

THE
THEORY
OF THE
FOREIGN EXCHANGES.

BY
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THIRTEENTH EDITION.

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A

PREFACE
TO THE
THIRD EDITION.

THE few weeks which have elapsed since the publication of the second edition have again proved the rapidity with which the situation of the "Foreign Exchanges" may be reversed, and the difficulty of selecting durable illustrations. In the preface to the second edition, allusion was made to the fact that the Russian Exchange, so long an example of unlimited fluctuations, had been brought almost to par. Since then a severe fall has again taken place. So, in the former edition, the rapid fall in the price of gold in America furnished the opportunity for comment and examination. But there also a turn has taken place, and to-day it would be necessary rather to seek an explanation of the rise than of the fall. It is scarcely the province of a theoretical treatise

to keep pace with each new combination of facts. An author may be considered bound to watch the progress of events, as a constant test of the accuracy of his principles, but it is hardly possible, nor is it necessary, perpetually to adopt new illustrations. It has, therefore, been deemed unnecessary to make any further alterations in the present edition.

A

PREFACE
TO THE
SECOND EDITION.

THE history of the Foreign Exchanges for the last two years is a history of revolutions. The movements which have occurred in many quarters have been almost unexampled in rapidity and extent. Countries which formerly supplied illustrations of particular phenomena in the Foreign Exchanges, may now be cited as instances of perfectly opposite combinations. The various causes which have been stated in the following work as determining the course of the Foreign Exchanges have been at work with more than usual intensity, and the new combinations which events have presented have afforded many opportunities of testing the correctness and sufficiency of the principles advanced. The exchanges of those countries which, two years ago, were selected as exemplifying the results of a depreciated currency or excessive indebtedness, might now, on the contrary, be cited as instances of rapid recovery. The Austrian Exchange has recovered fully 30 per cent. The