remained stationary, and, credit not being highly developed, trade outstripped the amount of money. The trade outstripped the currency, and the result was that prices fell. From 1849 to 1873, the period of the Californian and Australian gold discoveries, the stock of gold increased rapidly, and prices rose. From 1873 to 1896 only a slight increase in the stock of gold took place, and prices fell. You must bear in mind, also, that trade increased rapidly. This was a period of the application of scientific methods to manufacture, and it was at this time that the Suez Canal was opened. Trade increased very rapidly. The stock of gold increased slightly. The trade oustripped money, and prices fell. From 1896 to 1912 the stock of gold increased rapidly. We had the discovery of the Transvaal, the Cripple Creek (United States), and the Klondike mines. During that period, also, occurred the discovery and application of the cyanide process of gold-extraction. The stock of gold rapidly increased, and prices rose. The statement I have just made divides the last century or two into big periods. We find that, if the volume of trade increases in greater ratio than the stock of gold, prices fall, and *vice versa.* I have here in greater detail the figures from the year 1865. The world's gold-production varied thus :—

"Gold-production.

"Prices—		Gold-production.	Compared with Average of Decade 1890–99.
Fell 2½ per cent.	from 1865 to 1870,	an increase of 5 per cent...	.. 34 per cent. below.
,, 15 ,,	1870 to 1875,	a decrease of 13 ,, ..	.. 44 ,,
,, 11 ,,	1875 to 1880,	stationary	.. 44 ,,
,, 12½ ,,	1880 to 1885,	a decrease of 7 per cent...	.. 48 ,,
,, 12½ ,,	1885 to 1890,	an increase of 8 ,, ..	.. 44 ,,
,, 4 ,,	1890 to 1895,	,, 33 ,, ..	.. 25 ,,
,, 6⅔ ,,	1895 to 1900,	,, 66 ,, ..	.. 25 per cent. above.
Rose 3 ,,	1900 to 1905,	,, 20 ,, ..	.. 52 ,,
,, 3 ,,	1905 to 1910,	,, 33 ,, ..	.. 102 ,,

"Notes.—(1.) The gold produced during the last ten years (1900–9) was equal to that produced during the preceding twenty-five years (1875–99). (2.) The gold produced since 1895 was 30 per cent. greater than the amount produced during the preceding thirty-five years. (3.) The sources of greatest production are—Africa, North America, Australasia, Russia. (4.) The sources of most rapid increase are now—China, Africa, Russia. (5.) Australasia and North America are declining. (6.) 25 per cent. used industrially."

Probable future of gold supply

5. It is doubtful, however, if the world's gold-supply will long continue at its present rate of increase. The Australasian gold-yield is steadily falling ; the Transvaal mines have probably reached their highest point of production and will begin to decline, while the other goldfields of the world (Klondike, Russia, India, South America) give no indication of increasing output sufficient to warrant the belief that they could sustain the advance in production if the yield of the African and Australasian goldfields diminished rapidly. In regard to the probable course of gold-supplies in the future, Mr. Roberts's report supports the opinion of Professor Segar rather than that of Dr. McIlraith. He believes that gold-production is now near its maximum, since the Transvaal is the only field that has increased its output materially of late, and since there the deposits are well defined and the increased production has been due to an increase in machinery rather than to an extension of the field itself.

Influence of diminishing gold output.

6. But the important factor to consider when estimating the effect of gold on prices is not so much the movements in the annual production. We cannot do better here than to quote from Professor Segar's evidence (page 313): "But even when the output of gold begins to diminish, it must be borne in mind that we are not in consequence to expect diminished prices. The influence of gold on prices does not depend on whether the output is itself increasing or diminishing, but really on the quantity of gold in circulation relatively to other matters that we have previously considered. The normal condition of the world at its present stage of development, however, is one of continually expanding trade and industiy. This requires normally an increasing quantity of gold to conduct it at the same prices. What increase would be wanted in any particular year to effect this purpose would depend on the other magnitudes of the equation of exchange, and would vary from year to year. Whatever quantity it might be that would be necessary for the purpose, if the quantity produced be in excess of it, the excess will be effective in raising prices ; if in defect, then the deficiency will produce a fall in prices. Now, there