

A
BIMETALLIC PRIMER

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PRESENTED BY

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PREFACE
TO THE SECOND EDITION.

As the First Edition was published less than four months ago, very few changes are necessary in the present one ; I have therefore contented myself with making a few verbal alterations with a view to making certain passages more easily intelligible.

August, 1894.

P R E F A C E .

MANY excellent books have been written on the currency question, but they nearly all presuppose some knowledge of the subject, being for the most part addressed to expert readers.

The object of the following pages is to place before inexpert readers an outline of the present difficulties and of the arguments in favour of employing the Bimetallic remedy. It is, I fear, impossible to treat the subject with such simplicity as to avoid the use of technical expressions on the part of the writer, or to avoid the necessity of close attention on the part of the reader; but I have endeavoured to explain all the technical expressions that I have been forced to make use of, and I have endeavoured as far as possible to avoid the side issues with which this subject is beset.

It is impossible in a short work like the present to answer all the objections that have been raised against Bimetallism, but happily they have for the most part been abandoned even by their authors; I have therefore only addressed myself to those that still appear to show signs of vitality.

There is, however, a large class of objections to which I do not refer. These objections are usually formulated as follows:—“If such and such a catastrophe occurred, what would happen under Bimetallism?” This may be usually answered by the counter question: “What would happen under our present system?” Bimetallism does not claim to be a panacea, it claims merely to be a better system than that existing at present.

We must therefore remember that our object is to compare Bimetallism with our present system, and not with the imaginary conditions of an ideal currency; and also that legislation should be framed to meet existing circumstances and probable events, rather than to deal with improbable contingencies in the dim and distant future.

The points that I have endeavoured to bring out most clearly are these:—

1. That under a Bimetallic system our standard of value would possess greater stability than it does at present, and the relative values of the silver and gold standards would also be comparatively stable; in other words, that Bimetallism would bring about greater stability in prices, and greater stability in the exchanges between gold-using and silver-using countries.

2. That it is essential that the standard of value should possess a maximum stability of value; for, as Mr. Gladstone so well said in the House of Commons on 28th February, 1893, "What you want in a standard of value to make it do its work properly is fixity, steadiness, stability, and continuity. You want its properties to be such that what it is to-day it shall be to-morrow, and what it is to-morrow it shall be the next day. Fixity and invariability are the first elements of a standard of value."

The plan of this book is as follows:—After giving a general idea of the subject in the

first chapter, and explaining the meaning of the terms Monometallism and Bimetallism in the second, I endeavour to show in the third chapter that either gold or silver can be made to form a perfectly efficient medium of exchange, and that we have therefore only to consider how they may be made to perform the most important function of money—viz., a measure of value. I then point out that stability of value is essential to the substance that is used as a measure of value, if the measure is to be trustworthy; and I show that, judged by the best test available, silver is at least as stable as gold. In the fourth chapter I give the proof that gold and silver combined must make a more stable standard than gold and silver separate; and in the fifth chapter I endeavour to show that the joint standard must have the effect of giving greater stability to the exchanges between gold and silver using countries; in elucidating this point I am compelled to give a short, and I trust simple, explanation of the theory of foreign exchanges. I have devoted the whole of the sixth chapter to

emphasising the fact that the misfortunes that have attended manufacture, trade, and finance of late years are primarily due to the instability of our standard, which has of late years taken the form of a considerable rise in its value, and a consequent considerable fall in prices. Up to this point I have assumed that the relative value of silver and gold would be maintained at the ratio fixed by law if a Bimetallic system were introduced. In proving this in the last chapter, I rely mainly on the opinion* of the Members of the Royal Commission of 1888 that it could be done, and on the historical fact that it has been done. I have therefore spared the reader any lengthy arguments on this point.

Throughout the book I have endeavoured to prove my points by reference to facts rather than to theories; for though the theory of Bimetallism is in my opinion incontrovertible, the facts are simpler to understand,

* I believe that at present all or almost all the Professors of Political Economy in Great Britain are in favour of Bimetallism.

and are so strong as hardly to require any theoretical support.

Those who are familiar with the subject will therefore notice the omission of many arguments which would have added strength to the case ; but I have aimed at simplicity rather than completeness, though I fear I may not have succeeded in my difficult task. I shall, however, be well repaid for writing this pamphlet if, though my expert friends may consider it " slight and sketchy," my inexpert friends understand it.

15, BISHOPSGATE STREET WITHIN,

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