

FOURTH DAY.

England the Creditor State.
 Prices.
 Who would suffer from Bimetallism.
 Bankers.
 Wages.
 Protection.
 Manufacturers. Agriculturists.
 What if Bimetallism broke down?
 Independence of England.

G. Glad to see you all again. I think, Harrop, you had a rod in pickle for me?

H. Yes; when we left off yesterday I was bringing you to the question of our own direct interests. We are the great Creditor State—That is my point—and all others are our debtors. Are we to place it in their power to pay us thousands of millions in inferior values?

G. I don't know what you mean by your "thousands of millions"; but I deny that silver will be in the least degree inferior to gold at the legal ratio, and I think I have shown this. If you had said that our gold money would be in some slight degree depreciated by the change, there might be something in your argument, but not much. Whatever depreciation there might be, it would be as nothing compared to the stimulus given to British commerce, not only directly with silver-using countries, but indirectly in the general improvement of trade. What is the trifling amount of gold money annually payable to us compared to improvement in a trade representing £750,000,000 per annum of exports and imports?

W. Do let me understand this. Who is it that is to be hurt, and how will he be hurt?

H. By the rise of prices, obviously. He can now buy cheap, and he will have to buy dear.

G. But the question is *who* would be hurt? You have not

answered that. I think I can lead up to the answer. To say that the State is damnified is a very vague allegation. The hurting must be done piecemeal. Some citizen must suffer. How? That which has to be paid to England is the balance of her imports and exports. What other nations owe us they must pay us—with goods so far as they can; and what they can't they must pay in specie. That specie you may say is not as good as the gold in which they pay now. It has been shown that it is impossible that the silver half of it can have less purchasing power than the gold half; but I admit, as I said just now, that there will be a diminution of purchasing power in the mass of specie, *i.e.*, that prices will rise. I return to the three causes of the fall. Unless abundance of commodities ceases, prices will not rise on that score. They can then only rise either from relief of the paralysis of trade, or from depreciation of the measure of value. You will not deprecate a rise from the first of these two causes; and as to the second, any possible harm from a rise caused by it will be amply compensated.

W. You have not yet told us about the particular sufferers.

G. No, I have left the way open for you to talk of them.

H. Well, then, how will the working man like such rise as there may be?

G. I was going on, when you interrupted me, to say that among the commodities so raised in price will naturally be that most important commodity, labour.

Any apparent advantage to the labourer or to any one by the temporary cheapness produced by the contraction of the measure of value is a mere killing of the goose that lays the golden eggs. Trade losses and extinction of British capital must assuredly react on the British working man, and hurt him far more than any small rise of prices of commodities can do, supposing such rise to reach him; such rise being produced by that which puts bread into the mouths of an increased number of his fellows.

H. Then there is the mortgagee; and the owner of fixed income generally, whether derived from Consols, from Railways, from Foreign dividends, or Official Salaries.

W. Railway dividends, did you say, Harrop? That won't do! They are by no means fixed incomes. I wish they were: I am a Railway Director myself, and know something of that matter.

H. I spoke of Railway Debenture interest, and dividends on Preference Shares.

W. Of course they are more stable than dividends of Ordinary Shares; but what is it that affects the last?—I speak, of course, of Railroads whose prosperity is possible—it is the Trade of the

Country. When that is good, Shareholders get good dividends. When it is bad, dividends dwindle. Even Preference Shareholders shake in their shoes, and sometimes even go barefoot. When they do, Debenture holders also begin to tremble. *Their* security is only the prosperity of the Line, and the prosperity of the Line depends upon Trade. Debenture holders are now living in fear of a steady course of diminution of their security; and so are Mortgagees, for the matter of that; and all the worse because that on which they depend is in a worse case.

