

and above the normal consumption in that way. Thus, the United States required one hundred millions; Germany, eighty-four millions; and Italy, sixteen millions. This meant an average extra demand on the ten years of twenty millions annually.

We must bear these figures in mind in endeavoring to see how gold has become scarce, and as it is termed, 'appreciated in value.' Besides the coinage for these and the other states which have to put a certain quantity of gold through the mints every year in order to keep up their normal currency, there is the large demand for the metal for employment in the arts and manufactures. M. de Levalley estimated a few years ago that the amount of gold thus used is about ten millions sterling annually; but in a former article we took fifteen millions sterling as the figure. The latter we believe to be nearer the mark, and it is the fact that the use of gold for purposes other than coinage is annually increasing.

A thing may increase in market value—which, as we have said, is different from intrinsic value—in two ways—namely, by means of enlarged demand, or by reason of diminished supply. Both forces have operated in the case of gold; for, while the demand has increased in the manner just shown, the supply has been steadily falling off. In 1852, after the discoveries in California and Australia, the production of gold was to the value of the thirty-six and a half millions sterling; but now, it is only about half that amount. The decrease in yield is shown in a very interesting manner by comparing successive periods of five years. Thus:

Period.	Total Production.	Annual Average.
1852-56....	£150,000,000	£30,000,000
1857-61....	123,200,000	24,600,000
1862-66....	114,000,000	22,750,000
1867-71....	109,000,000	21,753,000
1871-75....	77,000,000	19,200,000

Between 1875 and 1882 the average remained a little over nineteen millions annually; but in 1883 the production was only about eighteen and a quarter millions, and in 1884 it was rather under eighteen millions sterling. At the close of last year, Mr. Samuel Smith, M.P.—a leading bi-metallist—said that the present production could not be estimated at much over sixteen millions annually. If our estimate is correct that fifteen millions annually are used in the arts and manufactures, it will be seen what a narrow margin is now left for coinage.

This is bad enough from a bi-metallist point of view; but worse remains. Silver has been all the time increasing in amount of production. We have not the figures for precisely the same periods as for gold, but the following will suffice to show the growth in the yield of silver:

Period.	Total Production.	Annual Average.
1852-62....	£90,760,000	£9,076,000
1863-73....	124,530,000	12,453,000
1874-80....	110,400,000	15,771,428
1881.....	..	18,800,000
1882.....	..	20,500,000
1883.....	..	21,400,000
1884.....	..	21,400,000

The broad inference from these figures is that the production of silver has about doubled within the last twenty years. The increase is mainly, if not entirely, from the development of the mines in the western States of America; and an American authority estimates that the production will probably double itself again within the next twenty years.

Now, the curious fact is, that while the world at once and greedily absorbs the annual production of gold, it is in present circumstances unable to utilise all the silver. This metal is actually decreasing in employment in the arts; and indeed it is within the observation of every one that silver-plate is no longer the highly coveted possession which it once was in middle-class families. One meets now with 'solid-silver' appliances comparatively seldom in general use, electro-plate having taken their place. Its disuse as money has been already mentioned.

The result is remarkable. In 1848, the metallic money, current or hoarded in the world, was estimated at one thousand millions sterling, of which four hundred millions were gold, and six hundred millions were silver. In 1870, the metallic money was estimated at fourteen hundred millions, of which seven hundred and fifty millions were gold, and six hundred and fifty millions were silver. At present, the metallic money of the world is estimated at about fifteen hundred and seventy millions sterling, of which about eight hundred millions are gold, and seven hundred and twenty millions are silver. It is to be remembered also that a very small proportion of the gold which is withdrawn for manufactures and ornaments ever finds its way back into the circulating arena, because the labor expended on the finished ornament gives it a higher value than can be obtained out of the melting-pot. In this connection another interesting point may be noticed, which is, that it has been ascertained that out of every three thousand sovereigns coined, one sovereign represents the annual loss by friction; and in half-sovereigns the annual loss in the same way is one in eighteen hundred. It may not be generally known that our gold coins circulate very much in some parts of the East and in South America, and are only returned to this country when they have lost in weight by friction. This loss reduces the intrinsic value; but when sent to London they are exchangeable at face value, if not excessively abraded.

The effect of this change in the actual production and employment of gold and silver is to materially alter their relative values. The value of silver measured in gold has fallen so enormously that, instead of the ratio being, as was fixed by the Latin Union, fifteen and a half parts of silver to one of gold, the actual ratio in the markets of the world is now only about twenty parts of silver to one of gold. It is estimated that a sovereign will now purchase as much as thirty shillings would do fifteen years ago; and this is what is meant by saying that the appreciation of gold is the cause of the depreciation of prices of commodities. But all this time silver has remained the legal standard of value of India, and a rupee is still worth two shillings in that country. That is to say, a rupee has still the purchasable power of two shillings in India; but in England it is worth only about one shilling and sevenpence. Therefore, upon every pound which the Indian remits to this country he must lose twenty per cent., or about four shillings, for exchange. This is a very serious loss not only on merchants—many of whom, however, can to some extent counteract it by sending home goods instead of money, goods which they buy for silver in Calcutta and sell for gold in London—but also on the Government, which has to send home something like fifteen millions sterling, gold value, every year, to meet the interest on the public debts, and the like.

The position, then, is this—that the supply of gold-money is now too small for the world's needs, and that all commerce and international intercourse is being hampered by the restriction of the medium of exchange. At present, the sole practical medium is gold; and gold-money, as Mr. Goschen has remarked, has three functions to perform: it has to supply the pocket and till-money of the people; it has to remain in the vaults of bankers as security for the notes issued against it; and it has to serve in settling the balances between nations. The larger the amount of trade which is being done, the larger must these balances necessarily be—although not in direct proportion—and the more gold must be required to adjust them. By analogy of reasoning, the less gold there is in the form of circulating money, the more must the trade be restricted. If the restriction does not operate on volume, it must operate on prices, and this, in effect is what has happened.

The subject of concern, then, in the circles of finance throughout the world is how to rehabilitate silver, as it is termed—that is, how to replace it in the position which it is claimed the metal should occupy as money. If the supply of gold is too small for the world, then the only alternative