes the restriction and permits the article to be restored to that use, they characterise as "artificial." Deprive either gold or silver of the legal tender function and it becomes immediately relegated to the rank of a commodity, because deprived of the force which creates the demand for it. A demand for either as a commodity is a demand for but one thing. A demand for either for the purpose of bearing the money function is, in effect, a demand for all things.

As mere commodities the demand for either metal would be fitful, unstable, and as compared with the demand for money inconsequential. Reduce gold to the rank of a commodity and instantly the demand for it would become trifling in comparison with the demand for it when possessing the legal tender function in great commercial countries. Restore to it the money function, and the demand for it again becomes universal. When a commodity is selected to bear the legal tender function a demand which till then has been fluctuating, irregular and uncertain, becomes transformed into a uniform, unfluctuating, and certain demand, a demand always at a maximum, because human wants are insatiable, and it is through a demand first made upon money that all these wants are supplied.

For the money-use, considering the world's demands for money, the total stock of both metals combined is not now, and judging from the past, in all human probability never will be, other than extremely limited. Were both relegated to the commodity demand, there being already on hand a supply sufficient to meet all demands of that character for sixty years without reference to the current yield, what would be the value of either or both?

Permit me at this point to repeat my definition of value—human estimation placed upon desirable objects whose quantity is limited. For unrestricted use as money both metals lack none of those elements of value. For commodity-use they would lack one of the two conditions necessary to the existence of value, namely, limitation of quantity. Without limitation of quantity it would be in vain that they were highly esteemed. Air is more highly esteemed than gold, but because of its unlimited quantity it has no value in the economic sense. Water is more highly esteemed than gold, but where, as in Lake Superior, it is to be had in unlimited quantity, it has no value. In the Desert of Sahara, however, proportioned to the limitation of its quantity, as compared with the demand for it, water will have value.

The same legislation which by force took from silver the demand, the market, which for thousands of years in the interests of society it had enjoyed, enlarged the demand for gold without increasing the supply. From that time forth, for the first time in history, there was committed to gold exclusively a function which theretofore it had merely shared in equal part with silver, the function, namely, of measuring and exchanging all commodities, property, and services in the occidental world. To this was superadded the task of also measuring and exchanging all the silver previously used as money which had been reduced to a commodity. When therefore Germany demonetised her silver coin there was practically placed on the market a quantity of the metal sufficient to supply all demand for commodity purposes for at least ten years. This largely increased the demand for, and consequently the value of, gold. In the equation existing between money and commodities one of the factors had been wrongfully removed from the money side and added to the side of commodities. It was no fear of an excessive yield of silver that induced France to close her mints to that metal. They never would have been closed to the current production. They need not

have been closed to even the silver of Germany had economic considerations alone governed the policy of France. The reasons for her action are, however, obvious.

France took very much more gold after the discoveries of 1848 than she would need to have taken even had all the silver of Germany been sent to her mints.

With open mints for both metals the present fluctuations in value could not and would not have occurred. Instead of those fluctuations constituting an argument against bi-metallism, they clearly indicate the folly of abandoning it.

Gold and silver are equally fitted for the money use. Together they can but scantily fill the measure of the world's money needs, and they cannot fill it at all except upon the conditions that both are money of ultimate payment.

The number of persons in a country that obtain either of the metals by delving in the mines is extremely limited. The vast majority of men work for gold and silver, not in the mineral regions, but in the fields of agriculture and the various departments of industry. The debt-paying power of a country is determined by the amount of money for which the products of all industries can be exchanged. This gauge measures the value of money and the burden of debt. It is only because the money function has been conferred on gold and silver and that the debts are expressed and payable in them that it becomes so transcendently important that their production should increase with the increasing population and money demands of the world. It is because of this that the taking from either, or any portion of either, the debt-paying function without furnishing some equally well-adapted thing to perform that function in its stead was a step of most baleful import to society. If taken without full appreciation of the results that were to follow, it was a piece of delirious folly; if with full consciousness of the consequences, it was—on the part of the creditor classes—nothing less than an act of treason against the human race.

It may be said that the people of every country, being as a whole responsible for the action taken by their Governments, are themselves chargeable with any misfortunes arising therefrom. But it must be borne in mind that this question of money is a subtle one. Few of the workers of the world have had time or opportunity to investigate it. With a vast number of mankind life is a persistent and prolonged hunt for animal subsistence. Even among those who have leisure and disposition for study and reflection the great majority have tastes and aspirations that lead them into other fields of thought and remain wholly ignorant of the nature and function of money, especially of the phenomena connected with an unduly diminishing or unduly increasing volume of money. The chemical composition of gold undergoing no change, and the number of grains in the coin remaining as before, they suppose that the "standard" has not altered. So also they not unnaturally attribute great knowledge to those members of the community who make a business of hiring out money for a profit, as persons ignorant of the science of medicine ascribe great knowledge thereof to the apothecary who handles the drugs and deals out for a consideration the cordial that is to soothe pain. The high intelligence and culture of very many among the creditor classes, and the great acumen and activity of those who own or who deal in bonds, stocks, and similar securities, naturally give them great influence in their respective communities. It therefore frequently happens that those occupying positions of public confidence and trust are unconsciously affected in their views of public duty by the great weight which they attach to the opinions of those "specialists" in finance. Public officials are usually busy men, and while they may be clever, accomplished, and conscientious, it is not to be expected that their studies have enabled them to compass the entire circle of the sciences, or that it is given any man to grasp the vast body of advancing knowledge. What is certain, however, is that with questions of the importance of money, public officials owed it to those whom they served to be careful and deliberate in the adoption of any policy. Speaking of a proposition to demonetise silver, Senator Dumas, in the Senate of France, March 28th, 1878, well said:—

"Those who approach these questions for the first time decide them at once. Those who study them with care hesitate. Those who are obliged practically to decide doubt and stop, overwhelmed with the weight of the enormous responsibility."

It could not have been unknown in the early seventies that for some years the yield of gold from the mines had been declining. According to the figures of Sir Hector Hay, submitted to the Royal Commission on Gold and Silver, the product had fallen off from an average of \$150,000,000 per annum between 1852 and 1856, to about \$100,000,000 in 1870. This was a reduction of about 33 per. cent. in the course of the

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short space of twenty years. Is it not extraordinary that during such a period—with the world's money wants rapidly increasing—a determination should be reached to demonetise by legislation one of the metals which throughout all time has served the purposes of money, especially that one of them which had been of most general utility; and whose further and continued aid, owing to the rapid exhaustion of the supplies of the other, was so manifestly indispensable to save the world from a repetition of those money famines whose consequences to the human race had been more destructive than all the scourges, plagues, and epidemics of which history furnishes a record? It must be borne in mind that the discarding of one of the money metals benefitted no human being except the comparatively few who belong to the class of creditors, annuitants, and recipients of fixed incomes, while an irreparable wrong was done to the entire body of the producing masses, including not alone the toilers in the field and in the factory, but as well the chieftains of industry, the projectors, managers, superintendents, designers, contractors, merchants, and all other leading and active minds without whose genius and foresight industry, in a complicated system of sub-division, could not be successfully conducted, and large bodies of workmen kept uninterruptedly employed. That all this should have been done in the sacred name of honour and of justice, arouses the suspicion that the money-changers had again entered the temple.

The effect of a diminution in the volume of the metallic money of the world by striking down any portion of it may be illustrated by the case of an incorporated company whose capital, we will say, is represented by one hundred thousand shares. Suppose that on the basis of that number of shares sales for future delivery had been agreed upon to a very large amount, would it not be considered simple robbery on the part of those who held agreements for the delivery of such stock to procure the enactment of laws compelling a reduction of the number of the company's shares by one half, or by any other per-centage, without a corresponding reduction of the number of shares to be delivered? There can be but one answer to this question. Is a similar juggle with money—whose quantity determines its value—any the less a robbery? He who is in debt has, in the language of the stock exchange, sold money "short." It is in effect a transaction for "future delivery." In the first supposed case parties had agreed to deliver in the future that of which they were not then in possession, namely, shares of stock. In the second they had also agreed to deliver that of which they were not at the time in possession, to wit, money. The distinction between the two cases is in the thing to be delivered, not in the underlying principle.

Would an
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Would an international agreement secure a fixed relation between the metals?

Some persons entertain the idea that if silver were remonetised even by international agreement at the relation so long maintained by French law, there would be a sudden jar which would be generally felt throughout business and commercial circles. This is a wholly groundless fear, and arises from misapprehension. All the silver in the world is now coined and in full use as money. There is not in existence any stock of uncoined silver to be presented at the Mints. Hence all that could come would be from current production after supplying the demand for the arts. Last year's production was about \$180,000,000. Were even all of this coined and none used in the arts, how trifling would the amount be when divided among the fifteen hundred millions of people of the world. They took that amount of gold forty years ago, to their great advantage. Under an international agreement for free coinage, the amount of silver to be added to the world's money stock would have precisely the same effect as if the amount added were so much gold, yet no one would openly deny that the increase of the money volume by that amount of gold would be a great advantage to the world.

The population of France at the time of the enactment of the bi-metallic law was less than twenty-eight millions, not one-half the present population of the United States. The foreign trade of France in 1880, including imports and exports, amounted to but one hundred and fifty-five million dollars. If such a population, with so slight a foreign trade, were able to maintain the equivalency of relation between the metals, who can doubt that were silver remonetised by international agreement, even if but one or two of the commercial nations of Europe joined the United States, the metals could be permanently bound together on the long-established ratio?

In the United States we have had a practical illustration of the varying movements of the metals when both had unrestricted access to the Mints though at different legal valuations. Upon the organisation of our Mint in 1792, the relation between silver and gold was fixed by law at 15 to 1. This rated silver at a figure higher than the legal rate in France, which was 15-1/2. Gold accordingly left our country and went

to France, where under the law it was more highly valued. We on our side therefore had practically no gold in circulation until a change in the law was effected in 1834. The legal relation between the metals was then established by the United States at 16 to 1. This rated silver at less than the legal ratio of France, whereupon that metal instead of gold took its way to France. The coinage rate of that country being more favourable, and ours less favourable, in the first instance to gold, and in the second to silver, we were in each case deprived of the metal which by law we had valued at a rate less than that of France. We were put to no loss or inconvenience, however, because each metal was as effective as the other in all payments, and they simply exchanged places.

Who can doubt that in this matter law and fact stood toward each other in the relation of cause and effect? Did "market" value have anything to do with it? Did not the legal relation which France had established absolutely control the movements of the metals? It seems to me to be cumulative testimony to the efficacy of the law to fix and maintain the relative values of the metal.

It cannot of course be supposed that either gold or silver would leave the country for the purpose of being exchanged for money of the other metal if the legal relations of the two metals were in all countries coincident.

Suppose for illustration that there were but one country in the world—the United States. Suppose that that country should enact a law making silver a legal tender for all debts public and private with unrestricted access to the mints at the relation of 15½ to 1. The stock of the metals now on hand being sufficient to meet all demand for the arts for a period of not less than 60 years, how is it possible that by reason of any current yield from the mines the metals could part company?

Would anybody give more for one metal than for the other? Neither metal could be driven out of the country, because upon our hypothesis there would be no other country to which it could go. It could not go to Mars or Jupiter. Also, by our hypothesis, all the demand for the arts could be supplied without affecting the total volume to any appreciable degree, the stock on hand being enormous in comparison with any one year's commodity demand. Manifestly under such conditions their values at the ratio established would be unchanging.

Now, if an international agreement should be entered into between the United States and the leading commercial nations of Europe, would not such agreement, for the purpose under consideration, make them all one country? Under such conditions I challenge any mono-metallist to explain how the metals could vary in value from the legal relation established. And at this point I may be permitted to interpose a word to say that in case the soundness of any of the statements, whether of principle or fact, which I have made or shall make before the Conference shall be disputed, it will be entirely agreeable to me to be at any time interrupted with a question or a request for explanation. The subject with which I am dealing here is one to which I have given long, and I believe careful, attention. It is my firm conviction that the principles which I have attempted to lay down are fundamentally correct, and did I not believe them to be of the utmost importance in the discussion of the great question which this honourable body has under consideration, I should not have attempted to occupy the valuable time, and possibly, to some extent, to weary the patience of honourable Delegates with so lengthy a presentation. But to resume the line of my remarks, I will merely add to the point immediately under discussion, that when a dollar of one metal will, under the law, pay as much debt as a dollar of the other metal, no man in his senses will pay more for one than for the other. Nobody would give more for either than its value as money, because at that value he could get it in the market. No one would sell it for less, because at that value he could dispose of it in the market.

The stock of the two metals in existence is already so large, compared with the amount of current production that, if both be money in the full sense, variations in the annual yield can affect the combined stock only in the most infinitesimal degree. Not only is a considerable per-centage of the annual yield needed to make good the quantity absorbed in the arts, and that lost by abrasion and accident, but while the world relies upon the precious metals the increase of population and commerce will demand a corresponding increase of the stock of those metals. Without such increase from the mines the relations between money and all other things will continue to be disturbed, and the fall of prices cannot be arrested.

The experience of the world does not warrant any apprehension of an inflation by reason of excess of production of gold and silver. The greatest yield during the period following the discoveries of California and Australia was for the five years

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following 1856. During those years the average production of gold and silver combined was \$190,000,000. The proportion which the sum bore to the then existing stock of both metals was very far in excess of the proportion which the current yield bears to the present stock. Yet the effect of the increase of that period upon the prices of commodities was very gradual, and gave no jar to any form of business. Tooke, in his history of prices (vol. 6) says, that notwithstanding the increase of the metallic supplies from 1848 to 1856 there was in the latter year "no corresponding increase of general prices, nor, in the case of large groups of commodities, any increase whatever." All the authorities show that the increase of prices resulting from the enormous yields of California and Australia was distributed over a period of some seventeen years, and, in the whole, amounted to no more than between 15 and 20 per cent. Of the rise of prices after the discovery of the early American mines, Tooke says:—

"No rise of prices can be discovered until 1570, 50 years after the entry of the Spaniards into Mexico, and almost 30 years after the discovery of the Potosi silver mines. The ultimate range of prices was not reached until 1640."

And this notwithstanding the very large proportion which the new supplies bore to the previously existing stock, the authorities placing that stock at less than \$290,000,000.

The stocks of gold and silver coin now in existence being much greater than at any former period, their value could be affected only in the very slightest degree by any mining discovery likely to be made. Whatever the yield from the mines might be, it could only affect prices in the proportion which that increase would bear to the total existing stock, as modified by the demands of a constantly increasing population for a proportionately increasing volume of money.

All the facts of the situation and all the experience of history prove beyond a doubt that the general adoption by the nations of the unrestricted coinage of both gold and silver is entirely practicable, without the slightest jar or disturbance to any interest. Neither can there be a doubt that such a policy, by calling a halt to the fall of prices, would give a healthy stimulus to every department of industry and commerce, loosen the shackles of financial bondage, and set every idle man to work.

Every result, however, that could follow a general adoption would, in my belief, be equally achieved by the adoption of the system by even one of the leading commercial nations of Europe—in conjunction with the United States—especially, I may be permitted to say, if that nation were Great Britain.

The fear of
a "deluge"
of silver
from mines
yet to be
discovered.

The fear has been expressed that in case silver were remonetised, or its increased use determined on by international agreement, great floods of the metal would pour forth from new mines to deluge the business of the world. Statements and prophecies of this character have been for some time filling the columns of portion of the public press. It is possible that some of the writers of those articles believe them to have some foundation, but if so, it is because they have not taken the trouble to inform themselves on the subject of which they have written. Mining is a business of which the world in general knows little or nothing. In the nature of things it must be carried on away from busy centres. Hence a statement or prophecy that with reference to any business well understood in a community would at once be pronounced absurd, may, if related to mining, receive more or less general acceptance. These prophecies and alleged facts receive no credence from men who know anything of practical mining or who have even read attentively the history of the precious metals. The farther away one gets from the mining regions the more confidently and persistently the statements are made. The mines to which they refer are not known to experienced mining prospectors, and exist only in the imaginations of the "miners" of Lombard Street and Wall Street. We heard about them during the discussion in the Congress of the United States on the Silver Law of 1878. Since the passage of that law no important mining discovery has been made. The localities that have produced the larger proportion of the silver since mined were known and working at the time of the passage of the law. By effecting more numerous openings in those localities a greater output has been secured, but according to all physical manifestations the maximum has been attained.

Notwithstanding the increase of yield which has taken place within the past few years, those who have knowledge of the actual conditions are of the firm belief that it is but a question of a comparatively short time for the production to suffer a consider-

able decrease. Some of the reasons for that belief I submit to the candid consideration of the Conference.

In the case of the United States the great mines, those that have produced the most silver, are declining. The Comstock lode is to-day practically abandoned. Over that great field the reapers have passed, and only the gleaners are left. The small mines of even moderate fertility are showing unmistakable symptoms that they too are working out. Other small mines will doubtless be opened to take their places as labour becomes disengaged, but no properties of any magnitude are being discovered, and from the thoroughness of the searching process that has been going on for the past 20 years it is in the highest degree improbable that any mine of the first order will appear.

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When the United States acquired California, Nevada, and the other territory included in the grant from Mexico, the ground covered by the cession had never been prospected for mines. The Mexicans who had inhabited the region had been pastoral in their mode of life. Those accustomed to mining had not extended their explorations so far to the north. To reach the silver region they would have had to tempt the rigours of a northern climate and brave the perils of the Sierras. When the country came into the possession of the United States, therefore, there were possibilities of discovery throughout the entire region; and the sequel showed that it embosomed great deposits of the precious metals. The situation now differs wholly from the situation then and from the situation of 20 years ago. It is extremely doubtful if to-day there remains any great new region to be discovered. Great silver regions, as a rule, cover two or three miles of territory, and usually Nature, with considerate regard for the welfare of man, labels them with an "outcrop." The districts that have yielded nine-tenths of the silver produced in the United States are districts discovered 20 years ago. For 10 years past no even moderately great district has been found. Yet during all that time keen and alert men have been active in the search. There is not a mountain so high or rugged nor a gorge so deep or inaccessible as to have missed the assault of the ubiquitous prospector. Proof is everywhere afforded by the "testimony of the rocks." Powder marks and indications of boring and blasting mark the path of this restless and enterprising wanderer. Throughout the length and breadth of the country there is not a spot presenting any natural indications of a mine—any outcroppings—that does not exhibit evidences of the drill and of the determination of the prospector. Yet nothing of any special value has been found.

According as the great mines become exhausted the business as a whole produces a less average return to capital, and it becomes more difficult for even the successful prospector to interest moneyed men in his discoveries. All who are familiar with mining know how slight on the average are the rewards and how doubtful the chances. Those who have made large fortunes in the business can be counted on the fingers of one hand. Almost all who have made any money in the mining regions have left them to engage in some occupation of less risk in other places where they and their families can enjoy more of the comforts and solaces of life. Such of them as remain discover by hard experience that it is far easier to lose a fortune than to make one, and by degrees learn how unsafe it is to touch a mining venture until it has been developed by others to a sufficient degree to make it almost a certainty that it will return to an investor at least the money put into it. They would prefer to pay more for it after some development had been effected in it than to incur the constant hazard of the other course. They understand only too well the risks of the business. Should they persist in entering new ventures with anything like their early freedom when they risked their own labour only, it would be but a question of time for them to lose everything. The man who was guided to a fortune by courage and hope finds that courage and hope unmodified by caution will take it from him. There are so many illustrations of this in the mining regions that men who have anything left learn more and more to hesitate before embarking in new enterprises. Capital, except when in the hands of the inexperienced, where it seldom finds lodgment, is rarely invested in a "prospect," and it is with great difficulty that it can be got to be invested in a mine. The journey between a prospect and a mine is a long and expensive one. This leaves the "prospecting," the finding of mines, and their development (a tedious matter requiring much trouble and time), to be done through the individual labour of men without capital. Under those circumstances it must be obvious that the work of opening new mines cannot make rapid progress.