G. We are the Creditor State, sure enough; and a great part of the Balance of Trade which comes to us is the Interest on Loans to Foreign States. They pay us in cheap goods, or dear gold. It is all one to us, but not to them. The prices of their commodities fall away as we have seen. The cheaper the goods, the more they must send. When they can send no more, they must send us gold, for which they may have to pay 100 or 200 per cent premium. At last they can send no more, whether goods or gold; and they cease to pay at all. You have taken your debtor by the throat, but instead of getting his money you have stopped his breath! A poor result of appreciating gold (so far as that has been the cause) for the supposed benefit of those who were to receive dividends. Payment even in depreciated metal is better than no payment at all.

W. A sorry picture. The whole question depends, does it not, on the assertion that the demonetisation of silver, and consequent appreciation of gold, affects trade adversely?

G. To be sure it does; and unless anyone is prepared to deny that a period of falling prices, lasting already fifteen years, does adversely affect trade, it must certainly affect adversely all railroad securities; and the falling off in dividends in the case of individual shareholders, and the diminution of the security on which debenture-holders and mortgagees have to rely, are very poorly compensated by any ill-defined gain which a general appreciation of the measures of value may possibly be giving to private individuals.

A tendency to a rise of price, stimulating, and kept in check by, increased production of the commodities affected, is a characteristic of healthy trade. A continuous and long persisting fall in price is a note of decay; synonymous, as Hume said, with poverty, beggary, and sloth.

H. The fixed incomes are now virtually paid in gold, or, in other words, represent commodities now purchasable at gold prices.

G. It is true that the events of 1873 gave them an advantage for which they never bargained. They have been quite justly entitled to this unearned increment all this while; but they are not entitled to demand that the mortgagor, and the State or

person who pays the fixed income, shall not, in his turn, have the chance which fortunate legislation adopted for the general good may give him.

H. You say you are pleading the cause of Commerce. It appears to me that you will find the generality of bankers, who are certainly a potent factor in England's commerce, in the opposite camp.

G. Probably they also may suffer in some slight degree. Our protective policy has hitherto given them an advantage; and no doubt when it is withdrawn they will feel it, and will cry out—at the Conference and elsewhere. But what then? Commerce does not begin and end in Lombard Street. The banks are but the handmaids of commerce, very useful ones, I allow.

H. You will find Lombard Street a very important power in the matter.

G. I *have* found it—more's the pity! They believe that they would lose by the change: I don't. They think they gain by the present condition; but it would be difficult for them to show it in plain figures in their profit and loss account. I have no doubt they lose by it. A 2% or 2½% discount rate suits no banker; and such a rate is, I repeat, an indication of depressed trade. Bankers live by the prosperity of their customers, and a restoration of that prosperity would be an increase of prosperity to them. However, Lombard Street has chosen to put itself shoulder to shoulder with the men who live on their interest, and toil not, neither do they spin. No doubt they will fight, and fight strongly, for their own hand. I am sorry that too many of our statesmen take their orders from them, and elect to support the drones against the working bees. I am for the working bees; and I shall win.

But amongst those working bees is the English cultivator; and you say we should hurt him also, in company with all other English consumers.

H. And the manufacturer!

G. I'll come to his specific case presently: we are now talking of the general case of the consumers. No doubt those who like things cheap are more in number than those (if any such there be) who like things dear, and they have the power in their hands. But in that power-holding class there is enough intelligence to know that it is of no avail to have things cheap, if they have not wherewithal to buy them. To use your sixpenny illustration. It is bad if a man has to pay sixpence a week more for the bread of his family, but worse if that which helps him not to have to pay it is the cause of his earning a shilling a week less wages; worse still if it helps also to throw him out of work and to have no wages at all.

W. No doubt ; but still that matter of the wage-earner puzzles me. You say that he cries out ; and I dare say he does ; but surely you won't say that he would not be hurt by a rise in the price of commodities—say of bread ?

