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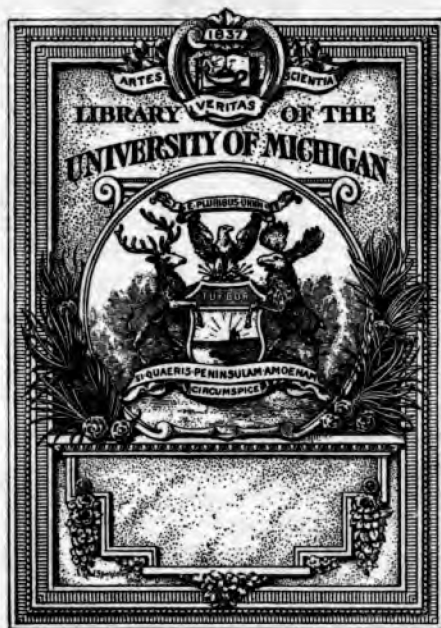
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THE SILVER STANDARD
IN MEXICO

ROMERO



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THE SILVER STANDARD IN MEXICO

BY

MATIAS ROMERO

Reprinted from "The North American Review" for June, 1897
with Introductory Remarks

Being one of several articles published for the purpose of dispelling misapprehensions
which are in the way of closer commercial, political, and social
relations between Mexico and the United States

NEW YORK

1898

MEXICAN

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MATIAS ROMERO

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THE SILVER STANDARD IN MEXICO.

THE SILVER STANDARD IN MEXICO.

INTRODUCTION.

I published in the *North American Review* for June, 1895, a paper entitled "The Silver Standard in Mexico," which I now insert here.

In the preceding papers I have followed the system of revising them carefully and adding to them all the incidents on the same subject which had taken place after each was written, answering such objections as have since come to my knowledge and were not considered in the original article. I have embodied all these additions in the revised paper and preceded it by a short introduction, stating only how it originated and what were the reasons which induced me to write it. In the case of the "Silver Standard," however, I have thought it more prudent not to alter what I originally wrote and published in the *North American Review*, because that paper had the sanction of the then Secretary of State of the United States. I furthermore determined to embrace in the form of an introduction, such incidents connected with the silver standard in Mexico as have occurred since the paper was originally printed, as well as my answers to such objections or misstatements as have since come to my knowledge. The foregoing explains why this introduction is more lengthy than those preceding the other papers, having the anomaly of being longer than the paper itself, and also why I had in a few cases to speak more fully of incidents which had already been discussed in the original paper, making unavoidable repetitions, as in the cases of the reasons why we have adopted the silver standard, of our difficulties in the way of changing it for the gold standard, and of one or two other subjects.

I will now state the manner in which my article on this subject originated.

Senator Morgan's Request for Information.—On March 22, 1895, Senator John T. Morgan of Alabama, wrote me the following letter:

"UNITED STATES SENATE, March 22, 1895.

"His Excellency, Matias Romero, Washington, D. C.

"MY DEAR MR. ROMERO :—So much has been said recently about the growth of Mexico, in prosperity, as it concerns the industries of your people and their freedom

from embarrassment of domestic indebtedness, that I wish to ask whether this matter is real, or whether it is overstated. I know that your agriculture, manufacture, and mining must be your chief reliance for prosperity, since you have not the advantages of a great commerce or the profits of an economic carrying-trade ; so I conclude that if your people are prosperous and free from the burdens of a heavy domestic indebtedness it must be the result of your domestic policy, relating to finance, taxation, or the economy of public administration. Yet I see that the rate of exchange between Mexico and the United States and the European countries is very heavy, to the apparent disadvantage of Mexico. I am also aware that you must use a heavy percentage of manufactures, consumed in Mexico, from other countries.

"I suppose it is true, also, that very large sums of gold coin are sent abroad annually to pay the interest of your national debt and your railroad securities and other bonded indebtedness, guaranteed or otherwise.

"The like demands upon our resources produce depression and stagnation of business in the United States, and the question I would present to your attention is whether the same causes, operating in Mexico, produce the same results. And, if they do not disturb or destroy the prosperity of your people, what is the cause of the difference in these results? I will very highly appreciate the answers you may be able to give to these suggestions, knowing that that they will be sincere, and that they will come from an able and enlightened source.

"With high regard, truly yours,

"JOHN T. MORGAN."

It has been my habit during my official residence in this country to refrain from writing, or even saying, anything that might be construed as the expression of an opinion on any political question being agitated in this country, and more especially on issues which assume great importance in the heated canvass that precedes Presidential elections. For this reason, when Senator Morgan, an earnest friend of silver, addressed to me the letter just inserted, I hesitated very much about answering it, because I knew that he intended to use my answer in his campaign in Alabama in favor of the free coinage of silver, and although he only asked for facts—and nobody could possibly object to my giving facts regarding the actual condition of things in Mexico, as the result of our silver standard—I was afraid that my answer might be construed as an attempt on my part to interfere in the political questions of this country, and I desire to be entirely free from such imputations. But, at the same time, as Senator Morgan was a prominent member of the Senate, and was at the time the Chairman of the Committee on Foreign Affairs in that branch of the legislative power, and, besides, was and has been for many years a warm personal friend of mine and a sincere friend to Mexico, and has obliged me in different ways, I was very reluctant to leave his letter unanswered, or even to give him verbally the information that he desired. To satisfy my mind, however, I decided to consult Judge Gresham, then the Secretary of State of the United States, as to whether it would be proper for me to answer in writing Senator Morgan's letter, and whether my answer

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stating such facts as I understood to be the results produced by the silver standard in Mexico, would be liable to misconstruction.

Secretary Gresham read carefully Senator Morgan's letter, and told me that he saw no objection to my replying to it, as it referred to a matter of general interest which had no connection with diplomatic affairs. I therefore prepared an answer, which I read to Mr. Gresham before sending it to Senator Morgan. Secretary Gresham found it adequate, impartial, and safe, and consequently I sent it to Senator Morgan, who forwarded copies of his letter and my answer to the *Daily State*, a newspaper of Birmingham, Alabama, in which they were published on April 7, 1895.

Paper for the North American Review.—General Lloyd Bryce, then editor of the *North American Review*, had requested me, several months before I wrote my letter to Senator Morgan, to prepare an article for publication in his paper on the Silver Standard in Mexico. Notwithstanding my desire to oblige General Bryce, as I was under obligations to him for his kindness and promptness in publishing my articles in his paper, I thought that the matter was a very delicate one, and that it was better for me not to discuss it. But when I had already written a letter on that subject which had been published, although by a local paper of Alabama, I thought that it was becoming for me to put my letter in the shape of an article for the *North American Review*, to comply with General Bryce's request, and I consequently did so. Besides, as my letter to Senator Morgan contained information which I thought was of interest to all citizens of this country, I thought there could be no impropriety in putting into the shape of an article the information contained in my letter. My article was published in the issue of the *North American Review* of June, 1895, and it drew many comments from the public press of this country, a part of which accused me of interfering in a question of internal policy of the United States, notwithstanding that I had been very careful to anticipate such a charge. Both in my letter to Senator Morgan and in my article in the *North American Review*, I had stated that the conditions of the two countries were so different that what was good for Mexico might not be so for the United States, and I had concluded by saying that the restoration of silver to its old price or ratio with gold was desirable for Mexico, showing in this way that I did not favor a depreciated currency.

President Cleveland had long before taken a decided attitude on the silver question, and I have since heard that some of his friends complained that my article had been written in the interests of silver. Mr. Gresham's unfortunate demise, which took place only two or three days before my article appeared in the *North American Review*, deprived me of my chief defence before the Government of the United

States, had I been charged with having taken any part in this controversy, and this fact confirmed me in my belief that it is dangerous for a diplomat to write about any topic which is a matter of political discussion in the country to which he is accredited.

In preparing my article for the *North American Review* I prefaced it by a paragraph stating that I had not written it voluntarily, but under the compulsion of having to answer a letter of Senator Morgan's, but the editor of that periodical, desiring it to appear as an original contribution, omitted this paragraph, and, for want of space, other portions of my article, especially the foot-notes I had appended to it. These will all be included in the present edition.

Senator Allen's Request for Information.—On March 11, 1896, Senator William V. Allen, from Nebraska, asked me for data relative to the development of Mexican industries within the last few years to enable him to demonstrate that Mexico had realized great prosperity in her material development within a comparatively short time, especially in the increase of railroads, factories, and other industries. I was somewhat embarrassed by the receipt of this letter, because, after my experience in answering Senator Morgan's letter, even with the advice and approval of the Administration, I was not willing to furnish the information desired, especially when it was asked for the purpose of using it in debate in the Senate; but, at the same time, I did not like to be discourteous to the Senator, and I thought, besides, that the mere fact of furnishing information published by the Mexican Government, which is within the reach of everybody, could in no way be taken as a breach of courtesy on my part. I therefore, after consulting with Secretary of State Olney, answered Senator Allen's letter, referring him to the paper on "The Silver Standard in Mexico," published in the *North American Review* for June, 1895.¹

How the Paper was Quoted.—I was particularly careful to state in my paper all the advantages and disadvantages of the silver standard

¹ The following is the text of Senator Allen's letter to me and of my reply:

" COMMITTEE ON FOREST RESERVATIONS AND THE PROTECTION OF GAME,

" UNITED STATES SENATE,

" WASHINGTON, D. C., March 11, 1896.

" *Señor Don Matias Romero,*

" *Envoy Extraordinary and Minister Plenipotentiary,*

" *1413 I Street, N. W., Washington, D. C.*

" SIR :—I have the honor to direct your attention to an editorial appearing in the *Washington Post*, March 7th current, entitled "The Silver Dollar in Mexico," and also a paper in the current March number of the *Arena*, published at Boston, Massachusetts, by Mr. Justice Walter Clark, of the Supreme Bench of North Carolina.

" I write for the purpose of obtaining from you such data and information along the lines indicated in this editorial and paper as you may feel disposed to furnish me. I am desirous of taking up and considering thoroughly and exhaustively in the United

in Mexico, as I had practically studied them during the year 1892, when I was in the City of Mexico at the head of the Treasury department. I had then the best opportunities to see practically the workings States Senate at an early day, the silver question in Mexico, and I should be pleased to be placed in possession of such views as you may possess on the subject.

"You no doubt understand fully the argument made by gold monometallists in this country and illustrated by what they are pleased to state as the condition in Mexico resulting from silver monometallism.

"I should be pleased to be furnished with such data, in as compact form as possible, as may be in your possession, relative to the development of Mexican industries within the last few years, to enable me to demonstrate that Mexico has realized great prosperity in her material development within a comparatively short time. The increase of railroads, factories, and other industries would be important.

"I have the honor to be, Very truly yours,

"W. V. ALLEN, U. S. S."

"WASHINGTON, March 12, 1896.

"Hon. William V. Allen, United States Senator, Washington, D. C.

"SIR,—I have received your letter of yesterday, in which you direct my attention to an editorial which appeared in the *Washington Post* of the 7th instant, entitled "The Silver Dollar in Mexico," and also to a paper in the current number of the *Arena* published at Boston, Mass., by Mr. Justice Walter Clark of the Supreme Bench of North Carolina, and ask me for such information as I may have on the lines of those articles, as you wish to take up in the Senate, at an early date, the silver question in Mexico.

"I do not think it would be proper for me to furnish information to be used in the discussion before the United States Senate, of a question pending in this country and which divides its political parties and is therefore in the nature of a domestic concern, as there is danger that any information furnished by me for such purpose might be taken as a desire of intruding into the domestic affairs of the United States. As the representative of a foreign country, and especially of one which is a friend of the United States, it would not become me to appear meddling in the domestic affairs of this country.

"But, at the same time, as what you desire are facts, and as the facts relating to this subject have already been stated in a way which I think would not be liable to misconstruction, I beg leave to refer you to an article which I published in the *North American Review* for June, 1895, which states in a conscientious and concise manner, the advantages and disadvantages of the silver standard in Mexico.

"I have read with interest Justice Clark's article mentioned by you, and it is very interesting for me to see how the same facts strike so differently different public men of the United States, according to their preconceived ideas on the money question. The friend of silver, like Justice Clark, finds in Mexico an example of the remarkably favorable results of the silver standard, while on the contrary, the friends of the gold standard, like Mr. W. H. Scott, editor of the *Oregonian* of Portland, Oregon, who published in his paper on the 28th ultimo a letter dated at the City of Mexico on the 20th of the same month, relating his experiences and impressions of Mexico during his visit to that country, find in Mexico an example of the bad results and terrible consequences produced by the silver standard.

"It will afford me great pleasure to know that the facts, as presented in the *North American Review*, will fulfill your desire for information contained in your letter that I have the pleasure to answer.

"I am, very truly yours,

"M. ROMERO."

of the silver standard, and, if anything, I was over conservative in my estimate of its advantages. It would have been foolish in me to have attempted to exaggerate these advantages, because it could very easily be shown that my statements were incorrect, and this would have placed me in a very disagreeable position, independently of my desire to be always honest about everything.

As my paper presented in a very just and impartial manner both the advantages and disadvantages of the silver standard in Mexico, in the United States the friends as well as the opponents of the free coinage of silver found in the article many reasons to defend their views, by exaggerating the advantages and underrating the disadvantages of the policy that they preferred.

My article was often quoted by several newspapers and public men in this country, and even in the legislative halls of the Republic, although mainly by the advocates of the free coinage of silver. In the session of the Senate of the United States of the 10th of January, 1896, Senator Jones, of Arkansas, read several extracts from the same, and I have received frequent requests for copies of it from distinguished quarters.

President Diaz's Views on Silver.—Since that time General Diaz, President of the Mexican Republic, in an interview published in the *New York Journal*, of September 11, 1896, expressed exactly the same views as those put forth by me in my paper.¹

¹ The following is a letter from Mr. W. E. Lewis, the *Journal* special correspondent in Mexico, dated at the City of Mexico on September 9, 1896, and addressed to Mr. W. R. Hearst, editor of the *New York Journal*, and enclosing the so-called interview with President Diaz.

"CITY OF MEXICO, September 9.

"What President Diaz sends herewith on the effect of free silver coinage in Mexico is given double importance by the facts that Mexico is one of the most prosperous of the silver-using nations, and that its prosperity has been attained under the statesman-like administration of the veteran Executive who now sends this personal message to the *Journal*. Shallow observers who have been shaken by the sight of Mexican dollars selling in the United States for 53 cents, while ignoring the fact that in Mexico they buy as much, and only as much, wheat now as in 1860, will learn from the President of the Mexican Republic how stimulating upon productive industry is a dollar which it does not pay to hoard, but to spend; which keeps ever its normal value, and so doing keeps always stable the prices of commodities for which it is exchanged.

"W. E. LEWIS,

"The 'Journal's' Special Commissioner to Mexico."

"FROM PORFIRIO DIAZ.

"CITY OF MEXICO, September 9, 1896.

"To W. R. Hearst, New York 'Journal':

"I do not care to discuss the effect of the silver coinage on the material interests of Mexico with a view to influencing the result of the coming national election in the United States. Such course on my part would be wholly improper, considering the friendly and peaceful relations existing between the United States and Mexico. The

When I called President Diaz's attention to his message published by the New York *Journal*, he informed me in a letter dated at the City of Mexico on the 6th of October, 1896, that the San Francisco present political issue in the former country is the question of the money standard, and I do not wish to be regarded as in any wise attempting to affect the outcome.

"I can give the facts relative to existing industries and the establishment of new ones in Mexico under our financial system, and each may draw his own conclusions as to the causes which have produced such awakening in commercial and industrial affairs. Ocular demonstrations of the vast development may be found by visiting the cotton and woollen mills in our various cities. Some are old, others recently opened. Our paper mills and their output also furnish evidence of our material prosperity. Until a comparatively recent period all the pulp used in the manufacture of paper in this country was imported, and the paper only was made in Mexico; now the pulp and everything that enters into the composition of the paper is made here. The departments of the government will furnish the exact data and statistics showing the growth of domestic manufactures and commerce.

"*Growth of Mexico's Commercial Interests.*—While our material interests have increased steadily and healthfully for the last twenty years, since the close of the Indian mints and the repeal of the Sherman law, so called, in the United States, the growth of Mexico's commercial and industrial interests has been particularly marked. The consequent appreciation in the price of gold and the increase in exchange between Mexico and the gold standard countries at once operated to reduce importations and stimulate home manufactures.

"The added price of exchange was in effect an addition to the tariff. The importer added to the original cost the duty and cost of exchange. Our cotton and woollen mills already in operation were obliged to enlarge their capacity and new ones were established. The number of operatives necessarily had to be greatly increased.

"To show the falling off in the consumption of foreign merchandise, it may be said that the year prior to the increase of foreign exchange on silver our customs collections at the ports of entry amounted to \$22,000,000. The next year they were \$14,000,000. In the fiscal year ending in 1890 our importations exceeded \$52,000,000. In the fiscal year ending in 1895 they were slightly in excess of \$34,000,000. On the other hand, our exportations increased. In 1890-91 they amounted to \$63,000,000, and in 1894-95 to \$90,000,000. There was nothing in the nature of a commercial panic consequent upon the sharp advance in silver exchange.

"*Bank and Business Failures Rare in Mexico.*—Our merchants are conservative and careful, and bank and business failures are happily rare in Mexico under any circumstances. As to wages and the condition of laboring men, considering the nature of work and classes of industry, they compare favorably with those in other countries.

"The demand for skilled labor has grown with the great increase in the number of mills and manufactories. This demand in all branches of labor is strong. The added exchange has not impaired the value of our dollar as applied to the purchase of articles of home manufacture. Its buying power is unchanged in this respect, and prices for domestic merchandise and produce vary only according to the supply and the demand.

"Heavy investments of foreign capital in Mexican enterprises have been made since the appreciation of gold elsewhere.

"There is another point of view. The foreign debt of the country is payable in gold. The duties on imported merchandise are collected in silver, or on that basis. The high rates of exchange, together with the decrease in our customs collections before alluded to, have caused a considerable shrinkage in this source of revenue."

Examiner had asked, by cable, his views on the silver question in Mexico, and that he had sent by mail in answer some tables and other data bearing on that subject. When, some time later, Mr. Lewis made a similar request, the President answered him that, these questions being agitated in the political canvas in the United States, in which he thought it would not be proper for him to take a part, he declined giving his views. This was the extent of his communication with the *Journal*, but from such data the telegram was made up, which I suppose was substantially correct.

When it was stated by the public press, in the middle of 1897, that Mexico was going to adopt the gold standard, I asked President Diaz, at the request of prominent men of this country, whether this was the case, and in a letter from him dated at the City of Mexico on August 11, 1897, he answered me that for the time being he did not intend to recommend that measure, as Mexico was waiting for the result of the adoption of the gold standard in other countries before deciding whether or not to make that move.