It is extremely rare for outside capital to take the initiative in mining enterprises. A great mine must first be found, and a large amount of work expended upon its

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development by men who understand the business before they feel warranted in inviting, or could succeed in obtaining, capital from outsiders. With the exhaustion of the great fields—and they are now rapidly being exhausted—less and less outside capital will go into the business. It is easier to obtain large amounts of money for the development of what appears to be a great mine than a trifling sum for the development of a small one. In the face of the large profits which are said by those who know nothing of the subject to be realised by mine owners in the United States, is it not a little singular that capital is so slow to enter and compete for a share of these rewards? All other pursuits, when more than ordinarily profitable, are promptly and eagerly invaded by both capital and labour. Our country from the Dakotas to the Gulf, and from ocean to ocean, has well-organised State and Territorial Governments in which law and order prevail, and in which capital is as safe as anywhere in the world. The best mining experts are to be had for reasonable compensation. Yet we do not find capitalists hastening to employ such men or to risk their capital in that class of enterprise. One would suppose that a business which according to the published reports have so many allurements, and so few drawbacks, would be sought with eagerness and pursued with satisfaction. Yet men of capital appear to prefer to engage in banking and similar businesses, which undoubtedly give far better and more certain returns. It is entirely safe to say that not one mining venture in a hundred, perhaps even one in a thousand, ever returns the money put into it. The fact is, that the nearer one gets to the mining regions, the more one becomes convinced that the average reward of effort and industry in mining is less than that of almost any other pursuit, while the risks are infinitely greater than those of any other. Hence the small number of persons who engage in it either as capitalists or as working miners, and hence also the difficulty with respect to any increase of their numbers. All this is well known and understood in the regions of country in which the mines are situated. It is only people who live thousands of miles from the scene of operations that are able to see so much profit and so many advantages in the business. People do not reflect that the greater proportion of the expense connected with mining is in *finding the mine*. Were this not the case capital would doubtless engage more generally in it. If prospecting were to be paid for at the rate per day charged by miners who work for a daily compensation, it would be found that for the capitalists the cost of mining would on the whole be infinitely greater than that of buying mines after they have been found.

Will there be
a flood of
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Will there be a flood of silver from mines already known to exist?

It is said that if, by remonetisation, silver should again reach a par with gold, there would be an enormous increase in the yield from mines already at work, or from mines known to exist, and whose opening and operation only await a rise in the price of bullion. Let us examine that proposition.

Is it to be supposed that, simply because the price of silver is low, any mining company will continue operating a poor mine if they can get a rich one? The fixed expenses of a mine being the same, whether the price of bullion rises or falls—for the intelligence and organisation of the miners maintain the scale of wages, no matter how low becomes the price of bullion—would mine operators be content at such a time to work low-grade ores, when, if they wished, they could work ores of high grade? If any more profitable mine were anywhere open to them, would they rest content with their present ground? And would not the low price of bullion and their own instincts of thrift be puissant forces to impel them to work in the best mines of which they had knowledge? The fact is that the lower the price of bullion becomes, the greater and more imperative becomes the inducement to the owners of mines to increase the output, in order to pay expenses and leave a profit.

If this be true, and it seems to me self-evident, it may be manifest that the greatest yield which it is within the power of man to produce with the number of people engaged in the industry, is now being produced.

As matter of fact, there are very few veins that contain less silver than 15 ounces of metal to the ton of ore. Veins usually contain either that much metal or practically nothing. Where the returns show a quantity much less than this, the work is in "tailings" and in the outer edges of small veins, from which the quantity of ore produced must in any case be small.

At an increased price there may be a few small mines that could be put to work, but they are not such as would yield much silver. They do not belong to the class of mines that could possibly produce a "flood." Nature separates by long distances her great deposits of silver. The Comstock is a long way from Leadville and the Potosi

was a much longer distance from both. Certainly when bullion is low and the profit slight, there can be no inducement to make the output small. With low-grade ores which barely pay at the prevailing price of bullion, operations could not continue unless an enormous quantity of ore were worked. So far as the owners are concerned, if a mine could be worked out in a day it is manifest that they would make much more profit than if the work were spread over a number of years. It is to their interest to employ every man who can be worked to advantage in a mine. Without reference to the price of bullion, mine owners at all times extract every ton of ore that the physical conformation of the mine will permit. True, the larger price would give a greater profit, and it might seem that in this there would be so much the more inducement miners to look for new mines. But my experience and that of all men who understand the subject from a practical point of view, is that that is not the effect. New mines are searched for by prospectors according to the method which I have already explained, and without the slightest reference to the price of bullion. In their long and weary tramp over the mountains they know nothing about the price of bullion. They are in search of a mine, and it is a fact that a *great* mine (which is the thing every prospector hopes, and indeed "expects" to find) would pay at any price that silver bullion has yet touched.

It is sometimes stated, by those who have obtained their information elsewhere than on the scene of action, that great improvements have been made in the art of mining, that new methods, radical in their character and revolutionary in their results, have been discovered, by which untold quantities of silver are to be produced from mines which have not hitherto offered sufficient prospects of profit to induce capital or labour either to operate or open them. With the exception of some improvements effected in furnaces for treating lead ores which contain some silver, the improvements in the industry of silver mining have not been of a character to make any material reduction in the expense of the work. The same class of machinery that was placed in the mines and mills of the Comstock lode in 1865 is still in use, without any material improvement. The fortunes which are alleged to be made by working over with new machinery the "tellings" or residuum from the ores already worked are purely fictitious. No one is making any fortune out of "tailings" by any form of machinery.

A consideration of prime importance in connexion with the limitation of the silver yield in the United States is the limited number of people who will consent to be miners. Few persons will leave the comforts and solaces of civilisation to lead a life of comparative isolation and discomfort. Among the ancients the Argonauts were not numerous; among the moderns they are not proportionately more so. The business is one demanding peculiar qualities, qualities not very common among men. Those who engage in it must be earnest, alert, intelligent, and ambitious; at the same time robust, hardy, enduring, self-denying, and self-reliant, and willing to put all these qualities to the test. But more, they must possess the fever of hope and the delight of anticipation. They know that the business is the merest lottery, and that the chances are more than a hundred to one against them, but each has a belief in his "star" and is willing to undergo untold hardships on the chance that he may be the man to win the prize. For that class of men the pursuit will always have sufficient charm and allurements to inspire continued effort, yet always sufficient doubt, disappointment, and loss to prevent undue increase of their numbers.

Notwithstanding the glowing reports of successes in the industry, the mining population of the United States has seen little or no increase for many years. Many men impelled by high hope would be willing for their own part to undergo hardships, but are unwilling to subject those for whose comfort and happiness they are responsible, to the inconveniences and privation inseparable from life in remote and isolated regions.

Silver mines are, without exception, found in bleak and barren hills, unfitted for agriculture or any industry other than mining. In the nature of things the camps must be temporary. Every day's work shortens by a day the life of the little society. People know that the home cannot be permanent. The vigour with which mines are operated renders certain the early dispersion of the community. At the utmost they can hold together for but a few years. By the time families become fairly established, with children growing up around them, they are forced to seek a new home. It is not agreeable for parents to know that the entire environment in which their young people are reared is certain to suffer dispersion before they reach maturity. These are considerations that with a people such as ours have surpassing weight, and taken in connexion with others, render it to my mind as certain as anything can be that the

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numbers of the miners will never bear any higher proportion to the total population than their present numbers bear to the present total population. Formerly they did not increase while silver was at a full parity with gold. Instead of their numbers now increasing in case of remonetisation of silver, they would be much more likely to diminish. The advent of prosperity in all departments of industry and commerce, which would be effected by the restoration of silver to its time-honoured function, would be extremely likely to induce men now engaged in mining to take advantage of the increased activity, leave mining, and engage in some other pursuit.

It is well known among mining men that the discovery and working of the Comstock lode, with its many mines and enormous yield, did not induce any addition to the numbers of the miners. Should the metal again reach \$1.29 an ounce (where it was when the Comstock was discovered), why should we now expect any increase of the numbers? And without an increase of the number of workers, no "flood" of the metal could possibly occur, even were a great new field to be discovered.

Statements are sometimes made regarding what is supposed to be the small cost of mining silver. In computing this cost statisticians and statesmen of the gold standard are careful to confine their calculations to the successful ventures. They ignore the fact that hundreds of millions of dollars have been expended in the construction of mills and the erection of great plant, in sinking shafts, boring and blasting tunnels, and erecting hoisting works, that have never returned to their projectors the value of one dollar. The fact is also ignored that *mining is a lottery*, in which the prizes are few and the failures many; and that as to *any* lottery, taking into account the payments of all the contributors, the grand prize costs much more than its face value.

For reasons which must be satisfactory to themselves, these gentlemen who are thus careful to give painstaking but delusive computations as to the cost of producing silver do not appear to be equally solicitous to instruct the world as to the cost of producing gold. Perhaps they fear that an inquiry in that direction might show, as in my judgment it certainly would show, that, in proportion to coinage value, the stock of gold in existence, nine-tenths of which is derived from the mere washings of alluvial sands, has cost proportionately very much less than silver.

According to Soetbeer's statistics, of the entire amount of gold and silver in existence all but a trifling per centage has been produced during the period at which the metals have occupied the relation of between 1 to 15 and 1 to 15½. Had there been any special profit or advantage in the production of silver over that of gold, would not the result be observable in the stock of gold now existing? Had it cost less, on the average, to produce silver, at the established ratio, than to produce gold, would there be more gold now in existence than silver? Would there not, on the contrary, be very much more silver than gold?

The true question involved, however, is not the labour cost of the metals, but the infinitely more important question whether, from the want of a sufficient money supply, and merely in the interest of a small class of people who lend money at interest, the dry rot of a shrivelling industry shall be permitted to fasten itself irremediably upon society and civilisation.

That which is true of the prospects of mining development in the United States is true even in a greater degree of Mexico and of Central and South America.

The condition up to 1873, while silver was at a par with gold, not having been sufficiently favourable to induce the investment of capital in such mines as may still exist unopened in those countries, it is in the last degree improbable that such investment will hereafter be made. Silver mines cannot be worked without large and extensive plant. For the transportation of machinery, railroads are necessary. Besides, ore must be carried to a smelter, or a smelter brought to the ore; and railroads cannot be built cheaply upon almost perpendicular mountain sides. The silver mines of Mexico have been worked for hundreds of years. The increased production shown there within recent years has been near the border of the United States and near the railroads that cross the line, in mines accessible to our citizens. But the area is limited; it has been thoroughly explored and offers not the slightest inducement for hope that it will ever present to the world a mine of the first order.

In the countries south of the United States, the surface of a mining property no longer bears an "outcrop." While a great outcrop does not always indicate a great mine, few great mines have been discovered that did not have a great outcrop. Thus outcrop aids enormously the work of the prospector. While it frequently proves disappointing, it encourages effort and sustains hope. The Comstock lode was discovered by the light of its outcrop. The people of the United States had then had

no experience in silver mining, yet so distinct were the indicia on the surface that the outcroppings alone yielded millions of dollars. The advantage of an outcrop therefore is not only that it guides to what may be a mine, but it can itself be worked at little cost, no machinery or hoisting plant being required to extract the metal it contains. Ores near the surface are oxydised and consequently less refractory and less difficult to treat than ores found at any considerable depth.

The mining prospector, having little if any capital, usually depends on the metal extracted from the outcrop for the means to determine whether or not he has a mine. In Mexico and South America, during the centuries since the discovery of the Continent, everything of value near the surface has been exhausted. This deprives the miner not merely of the means for carrying on his work but of the opportunity of making superficial investigation of the ground as nature left it, and so of the most important evidence upon which to base an opinion as to the chances of permanence of deposit.

The great silver yields have been those of the Potosi mines in Bolivia discovered in 1545 and long since exhausted, and the Comstock in Nevada, discovered late in the "fifties" and now, as I have said, practically exhausted. It is such discoveries as these that produce "floods." It is as certain as anything in the future can be that the world will have long to wait for a mining development similar to either of those, if indeed it is ever again to see one. But, as I have already remarked, should even such a discovery be made its yield in any one year would bear but an insignificant relation to the enormous stocks of the precious metals now in existence, and could not in any but a trifling degree affect prices of commodities.

By those not conversant with the subject, mines are supposed to be discovered by accident. Within certain limits this is true. The placers of California were discovered by mere accident, but since the time of the discovery prospectors have been out in every direction and have ransacked the entire Continent for mines. While thus searching, guided by knowledge and experience, a prospector can hardly be said to make his discoveries by "accident."

The entire Continent of America from Mount Rainier to the Cordilleras has been prospected every foot of the way by skilful, hardy, and adventurous men, possessing not merely acuteness of observation and adaptability for the work but practical experience in mining and prospecting. All who have heard the intelligent statements of such men are convinced that should any great mine now exist on the Continent of America it must be in some region hitherto untouched and untravelled by the prospector, and remote from railroad and other facilities of operation. Its development, even if discovered, would be necessarily toilsome and protracted; and no such discovery seems probable within any period in the near future. From all points of view then there is no basis in reason or experience for the expectation of a "flood" of silver, under any circumstances.

No complaint can be made of the attitude of France before this Conference. That country already possesses an ample stock of legal tender silver. With a stationary population, an absolutely steady bank-rate and only an inconsiderable trade with the East, the interest of France in the question before this Conference cannot for a moment compare with the interest of Great Britain.

And now, Mr. President and gentlemen, I trust I shall not transcend the proprieties of the occasion if I take the liberty of inviting the special attention of the honourable Delegates from Great Britain to what I am about to say. According to statements which have received widespread publication, and which I have not seen contradicted, the fall of prices in England has been on such a scale that farms are going out of cultivation, and the landed interest is passing into the hands of mortgage companies. These circumstances serve to remind us of the statements made by an eminent historian of Great Britain, Sir Archibald Alison, to the effect that on the occasion of a former severe contraction of the money volume, on the passage by Parliament of the Bill compelling payments in gold, prices rapidly fell, cotton sinking, in the course of three months, to one-half its former level. Within six months all prices had fallen one-half, and for three years showed no indications of improvement. By reason of this contraction of the currency the industry of that great nation was congealed as is a flowing stream by the severity of an arctic winter. Bankruptcies increased in 1819 more than 50 per cent. over the number for the previous year. The owners of land, who in 1819 numbered 160,000, were, as the historian veritably informs us, reduced in seven years to the number of 30,000, and one person in every seven of the population was obliged to be supported by organised charity. The disorganisation of

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industry and the consequent compulsory idleness of workmen led to frequent conflicts between the people and the military. They also led to serious commercial crises. By the adoption of the gold standard, and the demonetisation of silver, England became the habitat of panics, as Egypt had long been of the plague and India of the cholera. But so great is the admiration for gold that not only is the advanced position of Great Britain in reference to manufactures absurdly attributed to that so-called "standard," to an inert substance, instead of to the skill of her trained and sturdy artisans, the producers of most of her wealth, but the very shortcomings of this "standard"—the commercial cyclones which, with recurring periodicity, uproot the most firmly established of England's business houses—are seriously attempted to be accounted for, even by so excellent an economist as Professor Jevons, on the theory that they are the effects of the spots on the sun.

Not only are the people of England interested in this question but the people of Ireland are interested in it. It is only lately that it has come to be seen by many to whom the Irish question has long been familiar that that question is much concerned with the monetary standard. The attention of the civilised world has recently been sharply called to the question by a clarion note sounded by the distinguished Archbishop of Dublin—Archbishop Walsh. That able and enlightened prelate presents an unanswerable arraignment of the gold standard. In an interview published in the Dublin "Freeman's Journal" of November 28th last, he said:—

"As for the Irish tenants, it is to be remembered throughout that the way they come into consideration in the matter is this: They are, many of them, placed under an obligation to pay year after year a fixed amount of money—'fixed' that is to say, in the sense that the amount is specified in pounds, shillings, and pence. Some of them have to pay this 'fixed' sum for longer or shorter terms as leaseholders. Others have to pay it for fifteen years as judicial tenants under the arrangements of the Land Act of 1881. Others, as tenant purchasers under one or the other Land Purchase Acts, have to pay it to the Government for forty-nine years. Now any such obligation may bring with it financial ruin to the unfortunate tenant who has undertaken it, if the conditions of the case are such that, notwithstanding the so-called 'fixing' of the amount to be paid each year, the payment of the amount so 'fixed' really represents a burden growing heavier and heavier from year to year. The main point here (in Ireland) is that as regards the farmer he is under the obligation of paying in rent or otherwise an amount fixed in pounds, shillings, and pence. What has really happened, then, is that the rent or other annual payment which he has to make, though it is thus specified, is gradually rising from year to year. To bring this matter to a point, then, it comes to this, that year after year more corn, more hay, more cattle, have had to be sold to enable the farmer to meet that annual payment. And plainly the longer the term for which his 'fixed' payment has to be made the more distressing must the results be to him."

It appears to me that the case could not be more clearly stated.

The relations of Great Britain to her great dependency, India, with reference to the question before the Conference, merit more than a passing word.

By the evidence given before more than one Royal Commission we are assured that the rupee will to-day in India purchase as much as it ever did in its history. What is the significance of this statement? It clearly implies that the farmer of the Punjab is now receiving more rupees for the thirty shillings which his wheat realises in London than ten years since he obtained for forty shillings. How is it possible that Europe and America can market their crops under such conditions of competition? Should the rupee fall in gold value in Great Britain to a shilling, while maintaining its full purchasing power in India, the agriculturists of England will see wheat selling in London at twenty shillings a quarter. While the so-called "fall" of silver is stimulating the exports of India at the expense of the farmers of England and of the United States, it is at the same time building up in India a destructive and merciless competition in cotton goods to China at the expense of the people of Lancashire. To show the extent of stimulus supplied to the India industries, and the effect which the present policy of Great Britain is exercising upon the industries of Lancashire, I read the following brief, but suggestive extract from a speech delivered by Mr. John A. Beith at a meeting in the Town Hall of Manchester last October. Mr. Beith on this subject said:—

"In 1874 the total exports of yarn from the Indian mills to China and Japan amounted to only 1,000,000 lbs. It was only in 1875, and when silver had fallen

3*d.* per ounce, that the 1,000,000 lbs. of exports, which it had taken Indian mills nearly 10 years to get up to, at once expanded, as if in obedience to the wave of an enchanter's wand, into 5,000,000 lbs. In 1880 there was a further fall of 5*d.* per ounce, and consequently a further advantage to the silver of India and China, as compared with England accepting only gold payments, and so, then, the five millions of exports from India became 25 millions. In 1885 another fall took place, and the 25 millions became 75 millions. In 1889 there was a further fall of 5*d.* in silver, and the 75 millions became 127 millions. In 1891 there was still a further fall, and the 127 millions of exports of yarn from India to China became 165 millions; so that in 17 years, through the operation of this cause chiefly, one million lbs. of yarn exports per annum had risen to 165 million lbs. per annum. These are very large figures, but if you look a little more into the details they become even more appalling. One hundred and sixty-five million pounds of yarn sent from Bombay to China and Japan means that India is sending six times as much as the United Kingdom sends to China and Japan, twice as much as the United Kingdom sends to India, China, and Japan together, and is indeed very fast approaching the figure of Lancashire's total exports of yarn to the whole world. If the ratio of increase continues as hitherto, the shipments from India will exceed in from three to four years the total shipments of yarn from the United Kingdom to the whole world, including India, China, and Japan. It seems to me that those figures speak eloquently for themselves."

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This statement is so clear and pointed that comment upon it would be work of supererogation.

Look at the position of the India Government. That Government is obliged by reason of its gold indebtedness to England to sell yearly for gold in London not less than 80 million ounces of silver, which it does in the form of Council Bills. The Government of India, in other words, is a seller of 50 per cent. more silver yearly on the London market than is purchased yearly by the United States. If then Great Britain be not interested in the price of silver, it would seem that she ought to be interested in the price which the Government of her great dependency receives for the silver which it sells. The interest on the enormous debt which the people of India owe to the creditor classes of Great Britain, which must be paid in gold or its equivalent, is to-day, in the products of their labour, costing the people of India 50 per cent. more than it did in 1873. Think of it, 50 per cent. more of sweat and toil to pay now a debt contracted in or prior to 1873, and the process of increase still progressing!

The creditor classes, not of Great Britain alone but of all gold-standard countries, would doubtless be somewhat unfavourably, but they would not be in the slightest degree unjustly, affected by a cessation of this wrong—by permitting the establishment of the old relations between silver and gold. The unearned increment, of which they have long been in receipt not being a constant quantity is year by year becoming more and more onerous. The upward flight of gold is assuming an accelerated pace. May it not persist too far? May it not well be that, whether in India, in Egypt, in the Americas, in Australia, or elsewhere, the creditors may find, to use a homely but unmistakable phrase, that by this process of financial strangulation they are killing the geese that have been laying the golden eggs?

Two things are necessary to be accomplished for the prosperity of the business world. First, to steady the exchanges between the Occident and Orient; and, secondly, to arrest the destructive rise in the value of gold. Of these the second is by far the more important.

All propositions that have thus far been submitted to the Conference are, according to my conviction, wholly insufficient to meet the greater of these needs.

