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## CANADA'S CONCERN IN THE ORIENT'S USE OF SILVER.

Other than Cobalt interests are rejoicing that an improved demand for silver has now brought the price per ounce up to nearly 25d. in London and 54 cents in New York—six cents or so above the low level of December last. For one thing, the advance is indicative of increasing trade activity in the Orient—a condition by the way, which scarcely bears out the theory that depreciation of silver had in itself been the chief cause of lessening demands for western manufactures.

It is one thing to be aware of acute symptoms, another to diagnose them—and still another to prescribe a specific cure. Mr. Moreton Frewin (whose address before the Montreal Canadian Club was briefly noted a month ago) has acquainted himself exhaustively with fluctuations in the oriental exchanges and with apparent trade tendencies East and West. It is not so certain, however, that his diagnosis is always discriminating. He entirely blamed the depreciation of silver for the Orient's decrease in imports from the Occident, and for the former's increasing competition in manufacturing activities; though Japan, the West's most formidable rival, has a gold and not a silver monetary standard. But even were his diagnosis correct, it is more than doubtful if Mr. Frewin's proposed treatment would work the cure he seeks—his contention being that artificial international action could so raise the bullion value of silver as to ward off the dire day when "the yellow man with the white money will cut the throat of the white man with the yellow money." And, at best, the outlined plan promises respite for only fifteen or twenty years; for the longer future there is only the vaguely expressed belief that "by that time a generation will have grown up which will see the foolishness of paying no attention to the currency conditions of more than half the human race."

Canada, Mr. Frewin asserts, has a two-fold

interest in the readjustment of the eastern exchanges. First, there is the matter of future growth in export trade to Asia—and, second, the more immediate effect that an enhanced bullion price for silver would have upon the value of the mining output of Cobalt and other silver mines. Therefore, he thinks there should be no difficulty in persuading the Finance Minister of the Dominion to co-operate with Great Britain, the United States, Germany and other western nations in "rehabilitating silver." To those directly interested in silver mining in Canada, the prospect of doubling the bullion value of the white metal is a glittering one indeed. But it is difficult to find economic logic in Mr. Frewin's plan for making the present fifty-cent glitter of an ounce of bar silver worth that of a gold dollar.

If Mr. Frewin's diagnosis of trade conditions with the Orient were to be accepted, any disproof of his remedy's efficacy would make the outlook gloomy indeed. But closer analysis tends to show that he confuses effect with cause when he attributes the falling-off in eastern imports entirely to a depreciation in silver. The gold value of silver money in the East has changed widely during the past sixteen years. But that the trend has not shown the steady depreciation upon which Mr. Frewin's arguments seem based, is evident from the following statement of the yearly average values in cents since 1893, of the Haikwan Tael (the custom-house tael of China).

1893. . . . .	.97 cents.	1901. . . . .	.72 cents.
1894. . . . .	.78 "	1902. . . . .	.63 "
1895. . . . .	.78 "	1903. . . . .	.64 "
1896. . . . .	.81 "	1904. . . . .	.66 "
1897. . . . .	.74 "	1905. . . . .	.73 "
1898. . . . .	.70 "	1906. . . . .	.80 "
1899. . . . .	.73 "	1907. . . . .	.79 "
1900. . . . .	.75 "	1908. . . . .	around 60 "

From the foregoing, it appears that the two most pronounced drops in the value of the tael came at times of general trade recession, following the United States crises of 1893 and 1907. And in this connection it is interesting to note that recovery in the tael value from 63 cents in 1902 to 80 cents in 1906-7 was concomitant with general trade expansion throughout the world. Unless one accepts Mr. Frewin's "tail-wagging-the-dog" theory—namely, that silver has caused both of the foregoing worldwide disturbances—the conclusion seems plain that trade decline is more likely to have been a cause than an effect of lowered eastern exchanges. During 1908, Canadian exports of cottons to China fell off completely. That this was due to general trade conditions—rather than to exchange quotations—seems evident from their being now renewed, though exchange has recovered but slightly. The real reasons for temporary trade cessation were (1) lessened oriental purchasing-power and (2) drastic