

FAUCHER LEON

REMARKS ON THE
PRODUCTION OF THE
PRECIOUS METALS

Leon Faucher

**Remarks on the production
of the precious metals**

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Leon Faucher
Remarks on the production of the precious
metals / and on the demonetization
of gold in several countries in Europe
TO MONSR. LEON FAUCHER

My Dear Sir,

I have fulfilled the promise I made you a few weeks since, by translating, I hope intelligibly, your remarks on the subject of the Production, &c., of the Precious Metals, which I read first in the August number of the “*Revue des Deux Mondes*,” and which have been subsequently published, somewhat amplified, in the reports of the “*Académie des Sciences Morales et Politiques*.” Since the date of your remarks, the production of gold in Australia has been greater than you anticipated; recent reports estimate the amount shipped, or ready for shipment, from thence, at not less than £8,000,000 sterling; at which figure, I think, we may safely place the produce of 1852.

A gentleman who was with me a few days since, just arrived from Victoria, told me that the gold diggings at Bathurst were nearly at an end, and that he did not believe that any more gold would be shipped from Sydney. Although Sydney is only one of the ports of Australia from which gold has been shipped, this would appear to confirm your views, that the first gatherings cannot fairly be assumed as data on which to found estimates of future production: at the same time when we hear of so great an increase of production in other parts of Australia, I can hardly agree with you, that there is so little ground for alarm as to a depreciation in the value of gold, in consequence of these late discoveries. The effects of the production in Australia can hardly be felt at present, considering that the export of English gold coin has been, up to this date, I think, equal to the amount of gold we have received thence; but when the sovereigns lately shipped are found to be in excess of the wants of the community in Australia, and are re-shipped to this country, together with the produce of the gold workings between this and next summer, I cannot but believe that the supply in the market of the world will be found in excess of the demand, and that ultimately a considerable and general alteration in prices will ensue.

I shall be very glad if I find that by this translation I have in any way contributed to increase the circulation of your remarks in this country. The subject is one of considerable interest, and I hope that you will, at no very distant period, give us some further observations, and let us know how far your first impressions have been then influenced by events which may have occurred subsequently to the present time.

I am, my dear Sir,
Yours very faithfully,
THOMSON HANKEY, Junr.

London, 30th November, 1852.

The Foreign Weights and Monies have been converted into English, at the following rates.

| | | |
|-----------------------|----|--------------------|
| Dollars and Piastres, | at | 4s. |
| Thalers | ” | 3s. |
| Florins | ” | 1s. 8d. |
| Francs | ” | 25 to £1 sterling. |

A kilogramme weighs nearly 2 lbs. 8 oz. 3 dwt. 2 grs. or nearly 15,434 grs. Troy.

Do. of gold at the standard value, viz. 77s. 9d. per oz. is worth about £125.

Do. of silver at 5s. per oz. is worth about £8 0s. 9¼d.

Do. of quicksilver weighs 2·2055 lbs. avoirdupois.

Do. Do. is worth about 5s. 1¾d. or 2s. 4d. per lb.

A Spanish marc weighs 7 oz. 7 dwts. 22½ grs.

Do. of gold at 77s. 9d. per oz. is worth £28 15s.

1 lb. of gold is equivalent to 46²⁹/₄₀ sovereigns.

A poud is equivalent to 36 lbs. English, and worth about £1679.

The weights and measures not enumerated here are explained at the foot of the page in which they occur.

REMARKS ON THE PRODUCTION OF THE PRECIOUS METALS, &c

From the commencement of the 19th century, gold appears to have been always esteemed in Europe above the price at which it has been legally fixed in relation to silver; the commercial value of the metal has remained on an average about 1 per cent. above its legal value. In England alone gold circulates as money: in those countries which have maintained a double standard, gold, rarely coined, became immediately an article of merchandize, and disappeared from circulation. Gold regions were discovered without restoring the equilibrium of value between the two metals. Civilization, in its development from historical times, has but realized the legends of ancient fables. Gold, from its importance and constancy of value, appeared likely to remain for ever the symbol and the essential agent of wealth.

In this regular course of the progress of the precious metals, a pause, or rather a deviation, appears to have occurred. Gold seems to be tottering in its monetary supremacy; the fortress appears to have succumbed in a paroxysm of alarm. Ten years ago, every one was frightened at the prospect of the depreciation of silver; during the last eighteen months, it is the diminution in the price of gold that has been alarming the public. Some countries, which, but a short time since, were but too anxious to attract and retain gold in circulation, even at great sacrifices, have already shown a feverish anxiety to banish it altogether.