The Silver Question Became the Leading Political Question in the United States.—Soon after the publication of my article in the *North American Review*, the silver question became the leading question in the United States, on account of the National Democratic Convention, which met at Chicago on the 7th of July, 1896, having accepted a plank in its platform in favor of the free and unlimited coinage of silver at the ratio of 16 to 1; while the National Republican Convention, which had met at St. Louis a few days before declared in favor of the gold standard.

The silver question became, therefore, the leading question of both parties in the presidential election of 1896, and in their canvass the spokesmen of both mentioned Mexico as an instance supporting their respective views; some of the Democratic orators tried to show that the prosperity of Mexico was due solely to the silver standard, and some of the Republicans to demonstrate that the many disadvantages under which we labor in Mexico, as compared with the United States, were due to the same standard.

Newspaper Agents Sent to Mexico to Study the Silver Question.—Some of the leading newspapers of this country sent special representatives to Mexico for the purpose of studying on the spot the effect of the silver standard in that country, and although these were men of unquestionable general ability, they were at a disadvantage amidst strange conditions, and among a people with whose language, history, and genius they were unfamiliar; notwithstanding which they expected in two or three weeks' stay in the country to arrive at sound or useful conclusions on the social and economical questions in all their aspects which they had been sent to study. Many went there, besides,

already prejudiced in favor of some particular view, and none remained there long enough to form just opinions on those complex questions. The result, as was natural to expect, was that each side made a great many mistakes and that the good name of Mexico suffered a great deal for that reason.

The unsatisfactory result of the missions referred to was increased by the fact that such agents, in some cases, were sent to Mexico to seek for facts in support of conclusions which were irrevocably formed, so that their minds were open to only one set of facts and observations, and in the published accounts of some of these investigations one is not impressed by their sense of relevancy to the facts observed or to the questions under discussion.

The same thing happened in their case as in that of my paper, that Mexico was presented by both sides as supporting their respective theories, that is, the silver men exaggerated the advantages of the silver standard, as they are developed in Mexico, and considered that standard as the sole cause of the prosperity of that country; while the gold men exaggerated the disadvantages of the silver standard and pointed out the many lines in which Mexico is far behind the United States, attributing these drawbacks to the silver standard.

It was stated in this country, and with great effect, that anybody going to Mexico could buy with an American silver dollar one dollar's worth of goods, or pay for a dinner of that price, and have besides one Mexican dollar returned in exchange. While this statement may be in some respects substantially correct, as a matter of fact it was not so. It may have happened only once or twice, and for a very few days each time, since the depreciation of silver began, that the Mexican dollar has been worth exactly 50 cents in gold, when exchanged for gold or sold for the silver bullion contained in the same. The price until recently, and not considering the last great fall of that metal, was generally from 53 to 58 cents and sometimes higher, and therefore it would not be possible to pay with an American dollar, worth from \$1.85 to \$1.90 in Mexican money, for the value of one Mexican dollar and have another Mexican dollar returned in exchange, although that operation might have been made on two or three days during all that time when the price of the silver bullion in the Mexican dollar was exactly 50 cents. The keepers of restaurants, shops, etc., are not informed about the price of silver in London, which varies almost every day, and they would not attempt to exchange a foreign coin for the exact market price of the bullion contained in the same, running the risk of losing by the operation. If anybody should offer in Mexico a United States silver dollar in payment of one dollar's worth of goods, the shopkeeper very likely would not receive the coin, because he would not be aware of its value; or, if he received it, knowing that it

was worth more than a Mexican dollar, he would not give in exchange the full value of the gold dollar at the price of silver bullion on that day for fear of losing money. But, of course, any one having a United States silver dollar could go to an exchange office, have it exchanged for, say 190 cents, pay for his breakfast or his goods the value of 100 Mexican cents, and have 90 cents in change left; and so far the statement may be substantially correct. In the paper published by the *North American Review*, and which follows this introduction, I explained why this happens, namely, that the United States silver dollar is the representative of a gold dollar, while the Mexican dollar is not redeemed in gold.

Comments on the Silver Standard in Mexico.—It would be unfair to consider the silver standard of Mexico as the only factor in the progress of that country. Its present prosperity is due principally to the building of a system of railways which makes transportation easy and comparatively cheap, to the complete peace that has prevailed there for twenty years, to the investment of foreign capital, and more especially to the unlimited natural resources of the country. The silver standard has been, too, a factor in the prosperity of Mexico, because without sufficient circulation we could not have developed our resources to the extent that we have done, as is shown by the advantages which have accrued to Mexico on account of that standard as stated in the accompanying paper; but that progress is not due solely to the silver standard, as was alleged by some of the orators and newspaper writers favoring the free coinage of silver.¹ The other side made a similar mistake in attributing to the silver standard all the disadvantages

¹ The following extract from a book published in 1897 by the Mexican Central Railway Company Bureau of Information, under Mr. A. V. Temple, entitled *Facts and Figures About Mexico*, fully confirms these views, as well as those expressed in other portions of this paper:

"*Causes of Prosperity.*—While Mexico's prosperity is unquestionably due to a large number of causes, prominent among which are the suppression of disorder, the extension of railroads, and the liberal policy of the government towards foreign capitalists and emigrants, it is very evident that her industrial growth has been powerfully stimulated by the existing monetary standard.

When silver and gold, as valued in the world's commodities, parted company, and Mexican dollars (which were being exported to Europe) were sold for a less price as measured in the currency of the gold standard countries, a rise in the price of all imported articles began in Mexico. From this time dates the development of Mexico's cotton and woollen industries, as well as the increase in the exportation of articles other than precious metals. The demand and the margin of profit for home-made goods increased as Mexican dollars depreciated. The native manufacturer enlarged his operations, introduced improved machinery, and began to compete successfully with many grades of imported goods.

The consumer now purchases from the Mexican manufacturer at the same price in silver as when silver was at par with gold, instead of being exported to Europe, as

under which we labor in Mexico. It is true, that we have not yet attained the same degree of civilization, wealth, and industrial and mercantile prosperity that this country has, but that is because we have difficult problems to solve which are well known here. We have been without means of communication for centuries; we have a heterogeneous population, most of which is, so far, entirely uneducated; and above all, we have been contending with long and disastrous civil

formerly. Many millions of dollars have thus been kept at home and added to the capital of the country.

Cotton mills have been constructed in all parts of the republic. The acreage of cotton is constantly increasing, but the native crop is not yet sufficient to supply the demand, and large quantities of cotton are imported from the United States.

The history of the woollen trade has been almost identical with that of cotton.

The Mexican manufacturer of woollens produces now a very good article, although he cannot yet compete with the finer fabrics of France and England. In former years there was a considerable exportation of wool to the United States; now there is a considerable importation of it from the United States into Mexico.

While it is true that the Mexican dollar, as measured in francs, marks, or pounds sterling, has decreased in value nearly 50 per cent., it is also true that prices of almost every class of foreign goods have also decreased 50 per cent. A suit of clothes made from the finest quality of imported goods costs only the same number of Mexican silver dollars to-day that it cost twenty-five years ago.

Note also the effect on real estate. Coffee plantations have risen in value from \$75 or \$80 an acre, the price when gold was at par with silver, to from \$200 to \$800 an acre. The annual profits of these plantations have risen from \$10 or \$15 an acre to from \$50 to \$150 an acre. Similar advances are true also in sugar and tobacco haciendas.

The premium on gold has been the cause of immense internal improvements throughout the country. The capital kept at home has been invested in irrigation schemes, in improving large tracts of fallow land, and in other enterprises of a like character. The premium has also brought much foreign capital here, which has been invested in various branches of industry, particularly in the production of articles for exportation.

The foreign investor doubles his capital when he brings it to Mexico. He gets the advantage of cheap and docile labor for silver, and sells his exported product for gold.

This great stimulation to all industrial enterprises, the building of railroads, the establishment of factories, and the cultivation of thousands of acres of land—all these have had a notable effect upon the people. The great demand for labor has benefited them immensely, and has promoted peace and prosperity throughout the country.

The resources and opportunities of Mexico have only been recently revealed to her own people, as well as to foreigners. It is much easier now than it ever was before to get capital here at a relatively low rate of interest for any legitimate enterprise, because, first, there is more money in the country than when we were importing so largely; and because, second, the business man is willing, under present conditions, to take risks which would be considered too great in an era of low prices and a contracted currency.

The native producer has prospered under silver at the expense of the foreign merchant and of the importer. Silver in Mexico has stimulated exports and contracted imports."

wars, from which this country has been almost altogether free—and these factors are the real causes of our present economic conditions.

The low Mexican wages were also attributed to our silver standard. To be sure the wages that we pay our laborers are not quite as high as those paid to similar laborers in this country, but that is not due to the silver standard, as has already been stated, since wages were no higher when silver and gold were at par at the ratio of 16 to 1, but, on the contrary, have since increased, and I have no doubt they will continue to increase in the future. In a paper entitled "Labor and Wages in Mexico," which appears in this book (pages 495-543), I have dealt fully with this subject and I have also tried to explain the condition of our wage-earning classes (pages 528-531).

Pessimists who have visited Mexico or studied its present conditions predict that our prosperity is not of a permanent character, as they think that it will be followed by a tremendous crash, similar to that which took place not long ago in Australia and later in the Argentine Republic, because they think that investments in Mexico have been overdone, and that when the time comes to liquidate our indebtedness and we have to pay them in gold, we will not be able to do so, and then we shall be in the same condition as those countries after the crash. I do not entertain any such view of the situation. I think investments in Mexico so far have been prudently made, and they are sure to bring a reasonable interest, even if paid in gold. Of course it would have been better if we could have accomplished the development of our country with our own means and without using any foreign money; but there was not capital enough in Mexico to do so, and besides, the Mexicans had no experience and therefore no confidence in large collective enterprises, and would not invest their money in them. The problem for us was therefore to decide whether we would continue in the unsettled conditions of stagnation, poverty, and danger in which we had been for many years, and not owe anything abroad, or whether we should build railways, enlarge our mining interests, build our manufactories, and extend our agricultural productions with the aid of foreign capital. The United States afforded a very encouraging example to us, for this country has really been developed by European capital, and yet nobody doubts the wisdom of that policy. Besides, the Mexican people are getting richer by the development of their country with the assistance of foreign capital, and in the course of time they will be able to buy their own securities now in foreign markets, and in that way save the interest or tribute which now they pay to Europe and to the United States, just as this country has done under similar circumstances.

I hope that if in the future the example of Mexico is again brought into the internal politics of this country, the information embraced in

this paper, and in some of the others contained in this volume, which is entirely reliable and impartial, will contribute to dispel the many mistakes that prevailed in the presidential canvass of 1896.

Mr. Kennedy's Misstatement.—To show my impartiality in this matter I will state that when my attention was called, during the last political canvass, to an affidavit signed by J. H. Kennedy,¹ who called himself a resident of the town of Sinaloa, Mexico, to the effect that the United States silver dollar could not be exchanged for two Mexican dollars in Mexico; that the national debt of Mexico was not paid in gold, and that Mexico could redeem her debt at once without any difficulty, I had no hesitation in correcting those misstatements, as appears from the following letter that I addressed on September 27, 1896, to Mr. Arthur E. Fletcher, of Milwaukee, in answer to an inquiry from him on the subject. My letter was

¹ Mr. Kennedy's affidavit is the following, taken from the *Times* of Minneapolis, Minn., of October 12, 1896:

"*Silver Dollars in Mexico.*—J. H. Kennedy, a former resident of Iowa, has attacked the statement so generally made regarding Mexico and silver by making the following affidavit before E. H. English, a notary public at Valley Junction:

"I, James H. Kennedy, now a resident of the town of Sinaloa, Mexico, do solemnly swear that I am an American by birth; that I served three years in the Seventh Iowa during the late Civil War; that I have always been a republican; that I have resided in Mexico for twenty-five years; that I speak the Spanish language as well or better than I now do the English. I have travelled through twenty-four of the twenty-seven states in Mexico in an official capacity and as an interpreter for numerous syndicates. I have had access to almost all the archives of that country. I am better acquainted with the customs and usages of that country than I am of my mother country. I left Mexico on the 2d day of March, 1896, coming to this country to visit my friends, relatives, and old comrades. During the last month in Iowa I have heard more absurd and utterly false statements made in regard to Mexico than I ever thought could be conjured up by mortal man, all to deceive the voter.

"One most heard is that you can take one American silver dollar into Mexico and get two Mexican silver dollars for it, or that you can get a 50-cent meal and throw down an American dollar and they will give you back in change a Mexican dollar. I brand this as utterly false in every respect, a lie manufactured out of whole cloth. I assert that a Mexican will not accept an American dollar, either gold, silver, or paper, for any amount, but will refer you to a broker, where you can sell your silver dollars as bullion for Mexican money; then they will trade with you. The largest hotel in the City of Mexico will not accept American money under any circumstances, but will invariably refer you to a broker.

"By paying the mintage any one can take silver bullion to either of the mints in Mexico and get Mexican silver dollars for it, and for two hundred and fifty years silver bullion has never fluctuated to exceed two cents.

"I hear it asserted that the national debt is payable in gold. I brand this as utterly false. Every dollar of the debt, \$46,000,000, is, and always has been, payable in the lawful money of that country, and we are now paying our debt in Mexican silver dollars, the money of the contract.

"I assert that Mexico in the present decade is making strides in advancement

published by the *Milwaukee Sentinel* on the 4th of the following October, adding to my name the prefix of "Minister of the Mexican Republic" in Washington, an official designation which I never use and which is not correct, because the official name of Mexico is the "United States of Mexico," not "Mexican Republic."

The following is a copy of my answer to Mr. Fletcher:

"WASHINGTON, D. C., September 27, 1896.

"Mr. Arthur E. Fletcher, Plankinton Bank, Milwaukee, Wis. :

"DEAR SIR :—I am in receipt of your letter of the 25th instant and in answer have to inform you that the President's Message, read to the Mexican Congress on the 16th inst., explains fully the case you mention. Our gold debt, or foreign debt, as we call it, because all of it is held in Europe, amounts to more than \$100,000,000, and is payable in gold, both interest and principal, and our silver debt, a large portion of which is held in Europe and some of it in Mexico, is payable in silver, both interest and principal.

"I doubt very much whether Mexico could pay her whole debt even in silver, because that would require about \$200,000,000, and our revenue is only about \$50,000,000 and the expenses reach about the same amount, but it might be redeemed by issuing new bonds with less interest, and that is very likely what will be done by Mexico at the proper time. I am, very truly yours, M. ROMERO."

Official Declarations of Mexico on the Monetary Question.—One of the objects for which the International American Conference that assembled in Washington in 1889 and 1890 was convened, under Act of Congress of May 24, 1888, was (Section 6th) "the adoption of a common silver coin to be issued by the different Governments, the same to be legal tender in all commercial transactions between the citizens of all the American States." A committee was therefore appointed to consider the subject of a Monetary Union, and not being able to agree upon any project with such purpose in view, because the United States delegates did not favor any, the committee decided to recommend the convening of a Special Commission of the American nations for the purpose, a recommendation which was finally adopted, because the other American nations considered that the United States being the largest of the American countries, ought to take the lead, and the others ought not to act in opposition to its wishes and policy.

greater than any other nation on earth. Twenty-five years ago we had eighty miles of railroad, now we have near eight thousand miles of railroad. We are building factories on every hand. Twenty-eight years ago, when the French army was driven out, the Mexican government was left penniless—not a dollar in the treasury. We can now pay our entire national debt any day a demand would be made for it.

"I am now on my way to Mexico to spend the rest of my life. Any one can find me by addressing a letter to James H. Kennedy, Sinaloa, Mexico.

"In conclusion, I invite an honest and thorough investigation into the facts of my statement, and I defy successful contradiction. I am not the owner of mining stocks and no personal interest has caused me to make this statement, but have given it by request of an old comrade.

JAMES H. KENNEDY."

During the discussion of that report I suggested the adoption of a common coin by all the American nations, to be legal tender in payment of all debts, and the coining of a certain amount of silver dollars of the same weight and fineness, to be issued in proportion to their population—for instance, \$1 for each inhabitant that each country had,—such dollars to be legal tender for the payment of all debts of all the American nations, redeemable on presentation in gold by the respective countries and stated the inconveniences that would accrue to Mexico by the adoption of a common silver coin.¹

When the Special Commission of the Monetary Union assembled in Washington from January 7 to April 4, 1891, it appeared that the

¹ I expressed on that occasion the willingness of Mexico to agree to a common silver coin of the same fineness and weight, to be legal tender in all American nations, if they all should accept that agreement, notwithstanding the great drawbacks that Mexico would suffer in that case. In the remarks that I made before the Conference in the meeting of March 27, 1890, when the Monetary Union recommendation was discussed, I said on the subject what follows:

“It would be difficult for the American nations to agree that the international silver dollar should have the same fineness and weight as the Mexican dollar, because in that case they would create a coin of more value than their own. And this would necessarily have to be depreciated if they should accept the same fineness and weight as that of the dollar of the United States of America, which is substantially the same as that of several other of the American States. Then we should have in Mexico two silver coins; the international one, with the weight and fineness which should be agreed upon, and the Mexican one with higher weight and fineness. This difference in weight and fineness in two coins of the same nominal value, coined in the same country, could not but cause serious embarrassments. Notwithstanding all this, Mexico, wishing to contribute as far as it is in her power, and even at the expense of any reasonable effort, to the unifications of institutions and interests with all the other American Republics, has been disposed to accept the coinage of an international silver coin, without undervaluing the fact that any step towards increasing the value of silver will finally be advantageous to us. . . .”

My opinion on the rehabilitation of silver by the United States was expressed in the following words:

“This gentleman fears that if an international silver dollar should be coined by all the American nations, that coin would come to the United States to be exchanged for gold, and that in that way all the gold now in the Treasury should be lost and the United States be obliged to give up their gold standard and become monometallist. In my opinion this fear is ungrounded, because the United States buy from the American nations to the amount of several millions of dollars in raw materials, and the difference between the amount bought and the American goods exported to those countries, which is paid by them in cash, could be paid in international silver coin which they might receive. Besides, we could agree, as the Latin Monetary Union did, that each American nation should be bound to redeem in gold the international silver dollar that each might coin. If the basis for coinage should be as the minimum one dollar per each inhabitant in each country, there should be a demand at once for 120,000,000 ounces of silver, which would necessarily increase the value of this metal and have a very great moral influence in the solution of this problem by the other commercial nations of the world.”

American delegates would not be in favor of any Monetary Union among the American nations, and that the only way to overcome the difficulties of the case was to recommend the meeting of a Monetary Conference, where all the nations of the world should be represented, which motion was adopted, and led to the meeting of the Monetary Conference which assembled at Brussels from November 22d to December 17th, 1892.

At the fifth meeting of the American International Monetary Commission, which took place on March 30, 1891, I delivered an address in which I again stated the position of Mexico so far as monetary matters were concerned, and foreshadowed the same views expressed in my answer to Senator Morgan, and in my paper published in the *North American Review* for June, 1895. That answer will be found in an appendix to the present paper.