The honourable Delegate from Great Britain, Mr. Alfred de Rothschild, submitted a plan by which, if adopted, the nations of Europe might agree to buy annually five million pounds sterling worth of silver bullion at not more than 43 pence per ounce, purchases to cease when the gold price of the metal exceeded 43 pence, and the United States to continue the present scale of purchase of 54,000,000 ounces a year.

This plan might for a time prove something of a palliative for one of the evils to which I have referred, by contributing toward the steadying of the exchanges between the Occident and Orient. It is not, however, a palliative that is required, it is a restorative. The remedy proposed would in nowise reach the more serious—the universal evil—an evil in comparison with which unsteady exchanges, however harmful, sink into insignificance—an evil which in all gold-standard countries vitiates contracts,

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distorts justice, and destroys equity. That evil, I repeat, is the persistent rise of gold.

As the lesser is always included in the greater, the true remedy for the fluctuation in exchange is to arrest the rise of gold; to enlarge the volume of money of ultimate payment, by restoring the long established relation between gold and silver, and dividing between them the money-duty which gold alone, by reason of deficiency of quantity, is totally unable to perform. But while bi-metallists could not accept, even tentatively, the proposition of the honourable Delegate from Great Britain, they accept with cordial acknowledgment the admission from so distinguished and authoritative a source of the gravity of the present situation. Statements of similar import, proceeding from bi-metallists, have heretofore been met in the press and among leading publicists of the gold-standard school, not merely with denial but with derision. It is at least a gratification to find that although the honourable Delegate from Great Britain does not agree with some of us as to the remedy to be applied, he does not hesitate to admit that a condition of serious import in respect to the monetary situation faces the civilised nations. When people agree that there is an evil to be remedied something is already accomplished toward remedying it. But any remedy which attempts an adjustment of present difficulties without arresting the persistent appreciation of gold, or, in other words, without arresting the fall of prices, can be likened only to the attempt of a man who, while descending a shaft by means of an "elevator" should, notwithstanding the downward movement, attempt to reach the upper air by climbing a ladder in the car.

Great Britain made the first mistake in separating her monetary system from that of the rest of the world, and should be the first to acknowledge her mistake and take the lead in rectifying it. The United States made the mistake last, but were the first to endeavour to correct it by calling conferences of the nations to consider the situation.

Considering the interest which Great Britain has in the maintenance of equity and justice among her own people in respect to time contracts, and in the maintenance of a stable rate of exchange with her great dependency, it will be matter of profound regret if the statesmen of that nation, to which the world is indebted for trial by jury and parliamentary government, shall long hesitate before reviewing and reversing a decision arrived at 100 years ago, when industrial conditions were wholly different from those of to-day.

The position
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States.

Judging by occasional expressions used by honourable Delegates here, and by statements found somewhat generally in the public press, there would appear to be in Europe a misapprehension with reference to the position of the United States, and the object which the Government of that country had in view in inviting the participation of the other leading Governments of the world in the Conference now assembled.

In various publications it has been intimated that the people of the United States, alarmed at alleged evils with which they are threatened owing to their own financial policy, have sent Delegates here with a view rather to improving the situation of the United States than that of the Powers invited to participate. The United States are not here, Mr. President and gentlemen of the Conference, with a view of advancing any special interest, either of men or of industries, nor are they here because they have the slightest fear, or the slightest cause to fear, their own fiscal or financial policy. They are here solely to endeavour to arouse the civilised nations and Governments of the world to a sense of the enormity of the evils that universally exist, and to aid in suggesting a remedy.

The United States desire to see established for the world a monetary standard that shall approach a standard of justice. The United States deem the prosperity of every country to depend on the degree with which all its people can be kept uninterruptedly employed; that this transcendently important end cannot be attained except through the instrumentality of time-contracts, involving deferred payments extending over a series of years; that such contracts are based absolutely on the value or purchasing power of money prevailing at the time the contracts are entered into, and that any increase in such value arising from a deficiency of the supply of money does injustice to one of the contracting parties. That the injustice thus effected through the furtive, subtle, and clandestine increase in the value of money bears with crushing force upon the employers of labour, whose painstaking estimates prove unavailing. That this thwarting of all business foresight leads to losses which compel the suspending of looms and the damping down of furnace fires, and that thus results the greatest misfortune that can overtake society, namely, the relegation to idleness of large masses of willing workers.

The people of the United States further believe that owing to the constantly increasing purchasing power of money all lenders of money at interest, holders of bonds and mortgages, and persons drawing fixed incomes from long leases or otherwise, are in receipt of an unjust and unearned increment of money, an increment not in the contemplation of the parties to the transaction at the time of making the loan or lease. That inasmuch as the element of borrowed money now enters to a greater or less degree into all business enterprises, this unjust and unearned increment received by the lender of money is a constantly increasing tax upon the working bees of society for the benefit of the drones, and, contrary to the enlightened spirit of the age, tends to the institution and perpetuation in the western world of a new form of serfdom or slavery of which the producing masses of the white race are to be the victims.

It has been said in various public prints that in so far as a demand is heard in the United States for the remonetisation of silver, such demand arises solely from the inhabitants of States in which the industry of silver mining is conducted. Judging from the articles to be read even in influential European journals, one would be led to suppose that these so-called "silver States" were not only numerous but teeming with population whose voting strength exceeded that of the population of all the other States. Not only so, but the influence in Congress of the persons who represent those silver States is said to be so great as to distort the judgment and control the will of a majority of the members of the legislative body.

These are all vain and empty illusions. The people of the so-called "silver" States constitute but a very small fraction of the population of the country, and out of a total of 444 persons constituting both Houses of Congress the number of those who represent so-called silver States do not exceed ten.

In pursuing the course that it has pursued with reference to silver the Government of the United States has not been actuated by a desire to placate silver-miners, or to advance the price of silver bullion; but by a desire to have a volume of money sufficient for the performance of the work which its people have to do.

What is that work?

I may be permitted to cite a few figures to show the progress made by the United States, which will convey some idea of the power of the population of that country to absorb and utilise money.

In 1880 there were 73 establishments for the manufacture of steel. By 1890 this number had been more than doubled, reaching 158. The output of ingots in 1880 was 1,145,711 tons; by 1890 this output had been more than quadrupled, the figures for that year being 4,466,926 tons.

The output of pig-iron in 1880 was 3,781,021 tons; by 1890 this quantity had been almost trebled, the output then being 10,307,028 tons.

The advance in one year in the iron and steel industries was as follows:—

	1889.	1890.
Pig iron - - - -	8,516,079	10,307,028
Rolled iron - - - -	2,566,385	2,820,377
Bessemer steel ingots - - - -	3,281,829	4,466,926
Bessemer steel rails - - - -	1,641,264	2,041,978

The advance in agriculture in one year may be gathered from the following. In 1890 our wheat crop was 400,000,000 bushels; in 1891 it had increased to 612,000,000 bushels. In 1890 the oat crop was 523,000,000 bushels; in 1891 it had increased to 736,000,000 bushels. In 1890 our crop of corn (maize) was 1,500,000,000 bushels; in 1891 it was 2,300,000,000 bushels.

The development of the railroad system of the United States is no less wonderful than the manufacturing progress. In 1880 we had 84,393 miles, which by 1892 had more than doubled, reaching 171,000 miles. The railroads of all Europe comprise 136,000 miles, so that with a population of 65 millions our country has a railroad mileage greater by 25 per cent. than all the countries of Europe combined, with their vast population of three hundred and sixty millions.

Railroads and steamships are no more essential to the physical distribution of wealth than money is to its proprietary distribution.

It would be superfluous for me to comment on the degree of progress shown by the figures I have quoted. They tell their own story. They will not appear to be any the less worthy of the serious consideration of the Conference when it is borne in mind

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that the financial policy of the Republic has here been likened to the work of Sisyphus, whose hopeless task it was to attempt to roll a stone to the top of a mountain, while the stone at each remove rolled back as far as it had advanced. It strikes me, Mr. President and gentlemen, that a financial policy which admits of such marvellous material development as I have indicated should invite rather the admiration than the unfavourable criticism of other nations, and might even to advantage be simulated by them. It occurs to me to inquire whether this progress, accompanied and aided as it has been by full legal tender silver money, either in the form of coin or of paper representatives, does not constitute an object lesson to be thoroughly studied rather than rejected? If this be the work of Sisyphus, I can only say that he is very rapidly getting the stone to the top of the mountain. If, on the other hand, we look at the financial policies of other gold standard countries, countries in which silver money, as full legal tender, is rejected, do we not find a far better parallel to the labours of Sisyphus in the hopeless struggle of the masses of the people to roll the stone of debt, whose weight is ever increasing, to the top of the mountain, where they might enjoy rest from their labours?

When a demand is made by the over-burdened debtors of the world that a halt shall be called in the process by which the burden of debt is constantly increasing to the unjust advantage of creditors, the disorganisation of industry, and the relegation to idleness of great masses of willing workers, what do the creditors reply? That to add to the money volume of the world by remonetising silver, to restore the old relations that for thousands of years existed between gold and silver, would be an advantage to silver miners. Why, Mr. President and gentlemen, money is an instrument for the fulfilment of the most beneficent function that can be fulfilled for society by any material thing whatsoever. It is absolutely essential that it shall be fulfilled by some material. As well might a deaf man refuse to use an instrument that would enable him to hear, because the seller of the instrument would derive a profit from its sale, as for men to refuse to use silver as money of ultimate payment, because some miners might derive an advantage from producing the metal. As well might the world decline to use steam engines, Westinghouse breaks, telegraphs, telephones, or electric lights, because the use would be a pecuniary advantage to companies controlling them, as to deny itself the inestimable boon of a sufficient money-volume, because miners would derive an advantage from the production of silver. In the case of the inventions to which I have referred, the companies controlling them would undoubtedly derive an advantage from their use by society, but would not society derive an infinitely greater advantage? Is the march of progress to be thus arrested by the refusal of society to adopt devices which facilitate processes? Are men warranted in rejecting the benefactions of nature any more than of science or art?

When a supreme need of society is to be supplied are the people to be told, because the installation of justice would bring pecuniary advantage to a small class of hard toilers in mines, or to those who hazard their all upon the chances of mining, that therefore there is to be no redress of the evils from which society is suffering? Regarding money as an instrumentality in the performance of a great society duty, is it not a greater instrumentality than any other known to civilisation? What instrument, what machine, what invention, can approach it in power or in utility of function? Is there any invention which the skill of man has devised that could not be spared better than money? No invention that ever blessed mankind has been so great a benefaction; but in order that its function shall be efficiently performed it must exist in a quantity sufficient to meet the demand for it.

The policy which the United States have pursued has been pursued in the interest of the producing masses throughout the entire extent of the country, and not in the interest of any one class. While, owing to the ruinous rise of gold, we have been unable to prevent a serious and continued fall in the prices of such commodities as are internationally dealt in, we have been able, by the aid of silver money, to sustain at a level more nearly consistent with justice, the prices of commodities that form the subject of our domestic business. The products that have not had an export have maintained their position better, and fallen less than those of international trade, such as wheat and cotton. Recent investigations undertaken by the Government of the United States into the prices of commodities demonstrate beyond question that the falling process has not yet been arrested, a conclusive proof that, notwithstanding the annual additions to our money, either in silver or its paper representatives, there has been no inflation of the circulating medium of the country. All that has been issued has been required for the proper performance of the duty which money should perform in a rapidly developing community.

It is said that the United States have failed to maintain the value of silver. The fact is that the value of silver has been maintained, and by the aid of the United States. In all countries in which silver is legal tender—and those are the countries that test its value—it has the same value to-day that it had when it had unrestricted access to the mints. As I have shown, its purchasing power, its control over commodities, has not declined. While we have not maintained silver at a parity with gold, we have done what is more important, maintained it at a parity with the products of industry, and with the principles of justice and fair dealing. It is more important for a people that their money, whatever it may be, shall maintain a steady relation to the food they eat and the clothes they wear than that it shall maintain relation with gold or with any other thing that may be named.

If there is a distance between gold and silver there is the same distance between gold and justice—between gold and the products of human labour. Whatever the distance may be it is gold, not silver, that is responsible for it.

The marvellous material development which I have noted could not have been accomplished without an increasing volume of money, and under the automatic system the volume could not be increased without the aid of silver. Had the United States entered upon a contest for gold with the other gold standard countries, the fall of prices of all commodities would have been greater, more destructive, and more lamentable than at present. The people of the United States, while they could avail themselves of silver money, saw no reason for entering upon a contest in which nobody could really win, and one in which, whatever degree of success might be attained, would leave the so-called "winner" more exhausted than the "loser." Instead of increasing the demand for gold, the United States have gradually added to their currency a considerable amount of silver, which has prevented gold from advancing in a proportion more ruinous than that we now see. It is the earnest wish of the United States to bring silver into use, and to make it share with gold the burden of maintaining prices at a substantially unvarying range, so that equity and justice may not be outraged to satisfy the greed of creditors. No matter what the financial policies of other countries may at any time be, the people of the United States have confidence that they will be able to amply guard their own interests. They fully understand that a just system of money, a circulating medium increasing to correspond with population and demand, is the most powerful agent for the production of wealth and its just distribution, and that, on the contrary, a vicious system, a system of which the volume either diminishes or remains stationary, while population and demand increase, is the most potent instrumentality for the diminution and concentration of wealth, and for the creation and distribution of poverty.

A careful reading of the history of all countries will demonstrate that as the production of the precious metals and their utilisation as money has declined, stagnation of industry has resulted; the forces of society in a proportionate degree collapsed, and poverty, vice, and crime extended, with corresponding increase in the number of inmates of jails, almshouses, foundling hospitals, and lunatic asylums. When on the contrary an increase has taken place in the production of those metals, and a corresponding increase in the volume of the world's money, society has made extraordinary strides industrially, socially, morally, and intellectually.

The clear sighted historian of the future who will give due weight to each of the many forces that sway the destinies of nations will realise how enormously important in the progress and advancement of a people is the possession of a money supply that keeps pace with demand. Give him but a history of money, clear, complete, and impartial, especially an account of the variations from time to time in its quantity, the regulator of its value, and he will write with unerring hand the mutations of national life, the rise, progress, and decay of kingdoms, empires, and states. A knowledge of the history of those metals will afford a clearer insight into the causes which decide the destinies of peoples than all the fine-spun theories of political intrigue ever conjured up by superficial thinkers and writers. Even political freedom is without effect if communities be financially enslaved. In the presence of gaunt hunger and benumbing cold, of what avail is universal suffrage?

It is not alone material progress that is aided by a happy adjustment of the money volume to the increasing demands of population. As language is a distributor of ideas, the product of thought, so money is a distributor of property, the product of labour. For its fullest development language depends upon the principle of association among men; it could not be developed in isolation. Money is the medium which, above all others, facilitates the gathering of men into aggregations. It is the great instrument of association, without which civilisation, as we know it, could not exist.

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As the development of language increases man's power over ideas and enables him, as with a magician's wand, to draw, from the impalpable world of thought, secrets that language alone in ever increasing subtlety and efficiency could conjure forth, so money that increases in quantity with the needs and development of a people will enable them, in their progress towards a higher civilisation, to evoke from the material world secrets of progress and achievement revealed only to those who have the intelligence, the aspiration, and the instrumentality to call them forth. In the work of subordinating nature, a work which it is the destiny of man to pursue and perfect, no agency is so powerful as a money-volume increasing in proportion to demand.

With the progress of time, the march of invention, the development and expansion of the arts, the more minute division of labour, and the consequent advance of civilisation, it will become increasingly difficult to keep large masses of industrial workers continuously employed, except by a constantly growing resort to the time-contract.

It is therefore daily becoming more and more important that the money of the world should be what Mr. A. J. Balfour, in his recent Manchester speech, very correctly said it should be, namely, "a fair and permanent record of obligations over long periods of time."

All the arguments advanced on behalf of the gold standard are built on Prophecy; those on behalf of the double standard on Achievement. The advocates of the gold standard rely on what they think or suppose may happen; those of the double standard rely on the *facts of history*.

Now, Mr. President, I merely desire in conclusion to say that I am one of those who believe that injustice harms not alone the victim but the victimiser. There is a moral constitution of the universe with which ultimately all things must square, and no matter how panoplied in privilege or power may be he who commits wrong, he will find that in its own time the wrong will return to plague its perpetrator. There is no safer rule for men than to do as they would be done by. It is to the interest of the creditors and income classes, as of others, to mete out even-handed justice to those with whom they deal. The history of nations is full of the warning that financial struggles lead to social struggles, sometimes to riot, desolation, and ruin. The accumulations of a lifetime—even of generations—may be swept away in a day. Those who have been wronged, the debtors and productive classes, ask no redress for the past. They have thus far, without complaint, tolerated the exactions, because they did not clearly perceive the cause of them. They are now awakening to the extent and magnitude of the evil, and to the source from which it emanates. They demand, not restitution, but reform; to this they are entitled, and sooner or later this they must receive. Time, the great arbiter, renders all decisions on the side of right. Governments alone can undo the mischiefs that Governments have done. Whatever may be the result of this Conference, we may rest assured that, ultimately, despite the craft of the cunning and the wiles of the wicked, the great producing masses of the civilised world will crystallise into law their imperial will.

Mr. Allard.

MR. ALPHONSE ALLARD (*Delegate of Belgium and Delegate of Turkey*), spoke as follows:—

GENTLEMEN:

After the remarkable speech which you have just heard little remains to be said. What Mr. Jones has just delivered is not a speech, it is a treatise on the subject; is it not only a monetary treatise, it is a study of social economy.

At the Fourth Session, when I had the honour to speak upon the project of Mr. de Rothschild, I committed the little imprudence of trespassing upon bi-metallism, which was not, as now, the order of the day. You pardoned me, you kindly listened to me, and I thank you.

After Mr. Jones I hesitate to take up the debate. I would simply come back to a point to which I have already had the honour to call your attention, and which to me appears more clearly and more luminously than ever after the exposition of the honourable Delegate of the United States; it seems to me more certain than ever that the solution which we seek should come to us from England.

The knot is not here, nor is it at Washington, nor in India. It appears to me to be at London.

I have shown you, gentlemen, how the anxiety of England increases from year to year, and you have seen her each year more uneasy as to the situation of affairs.

I showed you—Mr. Jones has recalled it—how Mr. Goschen called attention at London in 1883 to the fall of prices and to the rise of gold which was already visible.

In 1885 Mr. Goschen went to Manchester to give warning of the same danger.

In 1886 it was not Mr. Goschen but the English Government which was concerned at the slackening of trade, and which appointed the well-known Commission on the Depression of Trade.

The following year, in 1887, Mr. Goschen again went to Manchester. He said to the manufacturers, "Take care! Gold is increasing in value, prices are falling, and a crisis menaces us."

In 1888 the English Government, becoming more and more concerned, appointed the Gold and Silver Commission.

In 1889 Mr. Goschen who had become Chancellor of the Exchequer, ever more and more uneasy in regard to the appreciation of gold, proposed the establishment of one-pound notes: the number of pounds in circulation was insufficient.

In 1890, bi-metallism was brought before the English Parliament, and one third of the members voted for it.

In 1891 apprehensions increased. Mr. Goschen returned to the charge; he published a pamphlet; he spoke of the insufficiency of gold as a permanent danger for England.

This constant and repeated uneasiness demonstrates manifestly the existence of a profound malady in England whose nature is known and for which it is high time to find a remedy.

I said to you in our Fourth Session that the English farmers might not perhaps be of the opinion of Mr. de Rothschild and might perhaps be infinitely less satisfied than he with the fall of prices. At the very moment when I spoke, as I have since learned, an imposing demonstration under the auspices of Mr. Henry Chaplin, ex-Minister of Agriculture, took place at London and brought together all the agriculturalists of England. You have read in the papers the alarming signs of which they complained to the Government, and you have observed the energy with which they accused the monetary question of being in large part the source of their evils.

Monsignor Walsh, Archbishop of Dublin, himself concerned at the grave and disastrous results of the fall of prices for the Irish, has just taken the lead of a movement in England, whose importance cannot be overlooked. He demands from the English Government a prompt amelioration of the monetary situation.

I have shown you further, gentlemen, how the Bank of England, under menace of danger, received aid from the Bank of France.

I have shown you that the real evil followed, not from the fall of silver, but from the appreciation of gold. Have you not heard from the Delegates of Mexico that in theirs, a producing country, where the circulation consists solely of silver, and where if that metal had been depreciated it would have been felt soonest of all, the imaginary depreciation had never existed. Silver, they tell us, still buys in Mexico the same quantities as before. It seems to me, therefore, obvious that it is the operation of the appreciation of gold which makes us believe in the depreciation of silver.