Holland took the lead in this movement, and in July, 1850, demonetized the gold 10-florin piece and the Guillaume. Portugal has partially followed this example, by prohibiting any gold to have a current value, except English sovereigns. Belgium, which in order to increase its gold circulation, had given a legal value to our 20 and 40-franc pieces, and had struck, in 1847, a mixed coinage of gold and base alloy, has demonetized its gold circulation, both home and foreign. Russia, by a ukase of 29th December, 1850, wishing to maintain the former equilibrium, has prohibited the export of silver. The French Government itself, struck with the novelty, and the sudden change, issued a commission for the purpose, as the Minister of Finance stated in his minute of the 14th December, 1850, of examining the questions connected with the simultaneous use of the precious metals, gold and silver, as a circulating medium of value.

From public authorities, alarm has spread to private interests, and the price of the precious metals has experienced in European markets a very sensible disturbance in value. In the space of only a few months, the premium of gold has given way to a reaction, only checked by the tariff. From 1st July to the 25th December, 1850, the price of English sovereigns in Paris has fallen about 2 per cent. On the Amsterdam Exchange, the fall in the price of gold, in the same year, amounted to 4 per cent.; at the same time silver rose in London almost as much (from 4s. 11½d. the ounce, to 5s. 1½d.); the relative value of gold to silver, which our laws had fixed at 15½ ounces of fine silver to one of pure gold, and which the constant premium on gold in Europe had raised in the Spanish tariff to 15¾, fell to 15¼ in Holland, Belgium, and Hamburg; in all places where gold, from having been demonetized, had become a mere article of merchandize; almost realizing, in fact, the tariff of Russia, a country where the abundance of gold and the scarcity of silver had induced a legal relative value of 15 to 1.

However great the present depreciation of gold, the depression appeared likely to increase still further, and the gloomy forebodings of the press have added to public alarm. Newspapers of all parties, and of all countries, prophesied that, under the combined influence of California and Siberia, the value of gold would soon fall to nine times that of silver. Whilst crowds of emigrants were forcing their perilous way across the Rocky Mountains, or doubling, for economy, Cape Horn, or, in their impatience, taking the shorter but dearer passage by Panama, hurrying on to the capture of the golden fleece, this very treasure which they were unduly *appreciating*, was becoming as unduly *depreciated*

in Europe; the article, which but six months before bore the greatest fixity of value, seemed rapidly undergoing an important change, and to the *Auromania* of ages, an *Aurophobia* appeared to be succeeding. England alone has shown no sign of fear. During the period of continental alarm, the Bank of England was not afraid even to check the export of its gold; as in the beginning of 1851, the directors raised the rate of discount from 2½ to 3 per cent., and almost immediately the exchange turned. The pound sterling, which fell for a short time to 24 fr. 70 cents., equal to a fall of 2 per cent., rose in a few days to 24 fr. 95 cents.; it oscillates now between 25 fr. 35 cents., and 25 fr. 45 cents., which is equal to a premium of ½ to ¾ per cent. upon gold. Again, the mint of Paris, which received gold by millions in December, 1850, and January, 1851, has seen this influx slacken until its weekly receipt now scarcely equals its former daily supply. At the present moment, the oscillations of the market seem to have terminated; a calm has succeeded the storm, and the value of the precious metals seems to be in almost a normal state. The present moment, then, appears to be a fitting one to examine if the late disturbing causes were of an ephemeral nature, or whether they are likely to be permanent in their effect.

On this important subject, the French Government, which at first appeared ready to attempt an immediate solution of the question, did not hesitate to recognize the necessity of more profound examination. In the *Moniteur* of the 15th January, 1851, it is stated, “that the commission of 14th December, presided over by Mr. Fould, Minister of Finance, for the examination of the subject of money, is of opinion, that the late depreciation in the value of gold has been produced by causes of an accidental nature, which are beginning to be less sensibly felt; that influences of a permanent character bearing upon this depreciation cannot at present be sufficiently ascertained; and in such a state of affairs it is necessary to have precise information as to the production of the precious metals in California and in Russia; and that with its present knowledge of facts, the Commission is of opinion, that there is no ground for a modification in our monetary system.”

