in proportion to its value. As a medium of exchange, now-a-days, the standard is used either for small payments in some countries, or, which is its chief use, in international loans and payments, and in banking and other settlements supplementary to its main function as a standard. These large payments, if not very numerous in proportion to the others, yet require large amounts of even the least bulky standards. It must, therefore, be neither too plentiful nor too scarce.

It will be perfectly simple and uniform in quality in order that there may be no uncertainty as to the uniform basis of the various parts of the mechanism of exchange which rest upon the standard by being made redeemable in it. Simplicity is also essential in making the standard intelligible to the masses, and thereby, as far as possible, guarding against panics, on the one hand, and blundering legislation on the other, due to ignorance of the nature of the standard and its functions.

Such are the leading qualities of a theoretically perfect standard substance; but in practice there is nothing which has yet been discovered which will meet all these requirements. Our question then comes to be, which of the imperfect standards is least imperfect?

Either gold or silver we find will answer admirably the last requirement of simplicity and uniformity. Gold answers the second very well, silver answers also, but much less perfectly. Neither gold nor silver, however, will quite answer the first, inasmuch as the cost of their production is an uncertain quantity. Hitherto, however, within recent times, gold has answered more perfectly than silver, since its cost of production, as measured by human exertion, is much steadier than that of silver. True, the cost of silver, as measured by wheat or cotton or iron, is the more uniform, but this is because the cost of production of iron has greatly declined, because wheat has been over produced and hence reduced in value; and cotton partly overproduced, but also largely reduced in cost of production.

The greatest difference between gold and silver as standards may be stated thus: Gold conforms much more steadily to the unit of human effort—the unit of labor—and thus shows, on the one hand, by the relative fall in the prices of certain articles, what advantage has come to human labour and intelligence from the greater ease or facility in production, while, on the other hand, by the fall in certain other prices, as of wheat, it shows that for those who cannot produce it at greatly reduced cost it is folly to continue its production and wisdom to increase those products which have not so fallen in value, such as butter, cheese, poultry, eggs, fruit, meat, etc. This exhibits the regulative function of money, referred to in the first article. Again, by conforming to the unit of human labour rather than to the unit of product, gold keeps wages and fixed incomes fairly uniform, and not only points out the advantages gained by economic progress, but gives them to the workers by enabling them to purchase an increasing quantity of goods for their wages.

Silver, on the other hand, declining in its cost of production, keeps more nearly on a par with the other articles whose cost is also declining, and, thus while still retaining its exchange quality, loses largely its regulative quality, and no longer gives any direct indication of the gains which accompany economic progress. Indirectly, however, the difference would be shown by a rise in price for all those articles which remain constant, or nearly so, under the gold standard. With regard to wages, however, the effects would be most severely felt. Since wages and fixed incomes are always measured by a certain amount of money and not by what the money will buy, the nominal wage or income would remain much the same while the real income would be very much lowered. Money would not purchase any more of the goods maintaining their silver value or price, while it would purchase less of those increasing in silver price. This, in time, would be corrected somewhat, but only after many strikes, much waste of wealth and energy, and much increase of bitterness between capital and labour. The farmers, indeed, would not find wheat declining so rapidly in cents per bushel, unless the world's supply continued to increase as rapidly as of late, and they would find their other agricultural products, as a rule, increasing in price, but they would lose correspondingly in having to pay so much more for everything they bought. There would be little pressure put upon them to leave wheat growing to the less intelligent portions of the race and betake themselves to the production of those agricultural products which require more skill and bring better returns.

In case of transition from a gold to a silver standard at present, all debtors would benefit to the extent of the difference between the two standards, and creditors would suffer correspondingly. But this is a good or an evil, as we are debtors or creditors, not due to a special kind of standard, but simply to the transition from one to the other, although the good or evil would be continued according as the standard afterwards decreased or increased in cost of production.

Either gold or silver, in countries where the conditions of trade are already adapted to one or the other, is practically admissible as a standard though gold is considerably more perfect. A transition, however, from one to the other, especially if rapid, would cause great disturbance both in social life and in business, though in the long run, and if very carefully managed, there would be an advantage in passing from a less to a more perfect standard, particularly if it brought the country into closer touch with the more advanced nations.

Theoretically a more perfect standard than either gold or silver, from the point of view of uniform value in the course of time, is obtained by taking certain quantities of a number of selected articles and forming a multiple standard, which may be further improved by an internal sliding scale to meet large or permanent variations in cost of production. An inconvertible paper money properly managed is of much the same nature and theoretic value. Both depend on ideal knowledge and ideal management. But both, and especially the first, are so hopelessly incapable of meeting the requirements of an international and banker's medium, and of simplicity of management that in democratic countries they are mainly of academic interest only, except when a great war or some other misfortune compels a temporary and partial resort to inconvertible paper money.

Now bimetallism is the simplest possible form of the multiple standard, being the combination of gold and silver with the added advantage of having two substances, either of which may act as a money standard. If, apart from changes in value, these two metals were equally good as standards, then the tying of them together at the market ratio at a certain time would enable them to equalize any slight variations in value by making greater demand for the cheaper metal and thus raising its value somewhat and by making less demand for the dearer metal and thus lowering its value somewhat. But where bimetallism is general, the variations must be very slight or very temporary. The extra demand for the cheaper metal, in raising its price, immediately stimulates its production, and increased production cheapens the cost of production because it makes it worth while to produce on a large scale with all kinds of labour saving inventions and devices. So the very action which levels up a small difference in value soon makes it a very considerable difference. Of this the fate of the French Copper Syndicate is one of many examples. On the other hand, the dearer metal being reduced in value by the narrowing use of it, its production ceases to be profitable, the supply falls off and there is no longer any hope of restoring it to its former level with the other. Thus monometallism is the result, and we are back to the old condition. This would be no permanent evil if both metals were equally good as standards, but they are not; and as gold is the better standard it would not follow silver in its decline by allowing silver to do its work. Almost at the beginning of the change gold would go to a premium, as in the experience of the Latin Union, and the premium would increase as the gap widened, and thus gold, and not silver, would be the monometallic standard.

To attempt to maintain permanently the price or value of silver above the cost of production plus average profit, is simply to make silver mining the most profitable line of investment, and to draw to it enough of the world's free capital to raise the profits on other products to the same level; which is the same as saying that to pump out a hole in Lake Ontario two feet deep requires the lowering of the level of the whole lake two feet and keeping it down to that level.

The attempt is made to connect the passing business depression with an alleged scarcity of gold. But if scarcity of gold were the chief cause the following conditions would be found:—

1. Gold, and hence money, rising in value, the prices