

RELATIVE VALUES OF GOLD AND SILVER.

**MOVEMENT IN PRICES OF SILVER SINCE 1876—
CAUSES OF LOWER VALUE.**

What is the relative value of silver and gold, and what has caused silver to have fallen in value? These questions are asked us by a bank manager. The market price of silver fluctuates, but is now about 48 cents per ounce, while gold is worth 2,067 cents per ounce, the proportion therefore is 43 per cent. to 1, or 43 ounces of silver are now about the market value of one ounce of gold. The following table shows the highest quoted prices of silver in London, which is the world's chief silver market, as of other forms of money, in each month of a series of years since 1872, the figures representing pence per ounce, or about half the figures that represent cents:—

MOVEMENT IN PRICES OF SILVER SINCE 1876.

	1902	1901.	1900.	1899.	1898.	1895.	1893.	1876
	Pence.	Pence.	Pence.	Pence.	Pence.	Pence.	Pence.	Pence
Jan ..	26 ¹ / ₈	29 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	26 ¹ / ₈	27 ⁷ / ₈	38 ⁷ / ₈	55
Feb..	25 ¹ / ₈	28 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	26 ¹ / ₈	27 ¹ / ₈	38 ¹ / ₂	54 ¹ / ₂
Mar..	25 ¹ / ₈	28 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	26 ¹ / ₈	30 ¹ / ₈	38 ¹ / ₂	53
Apr..	24 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	28 ¹ / ₈	26 ¹ / ₈	30 ¹ / ₈	38 ¹ / ₂	....
May..	24 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	28 ¹ / ₈	26 ¹ / ₈	30 ¹ / ₈	38 ¹ / ₂	....
June..	24 ¹ / ₈	27 ¹ / ₈	28 ¹ / ₈	28	27 ¹ / ₈	30 ¹ / ₈	38 ¹ / ₂	....
July..	24 ¹ / ₈	28 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	....	34 ¹ / ₂	....
Aug..	24 ¹ / ₈	28 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	....	34 ¹ / ₂	....
Sept..	21 ¹ / ₈	28 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	28 ¹ / ₈	....	34 ¹ / ₂	1872
Oct..	23 ¹ / ₈	30 ¹ / ₈	26 ¹ / ₈	26 ¹ / ₈	28 ¹ / ₈	....	32 ¹ / ₈	61
Nov..	23 ¹ / ₈	29 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	28 ¹ / ₈	....	32 ¹ / ₈	....
Dec..	22 ¹ / ₈	29 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	27 ¹ / ₈	....	32 ¹ / ₈	....

The decline in market price of silver between Jan 1893, and Jan., 1903 was 33 cents per ounce, and since Jan., 1876, the decrease has been 62 cents per ounce, a reduction of over 50 per cent.

Going further back we have records of silver having been, weight for weight, regarded equal to and even more valuable than gold. When the Empire of Japan was opened to British trade, 1853 it was found that the relative value of gold to silver was as 4 to 1, 4 ounces of silver equalling in value 1 in gold. Intercourse with Europe soon changed this ratio. In Europe the proportion for long periods ranged from 9 to 16 to 1. Why 16 to 1 became regarded as the "natural" ratio is a mystery, for, between any two articles of commerce there never was, nor ever can be any fixed natural proportion in value. From 1873, when the American Congress demonetized silver, onwards for many years, the proportion was 20 to 1, and, as the above table shows, since 1896, when the ratio stood at about 35 to 1, it has gone on steadily rising until now it takes 43 ounces of silver to buy 1 ounce of gold, which, 30 years ago, could be bought for 20 ounces of silver, or, reverse the transaction, one ounce of gold was then able to buy only 20 ounces of silver whereas to-day, an ounce of gold will buy about 43 ounces of silver.

The following table shows the relative amounts of silver and gold held in a series of years by the national banks of Europe, also the supply of these metals in coin and bullion in the United States, and the amount of such money in the Treasury of the United States:—

SILVER AND GOLD IN EUROPEAN BANKS.

	Silver.	Gold.	Percentage of Silver to Gold.
	£	£	
1903.....	104,562,095	323,905,891	32.2 per cent.
1902.....	106,860,522	325,264,333	32.8 "
1901.....	92,378,947	215,712,439	42.8 "
1900.....	90,816,096	197,048,745	46.0 "
1898.....	95,043,037	191,272,878	49.6 "
1895.....	99,294,555	192,196,978	51.6 "
1894.....	92,040,500	147,526,089	62.3 "

SUPPLY OF MONEY IN UNITED STATES.

	Silver.	Gold.	Percentage of Silver to Gold.
	\$	\$	
1903.....	672,921,000	1,246,876,700	53.9 per cent.
1902.....	662,797,500	1,181,279,000	56.1 "
1901.....	654,186,390	1,112,427,700	58.8 "
1900.....	706,164,600	881,696,900	80.0 "
1895.....	624,596,600	625,107,700	100.0 "

MONEY IN UNITED STATES TREASURY.

	Silver.	Gold.	Percentage of Silver to Gold.
	\$	\$	
1903.....	500,260,000	617,196,100	81.5 per cent.
1902.....	507,658,700	546,545,200	92.9 "
1901.....	508,748,900	496,850,900	102.4 "
1900.....	645,265,000	881,696,000	73.1 "
1898.....	510,676,100	200,731,500	254.0 "
1895.....	504,035,400	139,606,300	361.0 "

We are indebted to The Banker's Magazine, New York, for the American statistics from which our percentages have been derived.

The above data show the movement to have been general throughout Europe and the United States to decrease the proportion between gold and silver. Since 1895 the stocks of gold in countries comprised in above table increased to extent of \$1,231,067,713; the rate of increase being 120 per cent., whereas, in the same period, the stocks of silver only increased \$49,816,530, the rate of increase being only 4 per cent. In those two very striking facts, which have never been so presented before, may be found the reflected causes of the heavy decline in price of silver in recent years. It has obeyed the imperious law which makes the relation between supply and demand the ruling factor in market values. Silver coinage is going out of fashion. The movement to substitute gold coinage for silver in several European countries is going on in the East. In the Philippine Island this change is imminent; in Siam the Mint has been closed to the coinage of silver; in the Straits Settlement an agitation is now afoot for establishing a good standard and coinage instead of silver. China in time will have to fall into line with its neighbours, so the probabilities all point to a decreasing demand for silver, consequently to its being produced in less quantities, or, to continuous decline in market value.