This determination was a wise one, and subsequent events have justified it; while on the one hand gold has again risen to nearly its former value, and on the other, the discovery made in 1851 of rich deposits of gold in Australia, renders the subject worthy of further investigation; the present seems a suitable opportunity for the renewal of a controversy by no means exhausted.

In default of official documents, we have the stories of the adventurer, and the statistics of commerce. Sufficient light appears to come from the north, the south, and the west, to enable us to form some opinion of the results of the general movement regarding the precious metals. I would add, that we can approach the subject now, freed from some of the questions which appeared to encumber it; the trade in the precious metals appears to be again in its natural channels. The phantom of rise or fall does not appear to be materially affecting trade: quite lately, to prevent the export of gold, the Bank of France raised the premium for purchase. In London and in Paris, the metallic reserves are full. The Bank of England has above ¹500,000,000 francs, and the Bank of France above ²600,000,000 in their vaults. The import of the precious metals goes on but slowly. Nothing opposes, then, such a patient and careful examination of the subject as can alone satisfy the inductions of science.

¹ £20,000,000

² £24,000,000

I

The value attached to the precious metals in their character of money, is not of an arbitrary nature. Neither governments nor councils can change it at their will and pleasure. The power publicly possessed in this respect is but the organ of facts, which it submits to and proclaims as law. The head of the Government stamped on the coin creates a value only by the declaration of its intrinsic weight and fineness; but the price of the gold and the silver is exactly that of their commercial value in exchange. In this consists the stability and the regularity of the circulation of money.

The cause which determines the value of the precious metals is the same as that which affects the price of every other article of merchandize; the supply and the demand – the comparative abundance or scarcity of gold or silver in the market. The larger the metallic supply, the smaller value will it bear; its commercial value will vary in exact proportion to the increase in quantity. On the other hand, the smaller the quantity of money in circulation, the larger will be the value attaching to each separate piece; a smaller quantity of such money will then suffice to buy a larger amount of goods, and goods are said to be cheap – or what if in effect the same, money, – may be called dear. This money, in the time of Charlemagne, possessed a power eleven times greater than at present – that is to say, it was eleven times more scarce. It is well-known that the discovery of America, in overpowering with a fresh supply of the precious metals the metallic circulation of Europe, brought about a sudden and large depreciation of their value, which, notwithstanding a variety of oscillations, has been generally maintained to the present time. Not only does the state of the market mark the value of *gold* and *silver* with reference to other articles; but there is positively no other base on which the comparative value between the two metals can be determined, but the *abundance* or *scarcity* of either.

The relation between gold and silver is variable in its nature. In vain has Garnier, the commentator on Adam Smith, attempted to establish his position, that the value of gold in ancient times differed little from its value in our days; and that it then represented, according to Herodotus, and under Darius in Persia; and again, during the time of Plato, in Greece, weight for weight and purity for purity, about fifteen times the value of silver. Criticism has not failed to demolish entirely this ingenious but frail hypothesis. It has been clearly demonstrated that silver did not hold in ancient days, the important place it has obtained in ours, and which has subsequently rendered it the all-powerful agent of circulation.

When we seek to examine minutely the various monetary changes which have occurred, and to lay hold upon some principle to guide our inquiry, we quickly recognize the fact, that the difference in value between gold and silver increases in proportion to the development of civilization and industry. It is not without some show of reason, that mythology, transporting the analogy of the physical into the moral world, made the age of silver succeed that of gold. Historically, in fact, the discovery of and the working of gold preceded that of silver. Gold is almost always found either pure or mixed with silver. In searching the beds of rivers and streams, it has been obtained by the mere process of washing. This work is within the reach of the rudest state of society. It appears like a treasure spread over the surface of the earth, under the very feet of the first occupier of the soil. Silver, on the contrary, is embedded in rocks of primitive formation, and is seldom found near the surface of the earth; its extraction requires a combination of science, machinery, and capital. It is the work of a state of civilization already far advanced and firmly established.

In almost every age, whatever its social position, the use and the value of gold has been known. From India to Iberia, and from Ethiopia to the Poles, there is not a race which has not attempted to discover this source of wealth on its surface. What country has not had its Pactolus! What Prince or Satrap has not been a gold collector, like Midas or Croesus! The luxuries of ancient monarchs appear to prove an abundance of metallic treasure, which has been subsequently unequalled, but the sources of the supply have faded away in their turn. Dureau de la Malle observes, that from the death

of Alexander, the golden sands of Asia and Greece appear to have been exhausted; those of Gaul and Spain seem to have been abandoned after the fall of the Roman Empire. Gold has long since disappeared from the surface of the older inhabited countries; there is only now to come, in quantities of appreciable amount, or capable of affecting the circulation, the produce of those countries which have been unknown to European commerce, or which have been discovered in modern times.

