

The canal and tunnel might be achieved on their merits, if adequate merits they have, but as a basis for a coalition the notion is far-fetched; and we do not see how the Nationalists are to be persuaded to accept it in the place of Home Rule. The time chosen for making this scheme public is noteworthy, though it cannot derive any special significance from that fact.

By the courtesy of the president of the Toronto Board of Trade, we have had the perusal of a dozen different London daily newspapers bearing even date with the holding of the Congress of Chambers of Commerce. Perhaps the most remarkable thing in connection with their utterances upon the subject of the convention is the small space devoted to it. Much allowance must, of course, be made for the overshadowing importance of the general election then impending. But to persons at this distance it does seem that the deliberations of ninety boards of trade and chambers of commerce—half of them in the United Kingdom—should have attracted more attention, in a commercial metropolis, than is indicated by a report of proceedings occupying a third of a column, or a brief editorial reference of the most general and non-committal kind. Such, however, was the average space allotted to the Congress. The *Economist*, on the other hand, as we have already seen, gave some space to the matter, and the *Canadian Gazette* gave a very full report.

THE SILVER CONFERENCE.

It is a foregone conclusion that the approaching Silver Conference will not have the effect of restoring silver as a currency to its status prior to the demonetization of that metal by Germany and the United States. This result is all the more certain from the attitude recently taken by the United States Congress. Free coinage has been defeated in the House, and Senator Sherman has introduced a bill to put an end to the purchase of silver by the Government. The experiment of buying this commodity at a price far above its market value has failed to raise the price to anything like the former level, or even to prevent a further fall, and the millions that have been coined are worth no more than the silver was before the Government stamp was put upon them. Silver cannot maintain two prices, one as a commodity, another as a coin in which all payments may be made, as well as in gold. Foreigners will not take American coined silver above the market value of the metal it contains; even Americans guard themselves from being obliged to take it in large amounts, by stipulating to be paid in gold.

It remains to be seen whether, after what has occurred in Congress, the American Government will instruct its representatives, at the Silver Conference, to insist on the remonetization of silver; free coinage it can scarcely advocate, after the rejection of that measure by the House of Representatives; but if it should do so, an appeal to the want of legislative authority for such a

contention would be a sufficient answer. There still lingers among prominent men of the Republic the belief or the wish that the remonetization of silver, in connection with free coinage, may be carried out, if the Silver Conference should so decide. In the July number of the *North American Review* this opinion is expressed by five representative men, who, on the whole, express a remarkable unanimity of opinion. They all speak of the proportion of fifteen and a half or sixteen of silver to gold as the one that ought to be adopted; and one of them considers the ratio which he champions as the "natural" one. The natural ratio, it is clear, is to be found in the relative market values of the two metals. The appeal to the past relative value is to a state of things which is merely historical and which no longer exists. To anything but the true cause they still assign the depreciation of silver. The action of France in putting an end to the free coinage of silver is given as the first cause of the decline, and it is assumed that if that Government had not taken this step silver would have continued to maintain its old price. France must have had a strong impelling reason to urge her to take this course. It was no longer profitable or safe for her to continue the free coinage of silver, and her action was one of the incidents in connection with the decline of price.

If the writers in the *North American Review* advance the strongest arguments that can be put forward in favor of the remonetization of silver, and we presume they do, the cause of the United States in the silver conference may be set down as hopeless, whatever instructions may be given to their representatives. The creditor nations of Europe are not likely to be willing to accept seventy cents on the dollar, in silver, and this is what the remonetization of silver means. Such a measure, even if taken by the United States alone, would be felt in all other countries. Silver would drive out gold which would be added to the currencies of other countries; the proportion of the whole quantity of currency to the work it has to do would be increased, and there would be some decline of prices.

The remonetization of silver is probably not feasible at all; in any event it would be possible only by rating silver, in its relation to gold, at the market value of the metal. The purchase by the United States of an enormous mass of silver at a figure far above its market value, marks the belief of Congress, when the silver legislation was passed, that it was the interest of the United States to make this sacrifice, in the hope of recovering the price of the metal. There remains nothing now but to count the cost of the operation. The price of silver has not been forced up by this artificial process; it remains to be seen whether Congress is prepared to admit the failure. The bill of Senator Sherman will furnish the necessary test.

It would be easy to show that the silver champions do not understand in what the true interest of the producers of silver in the United States consists. Their interest plainly is to find the widest market for their product. This is not to be done by

attempts to produce an artificial scarcity; and any effort made to force up prices must be ranked under this head. Abundance of silver producing cheapness, would cause its use to be extended in the arts, in many directions. Unless the decline of prices is to go on, new uses for silver must be found: to seek them by remonetization and free coinage of this metal is the most hopeless of all hopeless tasks. That the Americans will cease to seek success by this road is not at all certain. The attitude of their representatives at the Silver Congress, will notify the world whether this policy of trying to force the price of silver up by artificial means is to be continued or not. The chances are that extreme ground, which offers no chance of success, will be taken.

There are some indications that the United States may be perilously near to a silver basis. The announcement is made that "the Government has now less free unmortgaged gold in its vaults than at any time since the war." Some alarm is being created at the export of gold. Some bankers represent the outgo as "a trade balance." But is this the whole explanation of the situation? Since the Secretary of the Treasury got authority to make payments in silver or gold indifferently, has not a quiet and unostentatious scramble for gold set in? Nominally there is a parity between the gold and silver, but in reality there is none. It would be surprising if, under such circumstances, there was not a tendency in gold to leave the country. When there are two currencies of intrinsically different values, it is always the most valuable that departs. Evidently a fear exists that the Secretary of the Treasury may, at any time, decline to pay in gold, and insist on paying in silver. The holders of American securities abroad have shared this fear, to some extent, and a return of American securities for gold, while it is yet time, is the consequence. The New York banks have entered into a league to refuse to pay out gold certificates to the representatives of foreign houses, and will pay silver certificates instead. But this is purely a mechanical arrangement and does not touch the cause of the outflow. It may, however, bring a silver crisis. People are beginning to ask whether the Secretary of the Treasury would not be justified in paying in silver; and even among bankers there are found men who argue in the affirmative. Mr. Henry Clews, a Wall street broker and banker, urges the Government to issue \$25,000,000 of 2½ per cent. bonds, merely as a financial expedient, in view of the Government gold reserve being only a little over \$10,000,000. The Government does not require a loan; it may soon require gold, and to get gold it is urged to raise a loan. The currency crisis cannot be far off if such an expedient be desirable; as a temporary resource it might become necessary. But in so far as the drain of gold may be due to the option vested in the Government of paying in a cheaper metal, the cause would be left untouched. To go to the bottom of the matter it would be necessary to repeal this option, for in this way only can the fear which it creates be allayed.

All this augurs ill for the success of the