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**BASLE.**  
Burglars entered the post office at St. Alban, and took away postage stamps to the value of 1,500 frs.

**FRIBOURG.**  
The population of the town of Fribourg at the end of December 1934 amounted to 23,737.

**APPENZELL-A-RH.**  
The late M. G. Lobeck has left an amount of 30,000frs. to the town of Herisau, for the erection of a Concert Hall.

**ST. GALLEN.**  
M. Heinrich Schiller, Director of the cantonal "Asyl" in Wil, has retired from his post; he was connected with this institution for over 43 years.

\* \* \*  
Colonel K. Th. Vonwiller, who was on a visit in Cairo, died after an operation. Colonel Vonwiller was for many years a member of the Federal Instruction Corps, he was promoted to Colonel of Artillery in 1917 and retired in 1922. He was 70 years old.

**GRISONS.**  
For the first time in the history of St. Moritz, greyhound racing will be held on the frozen lake. Not only will greyhounds take part on the races, but there are to be special events for whippets and Borzois. Fifteen greyhounds, twelve whippets, and thirteen Borzois have entered.

**VAUD.**  
The death occurred at Montreux of National Councillor, Dr. Jean de Muralt, at the age of 72. M. de Muralt studied law at the Universities of Lausanne, Berlin and Paris, and afterwards established himself as an advocate in Montreux; from 1901-1925 he was a member of the Grand Council over which he presided in 1920/21. M. de Muralt entered Parliament (Nat. Council) in 1925.

## FOOTBALL.

### NATIONAL LEAGUE.

6th January, 1935.

Young Boys	.....4	Basel	.....4
Biel	.....1	Grasshoppers	.....2
Nordstern	.....1	Servette	.....1
Concordia	.....4	Bern	.....4
Young Fellows	.....4	Lugano	.....6
Carouge	.....1	Chaux-de-Fonds	.....0
Locarno	.....1	Lausanne	.....2

13th January, 1935.

Grasshoppers	.....3	Basel	.....1
Servette	.....4	Young Fellows	.....2
Bern	.....11	Carouge	.....1
Locarno	.....3	Young Boys	.....1
Biel	.....1	Lugano	.....1

The matches Nordstern v. Concordia and Chaux-de-Fonds v. Lausanne had to be postponed.

The see-saw at the head of the table continues and Servette has displaced Lausanne once more, the latter being disengaged. Lugano remains third followed by Basel and Grasshoppers. The latter have steadily climbed the ladder for some time now, to a position more in accord with their traditions. At the tail-end we have one week Carouge, the wooden spoonist, unexpectedly defeating Chaux-de-Fonds, raising hopes in the hearts of their supporters only to be beaten with a record score of 11:1 by Bern, the week after. Horrible! Young Boys did well to hold Basel to a draw; in fact, three times were the Y.B. a goal behind and every time they drew level and 14 minutes before the end gained the lead for the first time. And they clung to it with all determination until seconds before the end, when Basel drew level. Hard luck. Still, Basel deserved their point. In Locarno the Y.B. lost a golden opportunity to pass another relegation candidate. The picture at the end of the table now is: 14th Carouge, 3 pts. 13th Concordia, 8 pts. 12th Young Boys, 8 pts. 11th Locarno, 11 pts. and 10th Nordstern 11 pts. Carouge and Young Boys have played 15 matches, the others one less.

M.G.

## SWISS MERCANTILE SOCIETY LTD.

The Members and Friends of the Society are reminded that a

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from 8.0 to 12.0 p.m.

TICKETS at 2s. 6d. may be obtained at Swiss House, 34-35, Fitzroy Square, W.1. (Tel. Museum 0603). THE GENERAL PURPOSES COMMITTEE of the SOCIETY.

## THE GOLD STANDARD.

What it was; How it worked; Should it be restored?

By GEORGE W. GOUGH, M.A.

The first thing to do is to get a clear knowledge of (1) what the gold standard was at the time when it was unquestioningly accepted as the standard and (2) why it was so accepted and what benefits accrued from it to gain this acceptance for it. The best time is just before the outbreak of the Great War, for 1913 was a year of unusually good trade and business.

On August 3rd, 1914, the legal tender money of the United Kingdom to any amount consisted of the sovereign and the Bank of England note. The sovereign was a coin containing 123.27447 grains of standard gold, that is, gold eleven-twelfths fine, so that the coin contained 113.00016 grains of pure gold. At this rate an easy calculation shows that standard gold is worth 77s. 10½d., and pure gold 84s. 11½d., per ounce troy. It is always the price of pure gold which is quoted in the papers. To-day's quotation is 139s. 3d. The record price, 143s. 3d., was quoted in the middle of October.

Bank of England notes (the lowest of which was for £5 — the old-time "fiver") were simply certificates for their face value in sovereigns. Notes were legal tender to any amount as between citizen and citizen and between citizen and State, but they were not legal tender as between citizens and the Bank. Every man, whether a British subject or not, and whether living here or abroad, had the undoubted right to take notes to any amount to the Bank and have them changed into sovereigns. With the exception of notes to the value of about 14 million £ (for which, in effect, the Government was responsible and liable) the Bank had to put in its vaults the exact amount of gold to pay cash for every note in circulation.

