

WHAT IS BI-METALLISM?

ABOUT two years ago a meeting was held in the Memorial Hall, London, for the purpose of establishing a Bi-Metallic League. The object of this League was declared to be to urge upon the Government "the necessity of co-operating with other leading nations for the establishment, by international agreement, of the free coinage of gold and silver, at a fixed ratio." Since then the Government has appointed a Royal Commission to inquire into our currency system; and this, we take it, is a step towards meeting the wishes of the Bi-Metallic League—at any rate, towards endeavouring to find out what of good is in its object.

Meanwhile it may not be uninteresting to our readers to have it explained to them what bi-metallism is: the more so as the word is comparatively new, and is not to be found in dictionaries and encyclopædias except those of recent date. Of course, we are not going to pronounce an opinion upon one system of currency or another; we merely wish to put the reader in a position to follow with interest the discussions that are sure to supervene on the completion, if not during the continuance, of the labours of the Gold and Silver Commission.

From what we have said of the object of the Bi-Metallic League, that it is the promotion "of the free coinage of gold and silver at a fixed ratio," the conclusion is obvious that such coinage is not free now. Wherein then is it restricted? In 1819 a law was passed in England making gold alone legal tender for any sum above forty shillings, and limiting the coinage of silver to a fixed amount. Previous to that sums of any amount might be paid either in gold or in silver, according as the person that had to pay thought fit, or as it might suit his convenience. Now it is a return to this system that bi-metallists desire, together with a law fixing the rate at which the two metals shall exchange for one another.

In England, then, though both gold and silver coins circulate and are interchanged at a fixed rate, yet silver, as already pointed out, is legal tender only for debts not exceeding forty shillings, and is limited as to the amount that may be coined. Gold, on the contrary, may be coined to any extent and is legal tender for debts of any amount. Such a currency as this is a mono-metallic currency. The currency of India is also mono-metallic; but there the metal used is silver, which is legal tender for all sums and may be coined to any extent—gold being treated just like any other merchantable article. Mexico has a currency similar to that of India, viz., a silver-mono-metallic.

With regard to the currencies of Continental countries, they have within recent years been undergoing a transition from the bi-metallic to the mono-metallic. In 1867 there was formed an International

Association for the purpose of regulating the coinage of gold and silver. This association was called the Latin Monetary Union, and embraced France, Italy, Switzerland, Greece, and Roumania; it, moreover, favoured bi-metallism.

Now, in 1871, Germany, which till then had been a silver-mono-metallic country, decided to change her currency into a gold-mono-metallic like the English. In doing this Germany had, of course, to sell out a great proportion of her silver; this operation threw a large quantity of that metal on the market, and consequently reduced its price from 60½ pence per ounce in 1870, to 46¾ pence per ounce in 1876, by which time the Scandinavian States had followed the example of Germany and thereby contributed to further depress silver.

Here, then, were forces in operation tending to raise the exchange value of gold and to sink the exchange value of silver. The consequence was that the Latin Union, seeing the appreciated metal (gold) slipping out of their hands while they were being flooded with the depreciated metal (silver), began to restrict their coinage of silver in 1873; in 1874 they further restricted it, and by 1879 they ceased altogether. This was a fresh blow to the prestige of silver; and the states comprised in the Latin Union, though theoretically still bi-metallic, are now practically mono-metallic.

Another blow still to silver is threatened from the United States. In 1878 there became law what is called the "Bland Act," by which not less than two million and not more than four million dollars in silver were to be coined monthly.

Here was a market for silver to the extent at least of two million dollars' worth per month; and to that extent, accordingly, silver has been flowing into the American Treasury, where the accumulations are now so large as to cause a reaction against the Bland Act. President Cleveland is in favour of its abolition; and the fears that many entertain of this, which would mean the closing up of another market for silver, have still further contributed to sink the price of that metal. Such then, in a few words, is the position of the greater part of the civilised world in the matter of currency.

Why, it may be asked, should the price of silver in terms of gold not be fixed by law or otherwise, and the free coinage of silver as well as its unrestricted use in paying debts not be allowed?