G. Of course he would ; and of beer, and of all food, and of shoes and coats and shirts, and everything else. So should we all, even the contemned producer, who is as much a consumer as any of us. It is all a question of *how much* the wage-earner will feel the hurt. And first comes the question, whether a small rise in the price of commodities will ever reach him at all ? Next comes the question, whether, if it did reach him, he would be the worse for it ? Harrop says the consumer wants things cheap, and that the wage-earning class are the majority of consumers. So they are. He scoffs also at the producer ; but he forgets that the wage-earning class are the majority of producers also, and that as production diminishes their earning-power decreases. The man whose wages fall off would be willing to see commodities dearer, if only his wages were higher. The man who earns no wages at all takes mighty little interest in the price of bread. Your good intentions, Harrop, send him to the work-house, where others have to feed him.

H. But I say again, the wage-fund has not diminished, nor has the cheapness of commodities materially lowered the rate of wages.

G. I have never heard any one say that it had ; but on the question whether the rate had fallen there was a conflict of evidence before the Royal Commission on Trade. There would be none now, even though for certain skilled workmen the rate still keeps up. What else is the cause of the strikes of which we hear so much now-a-days ? The rate argument is delusive ; for we must also consider whether as many of a family are employed as formerly.

H. That may be ; but how about the wage-fund ?

G. Cheapness of commodities could not reduce it ; but the cause, or rather one of the causes, which has made them cheap has reduced it. You think it is not reduced, but, even if I could admit that, I should still contend that the industrious classes would have been *better* off, than you say they are, if they were not thus handicapped, and if the medium of commerce were put on a better footing. I won't here try to decide the point between rival economists, and settle whether there is or is not such a thing as a wage fund ; but of this I am quite sure, that if a farmer or manufacturer can't make both ends meet, he must reduce either wages or men. In this year of grace, 1892, he is reducing both.

S. I have heard that the men actually employed get the same or even higher wages than they used to do.

G. Well, you all three seem agreed that wages had not been reduced, and, that if they had been, the rise in the purchasing power of money more than compensates. But both statements are against the great weight of evidence before both the Royal Commission on Depression of Trade, and that on Gold and Silver. Read Mr. Fielden's evidence before the latter, as yet uncontradicted.

We learnt in those Commissions that though in some special trades wages had not fallen at all, and though in most trades the *rate* of wages had not fallen, yet the whole amount paid had very greatly fallen; also that, except perhaps in the case of bread, the fall of price had not penetrated, or had scarcely penetrated, to the retail trade. To prove wages have not fallen, it is not sufficient to say that Brown, Jones, and Robinson are in receipt of as high or higher wages than before, if by the same movement Smith, Wilson, and Taylor are turned out of employment.

H. Your wage-argument is the old Protectionist one. The wage-fund grows, and is growing, out of savings—that is, out of increased wealth; and I believe that wages have actually risen.

G. It is the old Protectionist argument, more or less; it may have been wrong then, but right now. The savings, I suspect, come from idle capital, not from industry. Wages, for reasons quite independent of the currency, have been rising in proportion to work ever since 1846. But as far as they depend on currency they have fallen since 1873. By wages I mean those of men employed in what is called reproductive labour—that is, in the production of commodities useful to the world, not footmen or grooms, or such-like unproductive beings.

H. Gladstone once thought Bimetallism was only a phase of Protection?

G. Well, I should rather call it a removal of that Protection which, as a consequence of our own otherwise beneficent legislation of 1816—19, was given to our Indian fellow-subjects, and to the holders of gold, when the counteracting force of the then existing fixed ratio was removed by the foreign legislation of 1873. As to the Indians, I say again you must make up your minds. Either they are protected by that legislation, or they are not. If they are, you should advocate the removal of that protection, in the name of Freedom of Trade. If they are not, they will obviously take no harm by the reversal of the legislation of 1816. That legislation and its opposite cannot *both* be Protection. Neither does it lie in our opponents' mouths to raise the cry of Protection! Their own cry for their own behoof, so far as they are owners of fixed incomes or dealers in money, is Protect our Gold! For God's sake protect our gold!