Referring to history, we find that the employment of silver as money is of no very ancient date, and that it was introduced as a medium of exchange, not by conquerors, but by people of industry and of commerce. It would be sufficient to cite the Phœnicians, those planters of colonies, – the Athenians, and the Carthagenians. On the first discovery of America, silver money was found in use amongst only two nations holding any political position – Peru and Mexico. And again, if silver at a later period has taken the place of gold in circulation, it has been maintained with more regularity and permanence. The mines – from wherever it has been extracted, penetrating into and ramifying throughout the bowels of the earth, – are almost inexhaustible. It is thus shewn that the production of silver is found to continue where that of gold is at an end, and hence the variations which past experience has shown to exist in the relative position of the precious metals.

The learned researches of Boeckh, Letronne, Humboldt, Jacob, and Dureau de la Malle have thrown much light on the causes, and on the importance of these monetary oscillations. They agree in the admission, that originally the value of silver in some countries has equalled, if not exceeded, that of gold. The laws of *Manon* state a value of gold as 2½ times that of silver. M. Dureau de la Malle considers that between the fifth and sixth century before our era, everywhere, excepting in India, the relative value of gold to silver, had been 6 or 8 to 1, as it was in China and in Japan at the end of the last century. It has been found to have been as 10 to 1 in Greece, in the time of Xenophon, 350 years before the Christian era; and even 100 years later, the treaty between Rome and Etolia proves a similar ratio.

In the present day, the discovery and the working these new metallic stratifications are the only causes which can materially change the relative value of the precious metals. Formerly, conquest, by which one nation became rich at the expense of another, or the pillage of those great reservoirs of money called public treasures, throwing suddenly vast sums of money into circulation, could not fail to depreciate either one or other, if not both, of the precious metals. It was thus that the conquests of Alexander, opening the gates of the East, inundated the Greek world with the precious metals, which were lowered in value by their abundance, and dissipated from their very excess. After the capture of Syracuse by the Romans, silver, the foundation of the treasure they had seized, fell suddenly in price, so that seventeen pounds of silver were valued at one of gold. A little later the relative price was as 12 to 1, when Cæsar, having plundered the two milliards contained in the public chest, so reduced the value of gold, which then predominated, that the proportion fell to 9 to 1. Under the Roman Emperors, the production of gold began to slacken, – the progress of mechanical science, on the other hand, gave a constant impetus to the working of the silver mines of Asia, Thrace, and Spain. The comparative value of the two metals again changed; it was as 18 to 1 in the time of Theodosius the Younger, 412 years after the birth of Christ.

At the commencement of the fall of the Roman Empire, in the 4th century, the value of the precious metals approached that of our own days. The invasion of the barbarians, in dispersing and dissipating the accumulated treasures of the West, destroyed for a time the industry required for their renewal. Money, on account of its scarceness, acquired an extraordinary power; the price of every article fell, or, in other words, the value of silver rose to a most extraordinary degree. Not only did the value of money and of the precious metals increase in that long dark night of the middle ages, but the relative value between silver and gold, which had been established by the progress of industry, again changed. The value of gold, in relation to other commodities, was preserved longer than that of silver, owing to its greater general value, and to its being the less destructible metal; and also because its supply was fed by the washings of the golden sands; a fit occupation for the knowledge and tastes

of an ignorant people. The working of the silver mines, on the other hand, being a work befitting a civilized and scientific people, was naturally interrupted, and languished during a period of spoliation and endless warfare. Hence, as we may suppose, arose the scarcity, both relative and absolute, of silver; the comparison with gold remained at 11 and 12 to 1 from the 9th to the middle of the 16th century. It required the excessive and sudden abundance, springing from the working of the mines of Potosi, and in Peru, and of Zacatecas in Mexico, to reduce the proportion to 14 and 15, the average rate at which it remained in Europe until the end of the last century.