It is often asserted that the price of gold is fixed by statute because an ounce of gold is always worth £3 17s. 10½d., and from this many people infer that we could also fix the price of silver. The price of gold, however, is not fixed because it is enacted that an ounce is equivalent to £3 17s. 10½d.; all that such an enactment means is that out of an ounce of gold 34⅔ sovereigns shall be made; in other words, that the sovereign shall always contain a certain

quantity of gold. To fix the price of gold would be a much more complicated thing than this; and the law so fixing it would require to say how much butter, how many eggs, how much cloth, how many pounds of beef one would receive for a certain quantity of gold. In fact, to fix the price of gold would involve the fixing of the price of everything that is exchanged for gold—an impossible task. Indeed it is impossible to fix by law the price of anything.

Our silver coins are just now circulating at 66 pence per ounce, while silver uncoined is said to be worth only about 40 pence per ounce. Such a difference in the value of coined and uncoined silver offers great temptation to illegal coinage. Another disadvantage pointed out arises from our exchanges with India, a silver-using country as already remarked. For instance, it is said that when a man sails from this country to India and there receives part of his wages, say 50 rupees, to send home, his relatives, or whoever he sends the money to, instead of receiving £5, receive only about £3 10s.

The reason alleged for this is that the rupee is valued at two shillings, and if he take up 50 rupees this is put down against him as £5, the fact being that, owing to the depreciation of silver, the rupee is worth only about 1s. 3d. Thus on every two shillings the man in such a position loses ninepence. Certainly those that make a statement of this kind do not tell us who gains the ninepence that the unfortunate seaman thus loses. The discovery of the gainer might enable us to put a different construction upon statements of this kind.

The question of our exchanges with India will doubtless be made much clearer by the investigations of the Currency Commission, which according to the

Treasury Minute is, among other things, "to inquire what has been the bearing of the changes in the value of the precious metals upon the following matters of practical business:—

"Upon the remittances of the Government of India.

"Upon the persons in India who have to make remittances home in gold.

"Upon the producers, merchants, and taxpayers of India.

"Upon merchants and manufacturers at home who trade with India."

The facts that will be brought out under these four headings, must shed a great deal of light upon the processes of exchange between gold-mono-metallic and silver-mono-metallic countries.

It is worth while pointing out why in the wisdom of Parliament it should have seemed fit to limit the coinage of silver, and its legal tender to forty shillings. Let us suppose, as many people are now asserting is really the case, the silver in twenty shillings to be worth only two-thirds of a sovereign; and let us farther suppose a man to have the payment of a debt of twenty pounds to make. If he be at liberty to pay this in gold or in silver, which metal under the supposed circumstances will he pay it in? He would most undoubtedly pay it in silver, and thereby really pay only two-thirds of his debt; for with thirteen pounds and a half in gold he could buy silver which, by being broken up into so many pieces of a certain shape and with a certain stamp, would suddenly assume the same value as twenty pounds in gold. It was to prevent creditors from being defrauded in this way that the coinage, and the use of silver as legal tender, were restricted.

W. B. R.

A TRIAL BY FIRE.

(THE CHRONICLES OF GARDEWE MANOR.)

BY LUCY FARMER.

CHAPTER THE FIRST.

TWO PAIRS OF LOVERS.



MUST say Mrs. Cardewe is very kind, Lucy; but can we manage to get ready in time?"

"Of course we can, Charley. We do not get offers like this every day. Why, in three days I can do everything, have the things washed and all! Of course we'll go!"

"That settles it, then,"

replied my husband. "If it won't put *you* out—it was only on your account that—"

"Yes, Charley, I'm much obliged, dear; but do you

run up and tell Mrs. Cardewe that we'll take care of her friend's house at Slapperton-Regis, and come and talk after. The children will be wild with delight. Run along."

I managed to get him out of the house at last, for I believe he would argue with the vicar if he took it into his head. Fancy *thinking* about accepting the offer of a sea-side house in the autumn for three weeks' care-taking while repairs were doing! Three weeks' sea air, and only our tickets to pay for; and Charley hesitating! Well, some men have queer notions about their families.

In three days we were off—just as I said: packed, and everything seen to by myself. Men are no use in packing.

"Well, Charley," I said, as we got into the train, "we're off at last."