

HISTORY OF THE GOLD STANDARD.

[Address by Mr. Horace White, Editor of The New York Evening Post, at the National Currency Convention, Omaha, Neb., September 13th, 1898.]

The part assigned to me in this discussion is the history of the gold standard. That theme is not so interesting today as it was when I essayed it at the World's Congress of Bankers and Financiers in Chicago five years ago. The nation has moved forward since that time, and some things, about which there was great dearth of information then, are pretty well understood now. I shall not repeat what I have already said on the subject. The history of the gold standard is substantially a narrative of attempts on the part of governments and peoples to make two metals, variable in their nature, stable in reference to each other. These attempts were generally honest, although sometimes advantage was taken of the variations, and of the recoinages which followed, to make an illicit gain for the government or for the reigning monarch, at the expense of the people. Mr. W.A. Shaw, in his "History of Currency," tells us that in France the legal ratio between silver and gold was changed 150 times in a single century, or at the rate of three times every two years. Of course there could not have been that number of recoinages. The changes of ratio were simply decrees issued by the royal authority. There were five complete recoinages in the reign of Louis XV, and the reign of Louis XVI began with a sixth.

RECENT PROGRESS OF THE WORLD TOWARD THE GOLD STANDARD.

In my discourse at Chicago in 1893 I gave an account of the changes in the market ratio of the two metals in Europe and America which had led the nations, one by one, to the conclusion that it was perfectly futile to attempt to have a double standard of value—that it was impossible to do so, and that all the time spent in seeking it was wasted, like the pursuit of an ignis fatuus. The result was that in nearly all civilized countries the single gold standard had at that time been adopted. A few days later (June 26, 1893) it was announced that India had discontinued the coinage of silver, with the purpose of adopting the gold standard as soon as possible. Chile adopted the gold standard in 1896, Japan adopted it in 1897, and Russia has completed her arrangements for that purpose during the present year. Ecuador and Peru have either adopted the gold standard or have announced their intention to do so. The only country that has gone back from gold to silver is Spain, and this has been due to her recent misfortunes. Substantially the only silver standard countries remaining are China and Mexico. There are no bimetallic or double standard countries now. I believe that Mexico has gold

coins circulating at their commercial value, as India has. This is not bimetallism. That term means the concurrent circulation of two metals at a ratio fixed by law, as, for example, sixteen pounds or ounces, of coined silver as the equal of one pound or ounce of coined gold. There is no such circulation in any part of the world, either at the ratio of 16 to 1 or at any other ratio.

When the government of India discontinued the coinage of silver in 1893 the rupee was worth $15\frac{1}{4}$ d. in gold. Its value followed that of silver downward until it reached 13d. Silver continued to fall, but the rupee remained at or near 13d. As the quantity of rupees could not be increased, they ceased to be governed by the price of silver in the market, but fluctuated within narrow limits like an irredeemable paper currency. By and by they began to rise. They are now worth 16d. This is the price at which the government hoped to make the rupee and the pound sterling circulate together freely, *i.e.*, fifteen rupees equal to one pound. As the market ratio seems tolerably firm, the government has decided to establish the gold standard, and is now taking steps to that end.

INTERNATIONAL BIMETALLISM.

This is all that history has to say about the gold standard since 1893. There is something to be said about international bimetallism since that time. Entertaining sincere respect for Senator Wolcott and his colleagues who visited Europe last year in the endeavor to promote international bimetallism, I think that the failure of their mission must be taken as conclusive against the success of any such scheme. There have been three international conferences called together to promote this object, all of which failed—one in 1878, another in 1881, still another in 1892, the Wolcott commission of last year being an endeavor to bring about a fourth. The failure of the Wolcott commission grew out of the attempt—the very proper attempt—to define in advance what steps should be taken to put bimetallism in practice. All the previous conferences had been brought together without any plans at all. The Wolcott commission proposed that the ratio of $15\frac{1}{2}$ to 1 between silver and gold should be adopted, and that the United States, France and India should agree to open their mints to the unlimited coinage of silver on that basis. England had previously declined to adopt bimetallism for herself on any terms or ratio whatsoever, but had offered to recommend to the government of India the reopening of the mints of that country and to advise the Bank of England to keep one-fifth of her metallic reserves in silver. There were some minor projects to give silver a lift, but these were the principal ones.

There is no doubt that Lord Salisbury and his colleagues honestly did all that

they could to promote the success of this plan, but when it was brought formally before the government of India it was rejected with something like terror. It was a plan, they said, to introduce unheard-of fluctuations in the rate of exchange, to throw all business into confusion, to inflict enormous losses upon individuals, and to undo all that they had gained since 1893. They said that they never could give their assent to it, and they implored the government of Great Britain to dismiss it from their minds. This reply was wholly unexpected by the Salisbury ministry, and was received by them with disappointment and even dismay.

That was not the only obstacle encountered by the government. It had agreed to advise the Bank of England to keep one-fifth of its reserves in silver, and the Bank had taken some action which the public construed to be an assent. Thereupon there came such an outburst of remonstrance from the leading financiers and merchants of the United Kingdom that the whole project fell dead. Senator Wolcott preached its funeral sermon after he came home.

I have said that Mexico and China are the only countries of any size that adhere voluntarily to the silver standard. Mexico is a large producer of silver, and is still rather backward in point of civilization. China can hardly be said to have a government. Does not the unanimity of the civilized world stand for something in this debate? Is it not reasonable to suppose that the nations understand their true interests in this matter? Is it not probable that our interests are the same as theirs? Two years ago we heard a great deal about the British gold standard, in terms implying that if Great Britain has the gold standard we ought to be against it. By a parity of reasoning, I suppose that if Spain has the silver standard now, we ought to be against that.

"NOT ENOUGH GOLD TO DO THE WORLD'S BUSINESS."

You have often heard it said, as an objection to the gold standard, that there is not gold enough in the world to do the business of the world. It has not always been easy to answer this objection, because there are no statistics either of the amount of gold in the world, or of the amount of business in the world; nor, if there were such statistics, is there any standard of sufficiency by which we could judge whether the right proportion exists between the two. As Mr. Fred Perry Powers has very wisely said in a recent pamphlet: "Use means a radically different thing when applied to money and when applied to wheat. Wheat is used when eaten; it is destroyed in the process; the same wheat cannot answer the uses of two men, or supply the needs of the same man twice; it is possible to ascertain how much wheat one man needs, and therefore to compute whether there