I have shown you the Latin Union with its limping bi-metallism going to the aid of mono-metallic England.

I have shown you mono-metallism compromising England, and bi-metallism, even though limping, still protecting the Latin States. Those are facts, not theories, and it seemed to me that there was nothing to reply. But I erred. What do my opponents say? Do they say the facts are inexact? No, they cannot deny them. Do they dispute the conclusions which we draw from them? They are self-evident.

But what do they reply, I ask? Nothing; it is far easier. You have heard, as I have heard, gentlemen, that they are satisfied to say to us very simply, "Crises? No, there is no crisis. Embarrassment? A mistake, there is no embarrassment."

You have heard our very courteous colleague, Mr. Currie, tell us there is absolutely no embarrassment. You have heard my excellent colleague and friend, Mr. Weber, satisfied to tell us that "bi-metallism is bad, the situation of the Latin Union is unenviable, and as to the remonetisation of silver, it is impossible."

"Why?" we ask. "But," they reply, "do you not see that that would make silver mining profitable?"

And what if it did?

But as to that, gentlemen, should we freeze in winter to prevent coal-owners becoming rich?

It does not seem to me that this is a good reason or a solid argument to present to so august an assembly.

Singular obstinacy! In our discussions we have all the trouble in the world to obtain from our opponents serious arguments. It is true that they have only very few. And further, mono-metallism is so recently established in Europe, that for fear that it

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should be dislodged, it is barricaded at London, at Stockholm, at Brussels, at Berlin, and elsewhere, and its friends are content to defend the citadel. We bi-metallists are compelled to lead the assault. Thus you see the calm of the mono-metallists and the "juvenile ardour," which animates the bi-metallists, to the astonishment of Mr. Cramer-Frey.

When our honourable colleague from England, Sir William Houldsworth, presented to Mr. Goschen at Manchester an imposing delegation of cotton-spinners, who demanded the abolition of mono-metallism, the Chancellor of the Exchequer said to them that it was really a singular thing that the mono-metallists had always forgotten to say why they were mono-metallists and what advantages they hoped from it.

What did we see here last Tuesday? Much the same thing. Sir Guilford Molesworth, Messrs. Boissevain, van den Berg, and Jones launched together into the most complete and most magnificent debate, of which Monetary Conferences hold record, and Mr. Hans Forssell, our eminent colleague from Sweden, rose and pronounced a discourse which was very learned, very dogmatic, very correct, to all appearance, but on which I have only one criticism to make—I have taken the liberty of saying it already to our honourable colleague—that it seemed a half century behindhand.

He reproduced very exactly the arguments which Michel Chevalier urged 42 years ago, in 1850, when he demanded the demonetisation of gold; for I would have you observe that whether we demonetise silver or demonetise gold, it makes little difference to the theory; it is six of one and half a dozen of the other, and the arguments good for the one are good for the other. Mr. Forssell went so far as to speak of the probabilities of a fall of silver, just as Michel Chevalier spoke in 1859 of the fall of gold.

Very well, I believe that the probability of a fall of gold, which Michel Chevalier foresaw, is exactly similar to the probability of a fall in silver with which Mr. Forssell threatens us to-day.

As to the fall of silver, there is none, except that which we have created ourselves in Europe, where silver is valued in gold. We have seen that there is no fall of silver except that which we ourselves bring about in measuring it with gold, which is scarce. We are like children who make a shadow on the wall and are as alarmed at it as if were real. I think that if we had been more reasonable, and if instead of demonetising silver in 1873 we had opposed that measure as we opposed the demonetisation of gold in 1850, the shadow which we have created would never have existed, and we should still be in that era of prosperity which we regret to-day.

Mr. Forssell was careful not to tell us why gold was not demonetised in 1850. He took very good care not to mention it. He should have recalled the past, but he preferred to forget it.

At that time California yielded gold to a value greater than that of the white metal furnished to-day by the mines.

Why was it not demonetised? This is the reason. The average prices of all articles had fallen 49 per. cent.; and that fall had led to revolutions in the whole world. We had just left 1848 behind us. We had had enough of falling prices. We wanted to find gold. We needed more money for the growing affairs of the world. We found it and we wisely refused to demonetise gold; and all of us here present remember the prosperous era which followed.

Mr. Forssell forgot to speak of all that. That would have been an excellent argument in our favour,—an argument the indisputable force of which I fear he did not mistake.

How could it be admitted that the demonetisation of silver was a good thing in 1873, if it be proved that a great error would have been committed in demonetising gold in 1851?

How can we share the opinion of Mr. Forssell that silver should be considered finally outlawed, when Michel Chevalier was wrong in 1851, and when experience has proved that the happiness of humanity was due to the fact that people did not listen to him.

The theories of Michel Chevalier, of Mr. Forssell, and of all the mono-metallists proceed from an error which consists in considering money as merchandise, and in reasoning as if it were wealth.

Money has never been either wealth or merchandise. Money is the contrary of merchandise, it serves to pay for merchandise; and the quantity of money which is given in exchange is the *price* and not a *merchandise*.

Neither is money wealth. If society could dispense with money, it would be very fortunate.

Money is only a broker, a sort of intermediary between the desires of mankind and the wealth of this world.

It is the blood which circulates in the veins of our social body and which brings it health, wealth, and life.

Adam Smith said that the gold and silver circulating in a country could be compared to a highway which helps products to circulate and to be brought to market, but produces nothing itself.

He said truly. We should judge money by its utility whatever its nature. Whether the road be of sand or of earth, whether it be yellow or brown, is of little importance, if it be broad and easily accessible; whether money be white or yellow, provided it be abundant, is wholly indifferent to us.

Money has none of the characters of a commodity. It circulates by virtue of legal enactment. Do we discuss its price? Do we buy it? Do we sell it? What kind of commodity is this? It does not exist. Money is not a commodity, but a tool or an instrument.

Money is not an object of consumption. The commodities which we consume to satisfy our needs and desires are the only true wealth; they owe their origin to the earth.

Well, gentlemen, let us examine now the prices of commodities.

What is price? It is the quantity of money given in exchange.

The average price of commodities in the world seems to me quite comparable to the scales with two scale-pans which we see in shops. On one pan commodities, all things which are exchanged, are weighed; the more we put on, the more it sinks, and the more prices fall. Upon the other pan are heaped the gold and silver which the mines have produced since the beginning of the world. In the course of time an equilibrium was established. It was marked by a tongue indicating the average value. In 1873 the original idea was started of going to the pan which contained the metal, and, what had never been done before, of taking away the silver on the ground that it was not wanted. Immediately the pan was lightened by half of its load, and it rose. But on the other side the pan which contained all the commodities fell. The result was normal and elementary, and it was foreseen that prices ought to fall. Well, gentlemen, to re-establish the equilibrium there are only two means. Either replace silver on the monetary pan from which it was taken in 1873, or lighten the commodity pan to balance it with the proportion and quantity of money on the other side; that is to say, diminish exchanges, diminish commerce, injure agriculture, restrict industry in proportion to the metal which you took away in 1873, or else re-establish silver in its former functions.

That is the simple remedy which bi-metallists demand; their opponents prefer the fall of prices, and its disastrous consequences.

To render money more scarce or more abundant is to make all prices rise or fall. An increase of money, as in 1850, corresponds to the growth, the progress, and the life of society; monetary contraction will always lead to anæmia, sickness, and crisis.

If you diminish the quantity of blood in the human body will it not bring about anæmia? Diminish the amount of money in the social body, and that diminution will bring about a crisis.

What we demand is that the blood taken from us twenty years ago be given back. History proves that we are right. When America was discovered in 1500 all prices rose in Europe in the exact measure of the quantity of money which arrived from the New World.

A chicken worth four sous in 1500 was worth fifteen in 1600. Forty-eight years after the discovery of America rents in England had risen 400 per cent. The immense discoveries acted upon this growing society with a power which the same discoveries would not exercise in our days. In 1548 Bishop Latimer, at the Court of Edward the Sixth, claimed that the landlords ground down the farmers. It was then, as to-day, the subtle action of money which disturbed social relations in England. Europe has recently contracted its circulation; prices have fallen just as they rose in the 16th century.

What did we see from 1851 to 1873? That is modern history, familiar to everybody. Prices increased 15 per cent. You may see it in my graphical diagrams. California and Australia poured out their floods of gold upon our civilisation.

It would be difficult without doubt to estimate the immense benefit which resulted for all the nations of the universe, the chief of which are here represented; but I can give you a point of comparison:

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In France, land, which was valued on the average at 1,292 francs the hectare in 1851, rose to 2,000 francs in 1874. According to the statistics of Mr. Alfred Neymarck, the total value of cultivated land in France increased from 67,000 millions of francs to 120,000 millions, a rise of 53,000 millions in 23 years in France alone. I leave you to calculate the benefits which, following the same proportion, the whole world must have gained. According to Mulhall there was four times as much business done in 1880 as in 1850; that was the glory and climax of the commercial, industrial, and agricultural world.

It was too good. It could not last for ever. "Peoples, like individuals, enjoy dangers," says Joubert; "when they are lacking, they create them."

That is what they did in 1873; they demonetised silver and the danger was born.

Gold became rare, as was natural, as was certain, and as had been predicted. The duty was put upon it of replacing silver.

Mr. Currie and Mr. Weber, our honourable colleagues, will not agree. We have white grapes and red grapes for making wine. If we discarded the white, would not the red grapes certainly rise in value? We eat beef and mutton. Can it be admitted that if beef were prohibited the price of mutton would not rise?

It was for the same reason that gold appreciated, that it bought more and more commodities, and prices fell in consequence. This is a great revolution in which all take part and which rages in England more than anywhere else.

The only object with which a man works is that he may sell his products for more than they cost.

When a fall of prices takes place in the interval, *personal interest* ceases to act, and what Bastiat called so aptly *the mainspring of humanity* ceases to operate.

Hence the crisis under which industry suffers, and the alarming figures, published by Mr. Giffen for the Board of Trade, which note from 1886 a growing depression in England.

Hence the contraction of English industry, the closing of workshops, and labour crises.

But why, one asks, was silver demonetised? The story would be amusing if it had not had such fatal consequences. Gold and silver had been in circulation for more than 200 years in a legal proportion of 15½ of silver to 1 of gold, and that legal proportion had given rise to a scandal; there were variations of value between the two metals.

During 200 years variations were noted from a maximum of 15·92 to a minimum of 14·14; that is, a deviation of as much as 1·8. It was horrible! It was necessary to stop at once such an abuse. How was it done? Silver was deprived of the right of conversion into coin.

The variations went from a maximum of 24 to a minimum of 15·92; that is a variation of eight points, or more than four times as much as what was formally complained of. The means employed recall the famous Gribouille, who threw himself into the water to avoid being wetted by the rain.

But we are told that if prices have fallen it is due to over-production. Mr. Cramer-Frey has told us, "Prices fall; that is very simple, it is because we produce too much." The honourable Delegate from Switzerland is astonished that with "juvenile ardour" I rise up against that claim.

If I should join him in telling you gravely that for twenty years all mankind had been so obstinate as to produce more than they could consume, that for twenty years the universe has produced things for which it has no need, that would not seem serious to you; and you would be right. That is, however, the paradoxical character of the singular theory of over-production by which our opponents would prove that our *privations* result from an *excess of production* and that *labour engenders poverty*.

I think it would be better to say no more of it, since facts within our knowledge make a formal denial of that claim. The shops are everywhere empty, business suffers on all sides and the commercial world is invaded, as all admit, by an anæmic influence which threatens death.

The statistics of Mr. Sauerbeck have clearly proved that the allegation of over-production as a cause of falling prices is absolutely false.

From 1860 to 1873 the total production of the world increased 2½ per cent. annually. That was the age of California and bi-metallism. Prices rose 40 per cent.

From 1873 to 1885 the production of the world increased yearly only 1½ per cent., a decrease of nearly one half. Prices should have increased; but on the contrary they fell 32 per cent.

This is the demonstration of Mr. Cramer-Frey's mistake in continuing to believe in over-production which was disproved long ago.

The truth, gentlemen, was told by Mr. Goschen in England in 1883. "The fall of prices comes from the rise of gold." He expressed his thought in these typical phrases:—"Fortunate are they who own sovereigns; and unfortunate they who own commodities, products, and other goods."

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Who are the fortunate ones of whom Mr. Goschen speaks?

The classes who receive fixed incomes in gold; owners of bonds of States, of provinces, and of cities, and of long-term leases.

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And who are the unfortunates? The producers, the workers, and, in the first rank, the farmers. Fixed incomes increase, products fall, and the annuitants are enriched at the expense of labour. This is the truth, and thence arise, gentlemen, those conflicts of labour and capital in England and elsewhere, struggles against a flagrant injustice which has been brought about between so many people; and this is a serious, profound, lamentable, but above all, a formidable revolution of which we feel every day the disastrous consequences.

You have heard Mr. de Rothschild in the introduction to his proposal praise the fall of prices, in which he perceived the happiness of the labouring classes.

History, as well as what takes place in our own day protests, it seems to me, against this judgment.

From 1810 to 1840—this is history—the precious metals diminished in their production, the locomotive was invented, the steam loom transformed the world, electricity was applied, production was enormous, prices fell 49 per cent. The revolution broke forth everywhere in 1848.

If you read the writers of that time, such as Sismondi, you might think you were reading our own history.

Why did the fall of prices and the revolutions of 1848 cease? Mr. Goschen taught England the reason on April 18, 1883. "An eminent French economist," he said "has declared that France would certainly not have escaped bankruptcy in 1848 without the enormous expansion of currency produced by California and Australia. That expansion led to a commercial prosperity which permitted France to extricate herself from her political embarrassments."

My excellent colleague and friend, Mr. Weber, said the other day that these were only lamentations, that all the bi-metallists were modern Jeremiahs. Yes, gentlemen, we weep, not exactly over the fall of Jerusalem or the captivity of Babylon, but we lament over the evils of modern times, over the ruin of agriculture and the accumulating losses of trade, over the evils which burst upon our modern society.

We have the right to lament and complain. We derive the right from the prophecies which we made, and to which you obstinately refused to listen, when, before you demonetised silver in 1873, we predicted everything which has taken place to-day.

I will cite some of these modern Jeremiahs. They are well known to you and deserve attention.

There is the Baron Alphonse de Rothschild, for instance. "It follows," he said in 1869, two years before the demonetisation of silver, "that we should demonetise silver completely. That would be to destroy an enormous part of the world's capital; that would be ruin."

There is Jeremiah the first. Let us pass to the second.

It is Mr. Wolowski, Professor at the *Collège de France*. "What will be the result?" he said, "it will be serious. An immense shock will disturb all markets. An enormous fall of prices will be the necessary consequence of the rise of the metal."

And you blame us if we lament and weep over the fall which we predicted with all the consequences which it involved for mankind.

Yes, we are Jeremiahs; but you must admit that our prophecies are fulfilled.

Still another Jeremiah. Sir Guilford Molesworth spoke of him yesterday. This is Mr. Seyd, an English Jeremiah in a mono-metallic country. He also deserves the credit of predicting and prophesying an evil whose existence many of his compatriots still obstinately deny. He said in 1870:—

"It is a great mistake to suppose that the adoption of the gold standard by other States besides England will be beneficial. . . . England's trade and the Indian silver valuation will suffer more than all other interests
"When the time of depression sets in there will be this special feature. . . .
"Every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters. . . . The great danger of the time will be," for it was to England that he spoke especially, "that England's supremacy in commerce and manufactures may go backwards to

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" an extent which cannot be redressed when the real cause becomes recognised and the natural remedy is applied."

We are prophets of evil, prophets rejected by the mono-metallists, I agree; but you must recognise that our prophecies have all been fulfilled for the last twenty years, and that they are very likely to be fulfilled until the end.

Open your eyes, gentlemen; for every day these Jeremiahs become more and more in the right in their opposition to you.

The fall of silver is obstinately spoken of and the rise of gold is obstinately denied. Consider Mexico, where silver is produced. The metal is not depreciated there, for it buys as many commodities as before. "No matter," say the mono-metallists, "silver is depreciated, for we see that it is." "But," you tell them, "there is a crisis everywhere." "There is no crisis," they reply. "But," you say, "gold is more and more appreciated." "Quite wrong," they say, "there is no appreciation of gold, there is only over-production." "But, after all, we are not Danaides, working without purpose. We manufacture so much less than before that all feel impoverished and ruined." "No," the mono-metallists repeat, "perish the colonies rather than a principle. We deny all that."

Are all these denials as valuable as the smallest proof? With Mr. Goschen I ask the mono-metallists kindly to tell us—

1st. Why they hold to the theory of mono-metallism?

2nd. What benefits the application of their theory has brought us up to the present?

This is what we have been asking for twenty years without obtaining a reply, as Mr. Goschen observed to the manufacturers of Manchester.

I notice that in building upon fragile foundations based upon simple denials, very singular systems are developed; thus our honourable opponent and colleague, Mr. Currie, told us that in his opinion the system of the future would be the *gold standard without gold circulation*, an idea well wedded to the notion "*that the inconvertibility of bank notes is one of the plagues which we should have the courage to contemplate calmly*," an idea which does not much alarm my honourable colleague Mr. Weber.

Many persons see a great advantage in the rise of exchanges. The manufacturers of Moscow demand an increase of inconvertible paper currency in order to raise the price of gold which acts as a premium upon exportation. That was the principle advocated by Mr. Karkoff, late director of the "Moscow Gazette." I doubt, gentlemen, whether, in a Conference whose object is metallic money, its increase, and the study of means for an increased use of silver, you will be disposed to accept such reasoning.

We are here to seek a wider and better use of silver money in order to increase the money of the world; but none of us propose, as Mr. Currie does, in the future to suppress gold; nor do we dream of inconvertible paper money, to which the mono-metallists infallibly would lead us.

An objection is made, and this is a question which seems very serious for England.

"England is the creditor of the world, which is bound to pay her in gold. Can you conceive for a single instant that England would be so simple as to say to her debtors, 'Pay me in silver and I will be satisfied.'"

Mr. Currie, I see, approves these words. I will not evade the argument.

I recognise, gentlemen, that the question is very serious and the remark very just, but there is a little preliminary question which England should taken into account. It is that if these people cannot pay in gold, it happens very often that they do not pay at all. If the choice is between not being paid at all and being paid in silver, I prefer the latter alternative.

Have we not the examples of nations which have been recently impoverished? Has England, the creditor *in gold* of Brazil, of Uruguay, of the Argentine, of Portugal, of Spain, and of many other countries, been paid *in gold* by all those countries? I do not think so. The houses of Baring and Murrietta might perhaps give us some light on the subject.

You will say, and I foresee the objection, that all these countries have managed their affairs badly. But this is not a matter of yesterday. Those countries have very frequently and for a long time managed their affairs badly, and you will agree with me, I hope, that monetary contraction must have aggravated the evil. A crisis rages in those countries as well as here. There is a scarcity and appreciation of gold there as everywhere else, which must have singularly added to their difficulties.

Well, gentlemen, whether nations or individuals are concerned, when a debtor is bankrupt who is it that pays? Is it the debtor or the creditor? I have always noticed that it was the creditor. Throughout all social economy he who pays is he

who owns something, and it is always a rich nation which pays for a bankrupt people. I think that if this aspect of the question were examined England would very soon discover that she had a great interest in effecting a compromise, and that, being the creditor of the whole world, she should for that very reason come to the aid of her debtors, and prevent them from becoming insolvent and bankrupt debtors.

What do we see in Russia? In 1847 the rouble stood at 4 francs 25 centimes. It has recently fallen to 2 francs. Russia owed gold, it is true, but how could she obtain it? As she had none, the paper rouble being worth only 2 francs, and as she had to pay gold, she sent grain to London, Marseilles, and elsewhere, and sold it at a low price for gold. Our agriculturists felt the effect; we were obliged to consume Russian wheat at a low price, and in our capacity of good creditors it was we who paid.

In Italy exchange was at one time at 25 per cent. below par, and silver and drafts upon Paris used to be at a premium; and has she not become an industrial country? Thanks to that premium of 25 per cent. she has set about producing more, and has sent us her products. Her commodities received a premium of 25 per cent. and thus she became a manufacturing State; and again it was the creditor nations to whom she was obliged to pay in gold that have felt the unfortunate consequences.

What happened not long ago in the United States which appeal to you to-day? How did they become manufacturers? It was thanks to the exchange and to the difficulty they had to pay their creditors. And to-day America sends us Geneva watches and St. Etienne rifles. It was again money, that is the exchange, which gave the initiative, the impetus, and the protection to the industries of debtor nations against the creditor nations who pay. Hence the cry of all our European manufacturers, Protect us!