The American countries have different kinds of coin. Venezuela for instance, has as a monetary unit, the *Bolivar*, equal to a franc, and other countries have two kinds of dollars, *peso duro*, and one of less value called *peso feble*, and in each country the dollar has different names. In Ecuador it is called *Sucre*, in Peru, *Sol*, in Bolivia, *Boliviano*, and in Brazil, *Milreis*. The weight and fineness of the silver dollar varies in almost every one of them: some have 9/10 of silver and 1/10 of alloy; others have less, and others, like Mexico, more than that proportion, and it would be of great advantage if the coins of all American nations, by having the same fineness and weight, should be of the same denomination and value.

Mexican Opinion Favorable to the Silver Standard.—Everybody in Mexico, that is, from the educated to the ignorant, from the rich to the poor, from the natives to the foreigners, and even the bankers¹ who in other countries are decidedly favorable to the gold standard,

¹ This assertion is confirmed by the following extracts from an editorial of the *Mexican Herald*, a newspaper published in English in the City of Mexico by very able American editors, in its issue of November 4, 1897.

"*Mexican Bankers and Silver.*—Why are our great bankers so loyal to the cause of silver? Why are they not gold monometalists as are the bankers of England, the United States, and the continent of Europe? It is because they are not merely bankers; they are heavy investors and directors in new manufacturing industries dependent for their prosperity on the continued use of silver as money in this country. They take a broader view of the currency situation than do bankers abroad, because they are factors in a great manufacturing movement, which has for its ultimate purpose the achieving of Mexico's industrial independence.

"Being something more than lenders of money, they are liberal in their ideas and are not blinded by prejudice. They can see all sides of the currency question. There are many able and sagacious men among the bankers of Mexico and they are, with hardly an exception, bimetalists. They are not trying to make money dear, they are not wrecking properties, but rather are creating industries. . . ."

are all in favor of silver. The Government holds the same opinion. As Mexico is now prosperous a large portion of the people attribute its prosperity to the silver standard and are therefore decidedly favorable to the continuance of that standard.

It is not strange that Mexicans think so when prominent and able foreigners living there hold the same opinion.

Mr. Lionel E. G. Carden, the very able British Consul at the City of Mexico, who has been in Mexico for nearly eighteen years and understands the country well, has expressed official views on this subject which go much further than my own. He holds that, while the first effects of the depreciation of silver on the Mexican Government and on the Mexican railroads were unfavorable, the ultimate result will be beneficial and will tend to increase the country's agricultural resources and consequently the republic's export trade, provided that a price shall be arrived at not subject to fluctuations; and that the greatest disadvantages that the Mexican Government and the railways suffer from the depreciation are therefore the constant fluctuations in the market price of silver. Mr. Carden's views appear in a report on the effect of the depreciation of silver in Mexico, addressed to Lord Rosebery on August 4, 1893.¹

¹ It would occupy too much space to give here the chief portions of Mr. Carden's report, and I will only insert, therefore some of its main points :

"A low price of silver," Mr. Carden says, "if permanent, would not only not be prejudicial to Mexico as a whole, but would conduce to its ultimate benefit by the stimulus it would afford to the development of its immense agricultural resources." His conclusions are that "the losses which would be sustained by the government and the railway companies are essentially limited in their amount, the benefits which would accrue to certain of the productive industries are susceptible of indefinite extension," and that such extension would "at once make itself felt in an increase in the revenues of the government as well as of the railways."

The reasoning by which these interesting conclusions are supported is somewhat too extensive for full quotation here. Mr. Carden's report is supplemented by exhaustive tabulations of the statistics on which he formed his views. He points out that the fall in the exchange value of the Mexican silver dollar from 37*d.* (its average for some years) to about 33*d.* (the present level), involved an additional loss to the government of about \$2,000,000 in meeting the gold payment on its external debt, while to make good the effect of the silver depreciation on the indebtedness of the railroads on which gold must be paid, the lines would have to increase their earnings by over 23 per cent. At the same time it is figured out that an increase in the premium on gold from 30 per cent. to 50 per cent. produces, all other things being equal, a loss of 10 per cent. in customs duties to the Government.

Coming to the other and more favorable side of this question, Mr. Carden contends that the fall in silver would be accompanied by an increase in the purchasing power of the country. The amount of foreign goods imported depends chiefly, he argues, on the number of dollars available for the purchase of such goods, which, in its turn, depends upon the general prosperity of the country. As the present year, 1893, promises well for the agricultural interests, there are good grounds for expecting that the consequent increased movement of trade will to some extent compensate the

Mr. Carden in a later report to the Foreign Office on the trade of Mexico in 1895 attributes to the depreciation of silver the expansion of that trade and of the general prosperity of the country, as follows:

"This favorable condition of things must be attributed in great measure to the stimulus afforded to the development of the agricultural resources of the country by the depreciation of silver, which, far from being prejudicial, has proved to be of the greatest benefit to Mexico, as I predicted it would in my report on that subject of August, 1893."

I will give now some of the reasons that Mexico has to be so far favorable to the silver standard and not to lose all hope that silver may yet be reinstated as a money metal by the great commercial nations of the world.

The Natural Ratio and the World's Production of Precious Metals.
—We have not yet lost all hope of the rehabilitation of silver as one of the money metals of the world, because, although modern machinery and improved methods have cheapened the production of silver, the same causes, and especially the discovery of new and rich gold fields, like South Africa and the Klondike, have increased very largely the proportions of the production of gold.

I will enter into some details on this subject to show that the position of Mexico is not entirely destitute of foundation and sound reason.

loss arising from the fall in value of the silver dollar. Supposing this fall should continue—as is most likely to be the case when the Sherman act is repealed—the development of agricultural enterprise and the increased movement of trade will have to be considerable to offset the loss in revenue of the government. Mr. Carden thinks that in four years that movement may increase to the extent of from 10 per cent. to 15 per cent. Then there has been a notable increase in the exports, not only in amount, but also in the silver value of these articles, the selling price of which, being in gold, is improved by a rise in exchange. Calculated at 60 per cent. premium as regards the gold values (*i.e.*, taking the silver dollar at 30*d.*), the exports in 1891-92 would show an increase of \$21,897,522 over those of 1889-90. This calculation shows that what would be gained by the increased gold value of the exports more than covers what would be lost in connection with the greater silver cost of the imports; that is to say, the increased purchasing power of \$16,599,800, which a gold premium of 60 per cent. would require, would be met by an increase of \$21,897,522 in the value of the exports. As stocks of merchandise on hand were then considerably reduced, Mr. Carden thought the commercial classes would not suffer much actual loss by a further fall of silver, provided it were fixed and permanent, and that prices would soon adapt themselves to the altered condition of exchange. The railways, he thought, would find compensation in the ordinary development of their traffic and by the opening up of new traffic for export, while, as for the silver mining enterprise, which is an important factor in Mexico, the profits are not affected by a reduction in the gold value of silver, while the increase in the cost of supplies imported from abroad is offset by the very general existence of a small proportion of gold in the silver ores. On the other hand, a depreciation of silver would greatly stimulate the mining of gold, copper, and the base metals.

Natural Ratio and World's Production of Silver. 579

Among the advocates of gold monometallism, and I am not speaking of the intelligent advocates of a single standard, it is commonly said that the reason why most of the nations of civilization have demonetized silver is its excessive production of late years as compared with gold. They always declared that silver is mined so abundantly and so cheaply by modern processes that it has become useless except as token money. But the facts regarding production do not bear out this assertion. Silver, as I will show by unimpeachable statistical authority, is *not* produced in excess at the present time.

It used to be affirmed that, to preserve the parity of exchange between gold and silver, the production of the latter should be as sixteen ounces to one of the former. But since the discovery, in the middle of our century, of the Australian and Californian gold-fields, the output of the yellow metal has been excessive, and that of silver, as Mulhall, the statistician, points out, relatively short. If, he urges, the *production* of the two metals determined their value, silver should be worth at present *33 per cent. more than in 1850*, for from 1850 to the close of 1894 the production of silver, in weight, has been, approximately, but twelve times that of gold—93,714 tons of silver to 8108 of gold.

But the depreciation of silver has been more than 50 per cent., for it sold in London in 1850 at 60½ pence an ounce, and to-day it ranges below 28 pence!

The silver production of the world from 1850 to the beginning of 1895 was as follows:

	SILVER. Tons.	VALUE. Millions of £.
United States.....	30,350	226
Mexico.....	29,910	217
South America.....	13,410	103
Other Countries.....	20,044	156
Total	93,714	702

The annual average output of silver at the present time is 5,000 tons, and it is interesting to bear in mind that, in twenty years, from 1850 down to 1870, the average production was only 1050 tons yearly. Taking this fact in connection with its demonetization and the decline of silver in value is explained. There are some curious facts regarding the precious metals, and the following table shows that the world's stock of silver, as compared with gold, was in 1848 as 32 to 1, whereas at present it is less than 20 to 1. The world has taken advantage of the increasing supply of gold to employ it more extensively in money.

The Silver Standard in Mexico.

THE WORLD'S STOCK OF THE MONEY METALS.

YEAR.	GOLD. TONS.		Total.
	Coined.	Uncoined.	
1800.....	908	1,822	2,730
1848.....	1,125	2,450	3,575
1894.....	5,840	3,460	9,300

YEAR.	SILVER. TONS.		Total.
	Coined.	Uncoined.	
1800.....	42,000	46,000	88,000
1848.....	45,200	67,800	113,000
1894.....	92,000	89,000	181,000

These figures show how, relatively, gold has outdistanced silver ; how slight, in comparison, has been the increase in the world's stock of silver to that of its stock of gold.

And while gold is being mined in a ratio to silver far beyond the averages of former years, the arts are taking up a large proportion of the product. In 1894, the gold mined was 273 tons, and Soetbeer estimates, on a carefully ascertained mass of data, that 100 tons are yearly absorbed in the arts. Silver is being mined at the rate of 5000 tons a year, and 500 tons are consumed in the arts. And, although as silver declines in price the manufacturing use of it increases, it remains a fact that a vastly greater proportion than of gold is available for monetary use.

Mr. Francis B. Forbes, of Boston, a careful student of the currency question, has taken the trouble to compile a series of tables of great value, and, incidentally, he confirms Mulhall's statistics, which I have just given, demonstrating indubitably that silver is not being produced in excess of a just ratio to gold.

TABLE A.—WORLD'S PRODUCTION OF GOLD AND SILVER, 1493-1896.

	GOLD.	SILVER.	WEIGHT
	Kilograms.	Kilograms.	Ratio of Silver.
Total production, 50 years, 1801-1850...	118,487	3,272,345	27.6
Total production, 25 years, 1851-1875...	4,775,625	31,003,825	6.5
Total production, 21 years, 1876-1896...	3,991,614	70,841,365	17.7
Total production, 96 years, 1801-1896...	8,885,726	105,117,535	11.8
Add total production from discovery of America by Columbus to beginning of this century, according to best estimates, 308 years, 1493-1800....	4,633,583	146,554,405	31.6
Aggregate production, 404 years, 1493-1896.....	13,519,309	251,671,940	18.6

TABLE B.—WORLD'S ANNUAL PRODUCTION OF GOLD AND SILVER
FOR THE ELEVEN YEARS, 1886-1896.

YEARS.	GOLD. Product. Kilograms.	SILVER. Product. Kilograms.	WEIGHT. Ratio of Silver.
1886.....	159,735	2,901,826	18.2
1887.....	159,150	2,989,732	18.8
1888.....	165,803	3,384,865	20.4
1889.....	185,803	3,739,004	20.1
1890.....	178,821	3,921,935	21.9
1891.....	196,577	4,226,427	21.5
1892.....	220,899	4,763,479	21.6
1893.....	236,662	5,165,961	21.8
1894.....	271,768	5,217,608	19.2
1895.....	301,544	5,235,096	17.3
1896.....	316,158	5,008,874	15.8
Total production, 11 years, 1886-1896,	2,392,920	46,554,807	19.5

The remarkable increase in gold extraction in recent years has not been met by a corresponding increase of the silver output. The ratio of silver to gold mined last year is better than the 16 to 1 proportion over which the recent presidential campaign in the United States was fought.

From the beginning of this century down to 1850 the total product of silver weighed 27.6 times as much as the gold output; then came the great gold discoveries in California and Australia, and the next twenty-five years saw the relative weight of the world's production of silver to gold reduced to 6.5, when in Europe a movement began, headed by Michel Chevalier in France, to demonetize gold. Luckily this was not done, and the great flood of the money metal enriched the world and marvellously stimulated commerce, manufacturing, and colonization. In the next period, 1876-96, silver again began to be mined in a normal ratio to the gold output, but the hue and cry against it grew louder and deeper, resulting in the general demonetization of silver in Europe. The fact of greatest significance is that during the ninety-six years of our century ended December, 1896, the ratio of silver to gold was only 11.8.

Mulhall puts it concisely, saying, "If the production of the two metals determined their value, silver ought to be now worth thirty-three per cent. more than in 1850!" And another fact bearing on the great controversy: "The stock of silver as compared to gold in 1848 was as 31 to 1, whereas at present it is less than 20 to 1, and yet silver has fallen fifty per cent. in price."

Why, then, has silver been so discredited, and why is its commercial value so low at present? There is one obvious answer; it has been legally shorn, that is, artificially, of its value, just as gold, if de-

monetized, would be accorded a lower price as an article of commerce.

Two facts have been made clear by statistics, one that silver is not extracted, the world over, out of proportion to gold, and, second, the world's stock of silver is, proportionally to gold, less than it was forty-nine years ago.

The old-school political economists maintained stoutly that a monetary standard, to be satisfactory, must have a stable and permanent value. The theory is a very dazzling one for the man who makes up a text-book of political economy and an outline of monetary systems in the quiet of his study, aided by any sound author on logic; but when coming to real life it does not look well. They have assumed that gold is permanent in value and therefore the only reliable monetary yardstick. Practical and accurate observers find fault with the theory that gold is the best possible standard of value because "it does not fluctuate."

It has been shown by laborious students of prices, like Mr. Sauerbeck, that, during the past quarter of a century, gold has risen in value sixty to seventy per cent. as compared with commodities in general, while silver has fallen in relation to staple articles twenty-five to thirty per cent. Gold has been even more unsteady than silver. One great cause of the rise in value of gold is the demonetization of silver, throwing more of the world's monetary work on the yellow metal, while, for exactly the same cause, silver has been discredited. I find the editor of the *Statist*, of London, a trustworthy authority and an advocate of gold, admitting that "*Neither gold nor silver has a stable value independent of its monetary use*, and neither, therefore, satisfies the condition laid down by the older economists." But, as might be expected, the editor of the *Statist* adds: "This is only another illustration of the numberless blunders into which the older economists were led by the deductive method to which they adhered."

Gold makes a very good currency basis for old and wealthy nations, where the banking system is highly developed and credit is perfected, but for young and poor nations, busily engaged in developing their resources, it remains to be seen if it will serve their purpose. The gold and silver question is not one to be studied in a partisan spirit. Perhaps, some day, people will admit that both metals are useful money bases, and the *Statist* itself, a few years ago, wanted to divide the nations into gold-using and silver-using. It was not a bad idea, could it have been arranged by international agreement.

England and Silver.—Another reason why Mexico has not yet given up all hope that silver may be reinstated as a money metal, is the belief that the manufacturing interests of Great Britain would suffer so much by the bounty to manufacturing produced by the depreciation of silver

in silver countries that she would have to co-operate with the United States, France, and other nations favoring the restoration of silver. I do not myself share such belief; but in justice to Mexico I think I ought to mention this fact.

There can be no doubt that the manufacturing interests of England are suffering very seriously by the depreciation of silver. In the opinion of competent observers in England the dulness in the cotton textile industry is due largely to the depreciation of silver which has stimulated the manufacture of cotton goods in various other parts of the world. Lancashire, the seat of Britain's cotton manufacturing industry, had, up to July, 1867, 1700 firms engaged in the business, the total spindles being 62,000,000, and the total number of looms 641,547. In this great centre of industry there has been witnessed the extraordinary spectacle of "every department of the cotton trade being under a cloud. The balance sheet of the firms are bound to show serious losses save in a few exceptional cases." The cotton exportation to India has fallen off heavily, owing to the famine, the plague, and the diminished purchasing power of silver, and, meantime, most of the machine shops of the North of England have been busy in turning out looms and spindles, "but the bulk of it goes abroad to swell the volume of production, and to furnish grave problems for the textile districts of the North to solve in the future." This is said by the *London Daily Chronicle*, which remarks that there is a general opinion that wages must come down quite ten per cent.

Another English paper that speaks with authority on this subject is the *Cotton Factory Times*, which says:

"So far as Continental markets are concerned, we may practically give them up, except in such classes of yarn and cloth as they cannot conveniently produce themselves. But in Asia and in the South American Republics—which are also mill-building—there is yet room for good business were our currency put on a right footing. Here we have all the Lancashire authorities wringing their hands at what they almost term a deadlock, and yet it is only now and again that they whisper to themselves the true cause."

And then the same journal utters the following sentiment:

"With the purchasing power of the money of our leading customers reduced by nearly one-half, as compared with little over twenty years ago, is it any wonder that they cannot keep increasing their purchases of our goods, and run after producers whose goods are produced under the same currency conditions as their own? Twenty odd years ago the Asiatic rupee was worth two shillings, and ten of them were worth a pound. Now ten of them are worth, in England, little more than half a sovereign, and as the Hindoo has no more rupees to spend than before, he wants the same quantity of stuff or thereabouts for his rupee, or he won't buy. We do not assert that had silver not been demonetized in 1873 we could have gone on increasing our trade at the rate we had previously done, but there can be no doubt we should have done, and could now, were things altered, be doing a steady trade."

Mexico¹ offers a clear demonstration of the truth of what the *Cotton Factory Times* said, as new cotton mills are built equipped with English machinery, the inevitable result being the supplying to a still greater extent by domestic mills the demand for cotton goods. England is furnishing the weapons wherewith her own great trade is to be reduced in volume.

It would seem to be for the interest of England to do something for silver, in conjunction with the United States, France, and Germany. Possibly, as Dr. Karl Peters, the distinguished German historian, says, in a remarkable article published in 1897 in the *Zukunft*, of Berlin, England need not foster her manufactures as sedulously as formerly, for with the demonetization of silver she gains in the volume of imports needed to pay the interest due her on capital placed abroad, and so is becoming an enormously wealthy banker-nation which can live on her world-wide investments regardless of losses to her manufacturers and merchants.

Dr. Peters is so strong a believer in the eventual preponderance on this planet of the Anglo-Saxon race that he has been criticised sharply for his anglomania by contemporary German writers.

