

his bar of gold for *B's* separate pieces unless *B's* pieces were of equal weight with his bar, or so nearly that the difference in weight would simply represent the cost of melting the bar and coining it into the pieces requisite, and putting the government stamp on them. These operations are going on every day at the Royal mint and at other mints of the world. A gold bar can be changed into an equivalent weight of coins, coins can be transmuted into an equivalent weight of gold bar, and in these operations there is no question of a greater or lesser price, or increase or decrease of value, but simply of the cost of turning the weight of metal out of one form into the other, or *vice versa*; and the standard price is merely a way of expressing that the pound sterling shall always consist of a definite weight of gold, no more and no less, for which weight the holder of the piece of gold called a sovereign has the certificate of the government stamped upon it. If any person therefore says that the value of gold is this, that, or the other, as measured in gold, such language is meaningless. To say that a sovereign is worth a sovereign, or that £5 are worth £5, is mere nonsense. And it is equally meaningless to speak of the value of gold as changing, when measured by gold. We might as well say that the yard measure is longer when there is more cloth, or that a ton is heavier when there is more iron.

The unit of value, therefore, in England is this piece of gold weighing nearly a quarter of an ounce, and called a "pound." All monetary transactions in the British Islands are expressed in this unit, or in divisions of it. The divisions are arbitrary, but it is to be noted that they are represented by most convenient coins. The pound sterling expressed by a sovereign is a convenient coin. One twentieth part of that, the shilling, if it were made of gold, would be an excessively inconvenient coin, and utterly impossible of daily use; but a twentieth part of a sovereign expressed in silver is a very convenient form of money. The copper coin called the "penny" is simply as large a piece of copper as any person can conveniently carry in his pocket. The twelfth part of a shilling expressed in silver would be just as inconvenient as the twentieth part of a sovereign expressed in gold. Copper, therefore, comes in conveniently, and the penny is the unit of value in copper coins. But it must never be forgotten, as above shown, that silver and copper coins have no legal value beyond the amount that a man can conveniently carry in his pocket, that is, £2 sterling.

If then, it is proposed that silver coins shall be created as money, so that a definite weight of these coins without limitation shall be equivalent to so many pounds, the reply that must be given is that to maintain such a value in gold for the silver coins, would be impossible in the nature of things; just as impossible to fix the value by law of a bushel of wheat, a ton of iron, or a yard of cloth.

But it may be rejoined, if all the governments of the world representing commercial nations,

joined in an agreement that in their coinage and currencies a given weight of silver should always be equivalent to and exchangeable for a given weight of gold, would that not have the effect of causing it to be so? One single government, it may be contended, could not fix the price at which an ounce of silver shall be estimated in gold, or *vice versa*, and obviously for the reason that if the market was open to all the world, all the world would pour in supplies of silver if the price was high, and would withhold it from any country where the price was low. But if all the world joined in this agreement, then, the object surely could be accomplished. This is a plausible argument. But there is a fallacy lurking underneath this phraseology of "all the world." What is meant is the respective governments of all the world; not all the millions of individuals living under those governments.

Now the power of any government, it must be admitted, is limited. It cannot control all the actions of the millions of people that are subject to it, and especially in matters that affect the personal interests of individuals. It is certain that no government could compel all its citizens or subjects to buy and sell at prices fixed by that government. Government interferes with certain departments of trade in the way of excise, supervision and the exaction of customs duties. That interference is tolerated for the general good, and is in reality not burdensome. But for every government in the world to say to persons engaged in silver mining or silver trading, that their commodity shall count for so much and no more, in relation to the standard of value, would be an arbitrary interference that would never be tolerated.

The idea of this matter being determined at the beginning and constantly regulated hereafter by an International Clearing House or Committee, is a plausible endeavor to meet the difficulties that surround the question.* But the idea is chimerical. An International Clearing House, in the proper sense of the word Clearing House, is simply an absurdity. A Clearing House is a place where a definite number of persons, who have in the course of business, constant claims upon each other, can meet every day for the mutual adjustment and settlement of those claims. Such a clearing house can only, in the nature of things, apply to the merchants, brokers or bankers, of a single city, for even if it were attempted to have a clearing house for a single Province, or a single State, insurmountable difficulties would arise in its working. What then would be the difficulties of a clearing house for the whole of Canada, or the whole of the United States?—Still more if such a clearing house was proposed to embrace the whole world. It is obvious that there can be no more a single clearing house for the whole world than that there can be a single stock exchange for the whole world.

The idea, however, is not, strictly speaking, that of a clearing house at all, but of a com-

mittee of intelligent persons who shall settle this matter on a given basis to commence with, and determine that an ounce of gold is exchangeable for a certain number of ounces of silver, and then that this committee shall sit *en permanence*, and determine the same ratio from time to time, and deal with all the circumstances that might occur and disturb it. Now it would be perfectly easy to organize a committee for the purpose, provided men of sufficient ability had a sufficient inducement to set aside other engagements, and meet in some central place to consider the question. It would be easy for them to discuss, as has been discussed already, what this ratio should be. But experience has shown that the probability of their coming to an agreement would be extremely remote. Let us, however, suppose that an agreement was reached; and that it were promulgated throughout the world, that in the opinion of this International Committee, a proper ratio between gold and silver was so much, no more, and no less. That, however, would only be the initial step of a difficult business, for unless all the governments of the world, with no single exception, agreed to be bound by this decision, the meeting of this committee would be a mere academic meeting, and result in nothing but an academic opinion. But let us suppose that all the governments of the world, which is most improbable, agreed to be bound by the decision of this committee, and by all future arrangements and decisions of this committee, does any one suppose that in the multifarious operations of mining, commerce, banking, and exchange, going on day by day all over the world, that any government could pretend to enforce the decisions of such a committee, that they could by any possibility punish those who conducted their business without regard to its decisions, that they could fine or imprison the merchant or silver mine owner who differed in judgment in conducting his business. Such an idea is a transparent absurdity. On the first attempt to enforce by pains and penalties the decision of this committee, the whole mercantile world would be up in arms in every country, and demand from every government that the sittings of this committee and their arbitrary rulings should be put an end to.

We have looked carefully over the statements and proposals in this volume of Mr. Rothwell's and have come to the following conclusions about it:

First: There is in it an enormously exaggerated idea of the importance of the part played by gold and silver in the monetary transactions of the world. In all mercantile and civilized countries the actual handling of the metals is confined almost exclusively to the settlement of international balances—not international transactions by any means—but simply international balances. These balances are the merest fraction of the total transactions. In the vast volume of the monetary transactions of the United States, gold plays such an insignificant part, so far as actual handling is concerned, that it is

* This article has been suggested by a perusal of the work on "Universal Bimetallism," published by the Scientific Publishing Co., New York, written by Mr. J. R. Rothwell, editor of the *Engineering and Mining Journal*, New York.