H. You say the Gold-owners and the producers in India are alike protected. It must be then at the expense of somebody else. At whose?

G. I suppose the Cobden Club would say, "at the expense of everybody else." Certainly the same thing which protects some of the Indian producers taxes the whole country to the tune of £6,000,000 or £7,000,000. But beyond that, it is at the expense of the English agriculturist; for the Indian wheat-grower, for instance, gains at the low gold price the same profit which he gained before the price fell; while the English wheat-grower can't grow his crop at that price, except at a loss. Where *he* ceases to grow wheat the Indian wheat-grower steps in.

H. Are you quite sure that it is India that hurts the English farmer? I should say it is not India, but America that interfered with him.

G. India interferes both with England and America. The lower the price in England, the worse the return to the American shipper, and the fewer dollars he receives. The Indian, on the other hand, as I have said before, gets none the fewer rupees, and the rupee buys him the same quantity of the necessaries of life. It is India, therefore, that rules the price, so long as she has surplus wheat to sell for export, because the Indian can afford to sell cheapest, and the cheapest import, so long as it continues, dictates the price.

H. You have now to come to the manufacturers, as you promised.

G. Well, now for the manufacturer. Your argument is in essence that of Mongredien, which may be thus condensed—The greatest blessing that England can have is a disastrous harvest. *Then* we have to buy great quantities of wheat from India, and, thank God, we have to pay for them! and our payment is in our manufactured goods. Thus our exports and imports swell, the volume of trade increases, and our prosperity advances by leaps and bounds!

H. You put it quaintly, but that is more or less what I mean.

G. It is true that the *volume* of trade affects the wage-earning class immediately; but it is also true that in the long run, and that not a very long run, the loss of profit on capital, of which you speak, and the loss of capital, of which you don't speak, but which extends farther than you know or are likely to know till you possess a mill or a farm of your own, affects the working classes more than any other class.

S. But you don't mean to tell me that a manufacturer will go on year after year working at a loss?

H. And you don't mean to tell me that the working-man is

the real sufferer? He must gain, for he at any rate earns his daily bread.

G. We'll take the masters first (with apologies to *our* masters, the men). Try it yourselves. Fancy yourselves owners of a mill on which you had laid out £100,000, and on which you expect 5 per cent interest and a profit. What will you do if on any 31st December you find no interest earned, and £5000 to the debit of profit and loss?

S. Hope for better times.

G. Quite so; and if there is £10,000 to debit of profit and loss the next year? and the next? and so on?

S. Of course a time must come when one gives up the game.

H. When that becomes imminent, you retire and sell your mill?

G. Exactly; and realize your loss. But for *that* a buyer is necessary; and when you have found him you propose to put him into your shoes, and set him to slide down the same inclined plane on which you yourself were placed. What does it signify to the country whether you or Jones own the mill? You have made the loss; and English trade is the loser. Jones would lose less, perhaps, but it might be only because he had less to lose, having paid you what you appeared to have remaining to the credit of capital, minus a heavy discount for the risk.

H. But you may close your mill?

G. People cannot close their businesses; farmers, traders, manufacturers, never do so in real life till their business closes them. They may at any time abandon—*i.e.*, make a total loss; or they may shut up for a time, lose interest on the crumbs of capital which remain, and hold on with a hope—perhaps a vain hope—that times will mend. Now this is what has happened, and is happening to farmers all over the country. They have lightened the ship from time to time by throwing overboard one or two labourers, but they have only postponed the evil day. Their capital has melted away, and they are left lamenting.

W. But the labourers find employment with a new tenant, or with the landlord himself if he cannot let his land, so *they* do well.

G. Yes, the residue of them. They are, so far, better off than the mill hands. The master of these leaves off, perhaps when he has lost two-thirds of his capital, and lives in comparative poverty. The man loses his daily bread, and starves.