Thus you see how the monetary question is transformed day by day into the tariff question, and how protection increases throughout the world without our knowing perfectly the cause of the phenomenon which is found to exist everywhere.

Even in England, did we not see, on May 19, 1892, Lord Salisbury make a profession of protectionist faith at Hastings? These are serious revolutions which should attract especially the attention of England, the cradle of free trade, the country which, under the impulse of Cobden, was the first to enter the path of commercial freedom.

Let England not forget what I have just proved clearly, that to persist in her present *mono-metallism* is to incite *protectionism*.

Bi-metallism implies the idea of *free trade*.

But after all, gentlemen, we are none the less confronted by this crisis which has become so characteristic, which is shown daily more clearly by the fall of prices and the consequent aggravation of the conflict between capital and labour. That is the real disease which we must cure. The only remedy is to have gold,—gold or a substitute. To have gold we should need California, and it is exhausted. There is nothing to do but to take the substitute for gold, that is silver.

I have just described the diagnosis of the disease which affects us. England should be concerned with it more than we, for I believe that I have demonstrated that the appreciation of gold acts there more than anywhere else. The remedy for the disease would be *bi-metallism*. But we have heard the formal declaration of France; without England, *bi-metallism* is absolutely impossible.

Here, gentlemen, permit me to rectify a slight mistake. Mr. Tirard was wrong in supposing, in the speech which he made the other day, that I had the idea that France alone or the Latin Union, without other co-operation, could open their mints to the free coinage of silver. I must certainly have expressed myself badly, or have been misunderstood; for such an idea never entered into my mind.

If you will read the proposal which I had the honour to submit to your consideration, gentlemen, you will see that it excludes the coinage of silver for all the nations. There is therefore no question of resuming coinage without the co-operation of England. My compromise goes still further, since it even excludes *bi-metallism* and is based absolutely upon gold *mono-metallism* only.

Taking into consideration the objections which have been made in this Chamber, I suggested this compromise. When it comes to be discussed, I hope to prove that it contains the means of agreeing upon a common basis, without injuring *bi-metallist* ideas, and at the same time respecting the strictest scruples of *mono-metallists*.

We are, it is said, about to adjourn to a future day. I hope, gentlemen, that the British Delegates will come back to us with an olive branch, the omen of our return to the prosperity, to the happiness, and to the peace which terminated twenty years ago, and to which their decision alone can insure our return.

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Sir Guilford L. Molesworth told us the day before yesterday that everybody in England was persuaded that a terrible crisis menaced that rich country as well as its colonies. He cited the example of eminent conversions, and particularly that of Mr. Gibbs, Director of the Bank of England, who in 1878 defended mono-metallism with even greater ardour than the honourable Delegates who are with us now, and who has since become President of the English Bi-metallic League, and the most fervent partisan of silver in England. He cited also Mr. Goschen, whose opinions had been so much modified. Finally, he spoke of himself as one of the numerous examples of these remarkable conversions.

Let us hope that the present Delegates will come back touched by the same grace, and that in our future sessions they will respond a little better to the efforts which we make.

It is in England, and in England alone, that the world and mankind can put their hope of a return to better times. That seems to me the true moral to be drawn from these first sessions, forming the first act, as it were, of our Conference, and I thought that I should do good service in bringing this point to the serious attention of our honourable colleagues of Great Britain.

Mr. de Osma. Mr. DE OSMA (*Delegate of Spain*) spoke as follows:—

GENTLEMEN,

I hesitate to take any part in the interesting and profound general discussion of the great problem which we are studying anew. It would not be fitting for me to desire to contribute a personal opinion or a new argument when everything has been so well said on both sides. I can only say how deeply I feel that the remarks that I shall have the honour to make to the Conference can only have value in so far as my words may find an echo in your own thoughts, and if I express, however ill, something that we all feel.

Permit me, gentlemen, to perform an act of repentance. When the discussion upon the theory and present possibility of international bi-metallism was opened, I felt sure that our debates would recall by their brilliancy the memorable discussions of the Conferences which preceded this. The ability and authority of many of our colleagues made this easy to foresee; but I feared, I confess, that our debates, following the same main lines of contention as before, would only reach a result which for some sceptical minds would be confounded with ultimate fruitlessness. If I am not greatly mistaken, the discussion has led to a new and fruitful conclusion. I am anxious not to wound the sincerity of any conviction, or to commit injustice in interpreting the silence of any, and therefore I hasten to say that it is not because firm and sincere convictions have been lacking; but perhaps we have felt that abstract ideas alone have the right to be irreconcilable, and that, in passing into the sphere of practice, they carry with them all the responsibility for their consequences.

It is perhaps the recognition of an actual duty which has turned us from the former more bitter conflict of principles, and has led us to seek at least tentatively a solution common to all which might respond to the new need or the newly felt need for an agreement—a need which no longer consists solely in the desire to convince one another. There has always been in our discussions a certain dominant and unmistakable character, which is supported by the evidence of attitude more eloquently than by words; namely, the presence of a general goodwill, inspired by the existence of a crisis felt generally but with different degrees of intensity. Whatever personal sympathies we may feel, we must admit, gentlemen, that very few of us have been able to agree with the stoic opinion which denies the existence of a crisis, and concludes very logically that there is no need of looking for a remedy. That opinion is too strongly contrasted with the attitude of some of our colleagues, who are, moreover, themselves thoroughly convinced and perfectly impenitent mono-metallists. It disappears before the reiterated and recent declarations of statesmen, who have described the evils which are ruining agriculture and destroying the industries of their countries with a precision whose significance it is impossible to mistake.

These declarations have daily called our attention to one aspect, and assuredly one of the most serious aspects, of the questions which we are considering—an aspect which on the first day was noticed by our honourable President. It is the connexion which is produced in consequence of the contraction of prosperity and the progressive fall of prices between monetary questions and the great question of labour and of wages, problems which absorb the attention of our generation and are forced upon us day by day in the most imposing and formidable aspects.

The most serious obstacle to our labours is the diversity which the monetary question presents in different countries. Self-interest, which is common to all, takes a different shape in each country. But is there not an interest more important than that?

Whatever may have been said, and whatever we may have said ourselves, it is not a question only of the special interests of each nation, or of the interest of some of them, such as, for instance, the mining interest. These are great and real interests assuredly, which patriotism has a perfect right to defend; but the jealous patriotism of others, may, possibly wrongly, be alarmed at them.

Nor is it a question of the depreciation of great accumulated stocks of money. This is again assuredly a legitimate interest; but it does not concern other countries which, because of their special situation, may be indifferent to it, and which are for the moment protected from danger from that side.

The disturbances, the uneasiness, the crises of exchange between countries using different money concern in a general way the great interests of commerce, and touch very closely, though in different degrees, the direct interests of many States.

The unity of the interests of wealth, which was hardly thought of a generation ago, and which is revealed by phenomena and catastrophes which have become very familiar, is due to the extraordinary development of investment abroad, to the putting in common, so to speak, of the savings of peoples, and it embraces all of us. There is no public fortune so firmly based that it can be deemed protected from the effect of monetary crises, echoed back by industrial crises abroad; all may be affected in their private fortunes, which are mown down by these distant crises, so difficult to foresee and always unexpected.

But, besides all this, our minds and our consciences have been struck by the state of general distress,—so general that none of us would dare to say that it was unknown in his country—so great that it condemns to misery millions of workmen whom we evidently cannot ask to reason justly or to comprehend perfectly the monetary problem, but who bring already, and with greater insistence, day by day this formidable argument to the discussions with which we are occupied—that they suffer and that they are aware of it.

If that, gentlemen, is the basis of the anxiety which I, as well as many others among us, have felt, and if that anxiety really explains some of the attitudes which we have observed, I contend that the Conference at Brussels will have the right to be proud of it, for it will have shown itself to be in harmony with the time.

If this is so, it would no longer be necessary to explain, and least of all to excuse, the uncertain tenor of our debates, the instinctive turning, in the midst of the most abstract discussion, to middle terms, to expedients, to palliatives, to anything which might permit a hope, however feeble, of immediate action.

We should in no wise despair, gentlemen, of obtaining that action from the Governments which we have the honour to represent here. The general sentiment has been manifested repeatedly in the form of regret at the withdrawal of one of the proposals which was before us. It is not merely to join in those regrets that I recall them; it is because I believe it useful, in view of the continuance of our work and the examination of the projects which may be ultimately submitted to us, to note that the plan to which I allude realised at least one essential condition which will certainly be embodied in the proposal which we may one day accept.

As it was reported to us, amended by its author, the project of the honourable Delegate from Great Britain permitted action, concerted by the different States, to be made in different forms and in different circumstances. It permitted the indication of a common intention and the imposition of equivalent efforts without requiring that the action taken towards the common end should be in all cases identical. That character will be found again, I think, in the projects which may with advantage embody later our common wish.

Permit me, gentlemen, in terminating, to draw but one conclusion from this quasi-unanimity of desire and to put it in the form of a question which I would address to our honourable colleagues the Delegates of the United States. Do they deem it necessary to press the discussion of the general thesis, which they have developed in these last sessions with masterly clearness, and which they have defended with the valour of profound conviction, to a point where our doctrinal differences must become evident, in a vote?

Is it not true that, while a great number of us share their ideas, we are nevertheless convinced of the truth which Senator Allison expressed at our first meeting, that the moment has not yet arrived when this discussion could lead to a practical result or a

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possible agreement? I appeal to the practical genius of their nation. The future may be in their hands: In any case the future is not prejudged by words. At the present moment our colleagues are well aware of the spirit of compromise and of good will which prevails among us as concerns the present. Will they not take it at its word, and bring us at a future date a proposal which will be the proof that where so general a desire as ours is felt, the means of expression and action are not long lacking.

That is, in effect, only a paraphrase of a truth which has passed into a proverb in their great country, "Where there's a will there's a way."

Dr.
Andrews.

DR. ANDREWS (*Delegate of the United States*) spoke as follows:—

GENTLEMEN,

I rise to remark that some of the honourable Delegates who have most warmly insisted that the discussions of this Conference should be occupied neither with metaphysics nor with pure theory have accused bi-metallism of being necessarily allied with the protective system and at the same time opposed to the principle of natural law.

I do not feel that I have the right to command at this moment any important part of the precious time of the Conference. I reserve at a later date therefore to take occasion, should it be presented, to demonstrate briefly to the Conference:

1. That when it is considered that so many of the strongest adversaries of bi-metallism are protectionists, and so many of its strongest advocates favour free trade, it is wrong to assert that there is the connexion which is claimed between these two systems.
2. That the prohibition of free coinage of silver among so many nations, in annihilating any stability in the rate of exchange between the world which uses gold and that which uses silver, and in transforming commerce under these conditions into a veritable game of chance, does more to restrain at this moment the freedom of universal commerce than all the tariffs in existence, without excepting that of my country which has been so severely censured.
3. That if bi-metallism be not established the distance between the two worlds of business instead of diminishing or stopping at a certain point, as some of our honourable colleagues and many other intelligent persons believe, will only be enlarged, in an irregular fashion, it is true, but more and more, and without limit.
4. That since, if we consider all the qualities of the two metals, silver was and still is just as suitable for use as money as gold, the demonetisation of the white metal was much the most flagrant and the most disastrous rupture of natural law which was ever committed by the action of States, without excepting any legislation in the history of mercantilism.
5. That the theory of natural law which has led to the accusation that bi-metallism is opposed to that law, belongs to an order of ideas which the progressive philosophers and economists of all countries have long since abandoned.

DR. ANDREWS laid upon the table a note relative to the production of gold and silver.*

Mr. Raffalovich.

MR. RAFFALOVICH (*Delegate of Russia*) expressed himself as follows:—

GENTLEMEN,

After the cordial declarations of Mr. de Osma I would not throw a discordant note into the debate. On the contrary I think I may express to the honourable Delegate of Spain our general gratitude for the sympathetic manner in which he has explained the end at which we aim. He has justly shown that if the theories here represented have not capitulated, at least the good will and the sincerity of our efforts should be recognised by all those who may examine the labours of the Conference of Brussels.

I join, too, with him in addressing to the honourable Delegates of the United States the question which he formulated: Is it the intention of these Delegates to press the debate to a finish, to ask that we should give an opinion upon the main question which they have brought before us, or do they not think it preferable to leave it open, and in the position in which it stands to-day?

* See Appendix B. to the Minutes of the present Session.

I have taken to heart the judicious hint given us by the honourable Delegate of Austria-Hungary to avoid an academic turn, and I will be very brief. I believe that it is already too late to reply to Mr. Allard; the opinions of statesmen and economists who, considering the concrete situation, are advocates of the *status quo*, have been so adequately expressed that I have no need, after Messrs. Weber, Forssell, and Cramer-Frey, to return to it.

I shall make only one objection to Mr. Allard. He forgets the conversion of public debts, and the fall in the rate of interest. The share of labour increases, that of capital diminishes. As to the allusion to Russian inflationists, I would reply to Mr. Allard that my compatriots who suffer from that disease have the agrarian bi-metallists of Germany and the silver men of the United States as companions.

The situation of the working man of to-day is infinitely better than that of the working man of fifty or sixty years ago. There have been crises at all times, and I believe that the monetary factor is only one of the elements to be considered; I am convinced that the remedy needed should be looked for elsewhere than where Mr. Allard shows it.

Mr. ALLISON (*Delegate of the United States*) spoke in English, as follows:—

Mr. Allison.

MR. PRESIDENT,

My impediment as respects the French language will be my excuse for not thoroughly and clearly understanding the suggestions made by my two friends, Mr. de Osma and Mr. Raffalovich. If I gather what they desire, it is that the Delegates of the United States should not press a vote upon the main question which is now under discussion. I will say for myself, as I think I can for my colleagues, that it is not our purpose to ask a vote upon this important question at the present moment. We appreciate the cordiality of expression by all the Delegates as respects the situation in regard to the matters before us. Therefore I think I can say that now, as in the beginning, we would gladly consider practical proposals short of the one especially under discussion. The impediment which we found in the beginning I am sorry to say still continues. The propositions that have thus far been presented, at least so far as they have come to me for examination, are propositions which imply great concessions on the part of the Government of the United States, and we feel that in this regard we should not make committals unless the compensations are such that our own Government as well as others would be benefited by their application. I do not know but that I should say a word about the monetary situation, as also about what the United States has done respecting the question of silver; and especially so as some animadversion has been made upon the policy of the United States on the subject.

The monetary use of silver is not to the United States a new question. A century ago in the infancy of our Government, this whole question was carefully and thoroughly examined by its founders. Our Constitution which, in this respect, remains unchanged to this day, gave to Congress the full power to coin money and regulate its value. Immediately after the adoption of the Constitution a careful examination of the advantages and disadvantages of using both metals was made, and prominent in that examination were Alexander Hamilton and Thomas Jefferson, two of the most eminent men of the times. It was then decided that in our money system both gold and silver could be used at a just ratio to be fixed. Pains were taken to discover what should be the true ratio between these metals in their coinage value. After such examination, Congress fixed a century ago that just relation at 15 to 1, and established the coinage of both metals at this ratio into full legal tender money. It was also provided at that time, and in successive statutes later on, that the gold and silver coins of other countries should be a legal tender in full payment of all debts, public and private, permitting the use of not only the coins fabricated in our own mints but also the coins fabricated in the mints of Europe. It is believed that the declared ratio of 15 to 1 was nearer the true ratio of the world's circulation than any other. About the same time, provisionally, and later on permanently, France established the relation of 15½ to 1 as the true ratio and opened her mints to the free coinage of both metals at this ratio. We were then geographically widely separated from Europe and for many years afterwards our external commerce was relatively small because of the slow method of communication and our sparse population. France, in the heart of Europe, exerted then, as she does now, great influence upon the trade and exchanges of Europe, and thus maintained continuously her ratio amid all the changes and perturbations of 70 years. Our silver being over-valued, the result was that gold gradually disappeared to find its way to the French mints, and although we had established a

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double standard, because of the ratio we lost our gold or most of it. This was not satisfactory, and agitation was made for change of ratio so as to retain gold as well as silver. Early in 1830 gold mines were discovered that gave promise of a large yield, and with such promise came a renewed agitation for change of ratio. In this discussion, Albert Gallatin, and others familiar with the subject, favoured the French ratio of $15\frac{1}{2}$ to 1. But the prospect of new gold influenced many to believe that a more favourable ratio to gold would stimulate the development of the mines. After debate the ratio of about 16 to 1 was agreed to in 1834, thus over-valuing gold, so that gradually our silver disappeared, and gold became practically our metallic money in use. The difference of $3\frac{1}{2}$ per cent. caused silver to disappear, only to reappear in the mints of other States. To retain silver at all it was necessary for us later in 1853 to coin subsidiary coins at about 7 per cent. less than the French ratio. Had we adopted the French ratio in 1834 I firmly believe that this Conference would never have been called together, we would have retained both metals in full circulation, we would have thus maintained them until now, and the depreciation of silver or the appreciation of gold would not have taken place, and these metals would have been permanently linked together. This was our condition as respects coinage when our unfortunate civil war began in 1861, which soon required enormous expenditures for war purposes, followed by a suspension of specie payments and the use of Government paper money, without any expectation that it would be redeemed during the period of war. Provision was made by law for the payment in coin of Customs duties as well as for the payment of the interest on the public debt. Our gold gradually disappeared, saving only a sufficient amount for these purposes. When, therefore, the war closed, we were far removed from specie payments, and it was not until ten years after the close of the war that Congress was able to pass an Act looking to the restoration of specie payments to begin four years later, or on the 1st day of January 1879. When this Act was passed in 1875, the full effect upon silver of the action of Germany and the States of the Latin Union was not seen, nor did we then realise that the outlawry of silver by these States and the action of the United States would so greatly influence its depreciation.

What was the situation at that time? In 1873 a separation in value of the metals began and it has grown year by year wider and wider, being greater now than at any time heretofore. The leading causes of their separation are well known and are not a matter of serious dispute. Nearly all agree that it was the legislation of Germany, of the Latin Union States, and of the United States. At that time there had been no greatly increased production of silver, and it did not enter the public mind that there was too much silver, which was in as great demand as gold when this course of legislation was entered upon.

Does anyone believe that if these legislative acts of the several Governments I have named had been made effective, the phenomena of now a larger production of gold, and then a larger production of silver would have disturbed the relative value of these two metals as money in international circulation.

It was believed in 1878 that it would be wise for us to use silver to supplement gold and make it more convenient to resume specie payments on the first day of January 1879, and to maintain such payments thereafter; and although we had declared the gold standard in 1873, then having neither silver nor gold in circulation, the people strongly favoured the use of silver as full legal tender money, and many favoured its full restoration. The States of the Latin Union, though closing their mints, still kept in circulation all the money already coined as full legal tender. This, in the aggregate, was a large sum, but being used only in domestic circulation, it was kept at par with gold. It was believed that we could in the same way utilise a large amount of coined silver in our domestic circulation, and thus economise, as they had done, the use of gold, drawing less of it from Europe than would otherwise be required; and to this end in 1878 the policy of purchasing a limited quantity of silver each year and coining it into full legal tender money was adopted, and, at the same time, provision was made requiring the President to invite European nations to a conference on the monetary situation with a view to restore silver internationally as a full monetary metal. I may add that it was hoped that through such conference Germany and the Latin Union States would be induced to retrace the steps they had taken, and that Great Britain also, with her commerce extending into every sea and with all nations, would follow or lead in a monetary coinage for the restoration of silver. This legislation of 1878 aided to establish, and to easily maintain, gold payments, and all our money now, whether of paper or silver, is at par with gold, and by statute it is declared to be our settled policy to maintain gold and silver and paper

at a parity in value. We do not have in the Treasury now, and in circulation, as much full legal tender silver per capita as does France, with our population increasing at the rate of two millions per year, requiring a constant increase of the money volume. I was greatly pleased to hear from so eminent an authority as Mr. Tirard that this silver circulation in France creates little embarrassment, and that France is satisfied with her monetary situation. Whether this legislation is wise or unwise, it has the successful example of France for its encouragement, so that those who criticise adversely should include France and the Latin Union as well.