Any man could get as much gold as he wanted if he had the notes to pay for it. The Bank was also under a legal obligation to buy all gold taken to it. Hence anyone could get gold sovereigns, smelt them into bullion, manufacture the bullion, or export it, or take it back to the Bank and have it changed into sovereigns, entirely at his own pleasure. Such was the Gold Standard in this country before the War, and such it had been since 1844. By 1914 all the leading countries of the world had adopted it, and it is reasonable to assume that they adopted it because of its proved advantages.

### Advantages of the Old Gold Standard.

The first advantage, then commonly regarded as absolutely necessary, was that under the gold standard everybody can demand gold to the full amount of his wealth. The fact that a man can get gold is supposed to have a calming and assuring effect on him, and the possession of gold gives him confidence in the future. I state the facts as I know them to be. In the early days of the War a dear old lady gave me three gold sovereigns in exchange for three of the then new-fangled "Bradburys" in the fullest assurance that she was doing me a good turn; and in those same days, as I learned much later, a clear-headed and sober-minded business man known to me collected thirty thousands sovereigns and kept them locked up in the vault of a safe deposit company. The attitude of civilized man to gold may be no more respectable or well founded than a savage's worship of his idol, but it is there, has its inevitable consequences, and must be reckoned with.

The second advantage, and this was a very great and important one, was that gold flowed freely from country to country, at the command of private persons as well as of governments to any amount. If a country could not pay all its debts in goods and services, it paid the balance in gold as a matter of course. It was not necessary, though it was very usual, to move the gold from the debtor country to the creditor country. "Earmarking" it was enough.

The third advantage accrued directly from the second, for the constant and ready movements of gold from one country to another kept international prices steady enough for the ordinary purposes of trade. If gold moved from country A to country B, the loss of gold lowered prices in A, while the gain of gold raised prices in B. Hence exports from A to B increased and exports from B to A decreased until, finally, the trade balance being the other way, the gold was returned from B to A, so that prices fell in B and rose in A and thus restored equilibrium between the price systems of the two countries. By allowing the unrestricted movement of gold, the channels of trade were kept open for the maximum flow of goods from country to country.

Fourthly, since the gold price of notes (and consequently of all "valuable paper," of which bills of exchange are a most important part) was fixed by law in all gold-standard countries, the foreign exchanges were kept as steady as rocks. The pound was never more than the merest trifle out of its par value with any foreign currency —

dollar, franc, mark, rouble, peso, yen, and so on. A few gentlemen in silk hats used to meet every Thursday afternoon in a corner of the Royal Exchange and settle all this for all the world for the coming week in a few moments of whispered conversation. In this most important matter, then, the gold standard worked automatically and with no more attention than has just been described.

Lastly, since the legal tender in every leading country in the world was gold, inflation was impossible. Sovereigns cannot be printed, they have to be made; and from start to finish a lot of work went to the making of every sovereign, so that its purchasing power over commodities was necessarily high.

In the foregoing brief account of the gold standard be kept firmly in mind, it is easy to balance the arguments for and against a return to it.

### Arguments For and Against the Gold Standard.

The strongest argument in favour of going back to the gold standard is that the lost advantages explained above will be restored. It is not necessary to restore the internal circulation of gold coins as part of the gold-standard system, because it is not an essential part of it. The key-stone of that system was the international use of the only ultimate legal tender, gold, by private persons for business purposes. Gold was, as stated, allowed to move freely from country to country and to have its effect upon prices, and, by consequence, on industry. It is true that the industrial effects were sometimes severe, but they were never as severe as the effects which the present system has allowed, if not caused; and they were transitory effects, which our present troubles do not seem to be.

The strongest argument against going back to the gold standard is that it would be a disadvantage to us as an exporting nation at a time when every effort should be made to regain some of our lost export trade. It is impossible in the space at my command to explain this. I can only say that it arises from the fact that changes in the gold price of "foreign exchange" can take place at once, whereas changes in the gold prices of the goods exchanged take place much more slowly. In the end they do take place, and then the disadvantage to the exporting trades has passed away.

Another argument against going back is that one of the worst results of the Great War was to throw on the gold standard a task for which it was never intended. The gold standard, as pointed out, settled small or not very large international balances easily, but the War has thrust on to a gold-standard system built only for this purpose the additional task of settling vast balances between governments due to war debts and reparations.

So there are three essential preliminaries to going back to the gold standard: (1) it must be a concerted going back agreed to by all, or nearly all, of the countries which have gone off gold; (2) when restored it must be allowed to work and not checked and thwarted by constant new interferences with imports; (3) the extra and impossible burden placed on the gold standard by the Great War must be reduced to its lowest limits in amounts to be transferred and in the number of years ahead during which they are to continue to be transferred.

There is no real dispute as to the advantages of the gold standard. They are derivable by accurate reasoning from accepted economic principles, and their theoretical validity was fully confirmed by pre-War experience of the actual working of the gold standard. I attach no importance to the argument that the gold standard is a bar to a "managed currency," for I do not greatly favour currency management or currency managers, and of such management as is necessary the gold standard is an integral part.

The result of the discussion is, I think, as follows: "Get back to as near normal as possible as quickly as possible by agreement; and then, also by agreement, get back to the gold standard, believe in it, and stick to it."

Links.

Jan. Febr, 1935.



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