

But had there been *International* Bimetallism during that time the fluctuations in value, small as they were in the case of France just cited would have been even still smaller.

I will now refer to an important change which has come over the currency of the world in modern times by the introduction of fiduciary paper.

Fiduciary paper has been known for centuries past in the form of Foreign Bills of Exchange which were introduced in order to balance trade accounts and save the transportation of specie, but it was not until the foundation of the Bank of England in 1694 and the subsequent issue of bank notes followed by the Banks of Scotland and Ireland that fiduciary paper began to take its place as part of the recognized currency of the world, and now at the close of this nineteenth century it has attained to such an enormous volume through Bank notes, Bank cheques, Bills of Exchange, Letters of Credit and a variety of convertible and in some countries of inconvertible paper, that it has been estimated that, taking all the commercial transactions of the principal nations of the world, the actual coin which passes does not amount to two per cent. of the whole. This state of affairs has given rise to the institution of Bank Clearing Houses of which London is the centre for balancing the trade accounts of the world.

Now if there is one thing upon which gold monometallists and Bimetallists and indeed every student of monetary science are agreed upon it is that, the fundamental principle of a sound paper currency should be an adequate reserve of the precious metals to meet the fiduciary paper which is in circulation.

But can it, for one moment, be contended that such is the case in the present day? On the contrary it is well known that the great mass of commercial transactions are reared upon an unstable foundation of credit. So long as that credit lasts all works smoothly and well, proving by that very fact the advantage of abundance of money if only it could be upon a sound basis. Then again the telegraph and telephone have given such an impetus to trade and have so annihilated space that there has grown up a vast mechanism of finance which has spread its complicated machinery over the whole world and so long as that machinery is lubricated with "credit" all works smoothly and well. But suddenly there comes a crash—