

The



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WORLD'S GOLD SUPPLY.

It is Quite Insufficient to Meet the Demand.

An Interesting Paper Which the Century Magazine Would Not Present to its Readers.

Mr. C. S. Thomas requested the Century magazine to publish the following statement in justice to its readers but it declined to do so:

The Century has doubtless answered to its own satisfaction, at least, the three queries which preface its recent consideration of "The World's Supply of Gold," and which have been the subject of so much discussion during the past twenty years. The appreciation in the value of gold—which is the equivalent of the fall in all other values—as the inevitable consequence of silver's demonetization, was predicted by Seyd and Wolowski in 1868, and reiterated by the former in his now celebrated letter to Chairman Hopper of February 17, 1872. The English Royal commission of 1888, Mr. Giffen, Mr. Goschen, the German silver commission, the Henschell or Indian Currency commission of 1893, to say nothing of "lesser lights" all concede that these predictions have been verified; for there is too little gold in the world to supply its monetary needs. I wish I could share in the cheerful optimism which the Century manifests for the future because of the recent increase in the world's annual production of gold, and feel that this production will increase for an indefinite time to come, so that the world will soon have all the gold it needs and to spare. Such an assurance, I confess, would, if the full production could be utilized for coinage, remove the most vexed and important of all issues from the arena of politics, and enable the business of the world to settle upon a normal basis, unless indeed its threatened abundance should inspire another Chevalier to denounce its cheapness and appeal to the nations to adopt some more honest and stable standard. Unfortunately there is no substantial basis for the Century's view.

It is quite true that the gold yield for 1893 and 1894 is unprecedented. It is more than probable that for two or three years to come, the "output" will be equally great. It is probable that for

the next ten or twenty years, our annual production will average \$150,000,000. It cannot continue for any great length of time and principally because "the alluvial deposits which are easily exhausted are no longer the chief source of the world's supply." This circumstance constitutes a strong argument against the Century's contention and is not as it claims an indication that our future supply of gold will be either increased or become certain. Gold is distributed much more generally in placers than in lodes. It is estimated by many of our leading geologists that from eight to nine-tenths of the world's gold supply has come from such deposits. A considerable portion of the remainder has come from our silver mines, the most of which, as the Century declares, can no longer be worked successfully. The deposits now being developed in Africa are what are called "fossil soap's" ("diluvial" gold) and therefore must soon be exhausted. New gold districts like Cripple Creek in Colorado are occasionally discovered and old mines are now undergoing re-exploration with doubtful success. New methods of ore treatment are extracting a higher percentage of gold contents of ore than ever before, but this unnatural activity, while it bears witness to the greatly enhanced value of gold must end in the rapid exhaustion of nature's stores of that metal. As Professor Suess of the Vienna university has recently declared, "the present copious production of gold is bringing the world essentially nearer to the moment when the production of gold will be entirely at an end."

Our \$174,000,000, vast as it is, represents only about 5 per cent. of the world's stock of gold coin. Even if we could use it all for monetary purposes it would not appreciably affect the quantity of that which has accumulated through the centuries. The annual increase of the world's population is estimated at 10,000,000. Were we supplied with an adequate supply of gold coin in 1893, and could we utilize every pennyweight of our annual product for coinage, the accretion could not keep pace with the growing needs of a growing population. The demand made by the arts and manufactures for gold is constantly growing. It absorbs not only a heavy percentage of our annual supply, but consumes vast quantities of our gold coin. The product

of the United States for 1892 was \$33,014,981, but it required \$16,616,408, or more than 50 per cent. to satisfy the commercial demand of our own people for the same period. Dr. Soetbeer estimated the total demand of the earth for art, industry and hoarding at 120,000 kilograms, which Prof. Suess thinks the demand "is close to the figure of production or has already reached it." That great authority says: "The industrial demand increases from year to year with the increase of well being. We have already reached the day or approached very close to it when mining will yield less than industry consumes. From that day forward the whole new production no longer counts for monetary needs, and from that day forward industry will withdraw from the stack of money an amount of gold increasing annually with the increase of well being."—The Future of Silver, Edouard Suess, p. 53.

If 40 per cent.—which is a very conservative estimate—represents the demand of industry and of the arts upon the annual production of gold, that sum must be subtracted from our \$174,000,000 and withdrawn from our circulation. This leaves 104,400,000 from which our added coin supply must come. What per cent. of this sum is hoarded and thus disappears? No definite answer can be given to the query because so much of it is stowed away on private account. It is perfectly safe to say, however, that a sum vastly greater than our annual production has recently been withdrawn from the channels of trade and securely locked in the vaults of four or five great nations. Russia and Austria alone have in 1892-4 augmented the mass of gold in their treasuries by \$155,000,000. Germany and France have pursued the same policy, while the Bank of England has within the same period added not less than \$50,000,000 to its gold reserve. The five great powers named have hoarded in their treasuries not less than one-fourth of all the gold coin of the world. For all the benefit mankind derives from this vast sum it might as well be mingled with the soil from whence it came. There is no considerable export of gold from these countries. Four of them pay silver or paper to the public creditor and keep gold for times of war. Their policy of getting and hoarding gold is still in operation, and it is safe to say that by the time the estimates of the director of the mint for 1894 are made public, as much