Dr. Peters sees nothing for England to fear in becoming less powerful in manufacturing; she is, in his opinion, destined to change into a purely capitalist country. He adds:

"The time is approaching when Glasgow and Manchester will be unable to compete with foreign rivals, but the capital heaped together in the city of London will control all foreign industry, monopolizing all private property. Already India, America, Australia, and South Africa are forced to send their produce at cheap rates to England, in part payment of dividends and interest. British imperialism is not founded on cannons; it rests upon money alone, and ancient Rome never exploited her provinces in a more relentless manner than Great Britain her possessions or any country subject to the influence of her capital."

The German historian reckons up the "tribute money" yearly paid in London. India contributes \$100,000,000; Australia and South Africa at present \$75,000,000, and the United States, at the least calculation, \$250,000,000, although French statisticians estimate the "Yankee tribute" at \$400,000,000 annually!

¹ Mr. Carden, however, expresses the opinion, in a very able report to the London Foreign Office on *Cotton Manufacturing Industry in Mexico*, dated at the City of Mexico on March 10, 1898 (*British Diplomatic and Consular Reports*, No. 453, *Miscellaneous Series*), that the abundance of money in Mexico seeking investment, and not the depreciation of silver, is the cause of the great increase of the cotton industry in that country, although in another portion of his report he says that the Mexican cotton industry, favored as it is by the very heavy premium on gold, has practically nothing to fear from foreign competition. It seems obvious that the abundance of money seeking investment in Mexico might be due to our silver standard, which has increased so much our exports of commodities, leaving our coin at home.

It seems to me beyond all doubt that for the reason assigned by Dr. Peters, or for other considerations, England will not consent, under the present condition of things, to the rehabilitation of silver.

The United States and Silver from a Mexican Standpoint.—I will not finish this introduction without stating that the opinion prevailing in the United States that Mexico desires this country to adopt the silver standard for the purpose of being helped in the way of less fluctuations and a material increase in the price of silver, is a very mistaken one. A great many think that should the United States adopt the silver standard, the large profits now derived by selling here in gold the articles produced by us under a silver basis will cease, to the great detriment of Mexico, and they are therefore averse to seeing the United States under the silver basis.

I am sure that nobody in Mexico would like to see the United States debase its currency for the sake of their keeping company with silver standard nations. We are sure that the great importance of the United States as a commercial and industrial nation will always make its money, whether gold or silver, as good as any other in the world, and while if they favor silver they might contribute to increase the price of that metal, or at least to avoid the present fluctuations, such policy will hardly bring about the debasement of the United States' currency.

The Mexican government and the Mexican people at large would be glad of course if the United States Government, with its commanding position among the great commercial nations of the world, would assist in the restoration of the price of silver, or at least in preventing its falling any lower; but many would rather see the United States adhere to the gold standard, as it means for Mexico exemption from competition, and also a gold premium bounty¹ on tropical products.

¹ A great many in Mexico consider as an advantage the permanent depreciation of silver, and this statement is borne out by the following remarks of Mr. William J. Bryan in a letter, on his recent visit to Mexico, that was published in the *New York World* of January 23, 1898, in which he says :

"I found quite a number of Mexicans who went so far as to express the hope that the United States would continue the gold standard because of the advantage which Mexican manufacturers find in a high rate of exchange, but the majority of the people with whom I talked desire the restoration of bimetallism in the United States in order that stability in exchange may be added to stability in prices."

My statement is also confirmed by the following extract from an interview which Captain W. G. Raoul, President of the Mexican National R. R. Co., had with a *New Orleans Times-Democrat* correspondent published in the issue of that paper of September 4, 1896 :

"Mexican merchants do not want to see the United States go on a silver basis. Mexico has a good thing as matters are now, and she don't want to share the silver pudding with the people on the north of her. Free silver is a blessing to any community or country . . ."

Mexico and the Gold Standard.—I have been often asked why Mexico does not adopt the gold standard and place herself abreast with the great commercial nations of the world. On this account I think it proper to present some views on the subject.

It would be a great deal more difficult for Mexico to accept the gold standard than for the United States to adopt the silver standard, because, the silver standard having been in operation in Mexico for four hundred years, to abandon it and come to the gold standard, a higher standard of value, would entail untold losses, a great disturbance of business, many failures, and almost universal ruin; while the adoption of the silver standard in the United States, although undoubtedly it would be accompanied by very serious disturbances in business and by heavy losses, might ultimately result, considering the great importance of this country as a commercial and manufacturing nation, in the restoration of silver as a money metal by the other commercial nations of the world, although without a reasonable certainty that such should be the result, a certainty not easy to obtain, it would not be prudent to make hastily such a change.

Although we have suffered so far all the drawbacks of the silver standard that I will presently mention, we are satisfied with it, because it has not been an unmitigated evil, as it has brought us decided advantages. We are willing, therefore, to wait and see what is the final outcome of this question, and watch the result of several experiments in adopting the gold standard which are now being made by some of the recent silver standard nations, like Japan, Chili, and especially India.¹ It is my personal opinion that the commercial nations of the world will finally reinstate silver as a money metal, going

¹ I think it would be interesting to state what has been, so far, the result of the adoption of the gold standard by Chili and Japan, and of the closing of the Indian mints to the free coinage of silver. Perhaps the data that I have on that subject is not entirely impartial, as in every country where the silver standard prevails public opinion is divided on that question, a strong party advocating the adoption of the gold standard and the other the permanence of the silver or paper money currency, and perhaps the friends of the old system exaggerate the inconveniences of the change.

The adoption of the gold standard may necessarily bring about, at least for some time, serious disturbances consequent to such an important change in the monetary system of the country, and perhaps, notwithstanding the disadvantages stated in the information that I have received, such changes would in the end be beneficial to the nations which have adopted it, but that would only appear with the lapse of a reasonable time. In the case of Chili, that country, like Argentina and Brazil, was really under a paper money basis, which, as compared with gold, was worth a great deal less than silver, and therefore the change that Chili has made may ultimately be beneficial to her, because it is an advantage to change from a paper money to a coin money.

Japan has adopted the gold standard in so far as to redeem in gold her silver coins at the ratio of 1 to 32, and Chili has done the same at the ratio of 1 to 42. Both in-

back to the bimetallic standard which long prevailed for so long, but if that should not be so, and all the nations of the world would accept the gold standard, and if silver should command as low a price as any of the base metals, like lead or copper, we of course would accept the gold standard, especially if by that time we can produce, as I have

tended to equal the legal with the commercial ratio of silver, but as the market price of silver changes so often, their object so far has been frustrated.

In the case of India, undoubtedly the Colonial Government has saved, by closing the mints to the free coinage of silver, large amounts of money in buying exchange on London; but whether the closing of the mints is beneficial to the country at large, I think cannot yet be ascertained, and is a matter subject to further developments.

The following is the information referred to :

Japan.—Some newspapers of the Mikado's Empire are lamenting that the gold standard was ever thought of. In recent reviews of the year 1897 appearing in the native papers, there is a general condemnation of the gold standard. It is admitted that the financial situation in Japan is worse than it was in 1896. Public securities have fallen, railway and industrial shares are very low, and many new undertakings have stopped for lack of funds. And worse than all, the exportation of cotton yarns to silver-using China has come to a standstill. The Japanese papers ascribe this to the gold standard.

The *Tiji Shimpo*, an important paper, says :

"The adoption of the gold standard is the worst mistake ever committed by the government in the long history of the thirty years that have passed since the present Meiji era began. The Matsukata ministry, however, must bear the full responsibility for it. The prospect which the country had of still further developing her industries owing to the depreciation of silver compared with gold has now been ruthlessly thrown away. Our trade with silver-using countries has already been greatly injured. In China, Corea, and the Strait settlements, where at one time Japanese products found a good market and were rapidly expelling foreign goods, Japan is now losing ground and is likely soon to have little footing left. Many of the factories in the western part of Japan are closing or only running on half time."

And *Greater Japan* remarks in the same tone :

"We can speak only in gloomy terms of the year just past. Commercial affairs and political affairs reached their lowest depths of depression and mismanagement. The introduction of the gold standard proved a complete failure. It was to have opened the door to an inflow of foreign capital, thus succoring the distress of the industrial classes and producing an appreciation in the price of public securities. But foreign capital has not come in, neither have public securities appreciated. On the contrary, we have seen an ever-increasing preponderance on the side of imports, a corresponding outflow of specie, and a steady fall in the price of bonds. Nor is this all. The effect of the demonetization of silver has been fatal to the most promising of all Japan's industrial enterprises—cotton spinning. Its chief market has been closed against it, and the prosperity that distinguished it at the close of 1896 was replaced by adversity at the end of 1897."

The gold standard is not probably the sole cause of the bad times in Japan, for the people there have become imbued with a speculative spirit and the rage for easily made fortunes is to be noted there as in Europe and the United States.

Chili.—According to a well-informed financial paper of Chili, *La Tribuna de Valparaiso*, the adoption of the gold standard in that country, some two years ago, has not given satisfactory results. In point of fact, it is asserted that since the former

no doubt we will, a large amount of gold, namely, from \$20,000,000 to \$25,000,000 a year, which will be the basis of our gold currency.

Another reason which makes it difficult for Mexico to adopt the gold standard, is that we are very large producers of silver, the United States only being ahead of us; therefore it would be injurious to our interests to depreciate that metal in our own market, such being the

financial policy was discarded and gold has become the only circulating medium, poverty and a paralyzation of business seems to have fallen to the lot of many districts that heretofore were very flourishing. There is a noticeable scarcity of circulating medium all over the country, public and private securities have depreciated, and the rate of interest which some years ago was 7 or 8 per cent. is now as high as 12 per cent. Furthermore, since the gold standard was introduced, five banks, with an aggregated capital of \$3,300,000, have failed, and three, with capital amounting to \$12,300,000 have gone into liquidation. Thus it is said that 25 per cent. of the money invested in banking in that country has been lost, and a similar result has obtained with regard to many mining and industrial enterprises which heretofore had been in a most flourishing condition.

India.—The opinion of many intelligent bankers and merchants of India seems to be favorable to silver. The *Indian Spectator*, reflecting accurately this opinion, said recently: "The attitude of the government of India is indeed too plainly one of a pronouncedly uncompromising character. They have pinned their faith on the great experiment of 1893, believing too optimistically that the day is come when it will succeed, and we shall have gold brought to our mints at 1s. 4d. a rupee, and are delighted at the prospect of having the Indian currency assimilated with the English, which indeed it would do if we had gold sovereigns in India in quantity large enough to make the rupee in reality a mere token coin. We are not at all confident that such a consummation is very near to us now. Nor can we pay exclusive attention to our trade with England alone, and be blind to the fact that the present currency arrangements have told very injuriously upon our growing trade with the silver-using East."

And confirming the views of Chairman Yule of the Bank of Calcutta, one of the ablest advocates of silver-coinage resumption in all India, the *Indian Spectator* goes on to say: "The unrestricted inflow of silver bullion and the tightness of the money market are other effects of the currency legislation of 1893 which we cannot view with equanimity. We cannot, therefore, approve of the attitude taken by our government or their determination, expressed in their dispatch in so many words, to persist in their policy of introducing a gold standard in the country and not to go back and be a party to any problematic scheme of bi-metallism. Nor can we believe that we would be worse off if, with our mints open, we could by any means raise silver up and be content with a purely silver currency."

The following is an abstract of the opinion of the Anglo-Indian press on the present financial conditions in the second week of February, 1898, published by the *London Times*:

"Since the closure of the Indian mints the rupee has had an artificial value on an intermediate level between gold and silver. It has been a scarcity rupee, not representing the market value of silver, but the lack of an adequate supply of currency. The Indian government, having large gold payments to make in England every year, has profited by an artificial scarcity of money. If the rupee had been on a par with silver in its downward course the remittances would have been heavily increased. The Indian government, since the closing of the mints to silver, has produced a money

necessary consequence of our accepting the gold standard. Now, it has not been depreciated at home, for it has the same purchasing power that it had when silver was at a par with gold, at a ratio of 16 to 1; silver has only depreciated in foreign markets, but should we accept a gold standard we necessarily would depreciate it in our own country, which is our largest and most important market.

famine for the sake of obtaining more favorable rates of exchange in its own transactions with London."

The results of this policy as explained by financial writers in India have been disastrous to all classes. The average rate of interest has risen from $4\frac{1}{2}$ in 1895 and $5\frac{3}{4}$ in 1896 to $7\frac{1}{4}$ in 1897. How high it will go in 1898 no expert ventures to forecast. In Calcutta loans have been negotiated as high as 14 per cent., while in Bombay, according to *The Times*, of India, even "24 per cent. would not bring out an advance upon the most solid of all securities, namely gold bars." With a bank rate of 10 per cent. merchants have been embarrassed in selling their bills, and commercial enterprise has been paralyzed. This continuous money stringency, while fatal to economic progress, has also affected the capacity of the masses for purchasing food in famine times. Mr. B. M. Malabari, in his pamphlet on *India in 1897*, discusses the vital question whether the famine results from the absence of foodstuffs or from the want of means of buying food. The *London Times* makes this weighty summary of financial opinion in India:

"If the conviction once possesses the Indian mind that the artificial enhancement of the rupee is a contributory cause of famine, it will furnish a common rallying cry for all classes—peasant and townsman, rich and poor—such as has never before been raised. Put in economic terms, the contention is that the government, in order more easily to discharge its own gold obligations, has subjected India to an artificial currency that bears down the producing industries on which the present and the future of the people depend. Thus stated, the question is open to fair argument. But if it passes from the Anglo-Indian to the vernacular press, it will cease to be stated in economic terms, and become a popular cry of the spoliation of the peasant,—that cry for which it has hitherto been our endeavor to avoid giving any just cause."

Financial writers in Calcutta and Bombay do not hesitate to say that there is imminent danger lest the idea that the famine in food as connected with the famine in money may take hold of the Indian mind.

From some statements made by Lord George Hamilton, Secretary of State for India, in a debate on the Indian currency, which took place in the House of Commons of the British Parliament on March 29, 1898, it appears that in the opinion of the Indian Office it would be impossible to reopen the Indian mints without some international arrangement, which at present is considered out of the question, and that the British Government was so perfectly satisfied with the closing of the Indian mints that the attempt to reopen them was qualified as an act of lunacy. The Liberal element in the House of Commons seemed to be entirely satisfied with Lord George Hamilton's views, as Sir William Vernon Harcourt, Liberal leader in the House, congratulated Lord George Hamilton upon his speech in which he expressed the views just quoted, and the House then adopted Lord George Hamilton's motion, appointing a committee which will have practically all the powers of a royal commission to inquire into the practicability of the Indian Government's proposals for a gold standard. At the same time, during the discussion of the budget debate in the Indian Legislative Council, Sir James Westland, the financial member of the Council, announced that he could declare that a silver standard or the reopening of the Indian mints was now impossible.

It would seem easy for Mexico to overcome all the drawbacks of the silver standard by decreeing the payment in gold of the whole or of a portion of its import duties; but such a scheme would establish two different kinds of currency in Mexico, and, gold being the more valuable, would tend to depreciate within the limits of Mexico our silver currency, with disadvantages to all the interests in the country. There is another serious objection to that plan: our import duties are already so high that they do not admit of any further increase. If we collected them in gold, we should have to reduce them to about fifty per cent. of the present rates, now payable in silver, and then we should have gained nothing, but increased the disadvantage of the fluctuations in the price of silver bullion; while if we should leave the import duties at or about their present rates, and make them payable in gold, we should practically double them, and they would become so burdensome as to afford great encouragement to smuggling, and so reduce very considerably their proceeds, especially considering the high increase in the value of foreign commodities caused by the depreciation of silver.¹

¹ In this regard, I think it interesting to insert here a letter from Señor Don Jose Yvés Limantour, the Secretary of the Treasury of Mexico, addressed on August 18, 1897, to Mr. Ottoman Haupt, a well known French currency authority and gold monometallist, who has advocated the adoption of the gold standard in Mexico, and even suggested a practical way to do it, in which letter the policy of the Mexican Government on the subject is clearly outlined, and the difficulties of adopting the gold standard ably presented.

" *Mexico City, August 18, 1897.*

" *D. Ottoman Haupt, Esq., Paris :*

" MY DEAR SIR :—Your esteemed letter of July 21st last came duly to hand, and I answer the same with pleasure, anxious to meet the laudable intentions that have no doubt prompted you to communicate to me your opinions in regard to the monetary question in Mexico.

" Let me begin by assuring you that you made no mistake when you thought that your special studies upon the subject were known to me. In fact, your principal works have a prominent place in my library, and I always read the same with interest and frequently consult them.

" You are furthermore right when you assure me that it is not at present an academical discussion upon the convenience of a single unit or a double unit, but of an essentially practical problem whose solution is every day more urgently needed. Some time has already elapsed since this study was taken up by the Secretaryship under my charge, and, as you can readily understand, the Government follows closely the general phases under which the monetary question presents itself, as well as it tries to follow under its various hues the consequences that are likely to follow.

" There is no doubt that on account of this subject a panic reigns the world over, under which influence many nations, with or without cause, be it for lucrative purposes or on account of an imitative mania, have changed their monetary system and have put silver in the shade.

" It is also true that other nations such as India and China, which were enormous consumers of the white metal, have diminished or stopped buying it, and the fact is

Mexico and the Ratio.—I think it is beyond all question that the main, if not the only, cause of the depreciation of silver is the fact of its having been demonetized, and there can be no doubt that should the mints of the world be again open to the free coinage of silver, as they were before 1872, at the ratio then existing, the market price of that metal would be again as it was then as compared with gold, in the proportion of sixteen to one.

I am sure the Mexican Government would accept any ratio that the commercial nations of the world should be willing to agree upon, even in case it differs from the old one. So far as my personal views are concerned I would rather stand by this ratio, because it is the natural ratio, and because it stood for four hundred years with almost no break or difficulty, but serving a good purpose. Should any other ratio, whether eighteen, twenty, or more, to one, be adopted, it would be an artificial one, having to stand upon only the statute books of the commercial nations of the world opening their mints to the free coinage of silver at such ratio.

Important Papers on Silver Printed by the United States Senate.—The Senate of the United States has ordered, on motion of several of its members holding opposite views, the printing of many very inter-also true, beyond any doubt, that its production has constantly increased and in a progression most rapid. All of these circumstances combined have tended to, or at least hastened, the depreciation of silver.

"Is this question, however, settled fatally and definitely, or does it not admit of any remedy or relief? You seem to think so, but I, for my part, am not yet convinced of it, and independently of any opinion that may be had on this important subject, many powerful reasons exist why Mexico should not change its silver monetary unit, at least whilst some of its economic peculiarities remain.

"In my answer to Mr. Jacoby, which you read, I brought forward and tried to give in detail the two sorts of difficulties that would beset us in order to exchange the silver for the gold unit. The first of these difficulties involves the means to procure the necessary gold for our circulation, and the second (and evidently the most serious) almost borders on the impossible, for it means no less than the necessity for keeping the gold in the country and suppressing its exportation.

