sent conditions, and only the richer ore in the operating mines can be carried now in the form of a reserve. In other words, no low-grade gold-mining operation conceived, financed, and developed under pre-war conditions can possibly work out as originally planned, nor can it hope to continue for any length of time unless a bonus is offered by the Government to compensate for the increased operating costs, or unless the value of the gold, as fixed by the Government, is materially increased.

"One of the most important and interesting questions arising in this discussion is the value of gold as now fixed and accepted by the leading nations of the world. The price of pure gold in our standard of money is fixed at $20.67 per ounce. This value was arbitrarily fixed by the Bank of England when England decided that it was advisable to fix the value of gold in order to standardize exchange. Prior to this, while England had adopted gold as a standard, she had been in the habit of purchasing gold in the open market at a variable range of prices. This necessarily affected, from day to day, and from purchase to purchase, the very basis of exchange. Hence the necessity for establishing a fixed price.

"It is generally conceded that the price as fixed was taken from the last purchase of gold made by the Bank of England in the open market. This, in our money, as stated above, happens to have been $20.67. Shortly after this, the other leading nations accepted that gold standard, and likewise the price that had been fixed arbitrarily by the Bank of England and sustained with the approval of the British government. The important fact regarding this, so far as the present discussion is concerned, is that the price as fixed was purely arbitrary. Even if measured in the currency of the time at which this occurred, when gold was estimated to be worth $20.67 per ounce, it is evident that the great increase in the demand for this product and the increased cost in producing it, makes this valuation now incorrect and decidedly too low. Accepting gold as a basis of all credits, there has never been a period in the history of the world when the demand has been so great as now, in order to sustain a reasonable reserve against the Government issues of bonds, certificates, and other forms of obligation."

The "Annalist" says: "All the arguments for action in favor of the gold industry regard it as a burden instead of a convenience that there should be a fixed Mint price for gold. They fail to remark that they are under no compulsion to sell to the Mint, and that they do not sell to the Mint as selling usually is understood. Theoretically they receive their metal back again, in coins of certified weight. They often are paid in checks rather than in bullion, but that does not alter the fact that they get from the Mint all that they give to the Mint, less only an inconsiderable Mint charge. The Mint price has nothing to do with the worth of the gold. That is settled now, as it was originally settled in England, by the universal market for all commodities. Gold is worth what it will buy, no more, no less. The worth of gold is fixed by the price of commodities as much as the worth of commodities is fixed by the price of gold. The goods buy the gold, and the gold buys the goods. The market is free even in these war times, and all buyers and sellers fix their own prices for whatever they own, whether goods or gold, subject only to the control which affects goods and gold alike, for reasons independent of the price or value of either goods or gold.

"It would make little difference whether the Mint price were doubled or halved. In either case the bargains would be for the weight of gold which passed, and which is certified to all buyers and sellers. The producers of gold get their profit when they spend it, not when they mint it. The alteration of the Mint price would be disturbing generally, without benefit to them. What they want really is an alteration in their favor of the relation of the prices of goods to gold. It is difficult enough to control individual prices. It is practically impossible to control the relation of one price to another. Gold and goods are exchanged around the globe in these days, and the attempt to control the value of gold in international exchange—something quite different from the control of the Mint price—requires control of world conditions."

With such plausible arguments economists convince themselves that gold is always selling for what it is worth. The public looks to them for information and generally they are able to obtain some; but many economists seem ever willing to believe that all things are as they should be. They repeat in various ways their much loved view, that the prices of commodities are directly determined by supply and demand, even though they know that the actions of certain groups of men may easily establish new prices at times when no serious change takes place in supply and demand, or cost of production. They say "if more gold is produced the price of commodities will be higher," when they mean "if more gold is produced and our theories are sound and prices change but do not decrease then prices must increase." There are many things affecting prices of commodities besides the available supply of gold. If the effect of all these things remained stationary over a long period we might find out the relation between gold production and prices; but it is folly to assume that they do and then make deductions simply to prove a theory. Gold is the standard by which we measure prices of commodities, but does it necessarily follow that prices are always what they should be?

While we do not advocate the changing of the price of gold we nevertheless believe that the selling price of gold is not in accordance with the demand and the cost of production. General recognition of this fact is desirable, as such recognition may result in changes that will tend to lower the cost of production.