THE PRESENT VALUE OF COIN

There are two metals obtained from the earth, one or the other or both of which have been the medium of exchange and for the settlement of balances from time immemorial. These are gold and silver, and their value in relation to other things is just as much determined by the relation of supply and demand in the world's markets as any other; but, on account of their limited supply and their extended use, they are subject to less variation in that value, as well as being specially convenient in use for settling balances. These metals differ somewhat widely in their values on account of the difference in the supply to be had, in the various uses to which they can be put, and their attractiveness for various ornamental or practical uses. But they do not vary uniformly in their market value, that of the highest value being the more steady. Consequently, as a basis of what is known as "currency," or the means of making settlements without the use of actual coin, unless it is demanded, preference must be given to one or the other and gold is demonstrably preferable. If both are used at the same time for that purpose, as they vary in market value as metals one or the other will alone be the basis of exchange for values, and they may shift with the market if kept near together but not if there is any considerable variation in supply and demand for the different uses. The one that is undervalued in currency will take to the metal market for profit.

In discussing this subject the *Journal of Commerce*, N.Y., says:—

The supply of gold and silver did not expand in proportion to the increased demand, but the credits resting upon it did. The relation of the two metals to each other in market value changed a good deal, that of gold being far more steady than that of silver, which costs so much less, is in demand for less costly uses on a large scale, and was also drawn in large volume to the oriental lands because gold was so firmly held in Europe and America. The wide and irregular variation in market prices was caused mainly by changes in the relation of supply and demand for their use, and not by changes in currency based upon coinage metals. These were inevitably affected more or less, but the extent in different countries cannot be accurately measured. Where credit was seriously affected and could not be met on demand with coined money, the effect upon prices was greater. It was much less in this country than in those of Europe, and in those it varied according to conditions.

The question with us in this country to-day, is one which should be easily answered. Everybody should know why prices are so high. It is due to the relation of supply and demand for what has to be paid for, and not in any serious degree to variation in the demand for or the supply of gold or silver, or their relation to each other. The fundamental principle of sound money or stable currency is not affected. There is no ground for arguing for a return to a bi-metal basis for the currency of the country. If the great volume of credit, in business, in financial conduct of the Government or in commerce within the country and with other nations, is skilfully based upon existing values and those certain to be realized in the near future, disaster will be averted and prosperity's return assured. The gold basis will be firm and safe. If silver maintains a high market value, it will be on account of demand for other purposes; and, if it declines, it will gain a wider use in the markets. In any case it will be made useful in the currency of the country for the smaller payments and settlements; but if its value should continue high in relation to gold as the basis of current market values, the amount of the metal in the coin will have to be reduced to keep it in circulation. There is no new principle involved, but it is desirable to keep in mind that which has been established by experience.

LIFE INSURANCE IN CANADA, 1919

The results of the life business written in Canada during 1919, in so far as volume is concerned, is likely to prove startling. It is anticipated that when the various Companies' statements are published the amount of new business written will exceed all previous records. In some cases of individual Companies the volume of business written during 1919 will be found to be about double the amount written in 1918. A few of the Companies, however, have adopted a more conservative policy, and are content with fairly substantial increases. While not wishing to discourage the writing of a large volume of business by Companies well qualified financially to do so, in the case of others it is an unwise policy to pursue.