

Which was first,—the chicken or the egg? This time-honoured query is recalled by a correspondent's comment upon a recent discussion as to whether depreciation of silver, during 1908 and preceding years, was the cause or the effect of decreased trade between Orient and Occident.

As general manager of a Mexican life insurance company, Mr. F. A. Williams, A.I.A., F.A.S.—the latest contributor to the discussion—has witnessed at first hand the beneficial effect of a silver standard country adopting a gold basis in all its international dealings. And he well makes the practical point that efforts will be better expended in getting China to adopt a gold standard, than for Europe and America to make "another attempt to arbitrarily fix the price of silver at a higher level than that now obtaining"—about 52 cents an ounce, New York quotation. Dated Mexico City, June 21, 1909, Mr. Williams's letter reads in part as follows:

"In his interesting letter, published in THE CHRONICLE of June 11, Mr. Moreton Frewen states that while you think that a fall in the price of silver is the *effect* of trade disaster, he is quite certain that it is the *cause*. Perhaps the word 'sometimes' might be inserted in each opinion. Certainly the instance quoted in Mr. Frewen's second paragraph scarcely bears out his unqualified contention.

"His letter says: 'There was a failure of the rains in India in 1907; all of us who studied exchange problems at once said: Look out! India will have little to export, therefore the balance of trade will go against her; therefore she will draw no silver; therefore her predominant demand being dormant, silver will fall; therefore China, the exchanges falling rapidly against her, can buy no English cottons.'

"Is it not clear from this that the fall of silver was not the first cause, but trade disaster or failure of crops?

"Here, in this very example, we see clearly the re-action of economic forces and, of course, the chain does not stop with the sellers of English cottons. In India, trade disaster, or failure of crops in this case, caused the price of silver to fall."

**Economic Gain in Adopting Gold Standard.**

In concluding the foregoing remarks, Mr. Williams expresses himself as not so much concerned with following an "endless chain," as with the economic advantage there would be—both to East and West—in China's following Mexico's example, and adopting the gold standard. This point has already been emphasized by THE CHRONICLE. To Canada the question is one of somewhat increased

interest, now that China has sent to our shores a consular representative with full regalia and plentiful retinue.

In spite of theories to the effect that a country on a silver basis can increase its exports at the expense of foreign gold markets (owing to the depreciation of the white metal and low cost of labour and production) Mr. Williams contends that the practical economic history of the late silver countries has not borne this out. And one after the other they have sought the steadying protection of the gold standard in some form or other.

"Where there has been even a semblance of such an effect, it is simply the fact that the silver country has given up an ever-increasing amount of its labour in exchange for the goods of a gold country, all of which is economically bad for the silver country. The example of the Shanghai merchant in Mr. Frewen's letter is I am afraid another weapon in the hands of Mr. Frewen's opponents in thought. It is, as THE CHRONICLE has pointed out, a powerful argument in favour of changing China to a gold basis—not an argument for legalizing the price of silver at a fixed amount.

"The conclusions drawn from actual history all point in the same direction, all show that the remedy lies in the adoption of a gold standard in some form or other—for China, a gold standard with a silver coinage—and not in any fresh attempt to bring arbitrary measures to bear in keeping the price of silver at an impossible figure."

**The Montreal Finance Committee.**

The Court of Appeals has unanimously reversed the judgment of the Court of Review, which unseated and disqualified the members of the Finance Committee on the ground of a technical irregularity in voting the money for the Mayor's visit to Paris. The judgment carries with it the costs in all the courts that have tried the case against the plaintiff and it is devoutly to be hoped that these costs will be heavy enough to discourage any similar vexatious proceedings. There has never been the slightest hint that any of the defendant aldermen were actuated by personal interest or other improper motive. All that could possibly have been achieved by the success of the action would have been to create considerable public inconvenience and loss, to do great injustice to a number of public servants and to make the law look ridiculous. As the judgment of the Appeal Court affirms, civic administration would be practically impossible were the law regarding the formalities attending the voting of expenditures enforced with such rigour as was asked in this case. The spirit of the law simply calls for honesty and good faith on the part of the aldermen. The honesty and good faith of the members of the Finance Committee in connection with this matter has never for one moment been called in question.