"Mexico's commercial balance is very unfavorable, its exportations far exceeding its importations, and besides the value of these latter it has to pay in gold the service of its foreign debt, the interest on its bonds, its railroad dividends, and those of many other industrial and mining enterprises, which have been established or are worked with foreign capital. In favorable years this unequilibrium is partially neutralized with the new European capital coming to seek investment in the country, but this compensating factor disappears completely in feverish times, and, moreover, when silver is suffering continual depreciations.

"Well, taking altogether the exportations necessary to pay up these various sums: silver represents from 55 to 60 per cent., and the remaining 45 or 40 per cent. other products; in other words, 65,000,000 of silver against 45,000,000 or 50,000,000 of all other export articles put together.

"Under these conditions, what expedient must we resort to in order to retain the necessary gold bought, and not to suffer the deception, which other nations have had

esting papers bearing on bimetallism and specially on the silver question and on the effects of the depreciation of silver in the Eastern nations, which form now a very instructive collection, containing a great deal of very useful information on that subject. On motion of Senator Chandler, presented on June 6, 1898, a list of such papers has just been published (55th Congress, 2d Session. Senate. Doc. No. 286), and for the benefit of the readers who desire a source of information, I append that list to this paper. Special mention is due to two of these papers, namely: A summary of the results of the injuries which the world has suffered by the depreciation of silver, presented in a very concise manner by Baron de Courcel, French Ambassador at London, at a meeting held at the Foreign Office on July 15, 1897, where the three American commissioners sent to Europe to negotiate an international bimetallic agreement were present, besides Ambassador Hay, Lord Salisbury, and several other members of the British Cabinet, which appears in the Minutes of that meeting, published among the papers presented to Parliament in October, 1897, and which the Senate of the United States ordered to be printed on January 17, 1898, on motion of Senator Chandler (55th Congress, 2d Session. Senate. Doc. No. 69); and an extract from the speech of Monsieur Mêline, President of the Council and Minister of Agriculture, delivered in the French Chamber of Deputies on the 20th of November, 1897, which shows very clearly the evils resulting to the world at large from the depreciation of silver, and that such depreciation is not due to the increased production of that metal (55th Congress, 2d Session. Senate. Doc. No. 26).

The Paper as Published in the North American Review.—After having made the foregoing statements and explanations in this rather lengthy introduction, it is time to insert the paper as it appeared in the *North American Review* for June, 1895.

that have adopted the gold unit, of seeing, powerless to avoid it, the exodus of their gold to foreign nations?

"Truly, I have been unable to satisfactorily answer to myself this question. As long as silver remains in circulation, it is well known by Gresham's law that gold is invariably exported, and to limit the circulation of silver is not to be thought of in a country that produces it, perhaps, in more abundance than any other in the world.

"To issue gold certificates to keep the metal on hand is not in my opinion practical, because if such certificates are not redeemable at the will of the bearer it entails a very delicate question of credit, and would expose us to unfavorable unforeseen disasters and contingencies, and if it were otherwise the certificates would at once be converted into gold and immediately exported.

"I finish this letter assuring you that it will always be a pleasure to me to hear your opinion upon subjects that to you are so familiar and that you cultivate and elucidate with such a recognized ability.

"Believe me, yours sincerely.

J. Y. LIMANTOUR."

THE SILVER STANDARD IN MEXICO.

The editor of the *North American Review* asked me some time ago for an article about the industrial, agricultural, and commercial conditions of Mexico, as compared with the same conditions in the United States, in connection with the monetary systems existing in both countries. I was very reluctant to write on that subject, fearing that my remarks might be construed as showing a desire on my part to meddle in the important currency questions then pending in this country, or as an attempt to institute a comparison between Mexico and the United States, in which Mexico should appear in an advantageous position,¹ nothing being further from my mind than either of these purposes. Senator Morgan from Alabama subsequently made some inquiries of me on the same subject, and I could not refuse to give him the information he desired; after which I saw no objection to furnishing it to the *North American Review*, and I used in the preparation of this article everything that I said to Senator Morgan in answer to his inquiry:

No Possible Comparison Between Mexico and the United States.—I must begin, however, by saying that it would be neither desirable nor proper for me to enter into a comparison between Mexico and the United States. This country is so far in advance of Mexico in material progress, commerce, manufactures, improved methods of agriculture, high wages, public education, accumulation of wealth, banking and banking facilities, and so many other things, that such a comparison would be unfair, although in some respects Mexico has suffered less than this country during the present financial crisis. I shall, therefore, confine myself to stating the advantages and disadvantages produced in Mexico by the silver standard prevailing there, without drawing any conclusions from the facts presented, so that every reader can draw his own.

¹ This article was written and published at the time when the financial crisis of 1893 was producing its direst effects in the United States, that is, when prices had come down, factories were closed, operatives dismissed, wages reduced, strikes occurring everywhere, business depressed, many men were without employment, and in consequence of all that a very unsatisfactory condition of things prevailed all over the country. It is to that condition of things that the article refers in stating that Mexico had not suffered so much as the United States during that period.

But in doing so, I must disclaim all purpose of commenting in any manner, even by implication, on the monetary question in the United States. My position here, both as an alien and more especially as the official representative of a friendly foreign country, precludes me from meddling in any way in a public question pending in the United States. Besides the conditions of the two countries are so widely different, that they can hardly be compared with each other, and what is advantageous to one might be inconvenient, or even hurtful, to the other. My statements have therefore reference to Mexico alone and in no way to the United States.

Reasons why Mexico has the Silver Standard.—Mexico is legally a bimetallic country, because we have free coinage of both gold and silver at the ratio of 16 to 1; but practically we are a silver monometallic country, because under the operation of the Gresham Law all the gold bullion and the gold coin existing in Mexico is exported as merchandise, having a much greater market value than its legal value in Mexico, and silver is therefore the only metallic money used there in payment of debts or for any other purpose. The silver standard prevailing in Mexico was not adopted from choice. Mexico being the largest silver-producing country, over two thirds of the whole silver stock of the world having come out of its mines, silver has been our only currency for nearly four hundred years. We have kept so far our monetary standard, because, as will be seen farther on, it has not been an unmitigated evil for Mexico, because we have hoped that the commercial nations of the world would find it to their interest to rehabilitate silver in some way, and also because we have been anxious to avoid the derangements and disadvantages consequent to a change of monetary standard which would be also felt, although not in such a degree, by the United States, should they attempt to change their present gold standard for a silver one. A change from the silver to the gold standard would cause in Mexico general ruin, as we do not yet produce gold enough to base our currency on that metal, and as our exports of commodities are not yet sufficiently large to allow us to buy all the gold we need for that purpose. The high price of gold is a great incentive to gold-mining, and if gold continues at the present high price for some time, I am sure Mexico will before long be a large producer of that metal.

We never had any paper currency, either national, state, or issued by banks. Two or three banks, indeed, have now issued notes, but they are not legal tender. They are convertible into silver coin at the holder's pleasure, and while they circulate freely in the large cities and for convenience' sake are preferred to the hard dollar, they are almost unknown in the small towns and in the country. The bank issues special notes for each place, which are redeemable

only in that place, thus keeping up in effect the old system of charging a high premium for the exchange of money from one place to another, the item of profit to the banks corresponding with what used to be the charge for transporting silver money.

Advantages of the Silver Standard to Mexico.—The advantages to Mexico of the silver basis are the following, most of which could not be applicable to the United States on account of the different conditions prevailing in each country :¹

¹ The effects of the silver standard for all countries, and without taking into consideration the peculiar conditions of any one, are very clearly stated in the Report of the Committee appointed by the Japanese Government to study the question of standard, previous to their adoption of the gold standard, which was printed by order of the Senate of July 7, 1897, as Senate Document No. 176, 55th Congress, 1st Session. I take from that report the following heads on the subject of such advantages, without giving in detail the explanations and reasons of the report to sustain its views.

The effects of the silver standard are :

1. Increase of exports.
2. Rise in prices of commodities.
3. Light burden of debtors and taxpayers.
4. Good condition of agriculture.
5. Development of commerce and industry.
6. Increase in revenue from taxes and other sources.
7. Increase in demand for labor.
8. Increase of national expenditure.
9. Distress of those who receive fixed wages.
10. Disadvantages to creditors.
11. Growth of speculative enterprise.
12. Rise in prices of commodities imported from gold countries and decrease in imports.

The effects of the gold standard as enumerated in that report are the following :

1. Profits to creditors.
2. Fall in prices of commodities imported from silver countries.
3. Decrease of national expenditure.
4. Depreciation of prices of commodities.
5. Loss to debtors and taxpayers.
6. Depression of commerce and industry.
7. Decline of rate of interest.
8. Distress of farmers.
9. Decrease in revenue.
10. Distress of employers.
11. Decrease in demand of labor.
12. Increase of imports from silver countries.

The report concludes by enumerating the effects in Japan of the recent change of ratio between gold and silver.

1. Radical change in the relative prices of gold and silver.
2. Gold appreciated more than silver depreciated.
3. The chief cause of change in the ratio of gold and silver is the increased demand for gold in several countries.
4. The change in the ratio of gold and silver gives advantages to the silver countries and disadvantages to the gold countries.

1st. The silver standard encourages very materially, so long as other leading commercial nations have the single gold standard, the increase of exports of domestic products, because the expenses of producing them, land, wages, rent, taxes, etc., are paid in silver, and therefore their cost, as compared with their market value, is considerably less than that of similar articles produced or raised in single gold standard countries. When sold in gold markets, therefore, they bring very profitable prices, as they are converted into silver, at a high rate of exchange. These conditions have caused a great development in the exportation of some of our agricultural products, because they yield very large profits; coffee, for instance, which costs on an average about ten cents a pound to produce it, all expenses included, has been sold at about twenty cents in gold in foreign markets. The export of other agricultural products which did not pay when gold and silver were at par, that is, at the ratio of one to sixteen, is now remunerative, because there is returned to us in exchange more than we lose in the gold price of the article.

The same is the result of some agricultural products that we could not export before because their price in foreign markets was not remunerative. Such is the case, for instance, with beans, which at eight cents would not pay when silver and gold were at par, but now that eight cents in gold make about sixteen cents in silver, it is a profitable price. Our exports for several years preceding 1869 were about, a year.....\$20,000,000 00

1872-73	31,594,005 14
1888-89	60,158,423 02
1891-92	75,467,714 95
1892-93	87,509,207 00 ¹

The Statistical Bureau of the Mexican Government quotes the price of our exports in silver, and therefore to find them in gold they have to be reduced to the market price of silver, but, even reduced to one-half, the increase is very remarkable.

Formerly we used to export only silver and gold; because of their

5. Japan has made great economic progress.
6. Increase of national expenditures.
7. Distress of those who receive fixed wages.
8. Loss of creditors.
9. Prevalence of speculative enterprise.
10. Rise in prices of goods imported from gold countries.
11. Tendency to luxury.
12. The opening of the mint invites the import of silver.
13. Stagnation in commercial dealings with Japan and gold countries.
14. Decrease of capital investments from gold countries.

¹ For the last two fiscal years our exports were: 1895-96, \$105,016,902.00; 1896-97, \$111,346,494.00.

small weight and bulk relatively to their value, they were the only articles that paid for transportation. But the proportion of other commodities has been increased recently to fifteen, twenty, thirty, and forty per cent. of the export of our precious metals, and during the fiscal year ending June 30, 1896, the proportion was sixty-one per cent., as the exports of precious metals amounted to \$64,838,596, and the exports of commodities to \$40,178,306.

2d. The silver standard is a great stimulus to the development of home manufactures, because foreign commodities have to be paid for in gold, and, owing to the high rate of exchange, their prices are so high that it pays well to manufacture some of them at home, our low wages also contributing to this result.¹

For these reasons we are increasing considerably our manufacturing plants, especially our cotton mills, smelters, etc., and we begin now to manufacture several articles that formerly we used to buy from foreign countries, and all this, notwithstanding that the mountainous character of our country, the want of interior navigable watercourses, and the scarcity of fuel, make manufacturing very expensive in Mexico. But we are finding abundant coal deposits, and, when our railroads tap our coal-fields, that objection will be considerably diminished. One of our railroads, the International, built by Mr. C. P. Huntington and his associates, has already reached a very large coal-field at Salinas, near Piedras Negras, which is now supplying with coal a part of the country, and even some sections of the Southern Pacific system of this country, but of course it cannot supply the whole of Mexico. When that need is satisfied, we shall have to contend only with the increased expenses of transporting the raw material to the factories and the

¹ Mr. Ransom, United States Minister in the City of Mexico, confirms this statement in the following paragraph from his report on the Currency, Prices, and Condition of Labor in Mexico, dated at the City of Mexico, September 26, 1896, and published in Vol. XIII., Part I., of the *Special Consular Reports* :

"Manufacturing in Mexico has been developed to a considerable extent, especially in the manufacture of the coarser grades of cotton and woollen goods, ordinary bleachings, goods for shawls, prints, and calicoes, woollen cloth; also in the manufacture of the products of sugar-cane, alcohol, paper, cigars, and cigarettes. Many well-informed persons believe that the depreciation of the price of silver has been the main cause of the development of these industries. To some extent this is doubtless true; the large discount on silver has had its influence in depressing foreign importation and stimulating domestic production. But other powerful causes have had their effect in this direction—an able, wise, and just administration of the government during the presidency of General Diaz, the confidence of the Mexican people and foreigners in the stability of the government, the building of railroads (all but the one from Veracruz to the City of Mexico having been completed since 1883), the improvement of coast harbors, the enlargement of commerce, the liberal action of the government toward new industries; in fact, the general influences of law, liberty, peace, and commerce, have all contributed to this result."

manufactured goods to the place of consumption over a mountainous country with high grades and many sharp curves, unless some new means of transportation may be hereafter devised which shall overcome those obstacles. Eventually Mexico will utilize for manufacturing the many streams, almost torrents, which come down the steep mountains, and which constitute a very large water-power.

One of the leading directors of the Mexican Central Railroad, has informed me that about ten years ago the supplies imported to operate that road amounted to sixty per cent. of all the material used, and that to save the loss on exchange, the company has been following the system of manufacturing in Mexico all that they possibly can, and that the proportion of foreign supplies imported during the last year has been reduced now to twenty per cent., and that they have decided to use Mexican rails, as soon as they can be manufactured in Mexico, which will still further considerably reduce that percentage.

As it is now, some manufacturing plants of the United States are being taken to Mexico, as appears in the following extract from the annual report of Mr. W. G. Raoul, President of the Mexican National Railroad Company, for the year 1894 ¹:

"The most extensive and best equipped shops owned by the company are on the north side of the Rio Grande, in the United States, but the greater expense of operating them has caused the withdrawal of much of the work from them to the shops of Mexico. Our shops in Mexico are not adequate for the entire work of the road, and the removal of the Texas plant into Mexico becomes an economic necessity, if the peculiar trade and the industrial conditions now existing respectively in the two countries are to continue."

A like result has been obtained in other countries which are or were on a silver basis, such as Japan, China, and India, the depreciation of silver, or the high rates of exchange having forced those countries to manufacture staple goods for home consumption and in some cases even for export, and this fact begins to be sorely felt in England and other old manufacturing countries.²

The development of manufactures in Mexico has also brought about an increase in the production of raw materials consumed in our

¹ In 1896 the Mexican National Railroad had continued the same policy, as is shown by the following extract from an interview which Mr. Raoul had with a New Orleans *Times-Democrat* correspondent, and which appears in the issue of that paper of September 4, 1896:

"We find it to the interest of our company to do all our repairing and building of cars in Mexico. Our shops are located at Laredo, Texas, but they are practically closed, and we do nearly everything at the City of Mexico and other points. In this way free silver benefits a community, gives its citizens plenty of work, draws it away from gold-standard countries, and thus furnishes a continual stream of prosperity."

² The following remarks contained in a paper read at a recent session (1897) of the Royal Colonial Institute in London, by the Hon. T. H. Whitehead, of Hong Kong, China, which deals with the effects of the depreciation in the value of silver, on the trade of Great Britain with the Orient, confirms my statement about the great stimulus that the

manufactories, and which before we used to buy from foreign countries, as is the case with cotton. The price of such articles in gold makes them so high that it is cheaper to raise them at home.

low price of silver is to manufacturing in silver countries, and he presents the case with such clearness that I think it worth while to insert his remarks here.

"In Oriental countries we are witnessing remarkable industrial progress, and unequalled prosperity among their people, when simultaneously serious losses are attending similar industries in England; while under the present system it is highly probable that there will be a further fall in the present very low level of gold prices, which will still more prejudice the position of the British manufactures. What is also of unquestionable great concern in the Empire, is that it may lead to the transference of a large part of our principal industries to silver-using countries. So long as the gold value of silver continues to be as it is now, liable to violent fluctuations, the more perilous must become the conditions of the principal British industries, and the more possible must it be to prevent disaster from overtaking them. British labor and gold capital can no longer compete on equal terms with Asiatic labor and silver capital, and the position of British industries is growing more critical every day.

"Turning to the jute manufacture, we find that about thirty years ago nearly the whole of it centered in Dundee, whereas now about one third is conducted on the banks of the Hoogly, near Calcutta. The removal of this trade from our shores has been most detrimental to British interests. Its transfer is unquestionably due in very great measure to the fall in the gold price of silver, and to the subtle advantages arising therefrom in favor of the manufacturer in silver countries. On a falling exchange, *i. e.*, when the gold price of silver is declining, and it has been doing so for upwards of twenty years, the Dundee manufacturer is placed at a relative disadvantage compared with the Calcutta manufacturer. To clearly explain how this arises is not very easy. However, take one example, and let it be supposed that both manufacturers buy the raw jute at the same silver price, and that the cost of manufacturing it in both countries is similar. The cost includes (1) jute; (2) wages; and (3) locally produced stores for the mills, and taxes, etc. If each manufacturer realizes the same gold price for his product, the Dundee manufacturer closes the transaction at once. Before the Dundee product arrives in Australia or New York, and before payment can be made therefor in those countries, the gold value of silver falls, and the Calcutta manufacturer consequently thereby receives more silver for the gold price of his product. To that extent does he derive an advantage for, though he received a large number of rupees, he pays away no more for wages, locally produced stores, and taxes. For instance, say a ton of manufactures produced in Calcutta is sold for 50*₹*, and that exchange on the day of sale is 1*₹*. 4*d.* per rupee; the equivalent would be Rs. 750, of which Rs. 500 would be required to defray the cost of manufacturing, including profit, and that Rs. 250 would represent wages, mill stores and taxes, all payable in rupees; but before the Calcutta manufacturer is paid in New York or Australia, and before he is able to convert the gold price, 50*₹*, he obtained for his goods, exchange, or the gold price of silver, falls, say to 1*₹*. 2*d.* per rupee. This would give him for his 50*₹*, Rs. 857.14, instead of Rs. 750; the surplus of Rs., 107.14, equal to 6*₹*, 5*s.*, would be a further profit and additional to what the Dundee manufacturer would receive. To that extent, *viz.*, 12 per cent., does the silver-using country derive an unequal advantage. The more the gold price of silver falls after the sale of the product is effected in sterling, and previous to converting gold into silver, the greater will be his advantage over the British manufacturer, and there are other and more subtle benefits favorable to the Oriental and detrimental to the home industries, of sufficient importance to explain the transfer of so much of the trade from Dundee to Calcutta."

