

silver standard, I can say, with perfect truth, that while it is a drawback, a great inconvenience, and a serious loss to the government and to the railroads to have our currency depreciated when we have to use it abroad, either to pay for foreign merchandise or the interest on our gold obligations, and while that depreciation increases our burdens to some extent, because our gold obligations and the price of foreign commodities are nearly doubled by it, the advantages we derive from the use of silver money in all our transactions are so great as, in my opinion, to fully compensate, if they do not outweigh, its disadvantages.

Notwithstanding the views of those who desire that the present depreciation of the Mexican money should continue in Mexico, I, for one, and I think that I express the views of a majority of my fellow-citizens, would like to see our silver commanding the same price as it had before it was demonetized in 1873, and we believe that the world will have to come back sooner or later to bimetallism, as the only way to have a common and a more stable level of values and to avoid most of the financial troubles from which the commercial nations of the world are now so keenly suffering.

## APPENDIX.

I will insert in this supplement the following papers: 1st, my remarks delivered on March 30, 1891, at the fifth meeting of the American International Monetary Commission on the position of Mexico on the monetary question; 2d, a list of papers bearing on the silver question, printed by order of the Senate, from 1893 to 1898, published by the Senate on June 6, 1898; and 3d, comments on the Mexican Central Railway earnings in silver and reduced to gold, and on the deficit of that road to pay the interest of its bonded indebtedness.

## I.—M. ROMERO'S REMARKS ON THE POSITION OF MEXICO ON THE MONETARY QUESTION.

Remarks of M. Romero, delivered on March 30, 1891, at the fifth meeting of the American International Monetary Commission, on the position of Mexico on the monetary question :

GENTLEMEN : While I shall cast my vote in favor of the propositions of the Delegates of the United States to this Conference, because I think they are advisable, and because they come from the representatives of the inviting country, still I cannot refrain from expressing my regret that said propositions were not introduced after some attempt had been made for all the American nations represented at this Conference to come to an understanding on the subject of a common coin.

The American nations are all bimetallists, but they have adopted different ratios between gold and silver, and they have coins differing in weight and alloy, and, therefore, in my opinion, it would be desirable at least to arrive at some understanding which should secure the establishment of a common ratio between gold and silver, and a unit of coin of the same weight and fineness, even though the coin of each country should not be a legal tender outside of its own limits, in case it be found impossible to agree upon its being received as a legal tender in all the American countries.

I, for one, would have had no difficulty in accepting the ratio of 1 to 15½, which prevails in the other countries of America, and I venture to presume that the United States might accept this same ratio, since one of its most distinguished Senators, well versed in financial and monetary matters, recently introduced a bill for that purpose, to which I imagine the country is not averse. In that case we might secure the advantage of at least having a uniform ratio in America to be the same as that prevailing in Europe.

There is no doubt that an international agreement upon a common coin, to be a legal tender in all the contracting countries, would require the concurrence of the nations of the world to make it complete and work smoothly; but for the present it seems unlikely and quite difficult to obtain this concurrence, so far as England and Germany, and especially England, are concerned. This matter has been discussed several times in conference wherein Great Britain was represented, and she has never given her assent, and I see no new reason why she would give it now.

I have been for some time of opinion that if all the American nations should reach an agreement which would secure to them a common coin, and especially if this were to be a legal tender in all of them, the effect of such agreement would be so marked in Europe, and especially in England, that it would be likely to induce that



power to join in the agreement, as she could not afford to allow the United States to have commercial advantages in the American continent which she could not share.

I am afraid that the advances the United States are making every day in the world as a commercial nation are hardly realized in this country; and I think that for this reason they are slow in taking the lead in some important commercial matters. Besides, all indications seem to show that one of the first acts of the Fifty-second Congress of the United States, which meets on the first Monday in December next, will be to authorize the free coinage of silver, and, in case that is done, all the objections they now have against the legal-tender clause of a common American coin will disappear. Would it not be more prudent, under such circumstances, to adjourn this Conference until the first of January, 1892, when this subject will, in all probability, have been decided by the Government of the United States.

