

**THE GOLD STANDARD DEFENCE ASSOCIATION.**

So serious has become the agitation on behalf of silver, it has been deemed necessary to form an association in London, in defence of the gold standard. "as essential to the maintenance of the commercial position of the country and the due discharge of contracts." The movement has received the active support of a large number of the leading bankers, financiers and merchants of London, amongst whom we notice the name of Sir Charles Rivers Wilson, the distinguished financial expert, who was recently elected President of the Grand Trunk Railway.

The Association will, we believe, have also the support of Canadian bankers, and all others who are interested in maintaining the integrity of our currency, which, as we recently showed, rests upon the gold standard. It proposes to explain the principles which should govern a sound currency and a trustworthy standard of value, showing that the present system is in conformity thereto, and bi-metallism in conflict with them. To make the main issue intelligible it is needful to state the different forms which an obligation to pay money, such as is in every contract, must assume under the two systems. Under the present gold standard system, the form of an obligation to pay is, "I am bound to pay 100 gold sovereigns." Under the bi-metallic system the form of such obligation would be, "I am bound to pay either 100 gold sovereigns, or as much silver as is equal in weight to some fixed multiple of 100 gold sovereigns—whichever I may find cheaper." What this fixed multiple should be the bi-metallists refuse to say, though it is of vital importance. The truth is that no such multiple can be fixed, as gold and silver vary in value from time to time, and a promise to pay so worded would be so indefinite as to cause endless confusion in settlements.

The mere statement of this difference condemns bi-metallism. Unless forced by compulsion of law, no person would accept a promise to pay so worded, as the value he would receive in payment of the obligation could never be foreseen.

It is a fatal objection to the bi-metallic scheme that no one can foretell its ultimate results; it is a leap in the dark. This alone is certain that, at any ratio less than the present market ratio it would entail serious loss on all gold creditors, more especially to those of the United Kingdom and Canada. For, it is plain that other nations and all debtors would take advantage of a bi-metallic *option* to pay their obligations to us, not in gold, but silver. Hence bi-metallism is a policy which favors existing debtors at the expense of creditors. This is openly recognized by many of the silver party in the States, who have deluded farmers and others by the bait of paying their debts in full by 50 cents on the dollar. It is urged that bi-metallism would raise the prices of wheat, cotton, and other products, regardless of the law of supply and demand. How this trade miracle is to be accomplished is kept a secret, it never will be revealed, nor ever exhibited for study, as no power on earth can keep prices up when supplies exceed

demand, nor keep them down when the demand outruns the supply.

It is urged that the supply of gold is too small for currency purposes, and silver must be added to supply the deficiency. This is not the case, the supply of gold in recent years has exceeded currency needs, and for 1894 the output is the largest ever known. Bi-metallism is advocated as a remedy for fluctuations in international exchange. This is another phase of the demand and supply problem, the price of international Exchange is fixed according to its plentifulness or scarcity. Bi-metallism would not set that law aside, but if each man had the option of paying his neighbor in gold or silver, the complications of exchange would be introduced into the daily operations of life. Two standards of value would mean two sets of prices for all goods, the effect of which need not be described, it would create an intolerable nuisance. The monetary history of all countries in which the law of dual legal tender has been combined with free mintage of both metals shows a continuous record of failure to maintain both concurrently in circulation, and invariably it is the inferior and more uncertain metal which drives out the better and more stable in value. This is called "Gresham's law," from its being first formulated by Sir Thomas Gresham when financial adviser to Henry VIII., a law as fixed as that water runs to find its level. Of what we have stated, the Latin Union countries and the United States afford striking examples. In both instances the option given to debtors and the pressure of silver at the mints have rendered the attempt impracticable, and forced these countries to close their mints against silver and to resort to a gold standard.

The present gold standard system has the endorsement of nearly two centuries, having been commenced early last century. No such system as modern bi-metallism has ever existed, so that no practical evidence can be shown of its practicability or its advantages. That it might for a time be in the interests of certain foreign nations who possess vast hoards of over-valued silver is possible, but their interests would not be in harmony with those of the commercial world at large, and it is not reasonable that gold standard countries will sacrifice the stability of their currency, and throw all their monetary obligations and arrangements into confusion, in order to relieve those who have overstocked their Treasuries with depreciated silver.

The Gold Standard Defence Association is backed up by such eminent supporters in England that bi-metallism there will make no headway, and its publications will not fail to produce a wholesome effect in the United States. Its operations will be watched with interest and approval in Canada, as to this Dominion as much as to the United Kingdom, "a gold standard is essential to the maintenance of the commercial position of the country and the due discharge of contracts."

The Guelph Herald comes to us with an entirely new outfit of type, by which its appearance is greatly improved. We are glad to hear the Herald is now "on a good paying basis."