3d. While the fall of silver and free coinage in Mexico have not given to the Mexican silver coins, when converted into foreign exchange or sold for gold, any value other than that of the silver bullion contained in the same, nevertheless the purchasing power of the silver dollar is now, on the whole, as great as it ever was in Mexico, and it has only been reduced in the case of foreign articles, so that one can buy now almost the same amount of home commodities for the same number of dollars that they cost when gold and silver were at par,¹ that is, at

¹ The paper already mentioned, "Labor and Wages in Mexico" (pages 536 to 538), contains sufficient evidence to show the correctness of my statement, namely, that the silver dollar has not any less purchasing power in Mexico than it had when silver and gold were at par, at the ratio of 16 to 1, and that only foreign commodities have increased in price, although in many cases they are sold at a much lower price than they had in 1872, before the demonetization of silver took place, because by the use of machinery and owing to other causes said commodities are manufactured now much cheaper than they were twenty-five years ago, and here I will only add the following article taken from *The Trader* of Mexico vol. vii., No. 4, of April, 1898, which confirms fully my assertion to the effect that the Mexican silver dollar has not lost any of its purchasing power notwithstanding the depreciation of silver.

"*Labor and Products.*—In reply to the statements that are frequently put forth by the American Press—and particularly that portion of it which represents the commercial interests—that the food products and manufactured articles generally consumed by the common people in this country have risen in price in the same proportion as the exchange has risen, we give the following table, representing the prices for the first quarter of 1893 as compared with those of the first quarter of 1898. These figures are taken from *The Trader* for the periods mentioned, and correspond with the official returns for the articles quoted. Prior to 1893 *The Trader* published no market reports, and as there are no other reliable sources at hand from which to quote we are necessarily compelled to confine ourselves to the dates above mentioned:

Articles.	First quarter of		Percentages.
	1893.	1898.	
Corn, 300 lbs.....	\$7.00	\$4.75	31
Beans, " ".....	17.00	9.00	47
Wheat, " ".....	10.25	10.25	..
Rice, 100 lbs.....	7.50	7.50	..
Coffee, " ".....	30.50	17.00	44
Lard, 25 lbs.....	6.12	4.00	34
Tallow, " ".....	4.00	2.37	40
Sugar, " ".....	2.25	2.00	10
Cotton Cloth, per piece.....	3.50	2.08	20
Prints, " ".....	2.31	2.75	14
Woollens, per metre.....	2.25	2.00	11

Average decrease over 20 per cent.

It will be observed that in the eleven articles quoted, only one—prints—has increased in price, while in the ten remaining articles the average decrease was over 20 per cent. The absolute necessities, therefore, regardless of the fluctuations in exchange, have varied but little in price in the past five years. While the price of gold has more than doubled in the same length of time, the Mexican dollar has not decreased in value when measured by the amount of home products it will exchange for, and which are the staple articles of 10,000,000 of the 13,000,000 population of Mexico."



the ratio of 1 to 16, excepting such Mexican commodities as have their price fixed in foreign gold markets.¹

It is not a little puzzling to some travellers who go from this country to Mexico to see a United States silver dollar containing less silver bullion than a Mexican silver dollar, exchanged there for two Mexican silver dollars when silver is at about fifty-six cents an ounces but they do not bear in mind that in making such an exchange, the Mexican silver dollar is sold for the market price of the silver bullion it contains, just as if it was not coined, while the United States silver dollar is the representative of a gold dollar, received as such in this country, and is therefore an article of merchandise bought to pay debts in the United States or Europe; but notwithstanding that fact, the Mexican silver dollar has not lost any of its purchasing power in Mexico.

4th. The fact that foreign commodities have to be paid for in gold makes them so high that this operates as a protective duty against them, equal to the price of exchange, or the difference between the market value of the gold and silver bullion. Protectionists would count this as a very important advantage, although I myself do not

¹ The following statement of remarks of Mr. Maitland, delivered on March last before a meeting of the China Mutual Steamship Co., confirms fully what I have stated here :

" Mr. Maitland remarked that the working expenses of the China Mutual Steamship Co. had been considerably reduced, almost entirely by the great fall in the gold price of silver, which, however, was not altogether an unmixed good, as the very same causes had brought about an enormous falling off in the British export trade to the far East. For the repairs of their steamers very large amounts of money were annually needed, and they had already commenced to make the repairs in Singapore, China, and Japan. With the dollar at 2s., the skilled Asiatic will work for a month for less than a skilled British subject will work for a week. The labor leaders in this country are rapidly becoming aware of the danger to labor caused by a currency system which is driving work from this country to the extent of millions of pounds sterling per annum, which must seriously reduce wages and increase the already large numbers of unemployed persons, and they are beginning to favor a policy of monetary reform.

" Let me explain that silver will still employ the same quantity of Oriental labor as it did twenty or thirty years ago. The inadequacy of our monetary standard, therefore, allows the Eastern countries to now employ 100 per cent. more labor for a given amount of gold than they could do twenty-five years ago. To make this important statement quite clear allow me to give the following example : In 1870 ten rupees were the equivalent of one sovereign under the joint standard of gold and silver, and employed twenty men for one day. To-day twenty rupees are about the equivalent of one sovereign ; so that for twenty rupees forty men can be engaged for one day, instead of twenty men as in 1870. Against such a disability, British labor cannot possibly compete. On the other hand, the effect of this disability is that gold prices of commodities have fallen to nearly one-half of their former level, while in Oriental countries silver prices are still practically in most cases on their old level. Therefore, the more gold appreciates, the greater will be the tendency to still further lower gold prices.

" In connection with the decline in the value of China's foreign import trade, it

attach much importance to it in that sense, as I believe in low duties, unless in certain cases and for certain reasons, high duties are rendered necessary.

5th. Our silver standard encourages the investment in Mexico of capital from rich countries having the gold standard, since every gold dollar when sent to Mexico is converted into two silver dollars, at the present rate of exchange, and, when invested in lands, wages, and other expenses for the raising of agricultural products which are sold for gold in foreign markets, like coffee, the proceeds are so large that they constitute a very great inducement for the investment of capital. Besides, if at any time in the future silver should be reinstated as a money metal by the leading commercial nations of the world, and rise in price, the capital invested in a silver country would be actually duplicated in gold.

6th. The development of the country has increased considerably the local traffic of our railroads, and that increase is very encouraging, and goes far to compensate the companies owning them for the losses which the depreciation of silver entailed on them in the payment of interest on their bonded debts.¹

may not be out of place to remark that, to the observer in the East, it seems inexplicable that the gold-currency countries, while striving to extend their trade, should resolutely ignore the fact, so clearly demonstrated by the decline in the demand for piece goods, that to the millions in China the tael, or ounce of silver, is still a tael of undiminished purchasing power, whether the sterling value be 6s. or 3s. ; and that so soon as the discredited tael fails to buy the same quantity of foreign goods as heretofore, the consumer ceases to be a customer, and will supply his own wants by manufacturing textiles from home-grown materials. Indications are not wanting that the erection of cotton mills at ports extending from the Gulf of Tonking to Chungking (some 900 miles up the Yangtse) is contemplated, and there is abundant evidence of great local activity in that direction. A nation whose inexhaustible supply of laborers excites such alarm among Western people and governments, is not likely to prove less formidable when it brings similar forces of cheap, silver-paid skilled operatives into competition with the textile industries of the gold wage-earning classes of Europe and America, and the effect will be felt more acutely and cause greater consternation than the presence of Chinese labor abroad whenever it comes into rivalry with the handicrafts of Occidental races. The condition of Indian finance is known to be precarious, owing chiefly to the increasing cost in silver of India's gold obligations, together with the perilous growth of Indian State expenditure. On the latter subject, Sir David Barbour spoke at the Mansion House last May in very positive terms, while another ex-finance member of the Viceroy's Council in India (Sir Auchland Colcln) wrote to the same effect in the *Nineteenth Century* of October last. The masses of the population are poor, and they have been impoverished by additional taxation to provide for the increasing burdens caused by the falling exchange. Further new taxes may lead to serious discontent among the people, for it is generally believed that the extreme limit of taxation has been reached."

¹ In the chapter on the railways in Mexico, pages 193-220 of the first paper of this volume, entitled "Geographical and Statistical Notes on Mexico," I give the full details of the increased earnings of the Mexican railroads. In foot notes to the Silver

7th. There is another very great advantage that Mexico has derived from the silver standard, although this may be peculiar to us. Before our railroads were built the only articles which we could export were silver and gold dollars—coinage being then made compulsory by law—because no other product could pay the very high expense of transportation. The result was that to pay for our imports we had to export almost all of our annual output of silver, so that very little was left for our home circulation. Thus we were almost constantly suffering from a contraction of currency; money became very dear, while the price of labor was very low. But now the conditions are reversed. The low price of silver abroad makes it unprofitable to export it, and its value at home makes it useful in all industries, and we send out our agricultural products to pay for our imports and for our gold obligations, keeping at home our silver and thus increasing our circulation,

Standard paper which I prepared for the *North American Review*, I inserted a statement of the earnings of the Mexican International and Mexican Northern Railways for the year 1892, which the editor of the *North American Review* did not publish, and which will be found in the present edition of the paper.

I now give a statement of the earnings in 1897 of the Mexican Central, National and International Railroads, taken from the respective reports and not embraced in the data above mentioned.

Mexican Central Railroad.—The following table, taken from the report of the company for 1897, shows the gross earnings for each of the last thirteen years, both with and without the amount derived from the carriage of construction material, and also states the average mileage operated each year on which the earnings were based, and the earnings per mile.

YEAR.	AVERAGE MILEAGE.	GROSS EARNINGS.	LESS CONSTRUCTION MATERIAL.	GROSS COMMERCIAL.	EARNINGS PER MILE.
1885	1235.90	\$3,559,560	\$26,741	\$3,532,819	\$2,858
1886	1235.90	3,857,705	none	3,857,705	3,121
1887	1235.90	4,886,578	301,317	4,585,261	3,710
1888	1316.40	5,774,331	471,831	5,302,500	4,028
1889	1461.85	6,337,225	475,451	5,861,774	4,009
1890	1527.20	6,425,694	303,020	6,122,674	4,009
1891	1665.11	7,374,538	431,798	6,942,740	4,169
1892	1824.83	7,963,253	397,376	7,565,877	4,146
1893	1846.64	7,981,768	none	7,981,768	4,322
1894	1859.83	8,426,025	none	8,426,025	4,530
1895	1859.83	9,495,865	68,256	9,427,609	5,069
1896	1869.60	10,208,020	200,442	10,007,578	5,352
1897	1955.66	12,845,819	31,198	12,814,621	6,552

It will be observed that over the gains in all the previous years there was in 1897 a further increase in amount of over \$2,807,043, or about 28 per cent. The gross earnings per mile rose from \$5352 in 1896 to \$6552 in 1897, the addition in this case being nearly 22½ per cent., which is the most striking evidence of the growth that has been going on and is still in progress. The report well says the showing is a most re-

so that we now have an ample supply of money in our banks. That fact, of course, stimulates industry, keeps up prices, and increases the demand for labor.

8th. Most of our millionaires, and many rich Mexicans having large fixed incomes, preferred formerly to live in Europe, and used to spend their money there, but the higher rate of exchange has reduced their incomes so materially that a great many of them are returning home, and now spend their incomes in Mexico.

Disadvantages of the Silver Standard to Mexico.—The disadvantages brought to Mexico by the silver standard are the following:

1st. Importations are considerably reduced, because foreign commodities almost double their price when sold for silver, and they are therefore beyond the reach of the middle classes with limited means, while the poorer classes have never used them.

While the amount of import duties in Mexico has not decreased, it has not increased in the same proportion as the other taxes, especially the internal revenue. They formerly amounted to from seventy-five to eighty per cent. of the Federal revenue of Mexico and are now reduced to about forty per cent., the internal revenue having increased greatly. The through freight going to Mexico from the United States markable one, indicating great industrial activity and development in Mexico. The report also states that all classes of commercial traffic, and traffic in both directions on all parts of the system, record substantial and gratifying increases.

Mexican National Railway.—The following table shows the earnings, gross and net, year by year, since 1889.

	GROSS EARNINGS.	NET EARNINGS.
1889.....	\$3,660,124.24	\$666,692.70
1890.....	3,754,966.36	827,004.47
1891.....	4,206,422.74	1,159,021.18
1892.....	4,756,020.94	1,700,613.39
1893.....	4,224,804.11	1,638,437.66
1894.....	4,329,078.65	1,891,962.24
1895.....	4,513,205.91	2,071,408.50
1896.....	5,299,025.77	2,525,957.71
1897.....	6,080,663.28	2,986,237.92

It will be observed that there was a further increase in the gross earnings in the year 1897 of \$781,638 (nearly 15 per cent.) and a further increase of \$460,280 (over 18 per cent.) in the net. Since 1889 the gross earnings have risen from \$3,660,124 to \$6,080,663 and the net earnings from \$666,693 to \$2,986,238. In this last instance the total for 1897 is about four and a half times what it was in 1889. While the receipts have increased, there has been also economy and efficiency in the operation of the road. In 1889 the ratio of expenses to earnings was 81.78 per cent.; in 1897 it was only 50.89 per cent. In other words, while in 1889 it took over eighty-one cents to earn a dollar, in 1897 the expenditure of money to earn a dollar was but little in excess of fifty cents. It actually cost only \$101,000 more money to earn 6 million dollars in 1897 than it

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is decreasing on all the roads, while the local traffic is increasing considerably, the difference being such as to result in increased yearly earnings of all the Mexican roads.

2d. The constant fluctuations in the market price of silver is another drawback of the silver standard, greater than the depreciation of that metal, and it has contributed still more than the low price of that metal to reduce the importations of foreign commodities in Mexico during recent years, because there has been no safe basis for any calculation.'

A Mexican merchant, for instance, buys foreign goods, at six months' credit, when silver is at thirty pence per ounce, and sells did to earn 3½ million dollars in 1889. In exact figures, with gross of \$3,660,124 in 1889, expenses were \$2,993,432, and with gross earnings of \$6,080,663 in 1897, expenses were \$3,094,425.

Mexican International Railway.—This road shows also a large increase in its earnings during 1897. This fact, as well as the steady rising year by year of the gross and net earnings of the road, appears from the following table :

YEAR.	AVERAGE KILOMETERS OPERATED.	GROSS EARNINGS.	AVERAGE EARNINGS PER KILOMETER.	AVERAGE EARNINGS PER MILE.
1884.....	245.20	\$103,307 98	\$421 49	\$612 37
1885.....	273.58	153,916 18	562 59	905 39
1886.....	273.58	185,150 25	676 76	1,098 11
1887.....	273.58	237,394 13	867 73	1,396 43
1888.....	573.97	656,781 41	1,144 28	1,841 47
1889.....	636.34	911,698 51	1,432 73	2,305 64
1890.....	637.38	1,126,366 41	1,745 64	2,839 77
1891.....	658.30	1,197,856 55	1,819 69	2,924 02
1892.....	746.37	2,095,726 14	2,107 89	4,518 67
1893.....	922.19	2,050,934 01	2,226 15	3,579 04
1894.....	922.19	2,169,121 47	2,352 14	3,785 29
1895.....	947.23	2,664,126 08	2,812 54	4,526 28
1896.....	1,011.02	2,900,925 33	2,869 30	4,617 69
1897.....	1,060.60	3,034,126 04	2,860 76	4,603 88

It will be seen that there has been but one year when the upward movement was interrupted. The further increase in the last year, though small, is certainly worthy of note.

From the report of this road in 1897, for the year ending December 31, 1897, it appears that the aggregate freight tonnage in 1897 was 561,636 tons, and it is interesting to note that 71 per cent. of this total was composed of products of mines, the two largest items being 258,428 tons coal and coke, and 122,084 tons silver ore. Some of the items of the agricultural tonnage are also showing expansion, though the agricultural tonnage as a whole fell off in 1897, owing to the diminished importations of corn into Mexico. The cotton tonnage furnishes an illustration. Across the United States frontier there were shipped to the interior of Mexico 5197 bales, against 1573 bales the year before; while from the Laguna region the shipments were 24,133 bales, against 21,209 bales.

The following table shows how great were these fluctuations during a recent period. From the end of December, 1896, to the end of March, 1898, the prices and

them, charging duties, freight, insurance, etc., at a certain price, which includes his profit; but when the time comes to pay his debt silver has fallen to twenty-seven pence, say, and he finds that instead of having made any profit he has sustained a heavy loss. For this reason, and to prevent any serious loss, importing merchants have to charge very high prices to cover all contingencies, keeping always a very reduced stock of goods, and this is another serious obstacle to the development of foreign trade.¹

index numbers of silver were as follows (60.84*d.* per ounce being the parity of 1 gold to 15½ silver = 100).

		AVERAGE.
End December, 1896.....	29 13-16 <i>d.</i> , equal to	49.0
" August, 1897.....	23 7- 8 <i>d.</i> , " "	39.2
" December, 1897.....	26 5- 8 <i>d.</i> , " "	43.8
" January, 1898.....	26 3-16 <i>d.</i> , " "	43.0
" March, 1898.....	25 11-16 <i>d.</i> , " "	42.2

¹ Mr. Maitland's remarks on this subject, already quoted, confirm the correctness of my statement, although they are meant to show the drawbacks suffered by gold countries through the great and constant fluctuations in the market price of silver.

These views are also confirmed and other drawbacks resulting from the contraction in the price of silver are made apparent by the remarks of Mr. Jamieson, British Consul at Shanghai, China, at a meeting of the British Bimetallic League held in London in 1897, where, discussing the growth of cotton manufacturing in China and Japan, he points out that when one observes the amount of cotton spinning and weaving machinery that is now being exported to silver-using countries, a conviction forces itself on the mind that a change is going on which will in the end have grave consequences. This class of machinery exportation from Great Britain has risen, since 1893, some 86 per cent. By the end of this year (1897) there will be running in China and Japan close on to 2,000,000 cotton spindles. This activity in cotton manufacturing in these countries, Mr. Jamieson says, would never have come, if it had not been for the fall in silver. Great Britain is exporting cotton machinery, but at the ultimate cost of her own export trade.