I beg to be allowed to grasp this opportunity to state the position of Mexico on this question, repeating, perhaps, what I previously stated on a similar occasion, as Delegate from Mexico to the International American Conference.

Mexico is legally a bimetallic country, because we have both gold and silver coins, both being legal tender; but practically it is a silver nation, because all our business is carried on exclusively with silver, since, owing to the difference of the price in the markets of the world of both metals, all of our gold (and we do not yet produce much) is exported, while a considerable part of our silver remains in the country in the form of coin.

I will mention, briefly, the disadvantages the depreciation of silver in the markets of the world produces in Mexico, and at the same time (be not astonished) the advantages accruing therefrom.

The disadvantages are three:

(1) An increase in the price in Mexico of foreign goods which has to be paid in gold.

(2) A loss to the national treasury in the funds sent abroad to pay the interest on the Mexican bonds held in Europe, which loss is equivalent to an increase in the rate of that interest.

(3) A loss to wealthy Mexicans living in Europe, when their capitals or revenues are sent to them, equivalent to the depreciation of silver, between twenty-five and thirty-three per cent.

The depreciation of silver has not affected in any perceptible way the working of our silver mines, but, on the contrary, our production of that metal has considerably increased since 1871, when the depreciation began, although this increase is due, of course, to the construction of railways, to the long peace the country has enjoyed, and to the restoration of our public credit. I do not know of any silver mine where work has been stopped owing to the depreciation of silver.

These disadvantages are, however, of but little account when compared to the benefits we have received from the depreciation of silver, and which are the following:

(1) As the Mexican commodities we export, such as coffee, indigo, hennequen, etc., are sold in the foreign markets in gold, they command now a higher price at home, where they are bought for silver, which really amounts to a bounty, when exported, equal to the difference between the actual price of silver at home and their price in gold in the markets of the world, which has been between twenty-five and thirty-three per cent. This bounty has produced the effect of considerably increasing the production and exportation of commodities which could not be exported before.

(2) And perhaps the most important advantage has been to keep in Mexico a very large amount of money which formerly used to go out of the country as soon as coined, it being the only article of export with which imported foreign goods were purchased,

thus leaving a very limited amount to transact the business of the country. The reason why this money does not go out now is because it has become more profitable to export commodities in the place of silver, which remains in the country in the form of coin, to the great benefit of business.

It is natural that when the Mexican dollar loses from one fourth to one third of its value in Mexico by sending it abroad, that it should be kept in the country, and that in its stead other articles should be exported, thus considerably increasing the circulating medium in Mexico, to the great benefit of all; and the country, therefore, is perfectly satisfied with the present condition of things.

(3) A great many rich men in Mexico, both native and foreign, used to realize on what they had in the country and send the proceeds to Europe, where they found a safer, if not more a profitable field for investment. But they cannot afford to do so now, because their capital would be reduced one third or one fourth; and as besides there is now perfect security to life and property in Mexico, and a large field for profitable investment has been opened by the building of railways and the consolidation of peace and order in the country, capital is entering instead of leaving Mexico.

When these facts are taken into consideration, it does not seem strange that we are in no great haste to seek any change in the present condition of things, because the depreciation of silver has actually produced very favorable results. Yet, when we consider that silver has been for nearly three hundred years almost our only article of export, and that it now represents two-thirds of our total exports, we cannot be indifferent to any measure adopted, either by treaty or legislation, which may produce the effect of enhancing the value of that metal; and for this reason we might be willing to join in any agreement which may be likely to bring about that result, provided it would not materially affect our interests.

We are peculiarly situated as regards our silver coin, possessing advantages that are enjoyed by no other country. This fact becomes patent when we consider the great demand there is for our silver dollar in the world, owing to its having a larger amount of pure metal than any similar foreign coin, and therefore commanding a higher price than any other dollar. We have, besides, a special market for our silver dollar in the East, where it has been used for many years as the national coin, and where it is in great demand. This circumstance causes us to be very slow to accept any changes in our own coin which may deprive us of those markets and those advantages.