Our legislation and our experience leads us to believe that by the establishment of a monetary union, embracing important States, the lost parity of value can be again restored. The separation of the metals is now so great that this restoration may not be immediately practical by concurrent action. It may be that equities have arisen that will require that these returning steps shall be gradual. But the people and the Government of the United States believe that these steps should be carefully considered and in some form entered upon. If not for this purpose our efforts here will be of little avail. In case the nations represented here are of opinion that gold only should be the standard money metal of the commercial nations no monetary union is necessary to facilitate the execution of this purpose. Much of the legislation of the States of Europe in recent years has been in this direction, and that of the United States has been of a temporary nature enabling it to travel in either direction as might be best for its interests, always keeping itself in an attitude to aid in the full remonetisation of silver in concurrence with other nations sufficient in number to make it effectual. This struggle between those who wish to make gold only international money, and those who desire to make both gold and silver international money, has been going on now for the last ten or fifteen years, and yet year after year, with exceptions now and then, the separation has been going on and the divergence between the metals has become wider and wider, whether measured in terms of gold or in terms of silver. The value of silver will be increased, if it is increased, by its enlarged money use, and it will be diminished by its diminished money use, so that any effort to increase the full money use of silver will result in an increase of its value, or in steadying its value. The mere purchase of silver without providing in some way for such use for a given period, whether a longer or a shorter period, only temporarily advances the price and further depreciation will take place when the period expires, unless the silver so purchased shall have become permanently a part of the world's money.

This statement of attitude shows the spirit in which our monetary legislation is conceived. If it was unwise for the United States to coin in a limited way for its domestic circulation, the same logic would require that the five-franc pieces should be put into the melting pot. The action of the United States in its legislation as respects silver in 1878 and 1890, though often misinterpreted, has surely relieved the situation largely from what it would have been had the purchases provided for not been made. It is a mistake to suppose that these purchases by the Government of the United States have in the slightest degree had the effect to increase the production of silver there. This legislation of the United States, so sharply criticised, has not only benefited its own people, but has been of benefit to the commercial nations of Europe. This may be illustrated further by the study of the effect of the immediate cessation of these purchases by the United States concurrently with the adoption of a gold standard in India, and the closing of the Indian mints to silver. If these acts have not been favourable to the monetary systems of European States in recent years, then they are not concerned now whether we continue them one year or five years, or whether we shall presently repeal them and leave the silver produced to be absorbed in subsidiary coinage and in the arts. We had hoped that the European States might be ready to retrace the steps which resulted in silver demonetisation concurrently with the United States, whereby the mints could be re-opened to coinage on some just ratio; but they do not appear to be ready to take steps in that direction, as shown by utterances here. In that situation Mr. de Osma asks me if the United States is not now, or if it will not soon be willing to present to the Conference some plan, tending ultimately to the restoration of silver, but which will fall short of such restoration. I can only answer now, as we did in the beginning, that we are willing to accept any plan in that direction, but as we seem to be one party, and the European States another, it is difficult for us to formulate a plan agreeable to them. Most of the plans proposed thus far ask in some form the United States to continue its present policy of purchases and to the amount now purchased. If we are to do this, adequate compensation must be given us, as we cannot accept a policy which, by possibility, would place us on a silver standard, Europe remaining on the gold standard. But for myself I am willing,

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and I doubt not that the United States would be willing, to do whatever can fairly be done within these lines of prudence to increase the use of silver concurrently with the nations here represented. As I understand, it is proposed presently to postpone the Conference to a future day. I can only hope that the studies begun here may during the interval receive the thoughtful consideration of all the Governments, and from their consideration of the subject some plan may be devised that can receive the assent of all the Governments doing justice to all and injustice to none. I have not answered Mr. de Osma's question as definitely perhaps as the Conference would like, but it is the best possible answer I can give now.

If it shall be found impossible or impracticable to form a monetary union, looking to the restoration of silver, and if each of the European States, or groups of them, are to continue their present policy, then the United States which has thus far done much to maintain silver (and largely with the hope that important States of Europe would join in its restoration), will doubtless also establish a permanent policy of its own, and in the struggle for gold, if struggle it be, with a population increasing at the rate of two millions per annum, with production and wealth increasing much more rapidly, will find ample resources to sustain its policy whatever that policy may be.

No vote
taken upon
the bi-metal-
lic proposal.

THE PRESIDENT noted that no one asked that a vote be taken upon the main proposal of the United States; with the assent of the Assembly he declared the discussion upon bi-metallism closed.

The Conference fixed its next meeting for Saturday, December 17th, at 10 o'clock.

The Session adjourned at 6 o'clock.

APPENDIX A. TO THE MINUTES OF THE NINTH SESSION.

Second Report of the Examining Committee.

Appendix A.
Second
Report of
Committee.

The Examining Committee had before it:—

1. A proposal of Mr. Tietgen.
 2. A proposal of Sir William Houldsworth.
 3. A proposal of Mr. Allard.
- The text of these proposals is known to the members of the Conference.
4. An amendment to the last two proposals, or a counter-proposal presented in the course of the discussion by Mr. de Foville.
 5. A further amendment presented by Mr. Forssell.
 6. A proposal coming from Messrs. Montefiore Levi and Sainctelette.

The work of the Committee has been carried on in the intervals between the Sessions in which the Conference discussed bi-metallism as favoured by the Delegation of the United States.

The labours of the Committee terminated before the Conference was called upon to pronounce upon the bi-metallic proposal.

It was necessary to take this situation into account. The Committee did not take up the examination of details, or of means of giving effect to the proposals referred to it; it thought proper to limit its examination to general questions of principle.

From this standpoint the Committee had to consider three projects, proposing the establishment of:—

1. Silver money of an international character, and of full legal tender in one or several countries.
2. Silver money of an international character, based upon a fixed and constant ratio between the two metals.
3. Certificates of deposit for silver, or money tokens, without power of legal tender, and representing quantities of silver varying with the market price of that metal.

Finally, and in the fourth place, besides these projects of a purely monetary nature, the Committee examined combinations of an exclusively commercial character, tending to facilitate the circulation of precious metals outside the currency.

I.

PROJECT OF MR. TIETGEN.

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In its original form the Tietgen plan proposed the establishment of an international silver money, to be based upon the changing market value of silver, and to be unlimited legal tender in the countries which coined it.

The author had in view the mobilisation, in some way, of the metal which had lost its international outlets; he built up his proposal upon a commercial basis, inasmuch as he takes the market price into account; and, finally, he wished nevertheless to open the way, within certain limits, for that money to the reserves of the great banks of issue, through a stipulation guaranteeing its convertibility into gold.

This last idea was quite novel, and appeared most to impress the Committee. There seemed in it to be a means of establishing in the banks of issue a sort of metallic credit upon foreign countries, which might in times of crisis serve, up to a certain point, to protect the gold reserves.

Among the objections urged there are two to which we would call attention.

1. The objection resulting from the difficulty of forming a union to authorise a silver coinage which should be convertible into gold, among various States all of which might not furnish at all times during the existence of the union the same guarantee of solvency in gold. A union formed in this manner would be limited by the force of circumstances to a few States, and if it were proposed to extend it, a necessity would arise for regulating the amount of coinage allowed in these States, an operation which would not only be very delicate, but which would lessen the importance of the outlet offered to silver.
2. The practical objections arising from the simultaneous circulation of coins of different weights, under the same denomination, and the necessity of proceeding to re-coinage, which might have to be repeated if the adoption of the system did not bring about a sufficient stability in the actual ratio between gold and silver. That would deprive the proposed coinage of that simplicity, stability, and equality which are essential to any good money if it is to circulate among the great masses of people.

Yielding to the force of this last argument, Mr. Tietgen consented to withdraw from his project the stipulations relative to the re-coinage of silver money, retaining the principle of an international silver money established upon a ratio varying with the market price expressed in gold, repayment being guaranteed by each of the contracting States for the coins which it had minted.

The Committee, in the absence of the author, did not take up the examination of the proposal in its new form.

II.

PROJECT OF SIR WILLIAM HOULDSWORTH.

The proposal presented by Sir William Houldsworth and referred by him to the authority of Huskisson, contemplates the creation, under the form of certificates, of an international silver money having full legal tender in the issuing countries, but not redeemable in gold. The introduction of such certificates into the general monetary circulation would meet the objection made against bi-metallism of the difficulties of re-coinage in case of variations in the gold price of silver.

The practical execution of the project would require, in the view of its author, as a preliminary condition, the formation of a bi-metallic union, or at least the existence of free coinage in a sufficiently powerful state, in order that the ratio might be maintained with a minimum of fluctuation.

There would be therefore, as Sir William Houldsworth conceives it, one or several States with mints open to the free coinage of silver, and another group of States admitting silver money or rather silver certificates with full legal tender. The countries of the last group would not, as nations, incur any responsibility towards the holders of these certificates; the possible loss resulting from a depreciation of silver when the certificates came to be exchanged for gold would fall exclusively upon the last holders.

The countries of the second group, without having all the responsibilities which flow from unlimited coinage, would nevertheless be led into the path of bi-metallism by the fact that the silver certificates would be full legal tender in transactions between

individuals and in the payment of taxes. Their obligations would not be unlimited, but they would have a certain measure of liability.

It was observed that the "legal tender" feature would prevent the adhesion of certain countries which would object, not only to re-open their mints to silver, but even to introduce into their circulation monetary tokens which some day might be found to be depreciated by the rupture of the more or less extensive bi-metallic union, whose existence is judged indispensable to the effective operation of the proposed system.

Sir William Houldsworth declared several times that he held to the "legal tender" feature as essential to his plan, although in the original text of Huskisson in 1826 that term does not figure expressly, and though the question is of a money destined especially for commercial transactions. It was asked if such money, without being legal tender, could not find a useful function among banks for the liquidation of the obligations of wholesale commerce. It would operate like bank paper which circulates until maturity on a par with legal tender money solely by virtue of the solvency of the signers, and serves to pay debts between compatriots and between nations.

In face of the clearly expressed wish of Sir William Houldsworth, the Committee did not examine the advantages which would result from the acclimatisation in this form of certificates fully covered by a deposit of metal, but based exclusively on silver.

III.

PROJECT OF MR. ALLARD.

Mr. Allard did not present a complete project with all practical details; he drew upon Mr. Windom's plan, and added an international character to it.

Mr. Allard contented himself with advancing the idea of the creation of an international silver note, not legal tender but redeemable to the bearer by a quantity of silver varying according to the fluctuations of that metal in the market and representing always the nominal value expressed in gold.

The issuing States were to form a group, and would bear in common, in proportions to be determined, any possible losses resulting from a redemption of these notes in case silver depreciated. The project of Mr. Allard differs therefore from that of Sir William Holdsworth in assigning the possible loss to the States and not to the holder. Circulation of these certificates would through this fact become more active and more extensive.

It was objected that according to the ideas of the author only those States which had purchased silver would participate in the profit resulting from a rise of the price, the quantity of metal necessary for redemption diminishing in proportion to the advance of the metal; while all the associates, whether they had been purchasers or not, would bear a part of the loss in case of a further fall in the metal.

That being the case, it was to be feared that under the present circumstances, at least, the accessions to the scheme would be few, and limited to those States which would accept entirely the policy of silver purchases. The efficiency of this remedy to increase the use of silver is therefore doubtful, despite the real merit of the proposal in limiting the loss and dividing it among a community of States while creating a certificate suitable for international circulation.

IV.

In spite of the interest there is in determining the best form of silver certificate, as an important auxiliary to money properly so called, the Committee was not in a position to continue its labours in that direction by the aid of the proposals before it. They preferred to leave the question open and to await the indications which might be furnished by the discussions of the Conference as to the functions and conditions of convertibility for such a supplement to money.

However, Mr. de Foville expressed the opinion that an appreciable service would be rendered to the white metal if international legislation should favour the practice of depositing silver bullion in the mints or in the banks of issue, against certificates of deposit or purely commercial warrants, negotiable though not legal tender, and without any guarantee of value on the part of the Government. In this way it would be possible to mobilise a metal whose weight and bulk tends to foster its disuse. Going a step further in this path, Mr. Raffalovich suggested the idea of giving these certificates an international character by the establishment of a system of transfers which would permit the bearer to withdraw, upon presentation of the receipt, an equal quantity of silver in any one of the associated institutions which had an available

stock. Mr. Raffalovich also asked whether it would not be well to apply the system to gold as well as to silver in order to increase its power of circulation.

Mr. Forssell, wishing to exemplify the benefit which might be expected from an international agreement with the view to improve the conditions of gold circulation and to diminish the frequent transfers of gold from one bank to another, favoured a practical formula which had already been tested, viz., that of the agreement in force between the national banks of Sweden, Denmark, and Norway. That interesting agreement is annexed to the present Report.

The representatives of the producing countries urged that a departure was being made from the programme of the Conference, whose mission was specially to study the means to increase the *monetary use* of the metal. They objected further that the example of the United States shows the possible dangers of these silver warrants. In consequence of their introduction on the New York Exchange they furnished the material for "futures," and fed the feverish speculation which accompanied the discussion of the Purchase Act of 1890. They represented that it would be at variance with the motives which had led to the convocation of the Conference to constitute floating stocks of metal without a monetary outlet, which would be added to the annual production.

It was replied that speculation seized upon all the great international products; that facilities given to a market have the advantage of assuring its size, and, by the larger operation of the forces of supply and demand, a certain equilibrium of price; and that there is in that a compensation for speculation which cannot be entirely avoided. The receipts for the metal, though perhaps the object of mischievous speculation, might also serve as instruments for the liquidation of international transactions, and thus have a useful function as means of payment, though not clothed in the form of money.

At this point of the discussion the last proposal was introduced which the Committee was called on to examine, viz., the creation of receipts for deposits of gold and silver, on condition that a certain quantity of silver should always be accompanied by a certain quantity of gold, with an International Commission to determine periodically the proportion in which these twin deposits should be made in order to be represented by the certificate. To fix this proportion, account should be taken of the price of the white metal in the market. The certificates might be given an international character as mentioned above, and the Commission to fix the ratio might serve as a base for the creation of a sort of office of issue, permitting the issue of receipts in a uniform style, and thus facilitating the circulation of these auxiliaries to money in all countries.

The arguments with which the project of Mr. de Foville had been supported and opposed apply equally here.

It was also asked whether this marriage of the two metals would not be in some sense artificial, and if this system would meet the demands of commerce, which sought above all simple solutions.

On the other hand attention was called to an indirect consequence of the issue of certificates based on gold and silver together. Producers of silver, being unable to find a market without uniting an equivalent quantity of gold to the silver which they had to sell would be led to restrict their production and to proportion it more exactly to the quantity of gold and silver which could be assimilated by general circulation. It was observed, finally, that the variations in the value of the precious metals would be diminished, if not annulled, by the co-existence of the two metals in deposits represented by the certificates. The result would be that the value of these twin deposits would be relatively stable.

In terminating this summary Report, we should state that the Committee did not consider that its functions, as outlined by the Conference, called upon it to formulate a compromise between the two monetary doctrines.

The proposals which were submitted to its examination were too closely allied to the general debate before the Conference for the Commission to pronounce upon the propriety of their discussion in full Session.

The present Report, which we have sought to make absolutely impartial, is limited to a simple exposition, designed to serve as a basis for further studies by the Delegates and by the Governments.

A. RAFFALOVICH,
G. DE LAVELLÉ,
Secretaries.

MONTEFIORE LEVI,
President,

DOCUMENTS attached to the SECOND REPORT of the COMMITTEE.

I. PROPOSAL of MR. TIETGEN (*Delegate of Denmark*).

Appendix A.

Documents
attached to
Second
Report of
Committee.

An International Union will be formed between such States as may wish to join it. The Delegates of the International Union will fix for the first time the ratio actually existing between gold and silver on the basis of the average price of silver at London during the 12 months preceding the formation of the Union.

The States forming the Union will have the right to coin without limit silver pieces approximately equal in value to the old 5-franc piece, namely, pieces of 5 francs, of 1 dollar, of 4 marks, or of 4 kronen. These coins would be unlimited legal tender in the country in which they were struck. The weight of silver in the coin will be determined by the above-mentioned ratio, with an allowance of 10 per cent. for seigniorage.

A Commission, composed of Delegates from three or five States, will watch the course of the silver market. If the price of silver, as shown by its average price at London for the last three or six months, fall 5 per cent. below the ratio originally fixed, the Commission might summon a Conference to decide whether there should be a re-coinage.

Every bank of issue would have the right to hold a portion of its metallic reserve in silver coin of the Union, without distinction of nationality.

The banks of issue would have the right to demand from any country of the Union payment in gold for the coins of that country which it held, upon six or twelve months' notice.

II. AGREEMENT between the NATIONAL BANKS of SWEDEN, DENMARK, and NORWAY.

1. Each of these three banks opens banking accounts with each of the others, on which they may draw cheques payable at sight, even when they have no amount to their credit in the bank they draw upon. On these same accounts any amount can be paid in to the credit of the respective bank.

2. For amounts credited or due on these accounts no interest is charged nor any commission for transfers on such accounts.

3. Cheques may be drawn as well on the head offices of the three banks as on the branch offices of the Bank of Norway, Christiania, and Bergen.

4. No bank is allowed to overdraw on the other for the purpose of making a profit.

5. No cheques for a lesser sum than Kr. 10,000 ought to be drawn.

6. For drawing and cashing of cheques no commission is charged.

7. Notice is to be given when cheques are drawn and issued.

8. The debit balances are payable on demand.

9. When balances are withdrawn in bullion, the creditor takes the risks and costs of transmission.

10. If the bank whose debt is to be paid has a sum to its credit with the third bank it shall have the right to pay its debt by a draft on that bank.

11. In case no special arrangements are made, payments are always made in gold pieces of 20 or 10 kronen.

12. Quarterly accounts are rendered

13. The agreement can be terminated by three months' notice

APPENDIX B. TO THE MINUTES OF THE NINTH SESSION.

Note presented by Dr. Andrews (*Delegate of the United States of America*).

Appendix B.

Note by
Dr. Andrews
on produc-
tion of gold
and silver.

Giving a *résumé* of the critical views of prominent geologists and metallurgists in the United States of America, as set forth in the United States Consular Report, No. 87, December 1887.

N. S. Shaler thinks that the output of both gold and silver must henceforth gradually decrease, and that "gold is more likely to become an article of increased cost within the coming half century than any other metal," though we are "liable to many sudden increments in the production thereof." J. D. Hague is of the opinion that while gold may slightly increase in yearly supply, silver can hardly fail to go the other way. R. H. Richards concludes almost exactly with Shaler. J. S. Newberry utters, as the result of his long experience, the conviction that our production of both gold

and silver has passed its maximum, and that in future we cannot expect a yield of more than perhaps one-half the greatest annual product of gold. Not only America's, but "the world's stock of gold will gradually decline from the diminished supply, the increased consumption in the arts, the abrasion of coin, &c." The outlook, he thinks, is much the same for silver. G. F. Becker expresses the view, which interestingly complements the above, that the relation in amount, by weight, between the gold product and that of silver is likely not to vary much in future from the figures (29.1 of silver to 1 of gold) at which it stood from 1493 to 1875. That is, we are as likely to find new abundance of gold as of silver. R. Pumpelly alone anticipates a considerable increase in the precious metals, more in gold than in silver. Not one of the authorities who speaks in the Report fears anything like a "deluge" of silver, though R. W. Raymond believes the silver product likely to increase. In addition to the above I would draw attention to the opinion expressed by R. H. Inglis Palgrave in his memorandum printed as Appendix B. to the Final Report of the (1886) British Commission on the Depression of Trade and Industry, that even now, spite of its wide demonetisation, the employment of silver for coinage purposes appears to exceed the net production.

It will be seen that the above opinions concur remarkably with those of *Suess* in his well-known works, *die Zukunft des Goldes*, and *die Zukunft des Silbers*.

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SESSION.

Appendix B.

Note by
Dr. Andrews
on produc-
tion of gold
and silver.

TENTH SESSION.

Saturday, December 17th, 1892.

MR. MONTEFIORE LEVI, President, in the Chair.

All the Delegates were present with the exception of MR. TIETGEN, *Delegate of Denmark*, his Excellency MR. SURRA Y RULL, *Delegate of Spain*, MR. TIBARD, *Delegate of France*, DON JOAQUIN D. CASASUS, *Delegate of Mexico*, and MR. LARDY, *Delegate of Switzerland*.

Proposal for
adjournment.

The Session was opened at 10 o'clock.

The Presi-
dent.

THE PRESIDENT spoke as follows:—

GENTLEMEN,

The discussion having been closed upon the grave question of bi-metallism submitted by the Delegation of the United States, I hope you will permit your President to testify his gratitude for your efforts to facilitate for him the duty of conducting your debates. In accepting the high presidential functions which you kindly confided to me, and which I consider as the greatest honour which could fall to me, I had counted upon your good feeling, and the experience of four weeks of Session has proved to me that it was not in vain. I wish to thank you with all my heart at this moment when, in accordance with the desire expressed by a great number of Delegates, the Conference will probably suspend its labours, to take them up at a date to be fixed to-day.

