prices follow silver. In short, it has become evident that the world prices of today are not quoted in silver, nor are they dependent upon the value of silver; a situation has been brought about slowly but steadily in the last 20 years.

The Supply of Gold.

Calm reflection upon facts constantly overlooked may lead us to believe that the consensus of opinion among the large commercial states of Europe in favor of a stable gold standard is not based on flimsy grounds, and that we ourselves are in no danger of metallic constriction. From 1493–1850, the world's production of silver was $7,358,450,000, of gold $3,314,553,000—or more than twice as much silver as gold. From 1851–1891 the world's production of silver was $2,967,444,000, of gold $5,072,410,000—or nearly twice as much gold as silver. In the United States alone the gold production has been about twice as large as silver: 1792–1891 of silver, $1,073,172,000; and of gold, $1,904,881,769. The $5,072,410,000 of gold product in the 40 years since 1850 has filled the channels of circulation in Europe and America, and permitted the disuse of silver. The resumption of gold payments by the United States in 1879, the adoption of the gold standard by Germany, Denmark, Scandanavia, Italy, and Austria-Hungary has not required at the outside more than $1,000,000,000 or $1,500,000,000; leaving more than $3,000,000,000 for general uses, exclusive of the stock existing in 1850 which is about as much more. Never before have the paper currencies of the world been better secured by gold reserves. There is in sight today more than $5,000,000,000 in gold in the reserves of the banks of Europe alone. In view of these facts it does not seem wise to feel any doubt of the ability of the United States, with its untold resources and exportable products, to keep intact its small reserve of $100,000,000, or double that sum, which it should be.

Nor, in view of these facts, should too much weight be assigned to the argument that general prices have fallen because of the demonetization of silver in 1873. The less so, when it is to be remembered that Germany took to herself only about $400,000,000 of gold, and discarded about the same amount of silver. In short, apart from the action of Germany, silver is as much used now, in all the other states of Europe as in 1873. If the giving up of silver by Germany lowered the level of prices for the world, then the action of this country in buying as much silver as Germany discarded ought to have restored the former level. That it did not, shows how untenable is the position that prices have fallen because silver was demonetized, or that prices can be regulated by legislative action by increasing or diminishing either gold or silver. In short, prices can never be fixed by the mere quantity of metallic money in the country. They depend much more on conditions of credit and banking. If this is properly understood, it will be possible to see how debts can be paid without the infusion of more silver into our currency as easily as ever before. The only means of paying debts, in fact, are saleable goods; for they can always be changed into a means of payment.

Our Banking System.

It is a truism to state that the amount of actual money, metallic or paper, is very small, at all times, compared with the country's commodities which are being exchanged. If all goods were to be at the same moment offered for money, the money would not be enough to go around; any more than a million men could all cross a bridge at the same moment, although they could all cross in a very short time a few at once. In a sale of goods a computation in terms of money may be made and a check or draft drawn for that amount; through the agency of banks these drafts are exchanged against each other, rendering the actual transfer of money unnecessary, and enabling goods to be moved rapidly and economically. The grain, the provisions, the manufactured goods of the country are thus dependent on the banking system for their exchange. These transactions, by which the banks assist the community in transferring goods by checks and clearing-houses amount to as large a sum as $60,000,000,000 per annum. This service, by which the banks furnish a means of exchange, is of really greater importance to trade than the mere quantity of metallic money. These services, moreover, are so constantly and easily done day by day that the public are often unaware how intimately the banking system is interwoven with the interests of trade and commerce. Only in such a time as the present, when the paralysis of credit prevents the banks from serving the public as usual, is our dependence upon a good banking system clearly perceived. The most important constituent in our system of exchanges is, therefore, the $2,500,000,000 of credit-deposits in our banks which arise from the check and deposit function. This is what enables the $60,000,000,000 of goods to be exchanged, and it shows clearly that we are not dependent for a medium of exchange merely on the quantity of gold and silver in hand. It also shows, as clearly, the importance to the community, of a well-regulated bank system, and the necessity of great care in directing it. It calls for careful, intelligent legislation, because it affects every business interest in the country.

National Bank Circulation.

In the consideration of our currency questions an undue share of attention has been given to the silver money, and little or none to the issues of the national banks, which although not a legal-tender, have served the purposes of money with the greatest perfection. Through the speculation and panic of 1873, and the two decades since, no one has ever lost a cent by holding a note issued by a national bank in any state in the Union. This circulation is equally good in all parts of the country, its security perfect, its daily and ultimate redemption assured. If it is deemed wise to increase the quantity of money in the United States, it would be more consistent with sound principles to legislate for the increase of this kind of money, rather than that based on a depreciating metal like silver. We are met by the fact that our present heterogeneous currency, composed of gold and silver coins, gold certificates, silver certificates, treasury notes of 1890, United States notes and national bank notes have been created by various exigencies and without combined or unified action. The national banking laws need revision; but this revision should be undertaken as part of a general and consistent revision of our whole currency system. As concerns the general banking functions, legislation is needed to insure greater care of the interests of innocent shareholders and depositors by directors of banks, perhaps by increasing the liability on their own shares; permission to issue circulating notes to the amount of 100 per cent, instead of 90 per cent, of United States bonds deposited; the consideration of a suitable security for future circulation; or, if the note-issues are abandoned, the adaptation of legislation to the present system so that the banks may go on exercising only the functions of deposit and discount (it being well known that the largest city banks do not use their present right to issue notes).—Prof. J. Laurence Laughlin.

Currency Commission.

Believing that a revision of the banking system is imperatively needed, and yet seeing that it would be unstatesmanlike to try to treat such intricate questions hastily, or disjointedly; and recognizing the still greater need of a comprehensive treatment of our different kinds of currency, THE CONSERVATIVE urges strongly upon public attention the wisdom of providing for a non-partisan and expert commission to report upon a plan of revision for our currency and banking system, with a view to establishing a permanent and stable basis for our growing domestic and international trade. Such a commission might accomplish a great and lasting service to the country.

Gallant.—"A man is as old as he feels," said the gentleman of the old school, "and a woman as old as she says she is."—Indianapolis Journal.