The preceding remarks will show the Conference that while Mexico is disposed to co-operate with her sisters, the American Republics, in any measures which would be beneficial to the interests of those concerned, she is not willing to accept anything which would not be clearly advantageous and useful to all, and she is in no particular hurry to change the actual condition of things.

## 2.—LIST OF PAPERS BEARING ON THE SILVER QUESTION.

Fifty-fifth Congress, 2d Session, Senate Document No. 286. June 6, 1898. Ordered to be printed. Mr. Chandler presented the following list of papers bearing on the silver question, printed by order of the Senate, 1893-1898. (Prepared in the Senate Library by Mr. Clifford Warden.)

This list of papers bearing upon the silver question embraces the principal papers printed by order of the Senate during the period since the beginning of the Fifty-third Congress, 1893. It includes several important papers which were printed by order of the Senate during the consideration, in 1893, of the bill to repeal the silver-purchasing portion of the Sherman law of 1890.



Subject.	Congress.	Session.	Document number (Senate).
* Give us free silver. An editorial printed in the <i>New York Recorder</i> , August 13, 1893.	53d.	1st.	Mis. 11.
Production of gold and silver in the world since the discovery of America. Presented by Mr. Vest.	53d.	1st.	Mis. 17.
Report of the commission appointed to inquire into the Indian currency, commonly known as the Herschell report on the coinage of silver in India, with the accompanying correspondence and testimony.	53d.	1st.	Mis. 23, 3 parts.
* Letter from F. C. Waite to Hon. Henry M. Teller, relative to cause of financial and industrial depression.	53d.	1st.	Mis. 25.
* Letter from Ernest Seyd to Hon. Samuel Hooper on the subject of coinage.	53d.	1st.	Mis. 29.
Letter from R. E. Preston, Acting Director of the Mint, transmitting statements of the production and coinages of the principal countries of the world, for the years 1873-1892. Presented by Mr. Cockrell.	53d.	1st.	Mis. 34.
Monetary systems and approximate stocks of money in the aggregate and per capita in the principal countries of the world. Presented by Mr. Cockrell.	53d.	1st.	Mis. 35.
Production of gold and silver in the world, 1792-1892. (Statement.) Presented by Mr. Cockrell.	53d.	1st.	Mis. 36.
No international bimetalism including Great Britain is possible. Memorial of A. Wolcott. Presented by Mr. Allen.	53d.	1st.	Mis. 47.
Official statement of production of gold and silver of Arizona, Colorado, California, Idaho, Montana, Nevada, Utah, and New Mexico, 1873-1892. Presented by Mr. Teller.	53d.	1st.	Mis. 52.
Memorial from the business men of Philadelphia in relation to tariff and financial legislation. Presented by Mr. Cameron.	53d.	1st.	Mis. 68.
* The currency problem, by J. Barr Robertson; a paper quoted from the <i>Journal of the Society of Arts</i> . Presented by Mr. Teller.	53d.	1st.	Mis. 89.
Seigniorage arising from the coinage of silver purchased under the act of July 14, 1890: Correspondence with the Secretary of the Treasury relative to.	53d.	1st.	Mis. 91.
* The future of silver, by Eduard Suess, professor of geology at the University of Vienna, member of the Austrian Parliament, etc. Published by permission of the author and by direction of the Committee on Finance.	53d.	1st.	Mis. 95.
* Memorial of the legislature of Utah in favor of silver coinage (at 16 to 1).	53d.	2d.	Mis. 80.
Census distribution of the gold and silver, by States. Article prepared by Frederick C. Waite. Presented by Mr. Kyle.	53d.	2d.	Mis. 210.
The evidence of a Crown colony on gold and silver prices—Bimetalism in relation to agricultural depression. Address delivered before the London Chamber of Commerce, July 24, 1894. Presented by Mr. Teller.	53d.	2d.	Mis. 262.