II

A change in the relative production of the precious metals does not necessarily alter their monetary value. In order to create an alteration in the relative values of gold and silver with the quantities annually produced, the disturbing cause must be of a somewhat permanent nature. Moreover, it is necessary to examine, in connection, either with a greater or less production, the causes which might add to or diminish these results; such as expenses in working, the varied wants of consumption, and the greater or less destruction of coin by wear and tear, &c.

Monsieur de Humboldt remarks, that during the ten years, from 1817 to 1827, there was coined in Great Britain, above ³1,294,000 marcs of gold; that is nearly one milliard of francs, and more than ⁴100,000,000 francs per annum, without any influence having been produced by such extensive purchases on the relation of gold to silver: the proportion, which was as 1 to 14.97, never exceeded 1 to 15.60; or shewing a rise of not more than $4\frac{2}{10}$ per cent. Such was the case when England, which for above twenty years had had only a paper circulation, re-established a metallic currency, and attracted the coin and the bars of gold dispersed throughout Europe. During these ten years she absorbed, or nearly absorbed, an amount of gold which perhaps equalled the production of the whole world, and certainly exceeded the import of gold, during that period, into all the great commercial depots in the civilized world. It would not enter into our subject to examine at what sacrifices England made this monetary revival; but the equilibrium once restored, and the empire of Britain having placed herself in harmony with the rest of Europe, it does appear wonderful that it did not cost more than a premium of 4 per cent. to have attracted a quantity of gold, probably equal to the half or one-third of that possessed by the whole of Europe. And the wonder increases when we remember, that the Mint of London, which in 1814, 1815, and 1816, had not coined a single sovereign, issued at once, in 1825, £9,520,758 sterling (about 240,000,000 of francs), which must have been consequently abstracted from trade in the course of a few months. Political commotions brought about other variations in the price of the precious metals. It is well known, that on the news of the landing of Napoleon in 1815, gold rose 10 per cent. in London.

To explain how this sudden collection of gold, effected by Great Britain with as much perseverance as vigour, did not bring about a general crisis; it has been said, and not without reason, that the quantity of the precious metals now existing in the shape of money, rendered the oscillations in its production and supply as money, less sensibly felt. It should be recollected, that if the metallic values were so greatly depreciated by the discoveries of America, this state referred to the existing condition of Europe, exhausted both of silver and gold. The difference thus exhibited between the two periods is very evident; but it does not appear to be sufficient to account for the facility with which the circulation may increase in the present day, without affecting the price of silver or gold. It may be as well to add, that this movement, which appears to convey life throughout every artery of commerce, is not fed now solely, as in olden times, and during the middle ages, by the precious metals. Metallic money now forms but a small portion of the total circulation, if we take into account the mass of bank notes, bills of exchange, drafts and bankers' cheques, which complete the amount of a circulating medium of exchange; this, at the present day, taken as a whole, is something almost indefinite: it appears to defy all calculation; and we might almost say that the excess in the production of gold and silver now need not necessarily produce more influence than the waves of the sea on the permanent level of the ocean.

At the same time that the depreciation of gold and silver under any general form becomes less probable, the increasing facility of communication, and the greater mutual dependence of nations

³ lbs. 797,629=£37,209,423

⁴ £4,000,000

in matters of credit, renders any great local difference in the value of money more improbable. Whenever the precious metals become in excess in one country, the surplus quickly reaches its neighbour. Let a sudden scarcity of food, or any other cause, create a drain of specie, the consequently increased value of money will soon draw back that which has been exported. The cost of transport, and the premium of insurance of gold, are the limits of the variations in the rates of exchange; and the charges are being diminished every day, thanks to railroads and steam communications. Before the wonderful progress in the development of industry from the commencement of the nineteenth century, we have seen the changes occurring at different periods, in the relative production of the precious metals, without any corresponding alteration in their relative values. At the close of the fifteenth century, it is true, that America, furnishing nothing but gold, and this metal having accumulated in Spain, Queen Isabella of Castile was forced to alter the relative standard of gold and silver. After the first half of the 16th century, the production of gold having ceased to preponderate, and silver being imported in great abundance, the value of the inferior metal underwent such a depreciation, that the governments of Europe, yielding to the force of circumstances, changed its relative legal value; but with these two exceptions in the monetary laws, one purely local, and the other European, we observe the production of each metal extend and diminish alternately, without any relative alteration in value of sufficient importance to attract public attention.