A motion to this effect will be presented by his Excellency Baron de Renzis, Delegate of Italy, and I venture to express the hope that it will receive the entire approval of the Conference.

Permit me, gentlemen, to call your attention to the character of this Conference, and to the results which we have already obtained.

In more than one eloquent discourse which we have heard, the advocates of the two great monetary theories have certainly not failed in what they considered a duty, the defence of the economic principles which they profess. But for the first time in an International Conference we have seen a continued attention accorded to the study of subsidiary means for increasing the use of silver in the monetary systems, and tending to give stability to the price of that metal, which continues steadily to depreciate.

It was apparent to all that at this moment an agreement was impossible between the representatives of the single and double standard; but the conscientious examination of the present situation, the recollection of facts which have occurred since the last International Conference in 1881, the fear of seeing the monetary position, which is already disturbed, aggravated in a perhaps not far distant future, have inevitably impelled us to study the subsidiary projects to which I have alluded.

Radical solutions have been relegated to the background, and with unanimous agreement, in the Session of Thursday last, the Conference refrained from closing by a vote the debate upon the bi-metallist proposal formulated by the Delegation of the Government of the United States.

I will not speak, gentlemen, of the various subsidiary projects which have been advanced, but it is well to point out that the speeches delivered, and the figures and documents brought forward in the general discussion are a fruitful source from which we may draw largely for the further necessary study of these projects of conciliation and limited agreement among the nations. One of these proposals deserves, however, special mention by reason of the thorough discussion which took place in the Committee; and although it was only touched upon in the general Sessions, when it was not thought opportune to come to a vote upon the question, it might be attached to nearly any other solution adopted. It is the proposal for the withdrawal, on the one hand, of gold pieces, and on the other, of small notes, of denominations lower than twenty francs.

It is evident that to the minds of a great number of us, if not of all, apart from the special difficulties in certain countries, the execution of this measure would have the desired result of increasing the use of silver in the monetary circulation of the different states.

Permit me, gentlemen, to cite an extract from the eloquent discourse of a colleague whom the necessities of political life have taken from our midst. Mr. Tirard, now Minister of Finance of France, said in the Session of December 10th, "I do not know yet what will come out of the Conference, and to what practical result it may lead; but this much is certain, our labours will not in any case be fruitless."

"It will be a great result to have started this practical study, though perhaps the study will be long before it comes to a conclusion, since progress is always slowly realised. Ideas from the realm of abstraction cannot pass at once into the domain of facts. . . . To realise them requires much labour, much good will, and much effort."

Labour, effort, and good will cost us nothing. We have arrived at the period of reflection, and if I may express myself thus, of labour of the study, permitting the Delegates to co-ordinate the elements of the practical monetary problem of which we all desire a solution.

The various Governments which we have the honour to represent will be able on their part to examine and judge the ideas put forward and the general situation, whose conditions seem to be faithfully reflected in our discussions. At the moment when we suspend our labours we carry with us, I regret to say, the very general impression of an uneasiness which calls for a remedy; but we cherish at the same time the hope that palliatives or possibly a combination of palliatives may perhaps be found to conjure the evil by the aid of an international agreement or understanding. We have finally, I venture to assert, a lively and sincere desire to come together again, with the conviction that we shall be better equipped to reach a successful result than we were in beginning our labours.

The resolution which his Excellency Baron de Renzis will have the honour of submitting to you proposes to fix the date for the resumption of our labours at about six months hence.

As that interval may appear somewhat long, I think it well to prevent any erroneous interpretation, by explaining in a few words the reasons why it seemed nearly impossible to meet again at an earlier date.

In the first place, the festivals of Christmas and of the New Year make it our duty towards our colleagues who are distant from their homes to permit them to spend these days of family gatherings at home.

Secondly, it is indispensable that the Governments represented should take ample cognisance of the labours of the Conference and of the proposals advanced, in order to examine carefully the attitude which they wish to take.

Finally, and this above all justifies the delay proposed, there is the desire of the United States of America, at whose instance the Conference was convoked. You are not unaware, gentlemen, that in consequence of the natural play of American political institutions the present Government will yield in some months to a new Government. It is not until the fourth of next March that the change will take place, and some time will be necessary for the new President to re-organise the Government.

The new officers will have to examine what has been done by their predecessors before drawing up in their turn the instructions to be given to the Delegates who will represent them.

The proposed interval is therefore amply justified.

I am authorised to state, in the name of the Government of His Majesty, that just as it was happy to accept the invitation of the President of the United States of America, and to offer you its hospitality during this first period of your labours, it will be no less happy to see the Conference meet again at Brussels in the course of the next year.

In accepting that offer you will give, gentlemen, a special distinction to Belgium, for which she will certainly show itself grateful.

As the Minister of Finance said, in inaugurating our Sessions, "We are only your hosts, but we are happy to be so."

Our country will be doubly happy if the rôle which circumstances have conferred upon her will permit us to say some day that we had contributed, in a modest way, to the realisation of a new advance in the path of international agreement for the common good.

BARON DE RENZIS (*Delegate of Italy*) spoke as follows:—

Baron de
Renzis.

MR. PRESIDENT AND GENTLEMEN,

As you have just heard, I have had the honour of laying upon the table a proposal for the adjournment of the Conference. It has seemed to me that, in the

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Proposal for
adjournment.

Baron de
Renzis.

present state of our discussions, and in view of the conclusions of the Committee which we appointed, we cannot hope for an immediate agreement upon any definite proposal.

The public, and perhaps even some of ourselves, in commenting upon our work and seeing how short a road we have travelled, might think that this Conference could result only in failure like all the Monetary Conferences which have preceded it.

Permit me to say frankly that such is not my opinion. Our Sessions have been numerous; the investigations made have been long and serious, and if no solution has crowned our work, that is no reason why we should doubt the final result. There is in the Assembly a sincere desire to reach a tangible result.

In the first place this Conference differs from others by the number of Powers which are represented. It was not merely from courtesy that countries which are, as one might say, without interest in the question, have sent Delegates of recognised economic competence.

There have been numerous reserves, but there have been also declarations which should be of great value in our eyes. I do not allude to the speeches of the representatives of bi-metallic countries, whose approval of our work was natural, but when I hear, for instance, his Excellency the Delegate of Austria-Hungary make statements full of good will; when I see the Delegates of Russia, a country which, by its geographical position, by the conditions of its circulation, and by the enormous stock of 2,418 million francs in gold which it owns, is enabled to regard with an indifferent eye any perturbations in the commercial value of silver; when I see, I say, the Delegates of Russia bring us the assistance of their talent and their zeal, I say frankly that we need not despair of the cause with which we are occupied.

Is any agreement, any convention, impossible? And why? Need I recall the very interesting declarations made by the British Delegates?

Sir Charles Fremantle and Sir Rivers Wilson have said to us: "Her Majesty's Government could not view with indifference the drawbacks resulting from the fall of silver," and "England has accepted the invitation to consider what measures could be adopted for the purpose of increasing the use of silver . . . There is a danger in sight; otherwise there would be no justification for our presence here."

They have told us that we should study with the greatest care all the plans which might be proposed with the purpose of insuring an increased circulation of silver, and they gave us the assurance that if there were a considerable number of States ready to adopt a resolution, they would do their best to present that resolution to the Government of the Queen.

In the mouths of men so competent as the Delegates of England these declarations have a value which should be appreciated. They are not the empty words of courtesy, they are not declarations of a platonic and therefore barren affection. No, they were careful to say that if we did not touch their monetary law and the fundamental principles of their currency, they would be glad to aid us and to take part in a solution.

Is there need to recall what was said by the French Delegation, whose declarations have already been mentioned at this meeting by our honourable President?

In the speech of Mr. Tirard there was a certain regret that the proposal of Mr. de Rothschild had only lived for one morning. One might believe that if this proposal had been amended and rendered more equitable, we could have counted upon the co-operation and upon the good will of France.

Well, gentlemen, why have we arrived at no result thus far? Because frankly no proposal was ripe; they were improvised, so to speak, for the needs of our discussion. What could we do without preparation, without precise instructions from our Governments?

In these conditions an adjournment is desirable. Let us in the first instance give the Governments time to gain a knowledge of our discussions and of the speeches of the eminent Delegates from all countries of the world. In six months it is possible that in returning here we shall find ourselves face to face with more mature and more practical proposals.

We have planted a fertile germ; give it time to develop and to grow. We know already that in a new meeting there will be no question of discussing principles. Our Latin ancestors said in such circumstances: *Roma locuta est*. Now that all has been said we know with what we have to count. Each wishes to stay in his entrenchments, and we must not hope that the mono-metallists will yield any more than the bi-metallists. But we know their respective tendencies and that is a great deal. We can see clearly ahead.

We know that the resolutions to be taken must not affect principles. We must limit ourselves to a compromise.

The proposal to be made will be *practical* or it will not be adopted. It may be experimental, it may be transitory. It will be an agreement between the Governments, a parallel agreement, leaving each its independence; but everybody sees that we can arrive at the desired solution if an effort is made on both sides. Neither the right nor the left will prevail, neither the one nor the other; but recollect that Macaulay said that truth is found between two extremes.

A small sacrifice by each of us will lead to a result more important than we may suppose.

The Latin Union is an instance. What is the Latin Union? In substance it is the result of small concessions made by five States which have agreed together in view of the common interest. The interests of some are at times opposed to the interests of the rest; but all the States recognise that the total advantage which they gain from it is greater than the sacrifices imposed upon each of them.

I will only speak of a country which I know somewhat better than the others, Italy. While in the Latin Union, France, for instance, has fifty francs in five-franc pieces per head, and Belgium has seventy, Italy has only twelve. With the conditions of our circulation and the progressive increase of our population our interests would naturally be to have perhaps a certain liberty of limited coinage. But no, Italy is careful not to detach herself from her monetary allies; the advantages of an understanding with her neighbours are a compensation for the sacrifices which it implies.

In opening our Conference, the eminent Minister of Finance of Belgium expressed the wish that the Latin Union might some day be a basis and an example for the other nations.

Frankly, I have no hope of seeing that day. But I believe the example of the Latin Union may be useful. It will perhaps induce other Governments to examine whether there is not ground for an agreement with this nucleus already constituted.

Before concluding allow me to note a somewhat significant fact. From all sides in this Assembly,—and this follows from all the speeches which have been made, whether it was stated openly or merely alluded to,—all eyes are turned towards England. It is plain that England is recognised as filling a preponderant rôle in this question. Every one expects that that great country should give the good example which we hope to see. The speeches of many Delegates had the appearance of reproducing an historic phrase. In this struggle for the rehabilitation of silver, everybody in fact seemed to say, "*Messieurs les Anglais, tenez les premiers.*"

Since England is the first market of the world, it is from England that the first gleam of hope should come. And if that venerable king of the world, called Silver, should be exiled, like an old king who is inconvenient and out of fashion, let me express the hope that in respect for the services which it has rendered humanity, we should at least render its fall peaceable and free from commotion and catastrophe.

I have the honour, gentlemen, to propose that the Conference do adjourn until the end of the month of May.

The President read the text of the resolution laid upon the table by Baron de Ronzis. The resolution is as follows:—

"The International Monetary Conference,—

"Recognising the great value of the arguments which have been developed in the reports presented and in the discussions at the meetings, and

"Reserving its final judgment upon the subjects proposed for its examination,

"Expresses its gratitude to the Government of the United States for having furnished an opportunity for a fresh study of the present condition of silver.

"The Conference suspends its labours and decides, should the Government approve, to meet again the 30th of May 1893.

"It expresses the hope that during the interval the careful study of the documents submitted to the Conference will have permitted the discovery of an equitable basis for an agreement which shall not infringe in any way the fundamental principles of the monetary policy of the different countries."

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MR. ALLISON (*Delegate of the United States*) spoke in English as follows:—

Motion for
adjournment.

Mr. Allison.

MR. PRESIDENT AND GENTLEMEN,

It is gratifying to me to learn from his Excellency the Minister of Italy, and from other expressions that I have heard, that the Conference thus far has made progress in the direction of a partial, if not a final, settlement of the difficulties that surround our metallic money.

One great impression made upon me is that, in the course of our debates here, no one has suggested that either one of the metals should be absolutely discarded, all agreeing that in some form these two metals may be useful in exchanges, and, as a rule, for measuring value. This being so, I think we can very well, for the time being, discard what may be called the principles upon which we are divided, and following in the line of the suggestion of his Excellency the Minister of Italy, and also the suggestions made by our distinguished presiding officer, we should have time to draw together in one form many of the suggestions that have been made here; as, for example, what nations are willing to adopt the plan suggested in the very beginning by Mr. de Rothschild as respects the amount of silver bullion they will take, and the use they will make of this bullion when taken. The United States has on this subject given you an example which you may not like to imitate, but which may be worth studying. The Latin Union has shown how easy it is to have a concourse of nations, as respects its money. Now, we have been here, it is true, but a brief time. I think the discussions have been of great value, not only to those who have heard them, but to our respective Governments, as showing how great the difficulties are, and how important it is that in some form they should be materialised into mutual concessions, as respects the widely different opinions. Now, that being so, it seems to me wise for us to continue our deliberations. That seems to me impossible now, because, as our President has already stated, the members here feel that they must go to their homes to participate in the holiday festivities of the season. That being so, it seems to me we must take a recess now. If we are to do so, I concur in the views expressed already, that time should be given for our Governments to study, with care, the various suggestions that have been made here, and the projects presented, and that they should also have time carefully to consider them, and to make recommendations upon some or all of them, or suggestions growing out of them. Time is necessary, therefore, and I approve of the time suggested—and should have been glad if it had been even a little longer—by the Minister of Italy.

I do not know that I should say what I am about to say personally to the Conference, as respects our own situation. I know that should not weigh with the Conference, but, as is well known to you all, our Government undergoes a complete change on the 4th of March, and at that time one of the two Houses now in existence will pass away, and the other will change its majority, and the Democratic Party will have control of the legislative and executive branches of our Government. Now, it seems to me that if this Conference shall come to an agreement, it will probably come to some understanding far short of what our recommendation will be; but in doing so, it will naturally be expected—certainly if the propositions which have been made here are an index—that we shall make some large concessions, and if so, it is but natural that those who are to have the responsibility shall also have the direction, and on that ground it will be of advantage to the United States that adjournment shall be to as late a period as will enable our new Government to consider that which has been done here. I think I can speak for my colleagues in saying that we heartily consent to the suggestion that has been made by the Minister of Italy, and to other suggestions that have been made, and I shall be glad to have the adjournment to the day named in the Resolution.

We have some hesitation in further intruding on the hospitality of Belgium, but after the statements made by our President, I think we can all feel that we are as cordially received here as I know we are hospitably entertained.

Mr. Bertram
Currie.

MR. BERTRAM CURRIE (*Delegate of Great Britain*) made the following speech in English:—*

It may seem ungracious to raise any objection to the adjournment which has been proposed; and if I do so it is rather with the view of saying a few parting words in my individual and private capacity than from any intention of calling for a vote on the question; but it must not be forgotten that the Conference of 1881 still remains

* This speech is printed here in the terms in which it was actually delivered in English. It differs, in a few phrases, from the French version handed in by Mr. Currie and printed in the Official Minutes.

adjourned, and if during the eleven years which have elapsed since that time it has not been found expedient to summon it, what prospect have we, the Delegates of 1892, of a speedier re-union?

Motion for
adjournment.

Mr. Bertram
Currie.

Three times the Delegates of various nations have met at a Monetary Conference. On each occasion they have exhausted their ingenuity in devising plans for the increase of silver money, and thrice they have been compelled to separate without accomplishing or even advancing the object which they had in view. Has not the time arrived when, as men of the world, and some of us men of business, we should recognise the fact that the task which was set to them was impossible? Would it not be wiser, instead of postponing our decision, to declare plainly to our bi-metallic friends that the plan which they advocate is no cure for the ills of which they complain; so that, abandoning vain imaginings and illusive visions which can never become realities, they may turn their attention to some possible alleviations of their distress?

It would be presumptuous in me to indicate the quarter to which their inquiries should be directed; but unless I am greatly mistaken, the malady which affects them is political rather than financial.

The world is not suffering from a penury of gold, but from the loss of its savings through hazardous investments, from exaggerated tariffs which destroy and hamper trade, from heavy taxation, and above all from the many unproductive consumers of its wealth.

If there be any ground for the complaint which has been made in the course of our discussions, that gold if not actually scarce is difficult to be procured, it is explained by the fact that more than one of the great nations of Europe has accumulated gold in excess of financial requirements, and views with alarm and suspicion any diminution of its stock.

Reference has been made by some of the Delegates to the practice of the Bank of England, as well as of other banks of issue, with respect to gold, and our eminent colleague, Mr. Tirard, drew an interesting comparison between the stability of the rate of discount in France and the constant changes which have occurred in England.

It is not for me to criticise the action of the Banks of France or Germany, but I am confident that the Bank of England will never depart from the policy, which is indeed prescribed to it by law, of paying gold freely and without demur in satisfaction of all lawful demands.

The question that has been raised whether that Bank habitually holds a gold reserve sufficient to meet all emergencies is a fair subject of debate. If a larger stock be thought desirable it might perhaps be provided by the other banking institutions of London out of the large balances which stand to their credit in the Bank of England.

There was another remark which fell from Mr. Tirard which made a great impression upon me. I refer to the eloquent protest which he uttered against opening the mints of his country to unlimited coinage of silver, so as to compel France to receive from Mexico and the United States a commodity which she could never return to the countries from which it came, nor use for the payment of her debts or the satisfaction of her requirements.

Are not these words of Mr. Tirard the condemnation of silver as a fit medium of unlimited coinage? For how can any substance provide a good currency which will not pass current or be fit for circulation if it refuses to circulate?

It is a matter of indifference to me as a seller of goods or services whether I am paid in paper, in gold, or in silver money, but on this condition, that when in my turn I become a buyer, the money which I have received will be accepted without deduction in exchange for the goods or services which I require.

Tried by this test, silver has broken down. Nobody wants it for himself, but everybody desires to pass it on to his neighbour, like one of those coins of South American origin of which the unwary tourist is apt to find himself the possessor.

After the categorical and repeated declarations against free coinage which we have heard from the Delegates of France, Germany, and Great Britain, we should only delude ourselves if we did not admit that the question is closed.

Let the bi-metallists, supported in some degree by the high authority of my friend, Mr. Rothschild, and encouraged by the utterances of persons so competent in these matters as Archbishop Walsh and Mr. Chaplin, console themselves with predictions of the calamities and perils which are to follow as the result of our inaction. We will not venture upon the domain of prophecy, content to meet present difficulties as best we may, refusing to aggravate them by any attempt to interfere with the natural

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Motion for
adjournment.

Sir Rivers
Wilson.

course and tendency of events, and leaving it to our successors, the Delegates of the twentieth century, to discuss and determine the monetary system of the future.

SIR RIVERS WILSON (*Delegate of Great Britain*) read the following statement :—

MR. PRESIDENT AND GENTLEMEN,

Our colleague, Mr. Currie, has already made a statement. The few words which I shall have the honour of addressing to you are spoken not only in my own name, but also in the names of my colleagues, Sir Charles Fremantle and Mr. de Rothschild. With reference to the proposal of his Excellency the Italian Minister for an adjournment, we wish to express very frankly our doubts as to the advantages offered by the course proposed. For nearly four weeks men of the highest competence, representing nearly all the Governments of the civilised world, have been engaged in an exhaustive discussion of the monetary question. If, after full debate, they have been unable to arrive at an understanding, or to agree on any uniform plan for meeting the difficulties which have been pointed out by the promoters of the Conference, is there any likelihood that we should be more successful after an interval of six months? It is no secret for you, gentlemen, that the Government of Her Majesty only entered upon this Conference with hesitation and under the greatest reserve; and it is quite possible that it may appear to the Government unnecessary to renew the mission which it has entrusted to its Delegates. It appears, however, that the great majority of the Delegates will support the proposal of our honourable colleague. If, then, the meeting of the Conference does really take place on the date named, it could not have any other purpose than the examination of a perfectly practical and explicit proposal brought forward by the Government of the United States, or by other Powers,—a proposal which would not violate in any way the principles laid down by his Excellency the Italian Minister at the end of his motion, that is to say, which would not interfere in any way with the fundamental principles which govern the monetary systems of the various States.

At the same time, while offering you this explanation, it becomes our duty to declare in the most formal manner that in any case—whether the adjournment be voted or not—the British Government reserves to itself the most complete liberty of action as regards its system of currency. General Strachey, who directly represents the interests of India in this Assembly, will make you a similar declaration, in which we join in the name of our Government.

