culation abroad; although Russia is the only foreign country in which any considerable increase of circulation is known to have been made. The calculation seems to show conclusively that the annual estimates of production have been conservative, and those of industrial consumption liberal.

A scrutiny of the gains in Europe shows that Russia and Austria-Hungary have taken $415,324,390 of the total visible increase, $515,094,096. Russia has taken an average of about $50,000,000 per year for ten years for the purpose of establishing its currency on a gold basis. All of it was for the time withdrawn from the world's use. Russia's monetary system is now established. The great hoard, accumulated with remarkable persistency and sagacity, is now as open to commercial uses as the reserve of the Bank of England. M. de Witte, minister of finance, in his report on the budget of 1898, recognizes and comments upon this fact in the following language:

"Some years ago the metallic stock of the Bank of Russia, at least to a certain extent, could not be affected by bad harvests, an unfavorable balance of trade, etc. (Evils, real or imaginary, manifested themselves in the depreciation of the credit ruble.) On the other hand, the circulation, composed exclusively of notes and of bullion, might remain the same when the crisis was at its height, and at a time of great commercial activity. At present, when the bank redeems in gold its notes without any limitation as to the amount, and may issue only 300,000,000 of rubles in notes uncovered by metal, the metallic stock of the bank, the gold in circulation in Russia, the gold circulating in England, in Germany, etc., the gold metallic stocks of the banks of issue constitute a system of communicating vessels. As no chasm now separates Russia from other prosperous countries, the general movement of business will act on the circulation of the empire and on the reserve of the bank as it does elsewhere, neither more nor less."

Austria-Hungary has also practically completed the acquisition of the sum needed for establishing its currency on a gold basis. The artificial drain to both Russia and Austria-Hungary is therefore at an end; and there are now no other countries not on the gold basis which have the resources to buy and pay for that metal at the rate at which those two have been taking it.

What Results May Be Expected.

The natural influence in the business world of the increased production has up to this time been broken by this diversion to the reorganization of monetary systems. The gold that has been used to retire or cover paper has not enlarged the monetary stock. But, from the time a nation's currency is put on a secure basis, every reënforcement of its gold stock is not only in itself an addition to the stock of money, but, if held in reserve, will support, when occasion requires, a considerably larger addition of paper. That stage has now been reached; and from this time forward the influence of the tide of gold pouring into every market will be an interesting subject for study. What will be the effect upon property values, wages, industrial progress, and social life? Incidentally, what will be the effect upon the political situation in the United States? What will the advocates of the free coinage of silver do in 1900 when they find themselves confronted by a gold output for that year of $350,000,000, or $400,000,000? The gold output of the world in 1873 was $96,200,000, and that of silver, reckoning it at the ratio of 16 to 1, $81,800,000; together, $178,000,000. In 1896, the combined output of gold and silver, less the amount consumed in the industrial arts, reckoning silver at its full coining value under the ratio of 16 to 1, was $318,587,876. So, when Mr. Bryan comes into the field in 1900, he will find the additional supply of money for which he contended in 1896 furnished in gold. Will he go on affirming that the supply of money has been cut in two, and that there has been no business revival since 1896, or will he embrace the fortunate opportunity gratefully to drop the subject, on the plea that the end he desired is accomplished, and that the coincident revival of prosperity has vindicated his theories?

If he and his party go on with their demand for the free coinage of silver, they must do so without their old arguments. The supply of money never was cut in two or reduced at all. The world's stock of silver money has annually increased since 1873, and more rapidly than anybody in prior years could have anticipated. But the new output of gold has overwhelmed and ended all contention on that point. If they are going into a new campaign for the free coinage of silver, it must be made not in opposition to an appreciating standard, but in frank advocacy of a depreciating one.

The Quantitative Theory.

Much has been written in recent years by gold standard advocates against the quantitative theory of money. In so far as their arguments have gone to show that the quantity of money in circulation is but one element in prices, and is usually so obscured by other influences that it can scarcely be traced, they are good; but I do not see how it can be questioned that the quantity of gold available in the world affects its exchange relations to other commodities. Its industrial use is limited, unless we assume a decline from its present exchange value. Its monetary use is also limited, unless we again assume a decline in value, so that more of it is required to make the same exchanges.

The writer has before him a letter from a newspaper editor who claims that more gold is required to do the business of the world, because the standard of living is higher than formerly, and people have more purchases to make. It is true that people buy and consume more; but it is because they produce more; and that, in the main, is due to the greater efficiency of labor. A man obtains the products of others by selling his own; and the gain all round comes by the steadily increasing output per unit of labor. But, though each man's product from the same amount of labor should be doubled, there is no advantage in using a larger amount of gold to effect the exchange of these products. The most equitable basis for the exchange of commodities is the amount of labor in them; and as labor is eliminated, the amount of money required to move them is naturally reduced. Purchases of identical goods, with a stable standard of value, require a constantly decreasing amount of money; and that is only offset by the constantly increasing quantity of goods consumed. There is in this no increased demand for gold, unless things are rated by a higher scale—*i. e.*, unless gold is depreciated.

If this view is correct, a large and steady increase in the output of gold beyond the growth of population and wealth, such as trebling it in ten years, must depreciate its value. We may reason from inference that this influence is operative even when it cannot be traced. Prices may be falling when the supply of gold is increasing, not because this law is suspended, but because the counteracting forces are more powerful. The new output of gold may or may not cause an actual rise of prices. It will mean a great and undesirable depreciation of the standard, if the natural tendency to lower prices through new labor-saving processes be offset and stopped.

With gold itself a falling standard, will Mr. Bryan and his supporters still propose a blind leap to a lower basis, or will anybody favor a lower or more rapidly falling standard? What reasons can they offer for such a policy?

The plea for debtors against a standard alleged to be rising may be honorably and forcefully made; but legislation to degrade a standard already favorable to debtors would be an undisguised swindle. Prices that rise merely because money is depreciating bring no legitimate advantages to anyone: for when all prices are affected equally every man's relative position in the exchanges remains unchanged; and if all are not affected alike a manifest injustice is done. Nothing in political economy has been more clearly established by experience than that it is the more uninformed and dependent members of society who fail to get their dues in the