

NOTES AND MEMORANDA.

REPORT OF THE MEXICAN CURRENCY COMMISSION.

Those who are interested in monetary questions, but whose linguistic range does not include Spanish, will be glad to learn of the appearance in English of the final reports and recommendations of the Mexican monetary commission. The commission was appointed in February, 1903, and included in its *personnel* a representative body of bankers, economists, business men, mine-owners, and men in the public service. At the outset various phases of the problem were assigned for special investigation to a series of four sub-committees, which in time brought in reports advocating a general policy of monetary reform and the stabilization of the Mexican dollar. A fifth sub-committee was then appointed to plan ways and means for carrying the reform into execution; and it is the report of this last committee, with the variant opinions of some of its members, which has recently been translated into English.

With the exception of a single member the committee were unanimous in advocating the suspension of silver coinage upon private account, and the eventual adoption of gold as standard. Upon certain further questions of method, however, there was considerable divergence of opinion. (1) There were different views as to the expediency of immediately creating a gold reserve for the redemption of the silver. Several members advocated such a policy as the most efficacious means for at once securing a given rate of exchange between the silver coins and gold; but the majority were of the opinion that the establishment

of the desired exchange could be attained less brusquely and with less disturbance of business, as it had been attained in British India, by merely closing the mints to the unlimited coinage of silver and allowing the exchange rates to rise on account of the ensuing contraction. (2) As to the opportune moment for commencing the coinage of the new gold currency, there were also varying ideas, the majority inclining to the view that "the coinage of gold should be postponed until the legal parity between that metal and the silver coinage shall have been attained." (3) Again, there was a difference of opinion as to the necessity for creating a new silver coin to take the place of the present Mexican dollar. Some believed that the example of British India might be followed in Mexico, and that the old coins might be continued in circulation, though issued in limited amounts and passing at a higher valuation. The majority, however, held that, if the dollar was to be given an enhanced value in terms of gold, the danger of a back-flow of Mexican dollars from the Orient was so ominous, even though prohibited by law, as to necessitate a change in the design of the dollar piece, and the eventual demonetization of the present coins. They preferred, in other words, the method recently followed in this regard in the Philippines and in the Straits Settlement to that of British India.

In the plan of reform finally agreed upon by a majority of the committee a new silver dollar is proposed, of identical silver content with the present dollar, but of different design. For a limited time, holders of coins at present in circulation would be given the amplest liberty to exchange them at par for the new pieces; but after the expiration of this period the present coins would no longer be exchangeable, and no longer have legal tender power. The government would only issue the new coins in such amounts as might be necessary for the retirement of the coins now current, future issues being made, as in India is the case with the rupee, only in exchange for deposits of gold.

No provision was proposed by the committee for the redemption of the silver dollars in gold, nor for the immediate

issue of gold coins; but a prospective policy was to be announced of eventually making the gold value of the silver dollar approximate its average price during the past decade, and of ultimately issuing a set of gold coins "assimilated" to those of the United States. The plan in general is evidently drawn upon the lines which have been so successfully followed in British India in the establishment of her gold standard, the only conspicuous difference being the substitution in Mexico of a coin of new design for those now current,—a difference of policy apparently necessitated by the exceptional situation of the Mexican dollar as an international coin.

To all of these and other allied questions comprehensive and careful treatment was given by the Mexican commissioners,—a treatment, on the whole, not inferior to that accorded the currency problems of British India by the several Indian currency commissions. The report is therefore well worthy of perusal by those interested in monetary problems. It is translated into English and published by Louis C. Simonds, associate editor of the *Mexican Herald*.

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