\* Published also in *Coinage Laws of the United States, 1792-1894* (Fifty-third Congress, 2d Session, Senate Report 235).

Subject.	Congress.	Session.	Document number (Senate).
Berlin Silver Commission, 1894. Report of the proceedings, to which is appended the report of the proceedings of the International Bimetallic Conference at London, May 2-3, 1894. Translated and prepared under direction of the Committee on Finance, by authority of Senate resolution of June 18, 1894.	53d.	2d.	Mis. 274.
Statement to accompany Senate bill 2439, "A bill to provide for the establishment and maintenance of a bimetallic monetary basis, and to secure the adjustment to business requirements of the volume and distribution of the national currency," etc. Presented by Mr. Manderson.	53d.	3d.	Mis. 31.
Resolutions adopted by the Farmers' National Congress of America at its annual meeting at Parkersburg, W. Va., Oct. 3-6, 1894. Presented by Mr. George.	53d.	3d.	Mis. 35.
Memorial of Anson Wolcott on the state of the national finances. Presented by Mr. Turpie.	53d.	3d.	Mis. 86.
The real causes of agricultural distress. Papers. Presented by Mr. Teller.	53d.	3d.	Mis. 94.
The fall of prices—the cause and the cure. Address by President E. Benjamin Andrews before the Manufacturers' Club of Philadelphia, Feb. 18, 1894. Presented by Mr. Cockrell.	53d.	3d.	Mis. 136.
Bill to provide in connection with other nations for the unlimited coinage of gold and silver at the ratio of 1 to 15½, and letter of Mr. Robert Stein in relation to the bill. Presented by Mr. Chandler, Dec. 12, 1895.	54th.	1st.	Doc. 24.
Papers on bimetalism, by George Jameison, and on the rise in the value of gold, by Thomas Holyoake Box; on the fall in silver and its effects on British trade, by David Octavius Croal, and comments by Sir Henry Meysey-Thompson. Presented by Mr. Stewart.	54th.	1st.	Doc. 30.
Gold monometallism; the upas tree of Great Britain; blighting effect on British industries; hypothetical example of the cost of monometallism. Presented by Mr. Teller.	54th.	1st.	Doc. 29.
Resolution of the Camden County, N. J., Farmer's Institute, favoring the free and unlimited coinage of silver. Presented by Mr. Teller.	54th.	1st.	Doc. 124.
Memorial of Anson Wolcott on the monetary laws and monetary conditions of the United States. Presented by Mr. Stewart.	54th.	1st.	Doc. 177.
Letter of the Secretary of the Treasury, Jan. 16, 1896, relative to the amount of silver bullion on hand, the cost of same, and coinage value if coined into dollars, and amount of seigniorage if so coined, etc. Presented by Mr. Cockrell.	54th.	1st.	Doc. 184.
Letters of Hon. Ben. Butterworth and Samuel J. Ritchie upon the silver question and upon the general financial policy of the Government, as of late pursued. Presented by Mr. Teller.	54th.	1st.	Doc. 235.
Speech of Hon. John G. Carlisle before the workmen of Chicago, April 15, 1896.	54th.	1st.	Doc. 256.
Speech of John P. Altgeld, governor of Illinois, at the Auditorium, Chicago, May 16, 1896. Presented by Mr. Cockrell.	54th.	1st.	Doc. 284.



