

What to Use for Money That warning was justified by what happened in the next two

Never in modern times has the time been so opportune to adopt the bimetallic monetary standard as an important step in stabilizing world trade and finance. Right now in most European and Asiatic states all confidence has been lost in the paper currencies in circulation. Gold and silver are being bought and hoarded at prices above the American treasury prices in those free markets abroad where the two metals are available.

In Cairo this winter gold sold above \$60 an ounce and in the South American markets and Mexico between \$37 and \$44. Our treasury price is \$35 per ounce. Silver sold in India in March at \$1.12 per ounce against the ceiling price of silver mined in the United States of 71 cents. Mexico, instead of shipping most of her silver to this country, is coining more of it into pesos. All over the orient there is an incessant demand for silver.

After the Napoleonic wars Great Britain adopted the fixed gold standard to replace a loose bimetalism then in vogue in the world in which the ratio and prices of the two metals were not pegged at a fixed level. The British financiers chose gold because at that particular time she had a better supply of gold than silver and benefited English trade. Her leadership eventually brought about the acceptance of the gold standard by other industrial nations and world trade and exchange were stabilized until the volume of international business began to expand beyond the monetary gold supply. Great new gold discoveries, however, at times in the 19th century relieved the recurring stringencies of monetary metal as related to the volume of trade, until after the first World war. However, international trade increases on an average about 3 percent a year. In 1930 a League of Nations committee on monetary situations warned the world that "the supply of new gold available for monetary purposes will be inadequate by 1934."

The whole world went on a managed currency basis from a physical insufficiency of gold. Our treasury department is planning for a return of the world to the gold standard after this war. But we face the same fact. The metallic base for monetary stabilization is not now broad enough with gold alone. Bimetallism has become a necessity in order to restore financial stability in world trade. And the United States is in a better position to put the world on a bimetallic standard now than England was to establish the gold standard in 1816.