Sir William
Houldsworth.

SIR WILLIAM HOULDSWORTH (*Delegate of Great Britain*) spoke in English as follows :—

MR. PRESIDENT AND GENTLEMEN,

I feel I ought to apologise for rising immediately after two of my colleagues and so intruding the British Delegation again upon the attention of the Conference on this matter. But as England has been referred to over and over again during these discussions as one of the great, if not the greatest, factors in the case, perhaps I may be permitted to say a very few words. I take a very different view as to this question of adjournment, and as to the position in which we stand, from that taken by any of my colleagues who have preceded me.

In the first place I must protest against certain statements in the declaration which has just been made by Sir Rivers Wilson. I deny altogether that the Government accepted the invitation to this Conference with hesitation or with reserve. No doubt the original invitation to consider the bi-metallic question alone (though I do not think this invitation was ever couched in precise terms) might not have been acceptable. I am quite free to admit that it is exceedingly probable that the Government of Lord Salisbury would have declined on practical grounds to join a Conference to consider that question alone. But I have a firm conviction that when the invitation was put in more general terms, and when it was thought that something practical might come from our deliberations, then there was no hesitation on the part of Her Majesty's Government. So far from any reserves being placed upon us, our instructions seem to me of the freest possible kind. They even went so far as to charge us to study with the greatest care any plan that may be submitted for our consideration before coming to the conclusion that matters must be left as they are.

I can add very little to the arguments used by the Italian Minister in favour of an adjournment. But there is another sentence in the declaration which has just been made by Sir Rivers Wilson. I do not agree with the suggestion that we ought not to meet

again unless some one definite plan is put before us by the United States, and that we should bind ourselves to discuss that and nothing else. Now, I think no more unfortunate suggestion than that could have been made. I have gathered the general opinion of this Conference with one exception—I think my friend Mr. Bertram Currie is that exception—to be that the circumstances of the time demand a remedy of some sort, in order that industry may be freed from the burdens and difficulties under which it groans. I also gather that there is a general opinion that there has been an appreciation of gold, in other words that there is not a sufficient quantity of gold to maintain the level of prices, and that under present conditions the level of prices will probably fall, and that a further fall would be a disaster. I frankly admit that in my opinion there will never be a permanent solution of this difficulty until we have an international bi-metallic agreement. But I would be glad to accept, as the United States has said, any temporary solution of the question even short of bi-metallism which promises in any degree to mitigate the position in which we stand. Certainly any solution of the question which would promise something more than a mitigation, say, which would promise a settlement even for 10, 15, or 20 years, I should hail with the greatest delight. Well, there have been before our Committee five plans, and it seems to me that if we had continued our sittings for a few days longer, these five plans would probably have become five-and-twenty. But of these plans some are absolutely not formulated in such a manner that we can thoroughly understand them in all their bearings, nor are they in a state to be discussed. Under these circumstances it appears to me it is our plain duty to adjourn, and at a future time to take up these plans which have been presented in perfect good faith, and to endeavour to come to some decision upon them. I do not believe that there is any permanent solution except one. But I think I foresee this, that any temporary solution, or palliative solution which will be of any benefit whatever to the industrial world, will not be found in any one plan which may be suggested, but in a combination of different plans. I believe a solution of some value may be found in a compromise of a number of plans. I defy anyone to bring forward any one plan which will be at once accepted as a settlement of this question. We ought to meet again. Our Committee should again sit, and should carefully consider these plans with any others which may be brought forward. I trust that by next May we shall have more light, and I think Mr. Currie will be astonished in a very short time at the progress which this question will make in England among the great masses of the industrial and commercial classes. Of course the bankers of England and the Government may remain obstinate, but I do not think that the people of England will quietly and patiently continue to suffer from the dangers and difficulties which they are now enduring or which certainly come upon them if nothing be done.

I most heartily support the proposal for the adjournment. As a bi-metallist I have been thoroughly satisfied with the progress which has been made in these discussions. It is quite as much as I expected. I believe that we have made much progress already, and that there is a deepening conviction that upon the solution of this question depends the prosperity and happiness of all the commercial countries of the world.

MR. RAFFALOVICH (*Delegate of Russia*), speaking personally and without pledging the opinion of the Imperial Government, said that he had heard with great surprise the sceptical declaration which had been made by Sir Rivers Wilson for himself and for Sir Charles Fremantle and Mr. de Rothschild. It should not be forgotten that Sir Rivers Wilson and the Director of the English Mint were high officials, while Mr. Bertram Currie represented the views of a very considerable portion of the City. This being the case the statements of the English Delegates were like a dash of cold water. They would have to bear the responsibility for the consequence of the words that they had uttered. It would have been more logical perhaps to go to the end and to vote against the adjournment.

GENERAL STRACHEY (*Delegate of British India*) made the following declarations:—

GENTLEMEN,

On the part of the Delegates of India I wish to inform you that I am instructed to state in a formal and decisive manner that during any adjournment of the Conference the Indian Government remains absolutely free to act as it may deem necessary so far as its monetary system is concerned.

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Motion for
adjournment.

Sir William
Houlds-
worth.

Mr. Raffal-
ovich.

Declaration
by General
Strachey.

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SIR GUILFORD L. MOLESWORTH (*Delegate of British India*) spoke in English as follows:—

Motion for
adjournment.

MR. PRESIDENT AND GENTLEMEN,

Sir G.
Molesworth.

I most heartily and unreservedly support the resolution of the honourable Delegate of Italy, and I quite agree with Sir William Houldsworth that this Conference has achieved a success as far as it has gone. I came to this Conference fully expecting that it would be without practical result, but I think I should be expressing the opinion of those who wish to see silver rehabilitated if I say that the result is very encouraging, and that it would be a most flagrant dereliction of our duty if we were to stop the Conference at this point, for I believe that its proceedings will be productive of very satisfactory results. From a private letter which I have received from England I find that there is a great interest excited there, that many who have hitherto considered the monetary question an abstruse question are now beginning to look into it, and that it is producing among the financial classes of England very great interest. But although some of the London newspapers have suppressed to a certain extent those opinions which are opposed to their views, the financial and provincial journals have taken up this question with very great interest, and I believe that the next few months will witness a very great revulsion of feeling in England, and will materially aid to a satisfactory solution of these present difficulties which oppress us.

Mr.
McCreary.

MR. MCCREARY (*Delegate of the United States*) spoke in English as follows:—

MR. PRESIDENT AND GENTLEMEN,

I desire to speak briefly on the motion made by his Excellency the Minister of Italy.

The President of the United States of America proposed this International Monetary Conference, in accordance with an Act of Congress which declared "that the object of the Conference is to secure internationally a fixity of relative value between gold and silver as money by means of a common ratio between those metals with free mintage at such ratio."

I came here therefore, with the other Delegates of the United States, to cordially and earnestly endeavour to promote the great object so tersely and forcibly expressed in the Act of Congress.

At the commencement of my remarks, I wish to express the gratification I feel on account of the goodwill and friendly feeling which have been so conspicuous here. I believe we will all have pleasant recollections of the Conference, and of the courtesy and hospitality so graciously extended to us. To the distinguished President of the Conference I extend my hearty congratulations for the impartiality and ability with which he has discharged his duties, and the promptness and efficiency of the other officers of the Conference make them worthy of our thanks and commendation.

Although no definite action has been taken by the Conference, interesting plans have been presented, concessions have been made, candid and amicable discussions have been participated in, valuable information has been disseminated, the gravity of the monetary situation has been admitted, and a wholesome interest aroused among Delegates representing hundreds of millions of people. I believe the Conference of 1892 has been important and instructive to the world, and I hope it has opened the way for good results in the future.

Scarcely a month has elapsed since we first assembled. The great and important monetary problems which now confront civilised nations cannot be quickly solved. They require careful, laborious, patriotic efforts. Important propositions have been presented which have not been discussed or considered by the Delegates, and other propositions which have been discussed have not been finally decided. If Delegates from other countries think the Conference should meet again, I believe we who represent a country whose invitation was so promptly and cordially accepted when the Conference was proposed, should consent.

The expressions made in favour of another meeting of the Conference are very encouraging. Important Sessions of Parliament and of Congresses will be held in the next few months. In my country a new administration will take charge of the Government on the 4th of March next, and then such action regarding this Conference as seems proper can be taken. The importance and the difficulties of the monetary situation demand serious attention, and the unanimity with which the members of the Conference support the proposition to meet again May 30th, 1893, proves their earnest desire that every proper effort shall be made to improve the situation.

MR. ALLISON (*Delegate of the United States of America*) made the following declaration in English :—

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I only wish to say a word in regard to the reserves made by General Strachey and others. As I understand it there is no Government which is bound in the least as respects its monetary policy during the adjournment. I think that all the Governments—the United States certainly so consider it—reserve an absolute independence as respects their monetary policy until a monetary union shall be prepared.

Motion for
adjournment.

Mr. Allison.

COUNT KHEVENHÜLLER METSCH (*Delegate of the Governments of Austria and of Hungary*) expressed himself as follows :—

Count
Kheven-
hüller
Metsch.

The Governments, which I have the honour to represent here have no objection to make to the terms of the proposal for adjournment made by his Excellency the Minister of Italy.

After the declaration of Sir Rivers Wilson and General Strachey, I had proposed to ask for my Governments the same liberty of action ; but after the very amiable and conclusive words which Senator Allison has just pronounced, it is absolutely superfluous to make any special reserves.

CARATHEODORY EFFENDI (*Delegate of Turkey*) spoke as follows :—

Votes of
thanks.

MR. PRESIDENT AND GENTLEMEN,

After the eloquent words of our honourable President at the beginning of the Session, let me hope that, in spite of certain prognostics which we have just heard, we shall not say "*adieu*," but "*au revoir*," when we leave to-day the hall in which we meet.

Caratheo-
dory Effendi.

However ill-qualified I may be, and however modest has been my part in this Conference, permit me, gentlemen, to mention a fact which dominates all others.

We have not had, it is true, a definite result. Was such a result to be anticipated? Is it not, above all, in arduous tasks such as that which has been submitted to this international assembly, that the old adage *Festina lente* has its most perfect application?

The eloquent speeches which we have heard during the course of our debates from the representatives of the Old and New World who sit amongst us, speeches in which the different aspects of scientific theory have been learnedly and brilliantly developed ; the indication of various remedies required by the situation ; the ingenious and lucid exposition of these very complex monetary questions ; these form already an important record, of which none will contest either the high scientific value or the real practical importance.

Our respective Governments will without doubt give all care to examine, as is fitting, the entirety of our work before our approaching meeting, and it only remains for us to hope that a ground for an acceptable international agreement will be found, fitted to give satisfaction to all the interests in question in a manner to insure the general good.

In separating, after the first stage of our labours, there remains, gentlemen, an agreeable duty to perform, and I consider myself particularly fortunate in being called to the honour of performing it in the name of all our colleagues, as the senior among the diplomatic members of the Conference.

We all desire to repeat again the expression of our gratitude to His Majesty the King of the Belgians and to his Government, which has already been done in such excellent terms at the opening of our deliberations by our very distinguished colleague from the United States.

The hospitality of this noble country has been what it always is, ample, gracious, and impressed with that kindness which has so long been customary in Belgium. We shall carry away the best and most grateful remembrance of it.

But the tribute of our warmest and most sincere thanks belongs by right especially to him who has conducted with the most complete courtesy and impartiality our long Sessions and our laborious work, and whose thoughtful and amiable attentions have been extended to us even outside of this chamber. I hope, Mr. President, that you will accept on the part of all of us the expression of our most friendly and cordial feeling.

It is equally the unanimous desire of this high Assembly that I should speak for them in proposing, gentlemen, to add at the same time our thanks to the General

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Votes of
thanks.

Mr. de
Foville.

Secretary, who has so faithfully performed at all times the delicate and difficult functions with which he was charged, as well as the Secretaries who have efficiently seconded his efforts.

MR. DE FOVILLE, in the absence and in the name of the first Delegata of France, desired to join in the word of thanks which the honourable Delegata of Turkey had addressed to the Belgian Government and to the President of the Conference and the Secretaries. He felt that he was the interpreter of all in expressing his lively gratitude for the hospitality which the members of the Conference had received in the Belgian capital.

Count
Alvensleben.

COUNT ALVENSLEBEN (*Delegate of Germany*) expressed himself as follows:—

MR. PRESIDENT AND GENTLEMEN,

Speaking in the name of the Delegates of Germany, I wish to join in the expression of gratitude which has been addressed to the Government of the United States in the resolution proposed by the Minister of Italy, for having taken the initiative in our meeting, whose object was to study anew a question of the highest importance.

We fulfil an agreeable duty in adding our thanks for the kindly and hospitable reception of which the august Sovereign of Belgium and his Government have given us so many evidences.

As I have had the honour to state before, the Imperial Government takes a most lively interest in the labours of the Conference. We have made it our duty to follow them with the most serious attention in order to report them conscientiously; and I do not hesitate to express the conviction that the Imperial Government will submit the propositions which have been made in the course of our deliberations to a most careful examination.

Regulating our conduct by our instructions, which prescribe a strict reserve, we do not think that we can depart from them in the present case by taking part in the resolution for the adjournment of the Conference until May 30th, 1893, in order to reserve for our Government its complete liberty of action.

THE PRESIDENT noted that no one had proposed the dissolution of the Conference.

He invited the Assembly to come to a decision upon the resolution presented by his Excellency the Minister of Italy.

The resolution was adopted.

The Presi-
dent.

THE PRESIDENT spoke as follows:—

GENTLEMEN,

You will surely pardon me if feelings which you will understand and which are perfectly natural, render it impossible for me to express as I should like the thanks which from the bottom of my heart I should utter for the kindly words which have been spoken by his Excellency Carathodory Effendi and which other speakers have reiterated.

I cannot say how much I am flattered or how pleased and grateful I am for the appreciation, far greater than I deserve, which, with extreme indulgence, you have expressed for the efforts I have made to conduct your debates.

As I said when our labours commenced, it was a great and unexpected honour to be called to conduct the debates of this Assembly in which so many nations were represented by men filling the highest positions, and by the *élite* of their men of science and their economists. I have done what I could, and you have been too indulgent in your appreciation of my efforts.

For myself I shall carry away from the Conference a profound gratitude towards you all, and a very lively hope to see you as Delegates again at this Conference; and permit me to add, if the fear expressed by some of the Delegates of Great Britain should be realised, if we should not meet again here,—which I should profoundly regret,—I shall hope to see you again as friends. Permit me also, gentlemen, in the name of my Government to thank you for your kind words in regard to the hospitality of Belgium. We were happy to offer you that hospitality, and be assured of it, we shall be happy again to receive you here to continue your labours.

I shall have the honour of transmitting to His Majesty and to his Government the expression of the sentiments of the Conference.

I would thank you for your kinds words in the name of our General Secretary, who has devoted himself completely and absolutely to the task confided to him, and has performed it with as much ability as zeal; and I would thank you also in the name of all the Secretaries. I am glad that it is from you that these words have come which testify that you have appreciated the zeal and activity with which those gentlemen have filled their office.

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—
Votes of
thanks.
—
The Presi-
dent.

I think I should fail in my duty if I did not embrace this opportunity to thank in the name of the Conference our colleague, Mr. Raffalovich, for the constant services which he has rendered with so much good grace as interpreter, and with so much activity and intelligence as a Secretary of the Examining Committee. Once more, gentlemen, thanks, and I add, with his Excellency Caratheodory Effendi, *au revoir* and not *adieu*.

SIR WILLIAM HOULDSWORTH asked that notice of the adjourned Meeting might be given to the various Governments two months before the 30th of May, or at such other period as would give the Governments sufficient time to take the necessary steps.

Arrange-
ments during
adjournment.

THE PRESIDENT stated that a note should be made of the wish expressed by Sir William Houldsworth.

That wish was connected with a question which the President submitted to the Conference in these terms:—

The *Bureau* of the Conference continues in existence, but it may exist in fact or in form only. You will without doubt be of the opinion that it is useful for it to exist in fact; that is, to be, if necessary, a means of communication between the Delegates.

I will take an example: Suppose some Delegate formulates a proposal which he deems might be accepted by the Conference and that he sends it to the President. It will be communicated to the *Bureau*, translated if necessary, printed and distributed to the Delegates. In this way the *Bureau* will fulfil a useful function.

(Agreed.)

It was agreed further that the Minutes of the Ninth and Tenth Sessions should be considered as approved by the Conference, it being understood that the Secretary would secure the assent of those Delegates who had taken part in the discussion.

The Session adjourned at noon.

LIST OF DOCUMENTS

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- EXPORTATION FRANÇAISE (L').—La Conférence monétaire internationale et notre projet de réforme monétaire. Issues of the 26th November and the 10th December 1892. Paris.
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COMMERCIAL. No. 1 (1894).

NOTE

FROM THE

BELGIAN MINISTER IN LONDON

RELATIVE TO THE

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*Presented to both Houses of Parliament by Command of Her Majesty.
January 1894.*

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Note from the Belgian Minister in London relative to the
Monetary Conference.

No. 1.

Baron Solvyns to the Earl of Rosebery.—(Received November 25.)

M. le Comte, *Légation de Belgique, le 23 Novembre, 1893.*
MON Gouvernement a reçu de Washington un télégramme portant que
“le Président des États-Unis ne croit pas de son devoir, dans les circonstances
actuelles, de demander que la Conférence Monétaire soit convoquée.”
Je suis, en conséquence, chargé de faire part de cette information au
Gouvernement de la Reine.

Je saisis, &c.
(Signé) SOLVYNS.

(Translation.)

M. le Comte, *Belgian Legation, November 23, 1893.*
MY Government has received from Washington a telegram stating that
“the President of the United States does not feel called upon in present
circumstances to ask that the Monetary Conference should be convoked.”
I am accordingly charged to make known this information to the
Queen's Government.

I avail, &c.
(Signed) SOLVYNS.

COMMERCIAL No. 1 (1891).

NOTE from the Belgian Minister in London
relative to the Monetary Conference.

*Presented to both Houses of Parliament by Com-
mand of Her Majesty. January 1891.*

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RETURN to an Address of the Honourable The House of Commons,
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India Office, }
25 March 1893. }

ARTHUR. GODLEY,
Under Secretary of State for India.

(Sir William Houldsworth.)

*Ordered, by The House of Commons, to be Printed,
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MONETARY CONFERENCE.

REPORT of the DELEGATES of INDIA at the BRUSSELS
MONETARY CONFERENCE.

My Lord,

London, 20 February 1893.

IN compliance with your Lordship's instruction, we have attended the meeting of the International Monetary Conference at Brussels.

The Conference commenced its sittings on the 22nd of November 1892, delegates from 22 States being present, and on the 17th of December, in accordance with the general wish of the delegates, it adjourned.

The "Procès Verbaux," a complete copy of which accompanies this report, give a full account of the proceedings of the Conference, and will obviate the necessity of any detailed reference on our part to the voluminous discussions at the sittings.

1st Sitting, 22nd November.

The Conference was opened by an address from M. Beernaert, the Prime Minister of Belgium, after which M. Montefiore Levi, a Senator of the Kingdom, was elected President.

2nd Sitting, 25th November.

After some questions of procedure had been disposed of, Mr. Allison, one of the delegates for the United States of America, presented a statement proposing the discussion of plans for increasing the use of silver for currency, suggested by M. Moritz Levy and M. Soetbeer; and a proposal for the adoption of international bimetallism, which was favoured by the delegates of the United States.

M. de Rothschild, a delegate for Great Britain, also submitted for consideration a proposition having for its object the purchase yearly, under an international arrangement, of silver bullion to the value of about five millions sterling, for a limited number of years.

At this meeting the delegates of several States made declarations reserving for their respective Governments complete liberty of action in dealing with any matter that might be brought before the Conference; the delegates of Germany and Austria-Hungary stating that their instructions precluded their taking part in the discussions or in voting, while the delegate of Russia stated that his instructions prevented his voting on any question in the Conference.

3rd Sitting, 28th November.

A committee was appointed to consider the propositions of Messrs. Moritz Levy, Soetbeer, and Rothschild, and any other proposals that might be brought forward by delegates subsequently.

4th Sitting, 2nd December.

The Committee submitted to the Conference its first report, which stated the principal arguments adduced for and against the proposals, but expressed no opinion on their merits or demerits, leaving them for discussion by the full Conference.

In the course of the discussion that then commenced, it was recognised that it could not be confined to the particular plans that had been proposed, and that arguments on the general questions at issue must necessarily be admitted.

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