WHAT IS BIMETALLISM?

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MOST people assume that bimetallism means payment of your debts in silver, and making silver artificially dearer than it would be if left alone. On this continent it is usually thought of in connection with the silver legislation of the United States, so any bimetallist is at once dubbed as in favor of "soft money," "depreciated currency," "insane," "a silver heretic," etc., etc.

Epithets, however, are poor arguments. The bimetallic platform as stated by Mr. H. Hucks Gibbs, an ex-governor of the Bank of England, is as follows:

"A proposal to establish by International Law: (1) That the mints of the leading nations of the world should be open to the coinage of all gold and silver brought to them. (2) The gold and silver to be coined into legal tender money; the quantity of pure silver in the silver coins to bear such proportion to the quantity of pure gold in the gold coins as may be agreed upon by the high contracting parties. (3) The debtor, saving any previous stipulation to the contrary, to have the right to pay his debts in coin of either metal at his pleasure."

This platform demands a world-wide view of the situation. "What is money?" Professor Jevons says: Money is first, "a medium of exchange," second, "a common measure of value," third, "a standard of value". As a medium of exchange, if we consider bulk only, diamonds and precious stones are much less bulky than gold, but as there is no way of stamping on them their value, they cannot so be used. Gold and silver have been used from time immemorial as mediums of exchange, but in the shape of coined money, the government stamp being a guarantee of the fineness, making it thereby a common measure of value, and a standard of value.

Speaking generally, Britain was bimetallic till 1797. From 1797 to 1816, during the great wars with Napoleon, she had an inconvertible paper currency. In 1816, silver was demonetised in Britain, being legal tender only to forty shillings, but from 1803 to 1873 France gave free coinage to both gold and silver, and in 1865 was joined by Belgium, Italy, Switzerland and Greece, the five countries forming "the Latin Union." Britain had the advantage of the free coinage of silver by the members of the Latin Union, and the value of silver remained during all that time steadily at 15½ to 1, though from 1849 to 1873 the value of the world's production of gold was $2,805,000,000, and of silver $1,185,000,000. The immense finds of gold in California and Australia, made, in some years, the gold product 3 times the silver one, and silver would have appreciated, had not its value been fixed by bimetallism. These were the times when Britain's trade went forward by leaps and bounds, because of the abundance of money.

This illustrates another principle in the science of money called "the quantity theory." J. Stuart Mill says: "An increase in the volume of money raises prices, and a diminution lowers them." Adam Smith said: "The average price of corn is regulated by the richness or barrenness of the mines that supply the precious metals." The commodities of the world have to be exchanged, and money is the medium of exchange, so that the larger the proportion of money to the commodities is, the higher is the price of the commodities—i. e., the more money has to be given in exchange, and vice versa.

In 1873 Germany, having exacted a war indemnity from France of $1,000,000,000, adopted the single gold standard. France, unwilling to part with her gold only to her enemy, stopped the free coinage of silver, and was followed by the other states of the Latin Union, and silver was accordingly demonetised throughout Europe. As it is calculated that the amount of coined gold money and coined silver money in the world are about equal, estimated at about $4,000,000,000 each, when Europe demonetised silver she reduced her pile of coined money available as a medium of exchange about one half, and prices dropped accordingly. But as rent, taxes and other fixed charges could not be reduced accordingly, producers, manufacturers and distributors had to give a much larger share of their labor for money, and those who had outstanding loans at fixed rates of interest were able to purchase 50 per cent. more with their money. So the money lender gained what the other lost. But this gradually came back on the money lender, and though money was dearer to buy with labor or products, it became reduced in value as an earning power, as witness the rate of interest in Britain the past two years.

It will be said, then, "that everything has accommodated itself to the gold standard, and so no one is harmed." Well, so far as gold standard countries, trading among themselves, are concerned, this may be largely true. But there are India, China, Japan, South America and Mexico, with 900,000,000 of people (two-thirds of the world's population), who have to-day, as always, a silver standard only. In these countries prices have remained stationary in silver. The producer of cotton, tea, silk and wheat in India, China, Japan, the Argentine, etc., is paying the same price in silver for his labor, rent, taxes, etc., as he did twenty-five years ago. So that when he competes with the producer in a gold country and sells his products there in gold, his advantage on these items over the gold countries is doubled as compared with what it was previous to 1873. This is why Indian cotton mills can pay handsome dividends of 10, 12, 15 to 25 per cent., and have displaced all British goods and yarns from No. 20 down, while English cotton mills of the same class cannot pay 1 per cent. Japanese silks have largely displaced European. This also accounts for cheap wheat, cattle, etc., from these silver countries; and if the present disparity between the two metals is maintained, the contest between the white man with the yellow money, and the yellow man with the white money, will be intensified, and the latter will win.

The stupid and corrupt silver bills of the United States have intensified the trouble. They started out in 1878 with a silver dollar worth only about 82 cents then, and there was no more just cause for the Government to buy a fixed amount of silver than a fixed amount of dry goods. They sought to go alone. Unparalleled conceit and folly, to depreciate their own money, to alarm their creditors, to force a liquidation of their loans, and at the same time to reduce the value of all their exports, or, in other words, their assets, and all at the bidding of the silver kings! But when it is remembered that the annual value of the silver produced in the United States is only about $55,000,000, as compared with the estimated annual value of the products of the field, forest and factory of $13,000,000,000, her interests are largely in favor of a fixed international standard.

I have only touched the fringe of the question, but am satisfied that the use of the two measures, both gold and silver, as indicated in the bimetallic platform, would give greater stability to prices, be especially helpful to the gold countries, and restore somewhat the old equilibrium between the two metals. As things are, we shall need specially to watch the yellow man with the white metal.