The masters know it now, ask the members for Manchester—ask Mr. Fielden, who has been both man and master; and the men won't be slow to know it, indeed large numbers know it already; and, as

you say, the *argumentum ventricosum* will have more weight than any scientific argument.

H. That is all very well ; but why do the number of cotton factories increase every year, and why is new capital put into the business ?

G. This is the story of Charles II. and the Royal Society over again. The answer is, that they don't increase ; and new capital isn't put in, unless as I suggested just now.

H. But let us hear about the Farmers. Landlords, no doubt, feel the present state of things in the lowering of their rents, particularly if their estates are heavily mortgaged. But how do their tenants suffer ? Rents are reduced ; Tithe Rent charge reduced ; wages, you say, reduced ; prices on all they have to buy gone down ; Local Taxation and Income Tax follow Rents. I don't see that they are hurt.

G. *They* do, and not only see it but feel it ! My dear friend, if all your statements were accurate, and if the reductions on the one hand and the low prices of farm produce precisely synchronized, they might live. But they don't synchronize, and there is plenty of time in the interim for the farmer to be ruined. As a matter of fact, they are failing all over the country, and in many places they would fail if they had the land for nothing. Morley's "golden grain" refuses to "wave over" Essex clays, and the land goes out of cultivation. How do you account for it, if not in my way ?

H. Improvidence, I suppose.

G. They are not more improvident now than they were in 1870. Your reductions are very doubtful. *You* say wages are *not* reduced. Rating follows rents, but rates do not. You mention the landlords' mortgages. Are not tenants also working on borrowed money ? *They* have to pay their interest as well as the landlord has to pay his. If he can't, he fails. Not all those other things which you think are reduced have had any reduction. Railway fares and freights rather increase than diminish ; drink and smoke cost as before ; bread, if reduced at all, has not been reduced in proportion. All contributions to clubs, unions, &c., which are now-a-days deemed a necessity, stand at their old cost : re-adjustment is always coming, but does not come, or comes too late.

H. Supposing all this to be true, yet your remedy may be worse than the disease.

G. It may, but I find no trustworthy evidence that it would be. Smail, I remember, said that "admitting the grievance, admitting the efficacy of the remedy, it might be unwise to use it." He seems rather to incline to the idea, "Surely all is for the best in

this best of all possible worlds." "Leave well alone!" Quite right, if it *is* well.

S. It is true that that in some degree expresses my views. I meant also to intimate that the remedy might be worse than the disease. You will not contend that there are no difficulties in the way?

G. Certainly not. The difficulties are of three sorts. One (initial) the portentous prejudices of the press (which far transcend those of certain cultivated friends of mine); another, problematical, the dangers of the transition period; and a third, which greatly affects the second, the ratio.

We may leave the first to stew in its own juice; but the second is very important. It is, like the ratio, one of the things which must be left to the Conference of the Powers, when it is called, to examine.

H. When it is called!

G. Too late in the discussion for such an ejaculation, my dear Harrop; you must surely be instructed enough by this time to know that it *will* be called; that it is only a question of time, and that a short time.* That an agreement will be reached need not be doubted; but what will be the exact platform on which they will agree can scarcely be predicted with such certainty. We hear a good deal of the great dislocation and great distress which would be produced by the change. It would be most useful if some one on the monometallist side would give us chapter and verse for the dislocation; an exact description with instances, instead of vague vaticinations.

H. Vaticinations are necessarily vague. I should like to hazard one. If an agreement is come to, a ratio agreed on, and a treaty made, it will not be long before it is either broken up by common consent, or thrown into confusion by the secession of one or more of the Powers. Where will you be then?

G. That is a question for *you* to answer. I know that your prophet does not like to be asked to condescend to particulars; but I should like you to tell me precisely what it is that you think might possibly occur, and what harm could happen to anybody if it did.

H. Nothing, I suppose, if it was dissolved by mutual consent; yet I should like to know, even then, what we should do with our stocks of silver.