Mr. Jamieson also says that in the Chinese ports the middlemen, the old-fashioned merchants, bear the brunt of the petty and incessant fluctuations of silver. They have been forced into the position of mere commission agents, and he adds :

"Much of the business now is done in that way, viz., by selling to China and buying in Manchester simultaneously, and at the same time settling exchange forward through one of the banks. In this way the merchant runs no risk at all ; but, per contra, he gets little profit. As it requires little or no capital to do that sort of business, a crowd of small men have come forward who have cut down commissions almost to the vanishing point. Now, some of you manufacturers may say that is all the better for us—the cheaper they do business out there the more will they want to buy. But there is another side to the question. The extension of your business into new fields depends solely on those whom I may term your agents, the merchants out in foreign parts. The manufacturer sits at his door till somebody comes to buy. The middleman goes out into the world seeking new outlets for British products. They are the people who conquer the world for you, whose energy and push have made British trade what it is. But they won't do that for nothing. If you starve them they won't work. Now, that is largely the position that the destruction of the par of exchange has

3d. The reduction of imports referred to diminishes proportionately the import duties, which, until very recently, were in Mexico the chief source of the federal revenue.

4th. The national expenses are considerably increased by the payment in gold of the interest of the national debt held abroad, and other expenses of minor account, such as salaries of diplomatic and consular officials. As we have to buy exchange to pay that interest it is, at the present rate of exchange, actually increased from six to twelve per cent. when paid in gold. But we can now purchase exchange from our own people, drawn against their own agricultural exports, and they make some of the profit.¹

5th. To meet the reduction in the import duties and the increased expenses of the gold obligations, it is indispensable to increase the burden of direct taxation to make up for both losses.

6th. Our railroads are similarly affected. They collect their freights in silver, but pay in gold the interest on their securities, and for the foreign articles needed for their roads.

7th. The transportation of foreign commodities by railroads is much reduced, but the local traffic has increased in such a way as not only to make up for that loss, but to leave a large surplus.

8th. While the prices of the necessities of life for the poorer classes brought our merchants to. The uncertainty of the trade has chilled their energies. They work on the lines to make bread and butter, hardly venturing to initiate any new. They hesitate to invest their money in new enterprises, not knowing how it will come back to them. This, though it may seem a small matter and rather savoring of personality, is, in my opinion, one of great importance. It is essential to the development of British trade that your merchants, the great distributors, should be men of wealth and intelligence and energy, and this you can only secure by making it worth their while—in other words, when there is money to be made in it."

Mr. Jamieson's remarks are applicable to Mexican conditions. The lack of stability in exchange has transformed our trade there; the telegraph and the railways have made the new way of doing business possible; competition has been vastly increased and the strong mercantile houses of the old-fashioned sort are not multiplying in Mexico, and, in so far as those existing fail to adopt the new methods, they lose trade.

¹ The burden of this charge to the Mexican Treasury appears quite clearly from the following figures taken from the report that President Diaz addressed to his fellow-citizens on November 30, 1896, giving an account of his administration in Mexico during the last twelve years.

The Treasury Department estimated the expenses of exchange to pay the interest of the gold bonds in London during the fiscal year 1888-1889 to be \$729,178.14. These expenses amounted in the following years as follows:

1890-91.....	\$2,314,477 77
1891-92.....	3,225,246 77
1892-93.....	5,101,223 57

Similar losses are suffered by the railroads, that have to pay in gold the interest on their bonds and the supplies they buy abroad. I take from the report of the Mexican Central Railroad for 1897 the following table, which shows in a graphic way

The Silver Standard in Mexico.

who do not consume foreign commodities, have not increased, except in the case of a small number of home products whose prices are fixed by foreign gold markets, the living expenses of the middle and wealthy classes who use foreign commodities have been increased.

There are many other disadvantages resulting to Mexico from our having a silver standard; but I have mentioned the most noteworthy and important ones, and most of the disadvantages omitted by me are the results of those already pointed out.

Conditions Resulting in Mexico from the Silver Standard.—The disadvantages of the silver standard are considerably lessened in Mexico because of the fact that we have used coined silver for over three hundred years as our currency, and therefore we have not had to suffer the disturbances and drawbacks of changing the standard, but have continued with the same currency, regardless of the market price of silver bullion in foreign countries and this of course has prevented any serious derangement in business and in prices.

In consequence of these causes, we have had fewer business failures than other countries; our internal traffic has greatly increased, with much benefit to our railroads, which, with only one exception, have not gone

how the growing premium on gold has added to the expenses of the company on purchases made in the United States.

YEARS.	COST IN UNITED STATES MONEY.	PREMIUM		COST IN MEXICAN CURRENCY.
		AVERAGE RATE.	AMOUNT.	
1891.....	\$1,549,998 60	128.83	\$446,841 39	\$1,996,839 99
1892.....	1,386,065 68	143.16	598,277 01	1,984,342 69
1893.....	1,213,270 38	160.04	728,475 62	1,941,746 00
1894.....	1,089,472 37	192.69	1,009,829 98	2,099,302 35
1895.....	929,677 49	188.94	826,880 83	1,756,558 32
1896.....	1,048,481 21	188.65	929,442 18	1,977,923 39
1897.....	1,447,530 13	209.39	1,583,446 21	3,030,976 34

The foregoing brings out the fact that in United States money—that is, in gold—the purchases made in 1897 actually cost less than those made in 1891, the comparison being \$1,447,530 against \$1,549,998. But as the purchasing power of the silver dollar has in the meantime so seriously declined, it took \$3,030,976 of Mexican money to pay for the purchases in 1897, against only \$1,996,840 in 1891. The loss in the comparison of these two years, it will be observed, is over a million dollars.

The International Railroad suffers in the same way from the steady depreciation in the price of silver, which diminishes the gold value of the Mexican silver dollar. The average price received for the dollar in 1897 was only 47.80 cents, against 51.31 cents in 1896. Working expenses increased \$107,072 over the year preceding (on a gain in gross earnings of \$133,201), and the report notes that the fall in the price of silver contributed in part to this increase by the arbitrary augmentation of cost thus forced upon all imported supplies consumed during the year.

into the hands of receivers, notwithstanding that they have to pay in gold the interest of their bonds and the increased price of the foreign commodities which they need to operate the roads.¹

We do not suffer in Mexico from one of the principal causes of the present (June, 1895) financial distress in other countries—the low prices of agricultural products. In fact, in some cases, the prices of domestic commodities have gone up considerably, when they are fixed by the value of the commodity in gold markets. This is the case with coffee, for instance. As the largest portion of our crop is exported and commands cash, its price is fixed by its value in gold markets, and in con-

¹ The conditions of our railroads appears very clearly from the following extract of Mr. Raoul's report, December 31, 1894, to which I have already alluded :

"It was observed in the last report that there had been no appreciable diminution in the purchasing power of the Mexican silver dollar, as applied to labor and materials of Mexican origin, and that this had stimulated the effort and had made it practicable to neutralize, in some degree, the bad effects of the fall in the bullion value of silver outside the country, by increasing the number of articles we can economically manufacture in our own shops, and the quantity and variety of native supplies and materials that can be advantageously purchased in the country, as against buying in a foreign country for gold. This condition remains practically unchanged, and to it is due, in large part, whatever success has attended the efforts of the managing officers in Mexico in maintaining economies already established and effecting others to the same purpose. . . .

"A comparison of the traffic with last year shows that, with the exception of passengers, a loss has been suffered only on those classes that are affected by the condition of the exchange market between Mexico and gold standard countries. The local traffic, which fairly is a register of the internal trade, has made satisfactory progress—sufficient to offset the losses on the external traffic, and yield the increase shown in the general result.

"The increase and decrease on the several classes of business have been as follows :

Revenue from imports has decreased	15.14 per cent.
Revenue from export of silver ores has decreased	49.18 per cent.
Revenue from other exports has increased	7.80 per cent.
Revenue from internal traffic has increased	13.23 per cent.
Revenue from express business has increased	14.12 per cent.
Revenue from passengers has decreased	6.14 per cent."

"The Mexican Northern Railway, running from Escalon, a station on the Mexican Central Railway, to the mining region of Sierra Mojada, in the State of Coahuila, was organized in 1890 under the provisions of Chapter 468 of the Laws of 1881 of the State of New York, the articles of association being dated on the 24th of June of 1890, and the certificate of incorporation on June 26th, 1890. The following is taken from the last report of the Company :

"The whole line of the road is completed ; gauge, standard ; rails, steel, 56 and 60 lbs.; equipment, seven locomotives, two caboose cars, two combination passenger cars, five water cars.

"The capital stock is \$3,000,000, the number of shares 30,000, par value \$100.

"Bonded debt, \$1,660,000, represented by 1,660 first mortgage twenty-year coupon bonds of the par value of \$1,000 each.

'A portion of the line of the road was first opened for freight on December 15,

sequence of this its price in Mexico has been almost doubled, with great advantage to the producer.

We have greater stability of prices, wages, rents, etc. Although our wages are low, there has been in recent years a marked tendency to their increase. Our factories are not only in operation, but they

1890, and during the remaining period of construction until September 30, 1891, the road was operated by or for the account of the construction company.

" STATEMENT OF THE YEAR ENDING JUNE 30, 1893.

Gross earnings.....	\$1,160,147 89
Operating expenses.....	604,595 88
	<u>555,552 01</u>
Miscellaneous receipts.....	2,133 87
	<u>557,685 88</u>
Net earnings.....	557,685 88
Fixed charges:	
Payments to sinking fund.....	\$58,007 39
One year's interest on bonds.....	99,600 00
	<u>157,607 39</u>
Betterments:	
New construction and rolling stock.....	\$73,572 50
	<u>231,179 89</u>
Surplus earnings.....	\$ 326,505 99

" From which our quarterly dividends of $1\frac{1}{4}$ per cent. each and one extra dividend of 2 per cent., amounting altogether to \$240,000, were paid."

The annual report of the Mexican International Railway Co., for the year ending December 31, 1894, made by its president, Mr. C. P. Huntington, and dated at New York City on March 6, 1895, is not less satisfactory. After stating that the total length of the road is 629.93 English miles, and speaking of the earnings of the road, Mr. Huntington says:

" The transportation earnings and expenses (in Mexican currency) for the year have been as follows:

" EARNINGS.

	1894.	1893.	Increase.	Decrease.
Passenger earnings ..	\$ 208,551 86	\$ 219,624 38		\$11,072 52
Express " ..	20,073 78	20,598 10		524 31
Freight " ..	1,873,974 91	1,743,140 42	\$130,834 49	
Car mileage " ..	25,273 86	19,896 99	5,376 87	
Locomotive mileage earnings	7,993 13	4,681 91	3,311 22	
Telegraph earnings ..	7,558 43	7,094 02	464 41	
Sundry " ..	6,200 35	16,391 84		10,191 49
Rental " ..	16,447 95	13,776 42	2,671 53	
International bridge earnings.....	3,047 20	5,729 93		2,682 73
Totals.....	\$2,169,121 47	\$2,050,934 01	\$118,187 46	
Operating expenses..	1,281,815 83	1,301,394 33		\$19,578 50

are being greatly extended, and new plants and industries are being established. Instead of diminishing the demand for our laborers, we find occupation for them all, and we need to import them for the work to be done in some localities, and, as our laborers find occupation and increased wages, we have no strikes. Our silver mines have not stopped work, and we find them still quite profitable. We have more ready money with which to transact our increased business; we offer greater inducements to foreign investors than formerly; and the country is undoubtedly more prosperous than it has ever before been, although the silver standard is not the only cause of our prosperity. One of its principal causes is, undoubtedly the building of railroads, as already stated, but they could not have been as remunerative as they are without the production and coinage of silver.

CONCLUSION.—Summing up the effects produced in Mexico by the

Earnings over operating expenses	\$887,305 64	\$749,539 68	\$137,765 96
Earnings over operating expenses as above		887,305 64	
Exchange estimated at 200 per cent. on purchases in U. S. currency and charged to operating expenses at that rate		209,838 66	1,097,144 30
Less stamp tax paid			13,712 42
Leaving in Mexican currency			\$1,083,431 88
which, converted into U. S. currency at the rate of 53.13 cents for the silver dollar, would be			575,627 36
And balance for account of express contract			52,000 00
Interest on deposits			14,660 30
Miscellaneous receipts			4,777 44
Total U. S. currency			\$647,065 10
Against this is chargeable in U. S. currency, viz. :			
One year's interest on bonded debt	\$560,000 00		
General expenses	10,112 85	570,112 85	
Balance U. S. currency			\$76,952 25 "

After explaining the manner in which Mexican silver is reduced to United States currency, Mr. Huntington says in his report :

"The net results from the year's operations show an increase in the gross earnings of \$118,187.46 or 5.76 per cent., and a decrease in operating expenses of \$19,578.50 or 1.50 per cent., making a total gain of \$137,765.96 or 18.38 per cent. over 1893. This is quite a gratifying showing, when it is considered that the general business depression in the United States, and the low price of silver, have not been without their unfavorable effect upon the year's business."

silver standard, I can say, with perfect truth, that while it is a drawback, a great inconvenience, and a serious loss to the government and to the railroads to have our currency depreciated when we have to use it abroad, either to pay for foreign merchandise or the interest on our gold obligations, and while that depreciation increases our burdens to some extent, because our gold obligations and the price of foreign commodities are nearly doubled by it, the advantages we derive from the use of silver money in all our transactions are so great as, in my opinion, to fully compensate, if they do not outweigh, its disadvantages.

Notwithstanding the views of those who desire that the present depreciation of the Mexican money should continue in Mexico, I, for one, and I think that I express the views of a majority of my fellow-citizens, would like to see our silver commanding the same price as it had before it was demonetized in 1873, and we believe that the world will have to come back sooner or later to bimetallism, as the only way to have a common and a more stable level of values and to avoid most of the financial troubles from which the commercial nations of the world are now so keenly suffering.

APPENDIX.

I will insert in this supplement the following papers: 1st, my remarks delivered on March 30, 1891, at the fifth meeting of the American International Monetary Commission on the position of Mexico on the monetary question; 2d, a list of papers bearing on the silver question, printed by order of the Senate, from 1893 to 1898, published by the Senate on June 6, 1898; and 3d, comments on the Mexican Central Railway earnings in silver and reduced to gold, and on the deficit of that road to pay the interest of its bonded indebtedness.

I.—M. ROMERO'S REMARKS ON THE POSITION OF MEXICO ON THE MONETARY QUESTION.

Remarks of M. Romero, delivered on March 30, 1891, at the fifth meeting of the American International Monetary Commission, on the position of Mexico on the monetary question :

GENTLEMEN : While I shall cast my vote in favor of the propositions of the Delegates of the United States to this Conference, because I think they are advisable, and because they come from the representatives of the inviting country, still I cannot refrain from expressing my regret that said propositions were not introduced after some attempt had been made for all the American nations represented at this Conference to come to an understanding on the subject of a common coin.

The American nations are all bimetallists, but they have adopted different ratios between gold and silver, and they have coins differing in weight and alloy, and, therefore, in my opinion, it would be desirable at least to arrive at some understanding which should secure the establishment of a common ratio between gold and silver, and a unit of coin of the same weight and fineness, even though the coin of each country should not be a legal tender outside of its own limits, in case it be found impossible to agree upon its being received as a legal tender in all the American countries.

I, for one, would have had no difficulty in accepting the ratio of 1 to 15½, which prevails in the other countries of America, and I venture to presume that the United States might accept this same ratio, since one of its most distinguished Senators, well versed in financial and monetary matters, recently introduced a bill for that purpose, to which I imagine the country is not averse. In that case we might secure the advantage of at least having a uniform ratio in America to be the same as that prevailing in Europe.

There is no doubt that an international agreement upon a common coin, to be a legal tender in all the contracting countries, would require the concurrence of the nations of the world to make it complete and work smoothly; but for the present it seems unlikely and quite difficult to obtain this concurrence, so far as England and Germany, and especially England, are concerned. This matter has been discussed several times in conference wherein Great Britain was represented, and she has never given her assent, and I see no new reason why she would give it now.

I have been for some time of opinion that if all the American nations should reach an agreement which would secure to them a common coin, and especially if this were to be a legal tender in all of them, the effect of such agreement would be so marked in Europe, and especially in England, that it would be likely to induce that

power to join in the agreement, as she could not afford to allow the United States to have commercial advantages in the American continent which she could not share.

I am afraid that the advances the United States are making every day in the world as a commercial nation are hardly realized in this country; and I think that for this reason they are slow in taking the lead in some important commercial matters. Besides, all indications seem to show that one of the first acts of the Fifty-second Congress of the United States, which meets on the first Monday in December next, will be to authorize the free coinage of silver, and, in case that is done, all the objections they now have against the legal-tender clause of a common American coin will disappear. Would it not be more prudent, under such circumstances, to adjourn this Conference until the first of January, 1892, when this subject will, in all probability, have been decided by the Government of the United States.

I beg to be allowed to grasp this opportunity to state the position of Mexico on this question, repeating, perhaps, what I previously stated on a similar occasion, as Delegate from Mexico to the International American Conference.

Mexico is legally a bimetallic country, because we have both gold and silver coins, both being legal tender; but practically it is a silver nation, because all our business is carried on exclusively with silver, since, owing to the difference of the price in the markets of the world of both metals, all of our gold (and we do not yet produce much) is exported, while a considerable part of our silver remains in the country in the form of coin.

I will mention, briefly, the disadvantages the depreciation of silver in the markets of the world produces in Mexico, and at the same time (be not astonished) the advantages accruing therefrom.

The disadvantages are three:

- (1) An increase in the price in Mexico of foreign goods which has to be paid in gold.
- (2) A loss to the national treasury in the funds sent abroad to pay the interest on the Mexican bonds held in Europe, which loss is equivalent to an increase in the rate of that interest.
- (3) A loss to wealthy Mexicans living in Europe, when their capitals or revenues are sent to them, equivalent to the depreciation of silver, between twenty-five and thirty-three per cent.

The depreciation of silver has not affected in any perceptible way the working of our silver mines, but, on the contrary, our production of that metal has considerably increased since 1871, when the depreciation began, although this increase is due, of course, to the construction of railways, to the long peace the country has enjoyed, and to the restoration of our public credit. I do not know of any silver mine where work has been stopped owing to the depreciation of silver.

These disadvantages are, however, of but little account when compared to the benefits we have received from the depreciation of silver, and which are the following:

- (1) As the Mexican commodities we export, such as coffee, indigo, hennequen, etc., are sold in the foreign markets in gold, they command now a higher price at home, where they are bought for silver, which really amounts to a bounty, when exported, equal to the difference between the actual price of silver at home and their price in gold in the markets of the world, which has been between twenty-five and thirty-three per cent. This bounty has produced the effect of considerably increasing the production and exportation of commodities which could not be exported before.

- (2) And perhaps the most important advantage has been to keep in Mexico a very large amount of money which formerly used to go out of the country as soon as coined, it being the only article of export with which imported foreign goods were purchased,

List of Papers Bearing on the Silver Question. 615

thus leaving a very limited amount to transact the business of the country. The reason why this money does not go out now is because it has become more profitable to export commodities in the place of silver, which remains in the country in the form of coin, to the great benefit of business.

