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TORONTO, FRIDAY, NOVEMBER 6, 1896.

THE SITUATION.

A coalition of one section of the Democrats with the Republicans, in the United States presidential election, has resulted in the decisive defeat of Bryan and free coinage of silver, at a ratio of 16 to 1, and the election of McKinley, whose candidature represented "sound money." Though the platforms of all parties favored bi-metallism, conditional on Europe's consent or without it, the press of the victorious party generally put the issue as one of gold mono-metallism, sometimes with the averment that Europe will never agree to bi-metallism. On this ground, the battle has been won. Will the decision be accepted as final by the vanquished? Bryan, so far as he is concerned, anticipated this question and answered it in the negative. But what Bryan's authority may be worth even with the Silverites, after this defeat, cannot now be told. He made a prodigious effort, and his magnetic power over people was the gift of nature to which he owed his nomination; but no competent critic can read Bryan's speeches without being convinced that he was but poorly equipped for the championship of silver, which he had undertaken. On the ground he took, the best instructed man, the greatest genius, could not have made out a complete case; but it would be quite possible to make out, with a limit of five thousand words, a better case for silver, desperate as it must be in the best of hands, than he has been able to make in the vast array of tumultuous rhetoric with which he sought to win against odds such as, perhaps, have never before been opposed to any one man. The case, as presented by the sound money men, was rather lacking in candor than in ability of treatment. The literature of the campaign, as a whole, may very easily be ranked too high as an educational force. To the moral element in the contest victory owes something, though the real article was not always free from spurious admixture. McKinley showed, at the outset, that he would have been willing to win as a Silverite, if to pose in that character offered any assurance of success. The victory saves the nation from the catastrophe of a widespread wreck. But if one evil has been escaped, the rapacious and corroding trusts are a menace to the Republic against which no security is visible. Revolution has been postponed: is any living mortal endowed with pre-

science to make sure that it has been made impossible in the future?

That bi-metallism, in some form, will survive the defeat of Bryan is probable. But if it is ever to succeed it must be on a reasonable ratio; the dream of 16 to 1 must be forgotten. Free coinage of silver means that the public at large is to pay for the stamping of coins for the benefit of private owners, from whom the mint would receive the metal and give back coin without charge. At the earliest, bi-metallism could not become the rule in the Republic for four years to come, and in the meantime nearly all contracts will specifically be made on a gold basis. This practice has been carried very far already, and now it is pretty sure to become universal. Even in Canada a very large proportion of the mortgages have for years been made payable in gold or its equivalent. The practice here was the child of the American greenback. So far have gold contracts been carried in the Republic that Bryan's colleague for the Vice-Presidency is said to stipulate, in his contracts, for "gold or its equivalent." When this formula was invented people were thinking of greenbacks, which, being at a discount, were not equivalent to gold; and its value as against silver, the latter having equal debt-paying power with gold, would be at least doubtful. But the formula can easily be revised if necessary.

The main question raised in this election was, "Has gold appreciated?" This question has not been decided by the result; it is not a question that can be settled by majorities. Bryan's way of answering it—free coinage of silver at a ratio of 16 to 1 of gold—has been rejected by the nation, and properly rejected, for it was wild and extravagant. But the question whether an almost universal fall of prices, during the last quarter of a century, was in part caused by an appreciation of gold, remains. That the quantity of currency in any country, relative to the amount of work to be done by it, has an effect on prices, is admitted by all competent authorities. It is certain that, in many lines, new inventions have lessened the cost of production, and tended to reduce prices. But is it safe to conclude that this accounts for the whole decline? Has there been no appreciation of gold to do its part in the almost universal fall of prices? Has legislation in different countries, by restricting the use of silver as coin, and bringing greater pressure on the world's stock of gold, had no effect on prices? Has the hoarding of gold for military purposes, which practically took it out of the commercial arena, had no effect on prices? These are the problems which the election of McKinley has left unanswered, and which are likely to demand a rational solution.

The ratio between the market value of gold and silver is affected by the legislation of different countries that regulates or restricts their use as coin. To this cause the fall in the price of silver is partly owing, though United States legislation has had little, if any, effect in this direction. At present the future outlook is that the production of gold will gain on that of silver, with a corresponding effect on the ratio of the value of the two metals. Moderate estimates place the production of gold this year at \$220,000,000, and it is likely to be more rather than less. To the four principal gold producing countries, South Africa, Australia, Russia and the United States, others are now in process of being added. Already the total product of the gold mines of the world is more than twice what it was ten years ago. Since then the increase has been steady, with a slight decline in only one year; this year it looks as if it would be \$17,000,000 in excess of last year, while future development is likely to out distance the past.