*Note to Second Edition. This is no longer in the list of unfulfilled prophecies. We are assured that nothing will come of it. Probably no agreement will be reached, at least, in the first sessions; but it will not be long before the dangers of *not* coming to an agreement will be clearly seen.—November 22.

G. I really think it is hardly worth discussing ; for no one has ever suggested an inducement for such a foolish act. We should, however, all be in the same case as that in which France and Germany are now ; our silver (or gold) money becoming tokens, and our relations with gold (or silver) monometallic countries returning to the inconvenient condition in which we now are as respects our commerce with China, Mexico, and other silver-using countries.

S. Gold as a token currency ! You surely don't think that possible ?

G. Why not ? All things are possible to human folly ! We have proscribed the money of the greater part of mankind ; why not that of the lesser ? It would be a monstrous absurdity, no doubt ; but so was our action in 1816 ; and so would be the abandonment which we are discussing ; and we must all the more treat it as possible. Some new Chevalier, frightened by the golden torrents from Africa, and dreading a new deluge, may persuade us all that gold is a discredited metal and unfit to be used as money.

S. Did Chevalier propose that ? It would be a curious speculation to work out the probable market price of gold at this time, if we had followed his advice.

G. It is a useless metal, except for money and small ornaments ! But, go on with your catechism, Harrop.

H. What then if France should close her Mints, as she has done before ? That would pull down the whole fabric, would it not, as it did in 1873-6 ?

G. There was no fabric, such as I hope may be built up before long, which the action of France in 1873 could have pulled down ; nor is it likely, looking to the warnings of that time, that like causes would arise to produce the effects. We do not expect to hear of a vast war indemnity, payable in gold, of the victorious nation demonetizing the whole of its money, and pouring the demonetized metal into the only available Mint, the machinery of which, was, as might be expected, unequal to so great a strain.

H. That then is your explanation of the break down, as I call it in 1873 ?

G. Yes ; in 1873, as I told you before, £80,000,000 of silver was hanging over their Mint *in terrorem* ; but £80,000,000 of silver was not enough to break down the ratio, it could not do what a much greater quantity of gold failed to do 15 or 20 years before. It was the sources from whence it came that affected them. It was the Enemy, Germany, that was beginning to pour in the eighty millions. France was glad enough to put a spoke in her

wheel, and say, You shall not have any help from us at any rate. The move was, I should say, rather political than financial.

H. I think it was always breaking down before, if it did not then. How was it that in 1852 the railway clerks at Marseilles and the commissionaires fought for the gold pieces with which I paid my fare? Because there was an agio on gold, and so heavy a one, that a gold piece was an unknown commodity in France. Silver had driven out gold. Was not that a breakdown of the ratio, and destructive of the bimetallic theory?

G. An unknown commodity! You mean that gold was scarcer; but there was an agio on it, and you can't have an agio on a non-existent substance. I have before explained why gold went, and you will also find in the evidence before the Commission, what your heavy agio was—3 per mille in June, and 1 per mille in December, 1852. It had been 2% at the highest in former years, but only for a few days three times in half a century. The agio was an acknowledgment by the payee that the bimetallic law was in full force, and that the payer had a right to pay him in silver if he pleased. The choice belonged to the debtor, and the creditor, to gain his private ends, bought it of him. A breakdown of the ratio! You might as well say if you build a bridge and exact a toll, that the toll is an evidence of the breakdown of your proprietorial rights, whereas, it is a proof of their existence.

H. I understand that; but could not the troubles consequent upon such a war as that between France and Germany happen again, and make a quick end of your international agreement?

G. By the hypothesis there would be no nation having its money of one metal only; and if any nation demonetized either metal, there would be many Mints open to receive it without undue burden on their powers.

H. But apart from the effects of victory, might not war, or expected war, break it all up? A nation might suspend cash payments.

