

BIMETALLISM AND ITS CONNECTION WITH COMMERCE

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HOTEL CAVOUR,

MILAN, 6th June, 1879.

DEAR MR. GIBBS,

My friend, Mr. Thomson Hankey, forwarded to me the Report of the International Monetary Conference held at Paris in August last year.

I do not agree with the result arrived at by the majority of the members of the Conference, and have taken advantage of a few leisure hours to put upon paper a short analysis of the different views expressed by them, adding the conclusions on this important question to which I have come myself, and towards which, in my belief, public opinion will gravitate.

With your kind permission I address these remarks to you as one of the members of the Paris Conference.

I am

Yours faithfully,

EDW. CAZALET.

HENRY HUCKS GIBBS, Esq.,

ST. DUNSTAN'S, REGENT'S PARK.

BIMETALLISM

AND ITS CONNECTION WITH COMMERCE.

WARS and rumours of wars have hitherto no doubt diverted the attention of our Government from the subjects brought before the International Monetary Conference at Paris in August last. Yet the question of a rational and workable system of currency for England and India, as well as for all civilised nations, is one which must before long, from the immense interests involved, force itself upon the attention of Governments, and call for solution. My object in this paper is, to put the different arguments adduced by the eminent and able representatives of the different Governments taking part in the Conference as succinctly as possible before the public; and to endeavour from these data to point out the path which England may safely and advantageously follow in assisting to solve, for her own benefit as well as

for that of other nations, this difficult and somewhat complicated problem.

At the International Monetary Conference held last year in Paris, ten nations were represented: America, at whose request the Conference was brought together; France, whose chief representative, M. Léon Say, presided; and eight other European nations. On the one side were ranged America, Austria, Italy, and Holland, earnestly advocating Bimetallism; on the other, England, France, Switzerland, Belgium, Russia, and Scandinavia, who are all either supporters of monometallism or deprecate any international agreement for fixing the relative values of gold and silver. The absence of a German representative from the Congress is much to be regretted, since it is Germany who, by discarding silver and substituting a gold for a silver standard, has been one of the chief, if not the chief, causes of the present depreciation of silver; and the mystery she maintains with regard to the position of her currency gives rise to the possibly erroneous belief that she is not convinced of the wisdom of the step she has taken. In any case the secrecy she persists in keeping about the stock of silver she has still for sale neither adds to the credit of the country,



nor to the value of the metal she may have to dispose of.

Notwithstanding the drawbacks which the members of the Conference had to contend with, arising from the limited powers granted to them by their respective Governments, and the absence of a German representative, some good has been achieved, and the subject has been pretty thoroughly ventilated.

The propositions advanced by America were the following:—

1st. It is not desirable that silver should be excluded from free coinage in Europe and the United States;

2nd. The use of gold and silver as unlimited legal tender on an equal footing may be safely and advantageously adopted by all nations;

3rd. The relative value of gold and silver can and ought to be fixed permanently by international agreement.

The first proposition, “that silver should not be excluded from free coinage in Europe and the United States,” was energetically supported by the bimetallists represented at the Conference. It met also with a qualified support from all the other members. Mr. Goschen, whilst

sternly repelling the idea that England would ever consent to modify her single gold standard, argued conclusively "that the object of the different Governments should be to maintain silver as the natural ally of gold in all parts of the world where that was possible. A campaign against silver would in his opinion be very dangerous, even for the countries which have gold for their single standard. If England had followed the example of other nations by limiting the coinage of silver in India, the price of silver would have fallen 10 per cent. or 15 per cent. more than it has done; and if all countries were to demonetize silver, the fall would be unlimited. Again, if silver were universally demonetized, would there be sufficient gold for the general circulation,—would there not be cause to fear an appreciation of gold and a consequent corresponding fall in all articles of commerce? Countries which have only a paper currency would find it more difficult to resume specie payments." Mr. Mees, the representative of Holland, followed in the same strain. In fact these views met with general acceptance at the Conference. For centuries past silver has had an equally important part to play in the world with

gold. It is desirable that it should continue to play that part ; for if silver were to be dethroned and gold adopted as a single standard of value throughout the world, the consequences would be nothing short of disastrous.

So far all were agreed ; but when the consideration followed, how this desirable position was to be secured for silver, how the civilised nations of the world were to be protected from the calamities which must ensue from the demonetization of silver,— here a seemingly irreconcilable divergence of opinions arose. Mr. Brock, representing Norway and Sweden, stated that the unlimited coinage of silver would cause a general rise in all the necessaries of life, and that small States would be drained of their gold. Gold and silver being merchandise as well as currency, a fixed ratio between them was impossible. Mr. Feer Herzog, speaking for Switzerland, said “ that the unrestricted use of silver tended to compel an abusive use of paper currency, and he did not think that a stable relative value between gold and silver could be advantageously fixed.” Mr. Léon Say was “ quite ready to affirm that the use of silver as legal tender should be maintained where it exists, but not that it should be introduced where