“From the year 1645 to the commencement of the 18th century,” says M. Michel Chevalier, “silver took the lead in a most remarkable manner. Then occurred the bright days of the mines in Potosi, and the production of silver exceeded that of gold, weight for weight, in the proportion of 60 to 1; after that, and without any diminution in the produce of silver, came the glorious time for the Brazilian gold mines. Simultaneously appeared the auriferous regions of Chico, Antioquia, and Pepayou. The commercial world received from America 1 kilogramme ⁵of gold for every 30 kilogrammes of silver. Thus passed the middle of the 17th century. Then the silver mines of Mexico put forth all their splendour, and the proportion increased to 40 to 1. The Brazilian mines began to diminish, whilst those of Mexico continued to increase in production; and, at the beginning of the next century, silver exceeded gold in the proportion of 57 to 1. In 1846 the production of silver still continued to predominate, and we are now at the proportion again of about 40 to 1.”

Humboldt’s calculations differ but little from those of M. Michel Chevalier. This great authority considers that the import of gold until the first years in the 18th century, bore the proportion to silver of 1 to 65. Let either of these suppositions be true, there can be little doubt, that the relative weight of supply of the two metals varied by one half, without any serious alteration in their relative price; which surely proves that gold was essentially required, and that the increase of production did but fill up the gap, which, as far as the 18th century, the progress of civilization and of luxury had created, without an adequate means of supply.

In ancient times, the relative value of the two metals appears to have been almost entirely governed by the quantities produced and brought to market. A pound of gold was worth eight or ten pounds of silver, according as the quantity brought to market varied in the like proportion. The simplicity of commercial interests, in a state of society when neither luxurious arts or industry were thought of, offered no inducements for the collection of gold or silver for their use as money, excepting on account of their relative scarcity; but when fighting ceased to be the principal occupation of mankind, and labour began to be held in some estimation, an end was put to this patriarchal state: if the people lost their primitive simplicity, the relation of supply and demand no longer depended exclusively on the proportionate production of the two metals; other causes affecting a rise and fall began to operate on prices.

⁵ A kilogramme is equal to about 2 lbs. 8 oz. 3 dwts. 2 grs., and is worth about £125; 30 kilogrammes would therefore weigh about 80 lbs. 3oz. 20 dwts. 12 grs., and would be worth about £3750.

When the precious metals were nearly absorbed in the supply of money, their commercial value had no other element to influence an alteration than the requirements of circulation; the monetary value governed the commercial price. But, at the present time the contrary is the case: the greater the degree of civilization, and the greater the increase of a taste for luxuries, the more does the demand for the precious metals for other objects exceed the want of them for coin. Mr. Jacob, whose work on the precious metals appeared in 1831, places a value of ⁶149,000,000 francs on the gold and silver annually used for articles of jewellery and plate in Europe and America.

During the last twenty years the progress of luxury amongst the industrious and commercial nations of the world has been enormous. The moveable wealth of France and England has made prodigious accumulations. What family is there so poor as not to have some article of plate? Gilding is no longer confined to the decorations of temples and palaces; it is found in the most humble cottage. To what a length may it not reach if the taste should increase for gilding the dresses of ladies, and for covering the uniforms of our men with gold or silver lace?

On the whole, then, it appears that the demand for gold and silver, as articles of commerce, is likely to exceed the demand for the precious metals solely for use as money. This is a new point; and we must not lose sight of it in endeavouring to appreciate the effect which an increase or diminution in the production of the precious metals may have, both on their price and on their relative value.

Without noting the variations which have occurred from one century to another, in the production and in the importation of gold and silver, in order to recapitulate the quantities of the precious metals which America has poured into the European markets in 318 years, from the discovery of Hispaniola to the revolution in Mexico, M. de Humboldt considers the production of gold to have been ⁷2,381,600 kilogrammes, and that of silver ⁸110,362,222 kilogrammes: making a total value of about ⁹32 “milliards” of francs: the weight of gold imported represents about $\frac{1}{47}$ th of that of silver. It does not appear probable, that the produce of gold in other parts during these three centuries has materially altered these proportions. Admitting that when first the Mexican revolution retarded the working of their silver mines, the amount of coined money throughout Europe represented a value of ¹⁰8 “milliards” of francs, of which ¹¹6 “milliards” were in silver, and ¹²2 “milliards” in gold, the relative quantity in weight would still have been as 47 to 1; and yet the relative monied value, thirty years since, varied in Europe between 1 to 14½, and 1 to 15¾. Thus, in the value of the precious metals, the difference was three times less than in their weight.