Subject.	Congress.	Session.	Document number (Senate).
Gold and the world's wheat farmers, by L. G. Powers. Presented by Mr. Lodge.	54th.	1st.	Doc. 306.
The Orientals as manufacturing competitors. "A silver menace." Letters of John P. Young, published in the <i>San Francisco Chronicle</i> . Presented by Mr. Teller.	54th.	1st.	Doc. 311.
Memorial of Henry Nelson Loud, containing an argument for a universal standard dollar. Presented by Mr. McMillan.	54th.	2d.	Doc. 99.
Arguments by eminent French, German, and English writers in favor of bimetallism, published by the <i>National Review</i> , February, 1897. Presented by Mr. Chandler.	54th.	2d.	Doc. 131.
Memorial of John M. Mott, praying that the mints of the United States be opened to the free coinage of silver. Presented by Mr. Turpie.	55th.	1st.	Doc. 20.
Memorial of clergymen of Philadelphia, petitioning for the removal of the inequalities of the present protective system. Presented by Mr. Cannon.	55th.	1st.	Doc. 60.
Reports of the metallists of the French and English Bimetallic League on international bimetallism. Presented by Mr. Chandler.	55th.	1st.	Doc. 156.
Papers relating to the adoption of the gold standard by Japan. Presented by Mr. Pettigrew.	55th.	1st.	Doc. 176.
Speech by Hon. Charles A. Towne, chairman of the National Committee, Silver Republican Party, April 24, 1897. Presented by Mr. Pettigrew.	55th.	1st.	Doc. 177.
Appointment of a monetary commission to investigate and report upon a revision of the financial system of the United States. Recommended in message from the President of the United States.	55th.	1st.	Doc. 190.
Extracts from a speech of Monsieur Meline, President of the French Cabinet, delivered in the Chamber of Deputies, November 20, 1897. Presented by Mr. Wolcott.	55th.	2d.	Doc. 26.
Correspondence submitted, July 27, 1897, by the British Government to the House of Commons on the currency proposals made by the United States special envoys. Presented by Mr. Chandler.	55th.	2d.	Doc. 69.
Statement by Prof. J. A. Collins relative to the distribution of wealth in the United States. Presented by Mr. Allen.	55th.	2d.	Doc. 75.
Silver and wheat, a paper published by Mr. R. Lacey Everett. Presented by Mr. Pettigrew.	55th.	2d.	Doc. 86.
Monetary changes in Japan, by Mr. Garrett Droppers, of Tokyo, Japan. Presented by Mr. Wolcott.	55th.	2d.	Doc. 126.
The crime of 1873—Why the silver dollar was omitted in the law of 1873—Frank G. Winn, of Claremont, N. H., reviews the coinage laws and shows why the silver dollar was omitted. Presented by Mr. Gallinger.	55th.	2d.	Doc. 147.
Amount, cost, etc., in standard silver dollars, of silver bullion purchased under act of July 14, 1890, etc. Letter from the Secretary of the Treasury in response to a Senate resolution.	55th.	2d.	Doc. 163.

Subject.	Congress.	Session.	Document number (Senate).
Monetary question in Russia, a paper published by <i>L'Economiste Europeen</i> , of Paris, May 7, 1897. Presented by Mr. Pettigrew.	55th.	2d.	Doc. 167.
The currency question. Communication from Mr. Charles A. Towne, published in the <i>Post-Intelligencer</i> , of Seattle, Wash. Presented by Mr. Pettigrew.	55th.	2d.	Doc. 227.
Coinage value of silver bullion in the Treasury, etc. Letter from the Secretary of the Treasury in response to a Senate resolution of May 4, 1898.			
Certain silver bullion in the United States Treasury. Letter from the Secretary of the Treasury in response to a Senate resolution of April 27, 1898.	55th.	2d.	Doc. 268.
The Indian Currency, an article by Sir Robert Giffen, published in the <i>London Times</i> , May 19, 1898. Presented by Mr. Chandler.	55th.	2d.	Doc. 279.

## 3. LOSS OF MEXICAN ROADS IN REDUCING THEIR EARNINGS TO GOLD.

After this paper had been printed I found in a newspaper of this country a comparison of the earnings of the Mexican Central Railway in silver with their equivalent in gold, from which it appears that the increase of earnings has not been constant when measured in gold, as the price of exchange has varied considerably, having had always an upward tendency. I also found a statement of the deficit of that road to pay all its gold obligations and the interest on its bonds during the last five years, which has been published to show how much the Mexican roads are suffering on account of our silver standard.