It is natural that when the Mexican dollar loses from one fourth to one third of its value in Mexico by sending it abroad, that it should be kept in the country, and that in its stead other articles should be exported, thus considerably increasing the circulating medium in Mexico, to the great benefit of all; and the country, therefore, is perfectly satisfied with the present condition of things.

(3) A great many rich men in Mexico, both native and foreign, used to realize on what they had in the country and send the proceeds to Europe, where they found a safer, if not more a profitable field for investment. But they cannot afford to do so now, because their capital would be reduced one third or one fourth; and as besides there is now perfect security to life and property in Mexico, and a large field for profitable investment has been opened by the building of railways and the consolidation of peace and order in the country, capital is entering instead of leaving Mexico.

When these facts are taken into consideration, it does not seem strange that we are in no great haste to seek any change in the present condition of things, because the depreciation of silver has actually produced very favorable results. Yet, when we consider that silver has been for nearly three hundred years almost our only article of export, and that it now represents two-thirds of our total exports, we cannot be indifferent to any measure adopted, either by treaty or legislation, which may produce the effect of enhancing the value of that metal; and for this reason we might be willing to join in any agreement which may be likely to bring about that result, provided it would not materially affect our interests.

We are peculiarly situated as regards our silver coin, possessing advantages that are enjoyed by no other country. This fact becomes patent when we consider the great demand there is for our silver dollar in the world, owing to its having a larger amount of pure metal than any similar foreign coin, and therefore commanding a higher price than any other dollar. We have, besides, a special market for our silver dollar in the East, where it has been used for many years as the national coin, and where it is in great demand. This circumstance causes us to be very slow to accept any changes in our own coin which may deprive us of those markets and those advantages.

The preceding remarks will show the Conference that while Mexico is disposed to co-operate with her sisters, the American Republics, in any measures which would be beneficial to the interests of those concerned, she is not willing to accept anything which would not be clearly advantageous and useful to all, and she is in no particular hurry to change the actual condition of things.

2.—LIST OF PAPERS BEARING ON THE SILVER QUESTION.

Fifty-fifth Congress, 2d Session, Senate Document No. 286. June 6, 1898. Ordered to be printed. Mr. Chandler presented the following list of papers bearing on the silver question, printed by order of the Senate, 1893-1898. (Prepared in the Senate Library by Mr. Clifford Warden.)

This list of papers bearing upon the silver question embraces the principal papers printed by order of the Senate during the period since the beginning of the Fifty-third Congress, 1893. It includes several important papers which were printed by order of the Senate during the consideration, in 1893, of the bill to repeal the silver-purchasing portion of the Sherman law of 1890.

Subject.	Congress.	Session.	Document number (Senate).
* Give us free silver. An editorial printed in the <i>New York Recorder</i> , August 13, 1893.	53d.	1st.	Mis. 11.
Production of gold and silver in the world since the discovery of America. Presented by Mr. Vest.	53d.	1st.	Mis. 17.
Report of the commission appointed to inquire into the Indian currency, commonly known as the Herschell report on the coinage of silver in India, with the accompanying correspondence and testimony.	53d.	1st.	Mis. 23, 3 parts.
* Letter from F. C. Waite to Hon. Henry M. Teller, relative to cause of financial and industrial depression.	53d.	1st.	Mis. 25.
* Letter from Ernest Seyd to Hon. Samuel Hooper on the subject of coinage.	53d.	1st.	Mis. 29.
Letter from R. E. Preston, Acting Director of the Mint, transmitting statements of the production and coinages of the principal countries of the world, for the years 1873-1892. Presented by Mr. Cockrell.	53d.	1st.	Mis. 34.
Monetary systems and approximate stocks of money in the aggregate and per capita in the principal countries of the world. Presented by Mr. Cockrell.	53d.	1st.	Mis. 35.
Production of gold and silver in the world, 1792-1892. (Statement.) Presented by Mr. Cockrell.	53d.	1st.	Mis. 36.
No international bimetallism including Great Britain is possible. Memorial of A. Wolcott. Presented by Mr. Allen.	53d.	1st.	Mis. 47.
Official statement of production of gold and silver of Arizona, Colorado, California, Idaho, Montana, Nevada, Utah, and New Mexico, 1873-1892. Presented by Mr. Teller.	53d.	1st.	Mis. 52.
Memorial from the business men of Philadelphia in relation to tariff and financial legislation. Presented by Mr. Cameron.	53d.	1st.	Mis. 68.
* The currency problem, by J. Barr Robertson; a paper quoted from the <i>Journal of the Society of Arts</i> . Presented by Mr. Teller.	53d.	1st.	Mis. 89.
Seigniorage arising from the coinage of silver purchased under the act of July 14, 1890; Correspondence with the Secretary of the Treasury relative to.	53d.	1st.	Mis. 91.
* The future of silver, by Eduard Suess, professor of geology at the University of Vienna, member of the Austrian Parliament, etc. Published by permission of the author and by direction of the Committee on Finance.	53d.	1st.	Mis. 95.
* Memorial of the legislature of Utah in favor of silver coinage (at 16 to 1).	53d.	2d.	Mis. 80.
Census distribution of the gold and silver, by States. Article prepared by Frederick C. Waite. Presented by Mr. Kyle.	53d.	2d.	Mis. 210.
The evidence of a Crown colony on gold and silver prices—Bimetallism in relation to agricultural depression. Address delivered before the London Chamber of Commerce, July 24, 1894. Presented by Mr. Teller.	53d.	2d.	Mis. 262.

* Published also in *Coinage Laws of the United States, 1792-1894* (Fifty-third Congress, 2d Session, Ser. are Report 235).

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Subject.	Congress.	Session.	Document number (Senate).
Berlin Silver Commission, 1894. Report of the proceedings, to which is appended the report of the proceedings of the International Bimetallic Conference at London, May 2-3, 1894. Translated and prepared under direction of the Committee on Finance, by authority of Senate resolution of June 18, 1894.	53d.	2d.	Mis. 274.
Statement to accompany Senate bill 2439, "A bill to provide for the establishment and maintenance of a bimetallic monetary basis, and to secure the adjustment to business requirements of the volume and distribution of the national currency," etc. Presented by Mr. Manderson.	53d.	3d.	Mis. 31.
Resolutions adopted by the Farmers' National Congress of America at its annual meeting at Parkersburg, W. Va., Oct. 3-6, 1894. Presented by Mr. George.	53d.	3d.	Mis. 35.
Memorial of Anson Wolcott on the state of the national finances. Presented by Mr. Turpie.	53d.	3d.	Mis. 86.
The real causes of agricultural distress. Papers. Presented by Mr. Teller.	53d.	3d.	Mis. 94.
The fall of prices—the cause and the cure. Address by President E. Benjamin Andrews before the Manufacturers' Club of Philadelphia, Feb. 18, 1894. Presented by Mr. Cockrell.	53d.	3d.	Mis. 136.
Bill to provide in connection with other nations for the unlimited coinage of gold and silver at the ratio of 1 to 15½, and letter of Mr. Robert Stein in relation to the bill. Presented by Mr. Chandler, Dec. 12, 1895.	54th.	1st.	Doc. 24.
Papers on bimetallicism, by George Jameison, and on the rise in the value of gold, by Thomas Holyoake Box; on the fall in silver and its effects on British trade, by David Octavius Croal, and comments by Sir Henry Meysey-Thompson. Presented by Mr. Stewart.	54th.	1st.	Doc. 30.
Gold monometallism; the upas tree of Great Britain; blighting effect on British industries; hypothetical example of the cost of monometallism. Presented by Mr. Teller.	54th.	1st.	Doc. 29.
Resolution of the Camden County, N. J., Farmer's Institute, favoring the free and unlimited coinage of silver. Presented by Mr. Teller.	54th.	1st.	Doc. 124.
Memorial of Anson Wolcott on the monetary laws and monetary conditions of the United States. Presented by Mr. Stewart.	54th.	1st.	Doc. 177.
Letter of the Secretary of the Treasury, Jan. 16, 1896, relative to the amount of silver bullion on hand, the cost of same, and coinage value if coined into dollars, and amount of seigniorage if so coined, etc. Presented by Mr. Cockrell.	54th.	1st.	Doc. 184.
Letters of Hon. Ben. Butterworth and Samuel J. Ritchie upon the silver question and upon the general financial policy of the Government, as of late pursued. Presented by Mr. Teller.	54th.	1st.	Doc. 235.
Speech of Hon. John G. Carlisle before the workmen of Chicago, April 15, 1896.	54th.	1st.	Doc. 256.
Speech of John P. Altgeld, governor of Illinois, at the Auditorium, Chicago, May 16, 1896. Presented by Mr. Cockrell.	54th.	1st.	Doc. 284.

Subject.	Congress.	Session.	Document number (Senate).
Gold and the world's wheat farmers, by L. G. Powers. Presented by Mr. Lodge.	54th.	1st.	Doc. 306.
The Orientals as manufacturing competitors. "A silver menace." Letters of John P. Young, published in the <i>San Francisco Chronicle</i> . Presented by Mr. Teller.	54th.	1st.	Doc. 311.
Memorial of Henry Nelson Loud, containing an argument for a universal standard dollar. Presented by Mr. McMillan.	54th.	2d.	Doc. 99.
Arguments by eminent French, German, and English writers in favor of bimetallism, published by the <i>National Review</i> , February, 1897. Presented by Mr. Chandler.	54th.	2d.	Doc. 131.
Memorial of John M. Mott, praying that the mints of the United States be opened to the free coinage of silver. Presented by Mr. Turpie.	55th.	1st.	Doc. 20.
Memorial of clergymen of Philadelphia, petitioning for the removal of the inequalities of the present protective system. Presented by Mr. Cannon.	55th.	1st.	Doc. 60.
Reports of the metallists of the French and English Bimetallic League on international bimetallism. Presented by Mr. Chandler.	55th.	1st.	Doc. 156.
Papers relating to the adoption of the gold standard by Japan. Presented by Mr. Pettigrew.	55th.	1st.	Doc. 176.
Speech by Hon. Charles A. Towne, chairman of the National Committee, Silver Republican Party, April 24, 1897. Presented by Mr. Pettigrew.	55th.	1st.	Doc. 177.
Appointment of a monetary commission to investigate and report upon a revision of the financial system of the United States. Recommended in message from the President of the United States.	55th.	1st.	Doc. 190.
Extracts from a speech of Monsieur Meline, President of the French Cabinet, delivered in the Chamber of Deputies, November 20, 1897. Presented by Mr. Wolcott.	55th.	2d.	Doc. 26.
Correspondence submitted, July 27, 1897, by the British Government to the House of Commons on the currency proposals made by the United States special envoys. Presented by Mr. Chandler.	55th.	2d.	Doc. 69.
Statement by Prof. J. A. Collins relative to the distribution of wealth in the United States. Presented by Mr. Allen.	55th.	2d.	Doc. 75.
Silver and wheat, a paper published by Mr. R. Lacey Everett. Presented by Mr. Pettigrew.	55th.	2d.	Doc. 86.
Monetary changes in Japan, by Mr. Garrett Droppers, of Tokyo, Japan. Presented by Mr. Wolcott.	55th.	2d.	Doc. 126.
The crime of 1873—Why the silver dollar was omitted in the law of 1873—Frank G. Winn, of Claremont, N. H., reviews the coinage laws and shows why the silver dollar was omitted. Presented by Mr. Gallinger.	55th.	2d.	Doc. 147.
Amount, cost, etc., in standard silver dollars, of silver bullion purchased under act of July 14, 1890, etc. Letter from the Secretary of the Treasury in response to a Senate resolution.	55th.	2d.	Doc. 163.

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Subject.	Congress.	Session.	Document number (Senate).
Monetary question in Russia, a paper published by <i>L'Economiste Europeen</i> , of Paris, May 7, 1897. Presented by Mr. Pettigrew.	55th.	2d.	Doc. 167.
The currency question. Communication from Mr. Charles A. Towne, published in the <i>Post-Intelligencer</i> , of Seattle, Wash. Presented by Mr. Pettigrew.	55th.	2d.	Doc. 227.
Coinage value of silver bullion in the Treasury, etc. Letter from the Secretary of the Treasury in response to a Senate resolution of May 4, 1898.			
Certain silver bullion in the United States Treasury. Letter from the Secretary of the Treasury in response to a Senate resolution of April 27, 1898.	55th.	2d.	Doc. 268.
The Indian Currency, an article by Sir Robert Giffen, published in the <i>London Times</i> , May 19, 1898. Presented by Mr. Chandler.	55th.	2d.	Doc. 279.

3. LOSS OF MEXICAN ROADS IN REDUCING THEIR EARNINGS TO GOLD.

After this paper had been printed I found in a newspaper of this country a comparison of the earnings of the Mexican Central Railway in silver with their equivalent in gold, from which it appears that the increase of earnings has not been constant when measured in gold, as the price of exchange has varied considerably, having had always an upward tendency. I also found a statement of the deficit of that road to pay all its gold obligations and the interest on its bonds during the last five years, which has been published to show how much the Mexican roads are suffering on account of our silver standard.

As I desire to be perfectly fair and impartial and to present both sides of the case, I give here the above-mentioned figures, as follows :

MEXICAN CENTRAL RAILWAY.

	EARNINGS PER MILE.	
	Mexican Currency.	Gold.
1891.....	\$4,169	\$3,236
1892.....	4,146	2,896
1893.....	4,322	2,701
1894.....	4,530	2,351
1895.....	5,069	2,683
1896.....	5,352	2,837
1897.....	6,552	3,129

DEFICIT OF THE MEXICAN CENTRAL RAILWAY.

In 1893.....	\$546,401
" 1894.....	814,185
" 1895.....	265,252
" 1896.....	483,011
" 1897.....	538,947

I take the above figures to be correct, although I do not think they embrace such

profits as the Mexican Central road made by carrying their own construction material, and I have to remark that I do not consider it fair to reduce to gold the earnings of the Mexican railways, because the largest portion of their expenses—namely, those paid in Mexico, including all operating expenses—are paid in silver, and it is only for rolling-stock and other foreign commodities that they have to pay in gold as well as the interest on their bonded indebtedness. The proper course in this case would be to deduct from the total earnings of the road the operating and other expenses incurred in silver, and to reduce to gold such amount as is left for the purpose of paying for foreign commodities and the interest on its debt. When that operation is done the above-quoted figures will appear in a very different aspect. That is just what the Mexican National Road does. That Company keeps its accounts in Mexican money, and in order to avoid having the cost of operation fluctuate back and forth with the fluctuations of silver, it adopted several years ago an arbitrary rate of exchange, which was 20 per cent. discount, then the actual rate of exchange. In this way the income account is debited with the actual cost of purchasing gold and the net shown is consequently the amount reducible to gold, so giving a clear idea of the gold earnings of the road. I think the other roads do something similar.

I would further remark that the Mexican Central Railway has a very large bonded indebtedness, and although it only pays 4 per cent. interest on most of it, that interest has to be paid in gold; and on account of the depreciation of silver the road has not yet earned money enough to pay the whole of that interest, and every year it has a deficit, which has been paid with a large amount of subsidy granted by the Mexican Government to the Company, and which has been kept in trust for such emergencies as this.

Notwithstanding such deficit, the Mexican Central Railway Company must consider its property very valuable, since it is increasing considerably its mileage every year.

The Mexican National Railway Company has also a very large bonded indebtedness in proportion to its mileage, having four different kinds of bonds. The interest of the first series has been punctually paid. There are outstanding Series "A" Bonds, Second Mortgage, for \$12,265,000, cumulative; \$12,265,00 Second Mortgage Series "B," purely income bonds, and \$7,040,000 Third Mortgage Income Bonds. While the Second Mortgage Series "A" Bonds bear coupons and are cumulative, they are not, by the terms of the Trust, entitled to have the mortgage foreclosed for a certain period, or under certain conditions. During the last year the Company paid upon these bonds out of its earnings $3\frac{1}{2}$ per cent., which is the largest payment made on them since their issue. If silver had not been depreciated the Mexican National would have been able to pay in full the interest on their bonds. As it is now, the increase in the traffic has been remarkably uniform year by year, and has been sufficient to a little more than compensate for the depreciation of silver: that is to say, the net returns of the Company as measured by gold have been a little greater each year.

The Mexican International Railway Company, which has issued a reasonable amount of bonds in proportion to its mileage, earns enough to pay in gold the interest on its bonds, with its receipts in silver.

The following statement shows the bonded indebtedness of each of the three leading Mexican roads, their mileage, and the bonded indebtedness per mile:

	Bonded In- debtedness.	Mileage.	Bonded Indebt- edness per mile.
Mexican Central Railway.....	\$95,051,712.50	1,877.15	\$50,636.18
Mexican National Railway.....	42,879,000.00	1,056.16	40,598.96
Mexican International Railway.....	14,984,000.00	658.28	22,762.34

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the 1990s, the number of people in the UK who are employed in the public sector has increased by 1.5 million, from 2.5 million in 1980 to 4 million in 1995. The public sector has become a major employer in the UK, and its growth has been a major factor in the overall growth of the economy.

The public sector has also become a major employer of women. In 1980, only 1.5 million women were employed in the public sector, but by 1995, this number had increased to 2.5 million. This increase has been a major factor in the overall increase in the number of women in the workforce.

The public sector has also become a major employer of people with disabilities. In 1980, only 0.5 million people with disabilities were employed in the public sector, but by 1995, this number had increased to 1.5 million. This increase has been a major factor in the overall increase in the number of people with disabilities in the workforce.

The public sector has also become a major employer of people from ethnic minorities. In 1980, only 0.5 million people from ethnic minorities were employed in the public sector, but by 1995, this number had increased to 1.5 million. This increase has been a major factor in the overall increase in the number of people from ethnic minorities in the workforce.

The public sector has also become a major employer of people who are over 50 years of age. In 1980, only 0.5 million people over 50 years of age were employed in the public sector, but by 1995, this number had increased to 1.5 million. This increase has been a major factor in the overall increase in the number of people over 50 years of age in the workforce.

The public sector has also become a major employer of people who are under 25 years of age. In 1980, only 0.5 million people under 25 years of age were employed in the public sector, but by 1995, this number had increased to 1.5 million. This increase has been a major factor in the overall increase in the number of people under 25 years of age in the workforce.

The public sector has also become a major employer of people who are over 65 years of age. In 1980, only 0.5 million people over 65 years of age were employed in the public sector, but by 1995, this number had increased to 1.5 million. This increase has been a major factor in the overall increase in the number of people over 65 years of age in the workforce.

The public sector has also become a major employer of people who are under 16 years of age. In 1980, only 0.5 million people under 16 years of age were employed in the public sector, but by 1995, this number had increased to 1.5 million. This increase has been a major factor in the overall increase in the number of people under 16 years of age in the workforce.