Nothing is more difficult in matters relating to money than to present statistics which may be considered as an approximation to truth. It would appear that as gold and silver are used as the denominators of value, generally, throughout the world, all the phenomena connected with their production and circulation ought to be noted with the greatest precision: they ought to be the points to which the attention of statisticians should be “*par excellence*” directed. What can be more important, in an economical point of view, than to establish a regular scale, indicating the rapidity of every movement connected with the subject, and acting as a gauge of its extent?

Divers causes appear, however, hitherto to have prevented such a desideratum. In the first place, gold and silver producing countries have generally been in a rude state of civilization; and as unable to apply rules for the public weal, as to employ machinery to aid their industry. Thus, even in the registry in Mexico under the Spanish rule, of all the money coined at their mint, and for ascertaining the amount produced in the mines by the proportion of the tax due to government, which ought to

⁶ £5,960,000

⁷ lbs. 6,381,530=£297,700,000

⁸ lbs. 295,717,106=£887,151,318

⁹ £1,280,000,000

¹⁰ £320,000,000

¹¹ £240,000,000

¹² £80,000,000

be levied thereon by the hundred-weight, – it is absolutely necessary to take into account all that quantity which escapes the vigilance of the tax-collector, and which is either sent into the interior, or exported clandestinely.

What is the sum of the precious metals really produced at any given time? What is the proportion of such production which, when exported, acts as a regulator of the prices in Europe? How are the channels formed which sometimes direct the stream of commerce towards the east, and sometimes towards the west, in the distribution of the metallic wealth of the world? All such problems, as regards the past, must probably remain unsolved. The enquiry becomes more easy when referring to our own times; but even then large allowances for incorrectness of data must necessarily be made.

At the beginning of this century, according to M. de Humboldt, gold and silver were imported annually into Europe in the relative proportions of about 1 to 55; that is, ¹³15,800 kilogrammes of gold to ¹⁴869,960 kilogrammes of silver. M. Michel Chevalier, stating, not the import but the production, calculates it at ¹⁵23,700 kilogrammes of gold against ¹⁶900,000 kilogrammes of silver, or in the proportion of 1 to 38; but the gold of Africa and Asia, comprised in this statement, never really found its way into European markets except in the smallest quantities, and in such amounts as could have no appreciable influence on the commercial prices of the metals. From 1810 to 1830, according to Mr. Jacob, the produce of America diminished by one half. As the reduction refers principally to silver, that is to say, to those mines which required both capital and labor, it is fair to assume that, at least during the first part of this period, the relative proportion of gold to silver would have increased; but we have no means of verifying figures which appear to justify what would otherwise rest solely on the analogy of the case.

In 1847, when the general working of the auriferous region of the Oural Mountains was at its meridian, M. Chevalier considers the annual production of gold throughout the world to have been ¹⁷63,250 kilogrammes, and that of silver ¹⁸875,000 kilogrammes. This would be ¹⁹25,000 kilogrammes *less* of silver, and ²⁰30,000 kilogrammes *more* of gold, than at the beginning of the century. At these figures gold stands in reference to silver as 1 to 14. The return from these gold regions appears to have been greatly over-estimated. I find in a table, published in the “*Times*” of May, 1852, statements which appear to be founded on correct data, and which bring the production of gold up to 42,800 kilogrammes – that is, to ²¹147,400,000 francs.

This result, then, is remarkable. The 17th century produced 1 lb. of gold to 60 lb. of silver. In the 18th century the production was as 1 lb. to 30 lbs. At the beginning of the 19th century silver was again abundant, and appeared in quantity as 1 to 50. Towards the year 1847 the production of gold again increased, and the relative proportions were as 1 to 20. The development of the Siberian mines, which has so materially changed the relative production of the two metals, has produced no sensible alteration in price. Will it be the same with the wonderful discoveries in California and Australia? To solve this question, it will be desirable to examine accurately the actual state of the production of gold and silver throughout the world.

¹³ lbs. 42,336=£1,975,000

¹⁴ lbs. 2,331,070=£6,923,210

¹⁵ lbs. 63,504=£2,962,500

¹⁶ lbs. 2,411,562=£7,234,686

¹⁷ lbs. 169,479=£7,906,250

¹⁸ lbs. 2,344,574=£7,033,792

¹⁹ lbs. 66,989=£200,967

²⁰ lbs. 80,386=£3,750,000

²¹ £5,896,000

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