As I desire to be perfectly fair and impartial and to present both sides of the case, I give here the above-mentioned figures, as follows:

## MEXICAN CENTRAL RAILWAY.

	EARNINGS PER MILE.	
	Mexican Currency.	Gold.
1891.....	\$4,169	\$3,236
1892.....	4,146	2,896
1893.....	4,322	2,701
1894.....	4,530	2,351
1895.....	5,069	2,683
1896.....	5,352	2,837
1897.....	6,552	3,129

## DEFICIT OF THE MEXICAN CENTRAL RAILWAY.

In 1893.....	\$546,401
" 1894.....	814,185
" 1895.....	265,252
" 1896.....	483,011
" 1897.....	538,947

I take the above figures to be correct, although I do not think they embrace such



profits as the Mexican Central road made by carrying their own construction material, and I have to remark that I do not consider it fair to reduce to gold the earnings of the Mexican railways, because the largest portion of their expenses—namely, those paid in Mexico, including all operating expenses—are paid in silver, and it is only for rolling-stock and other foreign commodities that they have to pay in gold as well as the interest on their bonded indebtedness. The proper course in this case would be to deduct from the total earnings of the road the operating and other expenses incurred in silver, and to reduce to gold such amount as is left for the purpose of paying for foreign commodities and the interest on its debt. When that operation is done the above-quoted figures will appear in a very different aspect. That is just what the Mexican National Road does. That Company keeps its accounts in Mexican money, and in order to avoid having the cost of operation fluctuate back and forth with the fluctuations of silver, it adopted several years ago an arbitrary rate of exchange, which was 20 per cent. discount, then the actual rate of exchange. In this way the income account is debited with the actual cost of purchasing gold and the net shown is consequently the amount reducible to gold, so giving a clear idea of the gold earnings of the road. I think the other roads do something similar.

I would further remark that the Mexican Central Railway has a very large bonded indebtedness, and although it only pays 4 per cent. interest on most of it, that interest has to be paid in gold; and on account of the depreciation of silver the road has not yet earned money enough to pay the whole of that interest, and every year it has a deficit, which has been paid with a large amount of subsidy granted by the Mexican Government to the Company, and which has been kept in trust for such emergencies as this.

Notwithstanding such deficit, the Mexican Central Railway Company must consider its property very valuable, since it is increasing considerably its mileage every year.

The Mexican National Railway Company has also a very large bonded indebtedness in proportion to its mileage, having four different kinds of bonds. The interest of the first series has been punctually paid. There are outstanding Series "A" Bonds, Second Mortgage, for \$12,265,000, cumulative; \$12,265,00 Second Mortgage Series "B," purely income bonds, and \$7,040,000 Third Mortgage Income Bonds. While the Second Mortgage Series "A" Bonds bear coupons and are cumulative, they are not, by the terms of the Trust, entitled to have the mortgage foreclosed for a certain period, or under certain conditions. During the last year the Company paid upon these bonds out of its earnings  $3\frac{1}{2}$  per cent., which is the largest payment made on them since their issue. If silver had not been depreciated the Mexican National would have been able to pay in full the interest on their bonds. As it is now, the increase in the traffic has been remarkably uniform year by year, and has been sufficient to a little more than compensate for the depreciation of silver: that is to say, the net returns of the Company as measured by gold have been a little greater each year.

The Mexican International Railway Company, which has issued a reasonable amount of bonds in proportion to its mileage, earns enough to pay in gold the interest on its bonds, with its receipts in silver.

The following statement shows the bonded indebtedness of each of the three leading Mexican roads, their mileage, and the bonded indebtedness per mile:

	Bonded In- debtedness.	Mileage.	Bonded Indebt- edness per mile.
Mexican Central Railway.....	\$95,051,712.50	1,877.15	\$50,636.18
Mexican National Railway.....	42,879,000.00	1,056.16	40,598.96
Mexican International Railway.....	14,984,000.00	658.28	22,762.34

## THE PAN-AMERICAN CONFERENCE OF 1889.