G. So it might. And so, indeed, it might now without waiting for bimetallicism. Its specie would gradually find its way to other countries, the law still remaining intact and the Mint open. The influx of specie into other nations would obviously affect them less if their monetary system was bimetallic than if it was monometallic.

H. But it might close its Mint also.

G. With what object? Cash payments being suspended, where would be found a man, native or foreign, who would send either metal to the Mint? Or, if you like to suppose a closure of the Mint without suspension of cash payment, then the closing of the Mint, say to silver, would be a fatuous resolve to prevent the metal most

necessary in time of war from entering the country. The most ignorant Government would hardly commit such a folly as that. Of this you may be sure—the collection of gold as a war fund, or for other purposes, is far more easy now than it would be were our ancient law re-enacted.

H. I can't say that I am wholly re-assured. A monetary treaty makes our currency system more or less dependent on other nations; and I venture to think that our boast ought to be that England should be in partnership with no other nation, but in her currency laws, as in all things, should be absolutely independent.

G. Ah, that boast is Harcourt's. I remember the fallacy in his speech in Parliament, and I wonder that no one corrected him at the time. In the first place, under a bimetallic accord between nations, England would not be dependent on others, but all would be interdependent one on another. In the next, if there is to be partnership of any sort, I should prefer, and I think you would also, that England should have some voice in the business of the firm. As matters now stand she has none; and the currency system of her empire is liable to be put out of gear by the independent acts of foreign nations.

W. How do you make out that?

G. From 1816 to 1873 the monetary system of France kept the standard money of India safe from any fluctuation in its gold price beyond what is necessarily caused by the balance of trade, and maintained for the trade of England with silver-using countries an approximate par of exchange. In 1872, the action of Germany gave rise to the dislocation of the whole system, a dislocation which was finally effected by France in 1873-6. Scandinavia follows the example of Germany. Italy resumes cash payments, taking 16 millions in gold, increasing the mischief, and helping to entail grievous losses on the Indian Government and people, and on English commerce. In 1878, the United States decreed the purchase of large quantities of silver per month, and in 1890 they more than doubled the amount, causing by this last measure a rapid rise of price in London from 42½d. to 54½d. Then came an adverse speech from the President in 1885, and the price went down 1d. an ounce. In 1890 the new law sent it up 20%; not long after which a rapid fall began and has steadily continued till now, with no small disturbance to our commerce and loss to India. All these things affected England's monetary system; she was powerless to prevent or to defend herself against them. In sight of this it is absurd to talk of our being independent in our monetary policy. England has not a tide of its own, nor a private cavern of the winds, neither is it possible that she can stand

isolated and unaffected by the actions of the rest of the world under the influence of their own monetary laws. Such independence is but slavery ; and a desire for it can only spring from ignorance of the historical facts of the case.

H. Yes ; I see that India is dependent on other nations, and that her currency has fluctuated, at all events as measured in gold ; and I suppose you would wish me to infer that, though we don't see it so plainly, yet that England's currency fluctuates for the same reasons.

G. Precisely. You have measured things so long by gold that you have come to think that gold is a fixed value round which all other commodities revolve ; and, consequently, you think when silver goes down in terms of gold that it has depreciated in value, and you think the Indian foolish and ignorant if he looks on his standard as you look on yours, and if he looks on your standard as a fluctuating commodity, just as you look on his.

You see that when the United States increase their demand for silver, silver rises in value ; *he* sees that when Germany or Austria demand gold, gold rises in value ; but neither of you can understand the possibility of his own standard fluctuating.

H. You make a good fight for your position, anyhow.

S. If we had time, I should like to discuss the probable effects of such a change as you advocate ; but we must defer it to another day, if you can give us one.

W. I shall, I think, have a good many questions to ask on that head, and I should like to think them out meanwhile.

G. I shall be glad to hear them, and answer them if I can. Will Wednesday do ? Come and dine with me, and we'll finish our battle after dinner.
